

Confidential



Shin Kong Financial Holding

Company Overview

November 2007

Disclaimer

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Figures in this presentation and the presentation materials distributed herewith are numbers reviewed by the auditor.

Agenda

I. SKFH

II. Life Insurance Business

III. SKL China Development Strategy

IV. Banking Business

V. Appendix

- Market opportunities
- SKL Premium
- One-off losses of Cosmos & CBO investment
- EV & AV Result
- Real Estate Securitization and Shares Buyback

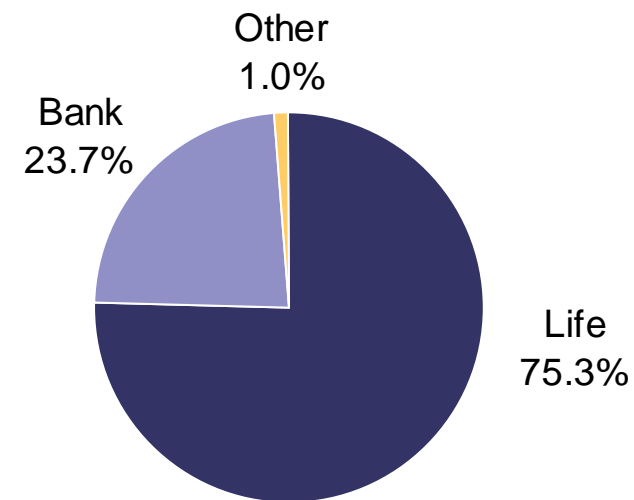
Who We Are

- 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

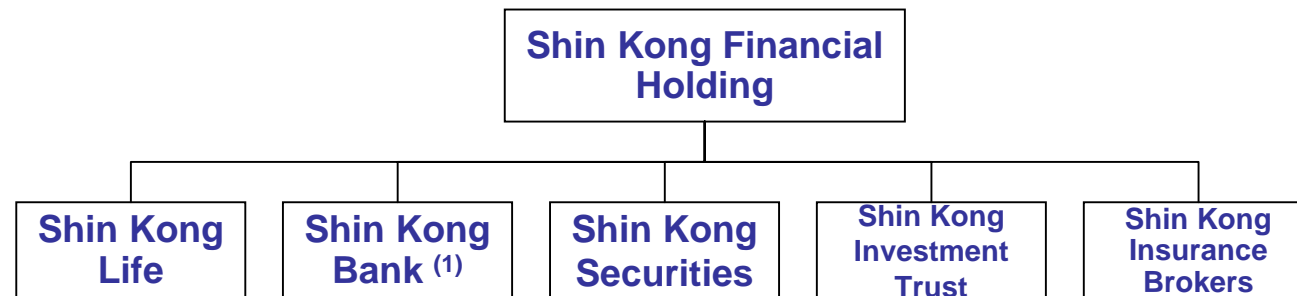


Note:

(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\$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

Seasoned Management Team



Cheng, Frank
President

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

Experiences:

- President, Shin Kong Life
- Managing Director, Life Insurance Association of Taiwan (R.O.C.)
- Chairman, Life Insurance Management Institute of Taiwan (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

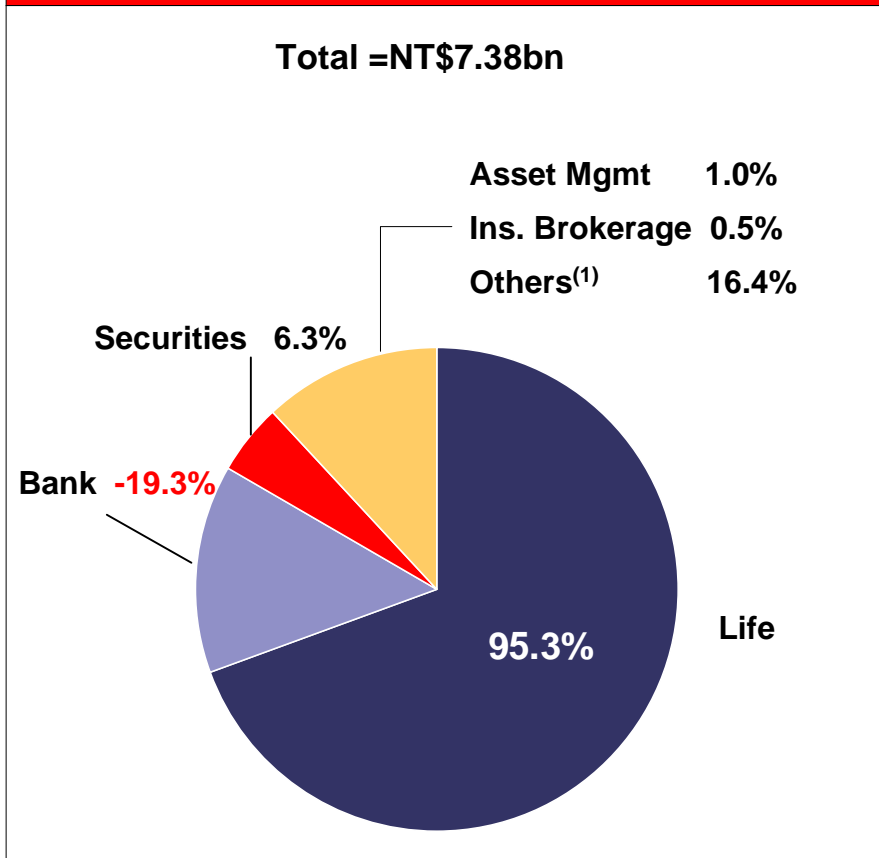
- Spokesperson and Deputy spokesperson appointed
- Upload information to public information website regularly
- Dedicated IR team established to respond to investor questions
- Quarterly result meeting to update media / investors on operational performance

SKFH – 9M 2007 Overview

- Despite NT\$5bn impairment loss recognized from Cosmos and CBO investments, SKFH recorded after-tax profit of NT\$7.38bn in the first 9 months 2007. EPS was NT\$1.50. This is unsatisfactory but still 124% of total profit (NT\$5.93 billion) for the full year 2006.
- Profit mainly contributed by SKL
 - SKL: despite NT\$3.2bn impairment losses from Cosmos and CBO investments, after-tax profit was NT\$7.1bn, up 46% yoy excluding one-off items (e.g., gains from real estate securitization, impact from accounting changes, and one-off impairment losses)
 - SKB: after-tax loss was NT\$1.4bn, mainly due to NT\$1.8bn impairment loss recognized from CLN linked to Cosmos CB
 - SKSC: stable 9M results with after-tax profit of NT\$472mn
 - SKIT and SKIB: achieved after-tax profit NT\$72mn and NT\$37mn respectively
- Investment gain of NT\$79mn from Masterlink Securities was also recognized in Q3 (equity method) since consolidated holding (SKFH and SKL) in the company already exceeds 20%

Net Income – 9M 2007

Group net income



Net income contribution

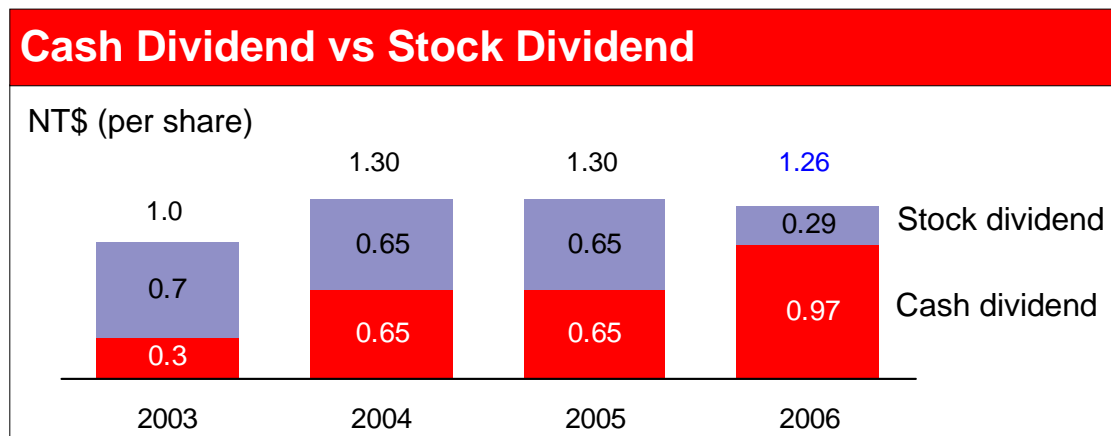
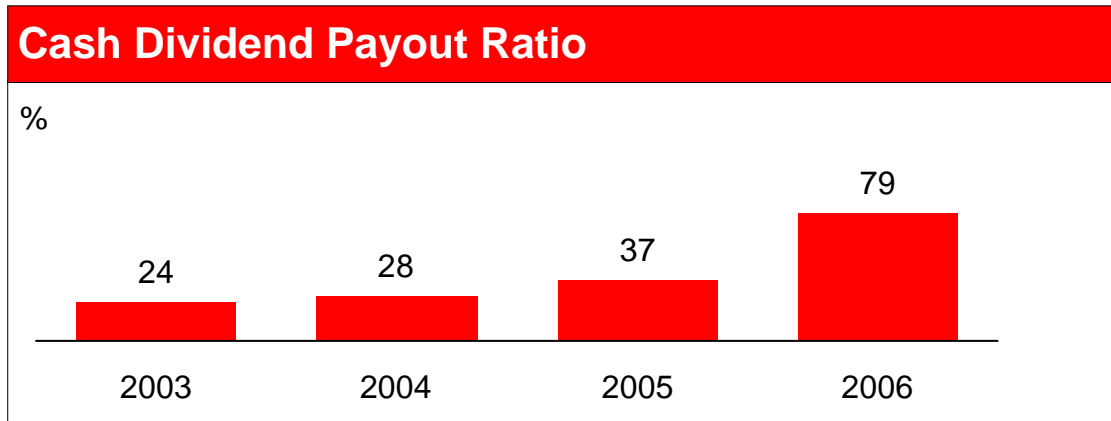
NT\$bn

Subsidiaries	9M 2007	9M 2006
Shin Kong Life ⁽¹⁾	7.0	10.5
Shin Kong Bank	-1.4	-2.8
Shin Kong Securities	0.46	0.34
Shin Kong Investment Trust	0.07	-0.01
Shin Kong Insurance Brokers	0.04	0.03
Others ⁽¹⁾	1.21	0.65
Net income	7.38	8.71

Note:

(1) Include other income of SKFH, income taxes, and investment gains from Masterlink recognized by equity method

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

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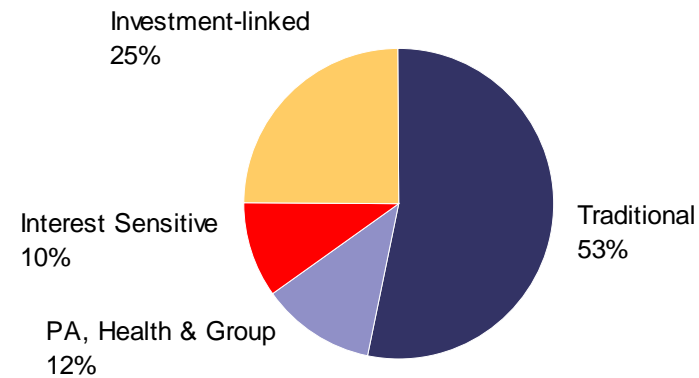
Shin Kong Life

- 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

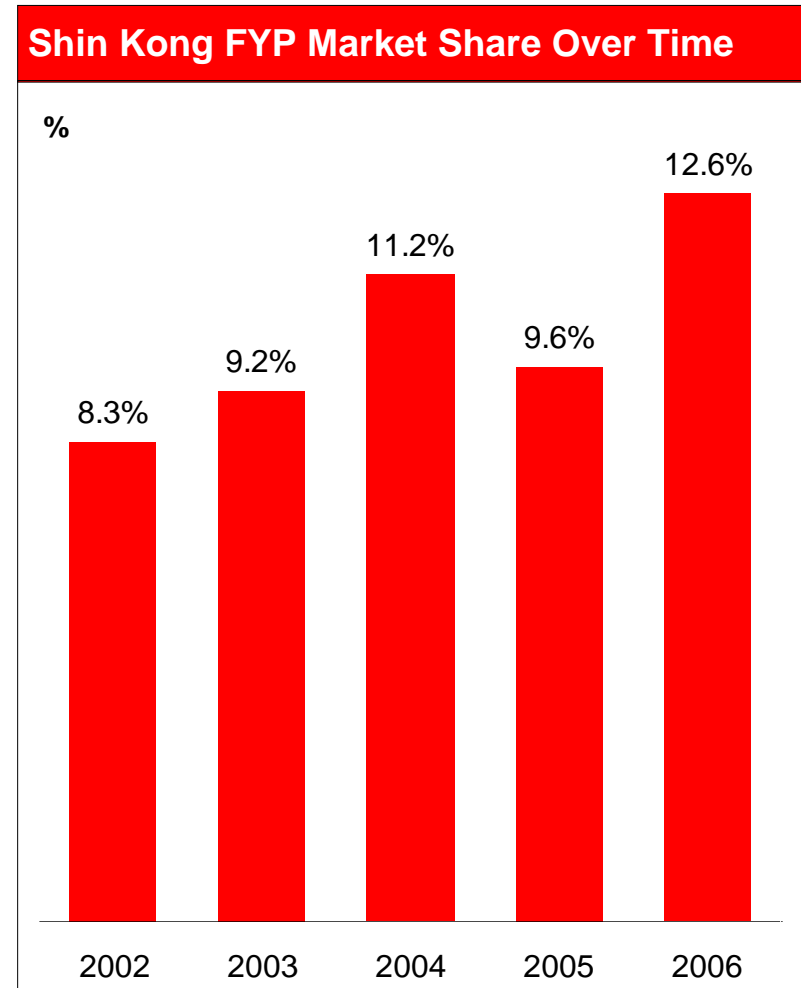
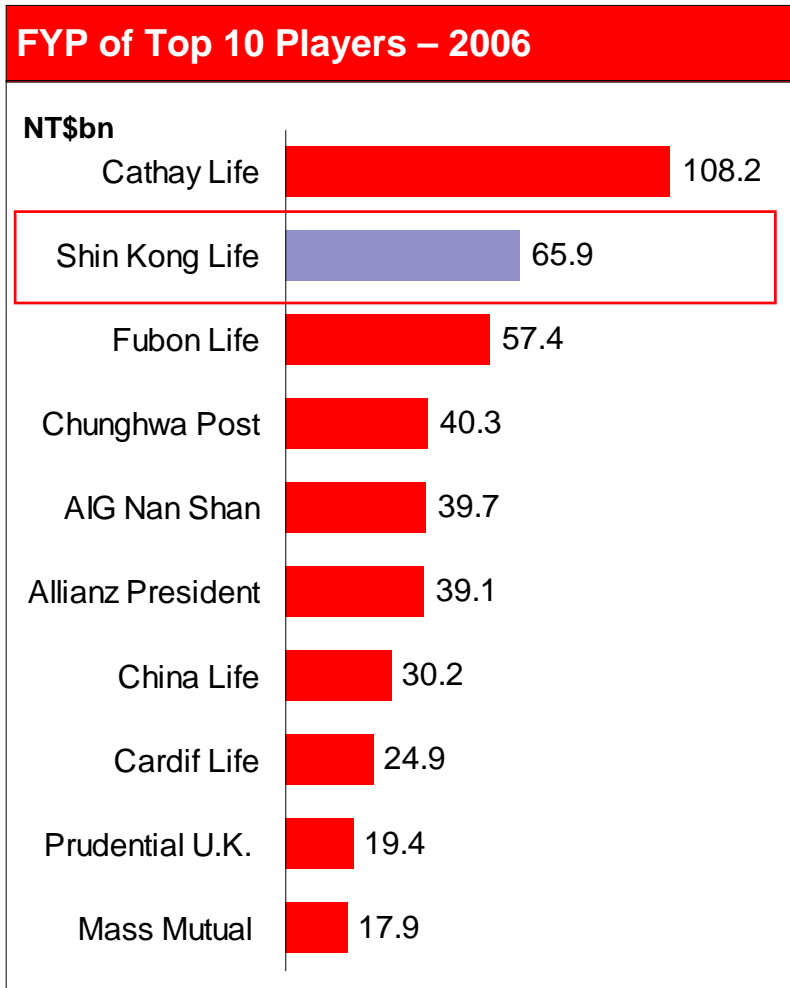


Total Premium Written: NT\$181.5 bn

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+
(2006, 2007)
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

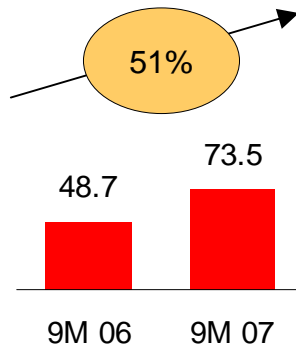
SKL – 9M 2007 Overview

- Despite NT\$3.2bn impairment loss recognized from Cosmos and CBO investments, after-tax profit was NT\$7.1bn, up 46% yoy excluding one-off items (e.g., gains from real estate securitization, impact from accounting changes, and one-off impairment losses). ROE (unannualized) was 10.6%
- Ongoing strong demand for investment-linked policies pushed FYP up by 51% to NT\$73.55bn, roughly in-line with market growth of 52%. Maintained number 2 position in the market with 13% market share
- Investment-linked policies contributed 69% (VUL: 62%) of FYP. Share of traditional policies was 8%; interest-sensitive and other policies accounted for 19% and 3%
- 13-month persistency was 87%. 25-month persistency improved to 81%
- Achieved annualized investment return of 4.85% despite NT\$3.2bn impairment losses recognized in Q3. Main drivers were strong equity performance and low hedging cost
- One-off losses from Cosmos (equities and bonds) and E. Sun Bank CBO 2007-2 Tranches C & D, have been fully recognized in Q3
- The Company has disclosed comprehensive information on its CDO/CBO investments to enhance transparency, reduce uncertainty, and alleviate market concerns

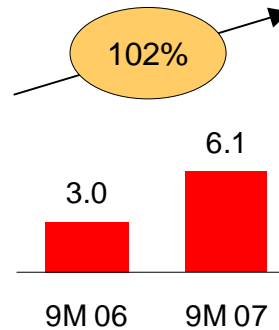
First Year Premium – 9M 2007

NT\$bn

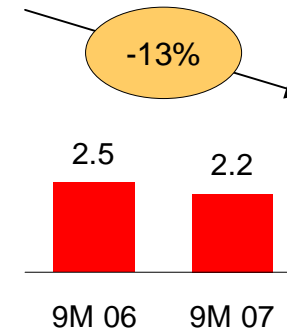
Market share 13.1%



Traditional



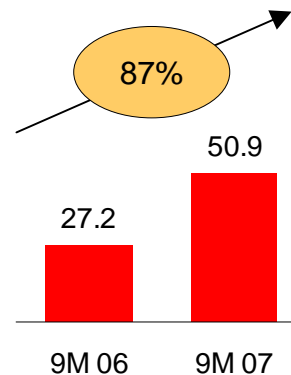
PA, Health and Group



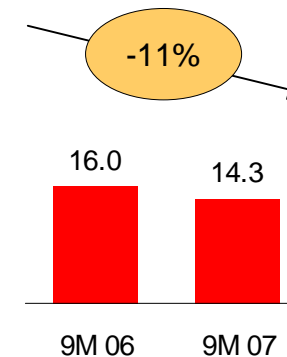
Comments

- FYP increased by 51%, roughly in-line with market average of 52%
- VUL contributed significant share (62%) of FYP
- Robust sales from new VUL(Jin-De-Yih); cumulative FYP since launch to end of September was NT\$27.1bn
- Focus on Duo-Tsair-Duo-Yih endowment and long-term care products pushed traditional sales up by 102% yoy

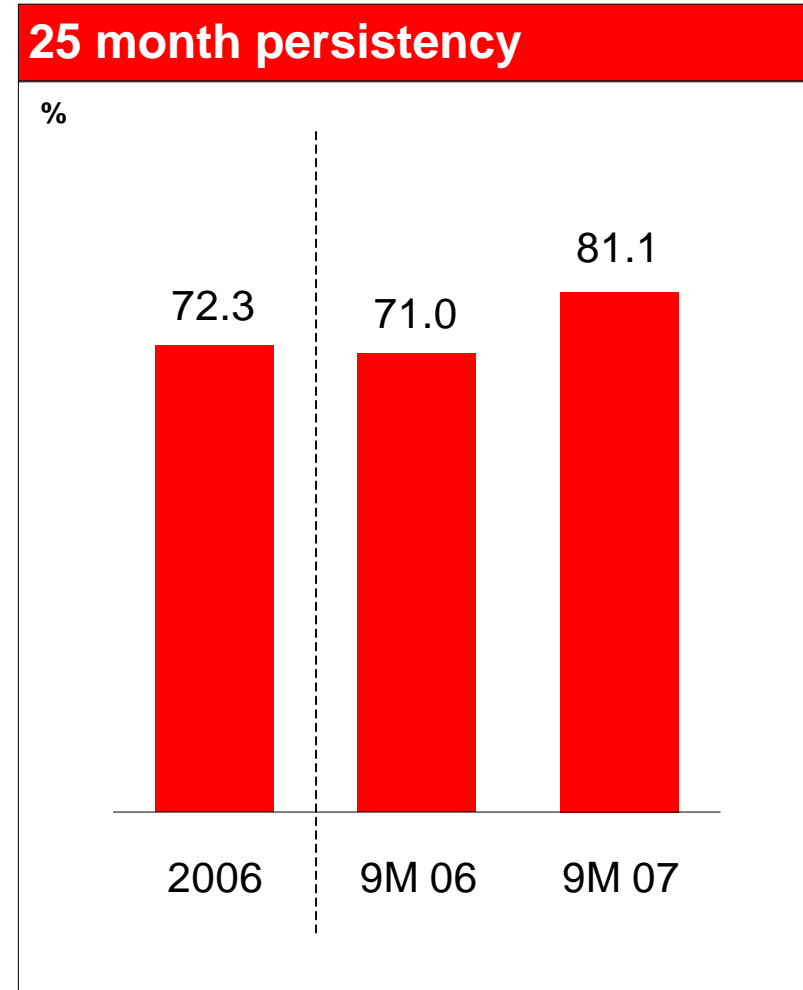
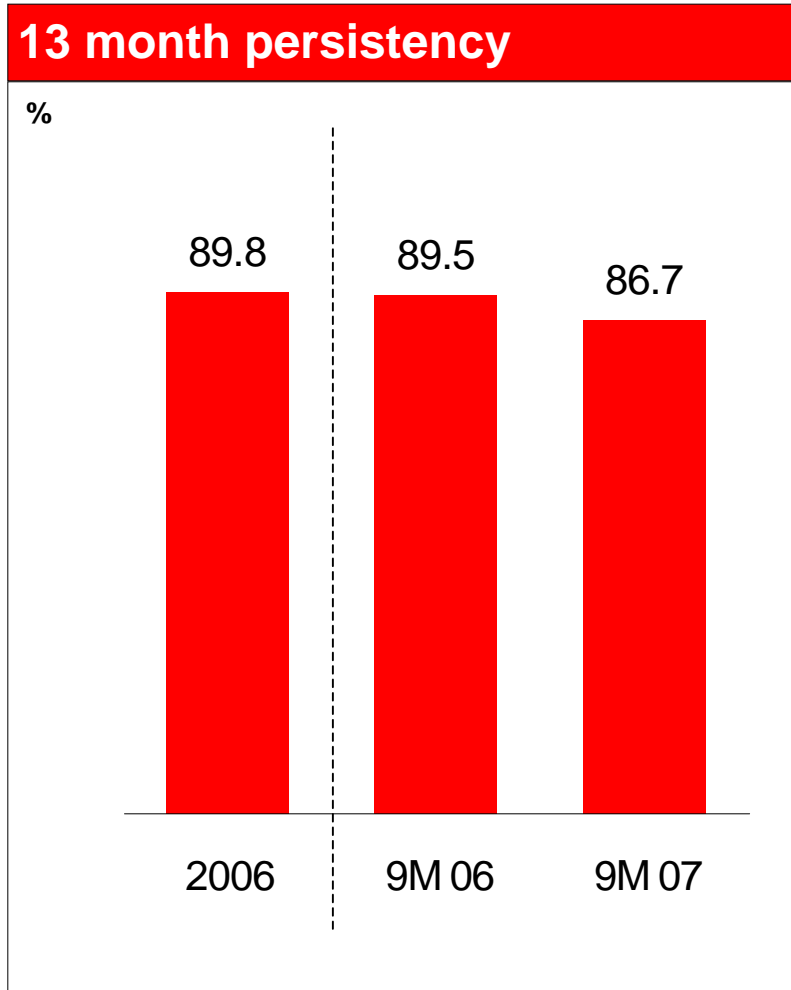
Investment-linked



Interest-sensitive

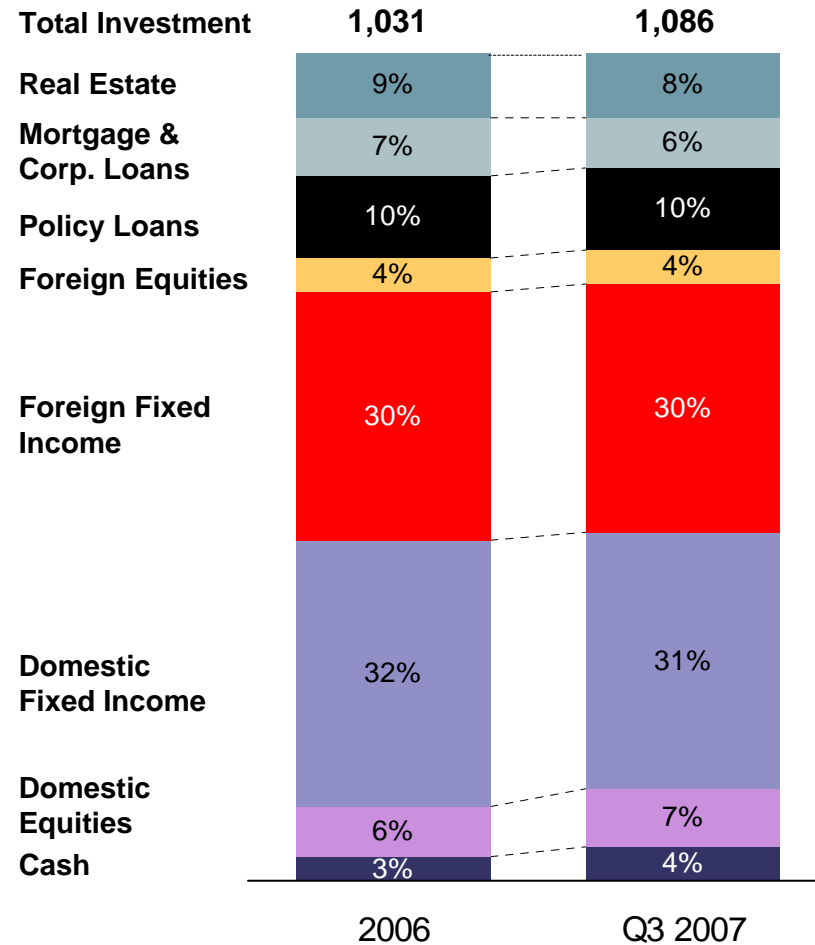
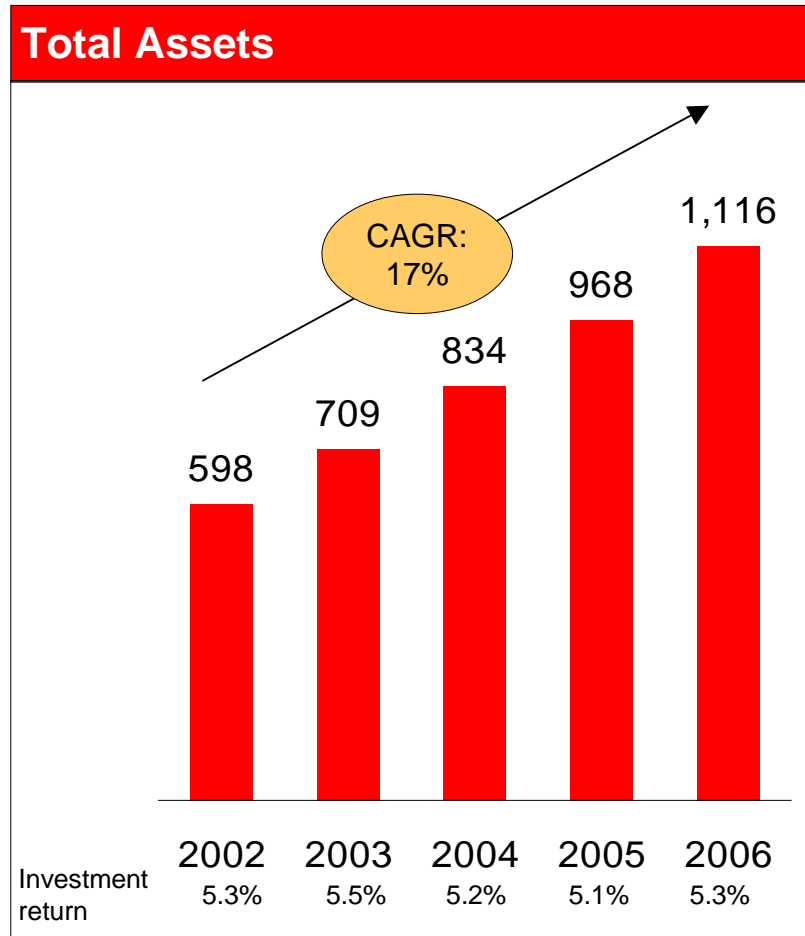


Persistence Ratio



Investment Portfolio

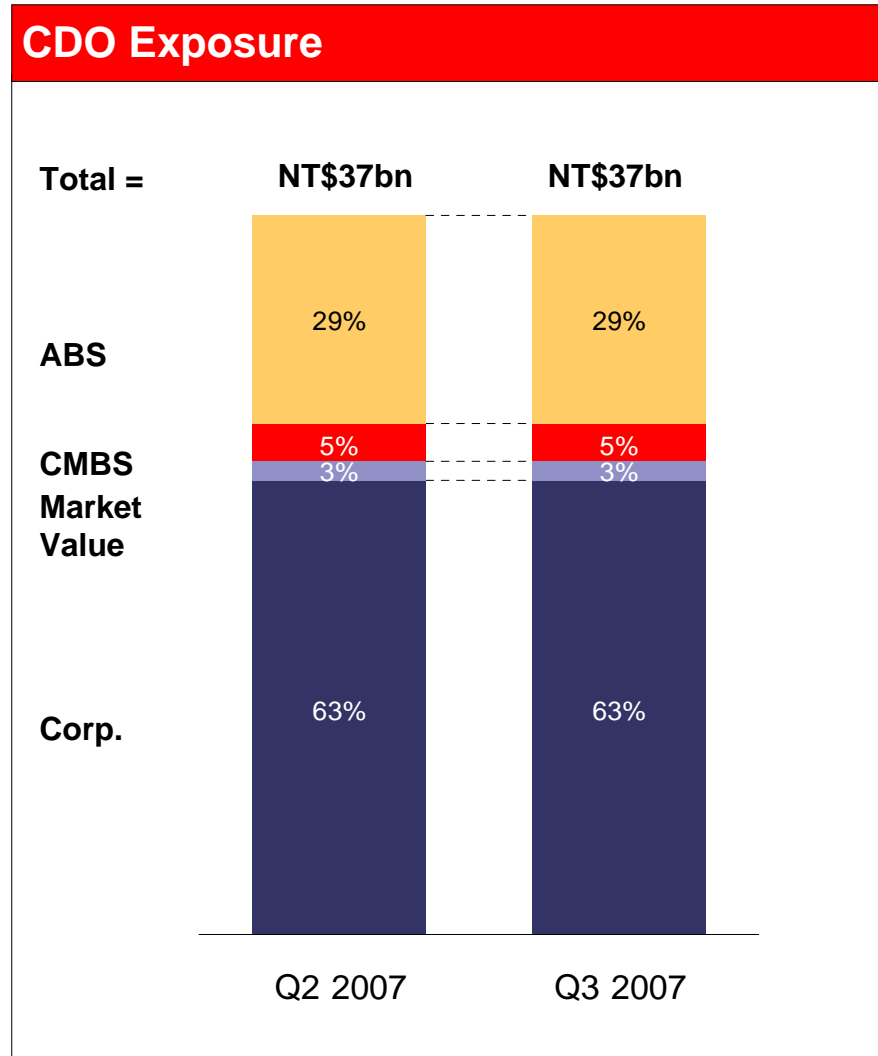
NT\$bn



Note:

(1) Due to rounding, asset allocation figures may not add up to 100%

CDO Exposure

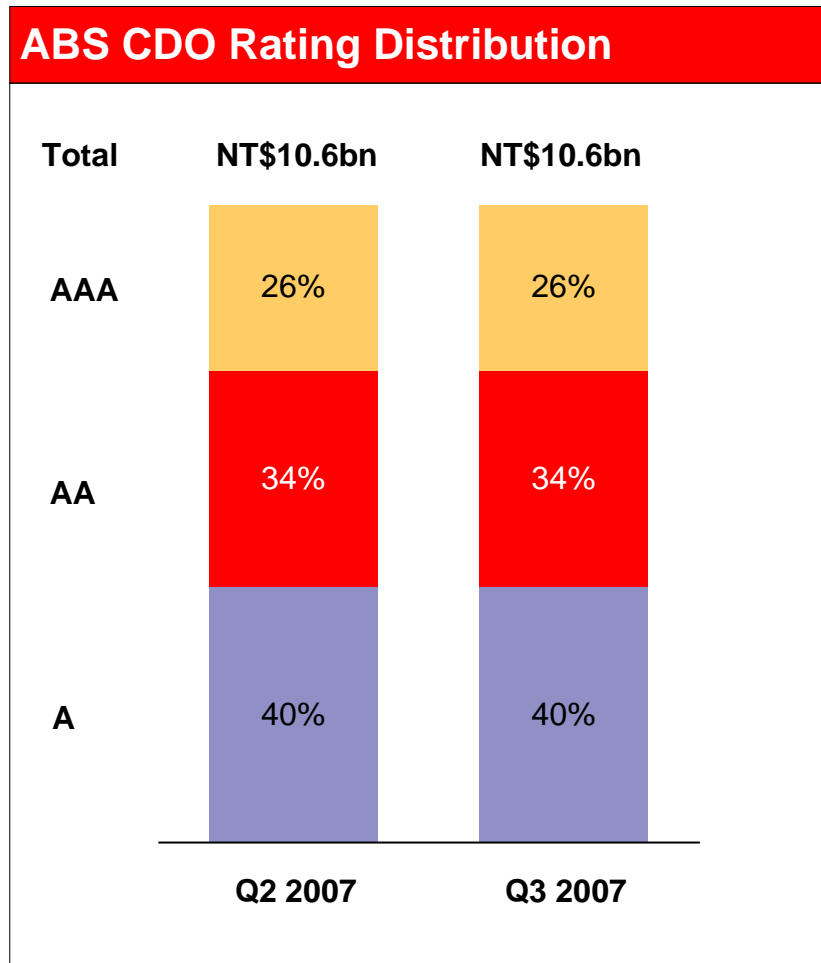


Comments

- Majority of CDOs are A rated or above
- All CDOs are continuously rated by S&P/Moody's/Fitch
- 29% of CDOs are referenced to Asset Back Securities which consist of diversified set of collaterals such as RMBS, CMBS, Auto Loans, etc.
- Accounting treatment is 'no active market'
- Policy is to conduct impairment test when there is significant deterioration in credit quality

ABS CDO Rating Distribution

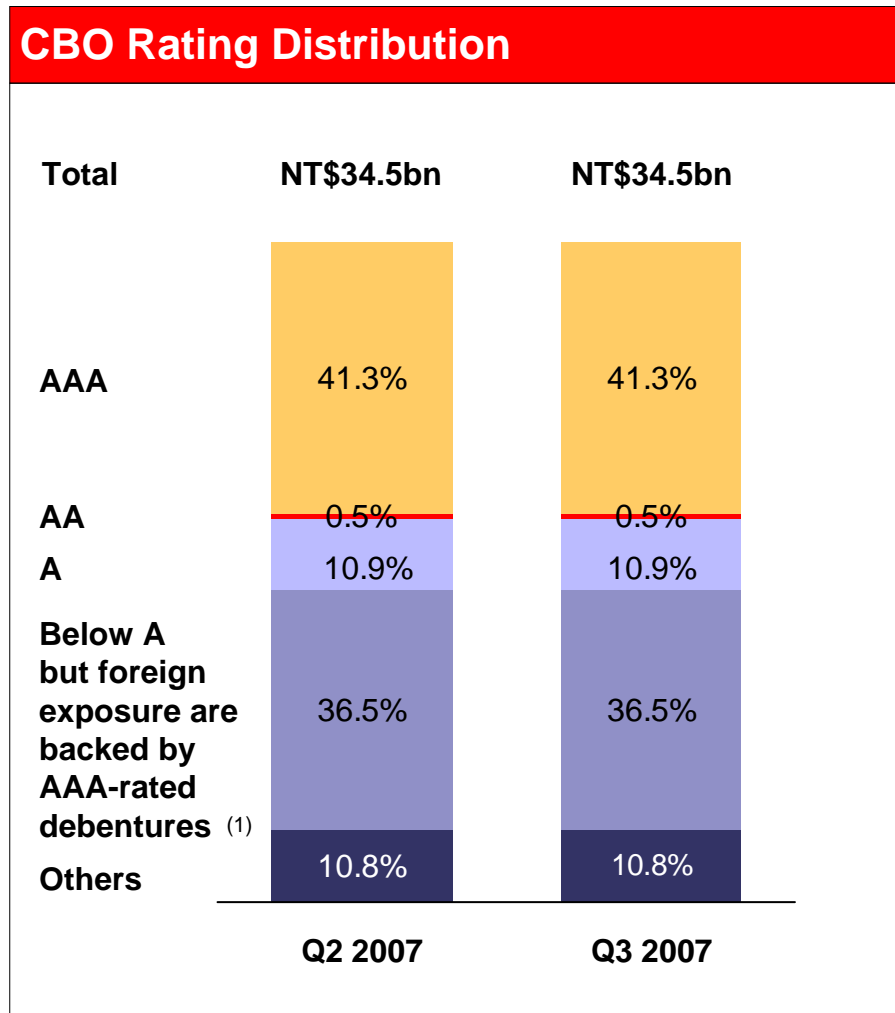
All ABS CDOs held by SKL are A-rated or above and most are from non-2006 vintages



Comment

- 37% of ABS CDO assets are referenced to U.S. sub-prime
- All ABS CDOs are managed by first tier external fund managers in US/Europe
- ABS CDOs are mostly bought before 2006, and exposure to riskier 2006 vintage is limited
- All CDOs are paying interests normally
- Hedging strategies adopted on some ABS CDOs (~NT\$1.7bn) to protect the Company against future asset quality deterioration

Domestic CBO Rating Distribution



Comments

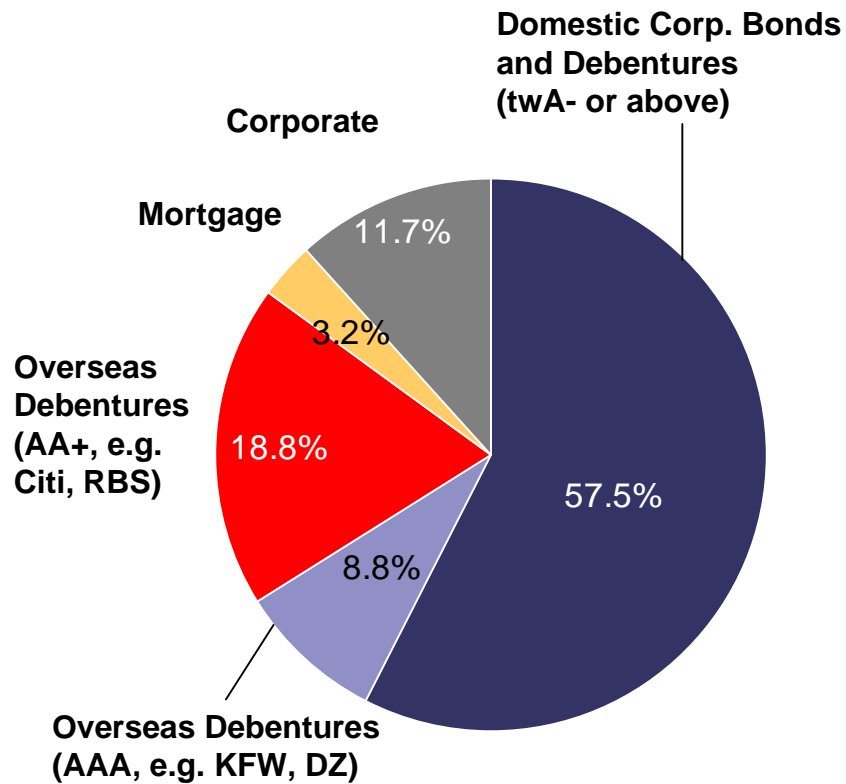
- 41.3% of CBOs are AAA rated
- Most foreign exposure of CBOs rated below A are backed by AAA rated assets, e.g., debentures issued by KFW and DZ
- The bottom 10% constitutes the riskiest portion of the portfolio; 28% of which have been written-down in Q3

Note:

- (1) Not rated or rated below A due to duration mismatch between underlying assets and currency hedge, i.e., foreign exchange risk, not credit risk
- (2) KFW and DZ stand for Kreditanstalt fuer Wiederaufbau and Deutsche Zentral-Genossenschaftsbank respectively

Asset Pool of Domestic CBO Investment

Breakdown of Asset Pool

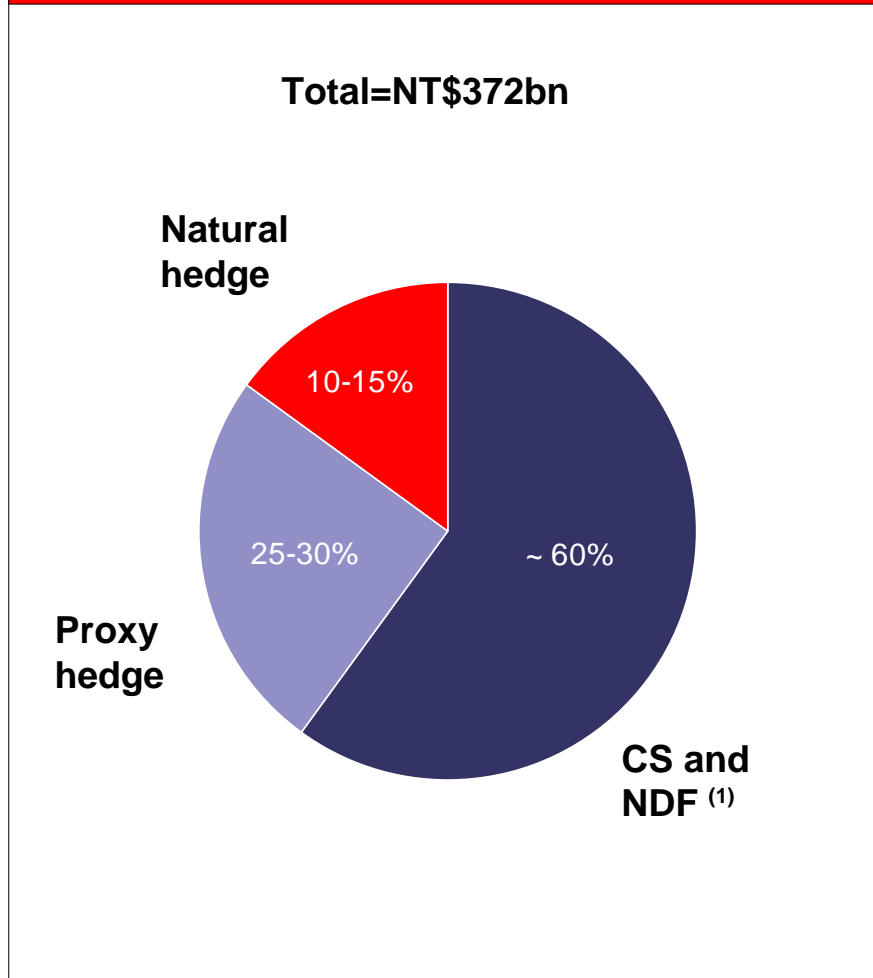


Comments

- Domestic bonds consist of low-yielding, low risk discount bonds that originate from structured bonds held by domestic bond funds; these bonds have now been 'de-structured'
- Foreign bonds are diversified among corporate, mortgage, and debentures issued by first-tier financial institutions
- ~80% of mortgage is agency
- No U.S. sub-prime exposure in the CBO portfolio

Hedging Strategy

Mix of hedging strategies used



Comments

- 60% of foreign investment hedged through traditional currency swaps and NDFs
- Proxy hedging (hedging between USD and a basket of currencies that demonstrate high correlation with NTD) is used on 25-30% of the portfolio
- Target hedging cost is 2% (compared to 3-3.5% for CS and NDF)
- Hedging cost incurred year-to-date is well below target
- Established dedicated department to manage foreign currency exposure and make adjustments dynamically

Note:

(1) 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 yield pick-up through overseas investments; plan to increase overseas investment to 45% after detailed regulations are released

Well-diversified Portfolio

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

Cost-effective Currency Hedging

- Flexible use of traditional (currency swaps) and proxy hedging strategies; maintain 60/40 mix in medium to long term
- Target hedging cost at 200 bps or below

Solid Investment Return for 9M 2007

- Annualized Investment return was 4.86%, in-line with Company expectation
- Plan to reduce sub-prime exposure in ABS CDO portfolio
- Going forward, SKL will:
 - Effectively manage currency hedging costs
 - Enhance investment risk management

SKL – Q4 2007 Outlook

- Driven by better-than-expected sales from VUL products in the first 9 months, 2007 FYP likely to exceed original forecast of flat growth. However, growth in Q4 will likely slow due to uncertainties from introduction of new product regulations (minimum death-benefit multiplier, minimum threshold on sum insured)
- Maintain 5% investment return target and effectively control hedging cost at 200 bps or below. Continue to closely monitor developments in the U.S. mortgage market
- Develop both agency and bancassurance channels. SKB continues to provide a strong cross-selling platform for bancassurance
- Received regulatory approval to set up preparatory office for China JV with Hainan Airlines Group and will deploy preparatory team to Beijing soon. Permission to set up operation requires another 6 months
- Raising of overseas investment cap will help diversify risk and enhance investment return. Execution must wait till detailed regulations are released

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SKL Beijing Preparatory Office – Deputy Head



Harrison Ho
Senior VP
Shin Kong Life

Current Position :

- Senior Vice President, Shin Kong Life (in charge of China JV preparation)

Experience :

- Cathay Life Vice President
- Allianz Life President
- New York Life CFO/CMO
- Shin Kong Life Assistant Vice President

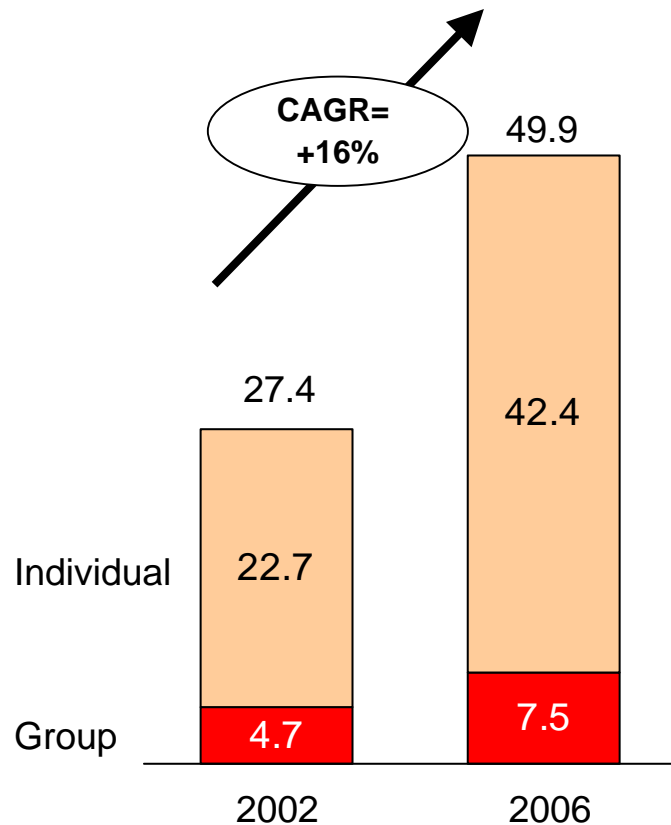
Education :

- Master of Actuarial Science, Northeastern University
- B.A., Business Mathematics, Soochow University

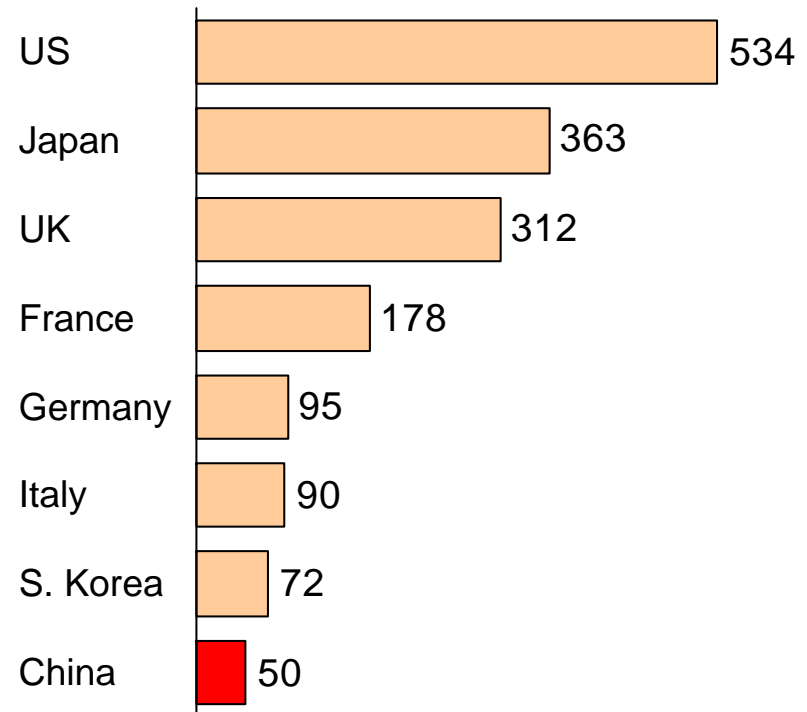
China insurance market is growing rapidly and ranked number 8 in the world

US\$bn

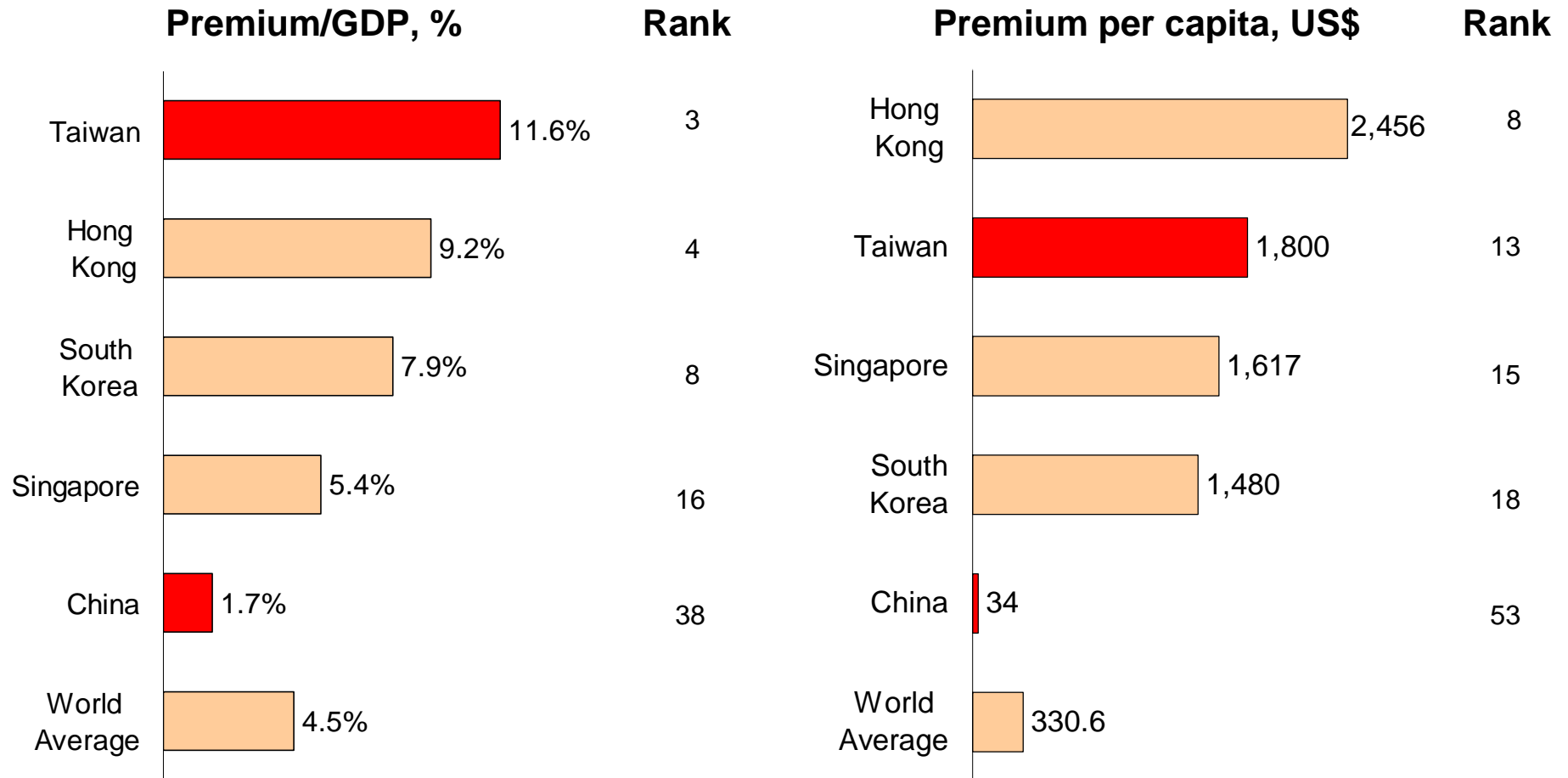
Total life premium



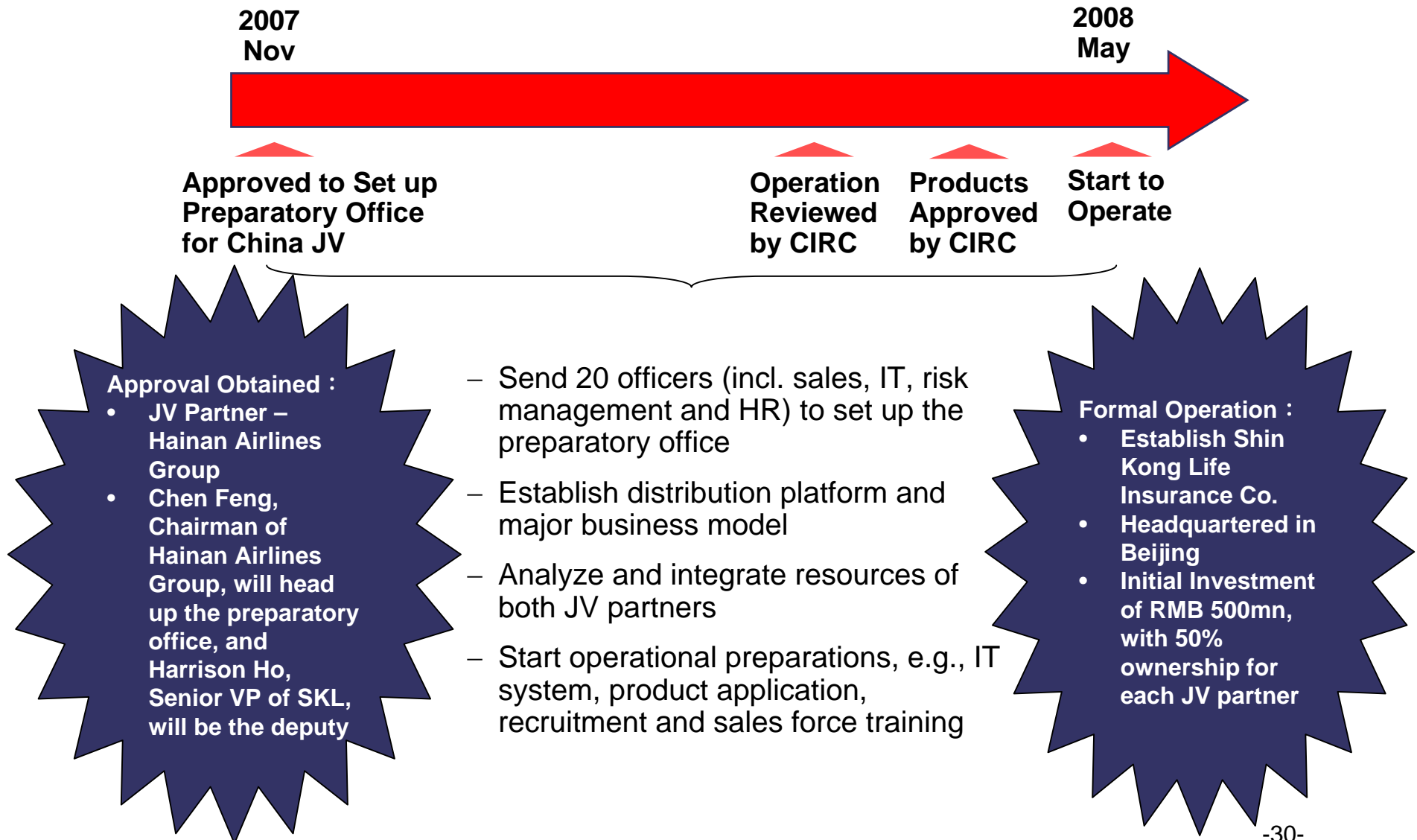
Total life premium 2006



Low Penetration and Density



SKL Received approval for Preparatory Office





Joint Venture Partner – HNA Group



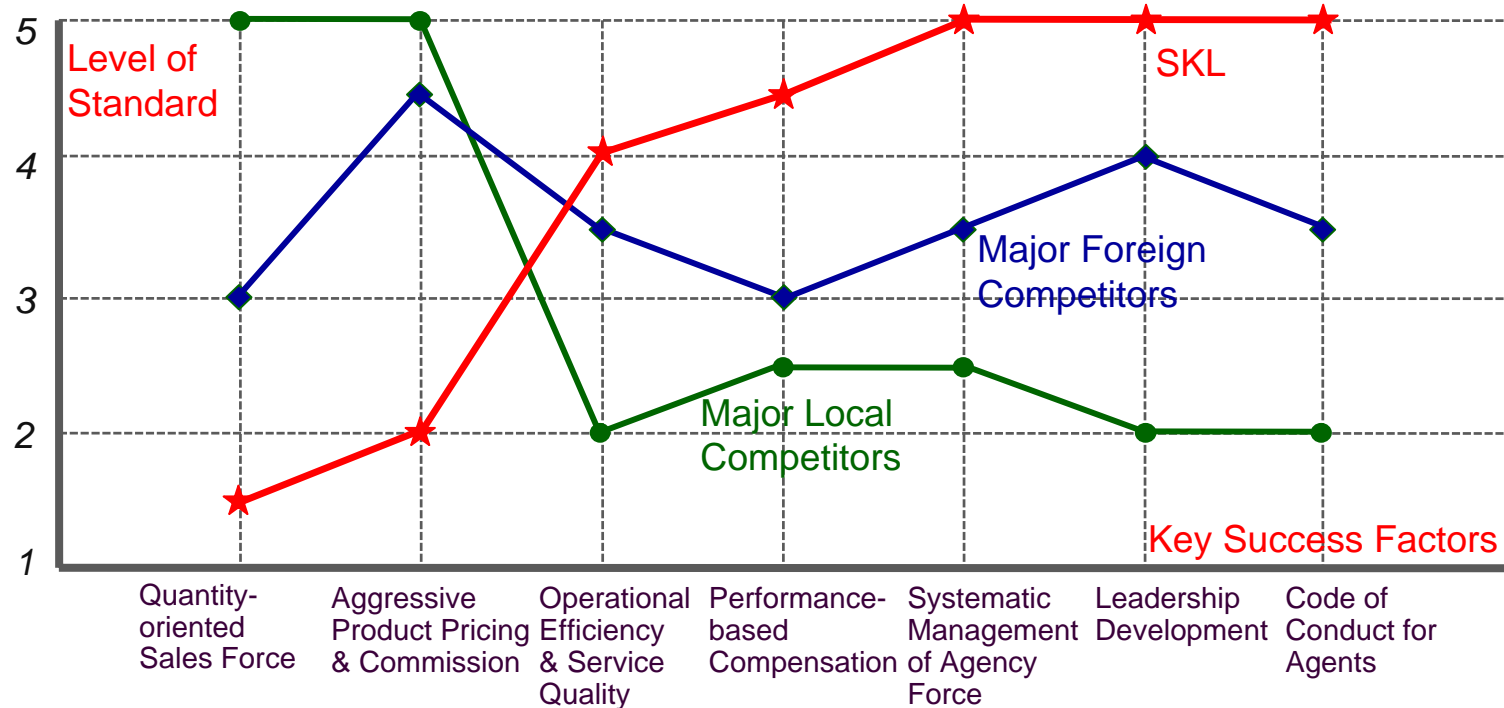
- Hainan Airlines Group (HNA Group) is one of China's top-four aviation consortiums. In addition to its core Hainan airlines business, the group is involved in China Xinhua Airlines, Changan Airlines, and Shanxi Airlines
- Total assets of about RMB 60 billion yuan (approx. NT\$250 billion)
- Hainan Airlines' B shares were listed in the Shanghai Stock Exchange in 1997, while its A shares were listed in 1999
- Total employees of 30,000 in HNA Group
- Group headquarters is in Haikou and Beijing will be the future operation center
- HNA Group brings together air transport, airport management, hotel, travel, retail and other related businesses, with operations in Hainan, Beijing, Shanghai, Guangzhou, Xian, and Tianjin.

Objectives and Strategy for China Operation

Objectives

- Achieve long-term sustainable profit growth
- Create valuable distribution channels

Value Curve of Management Strategy

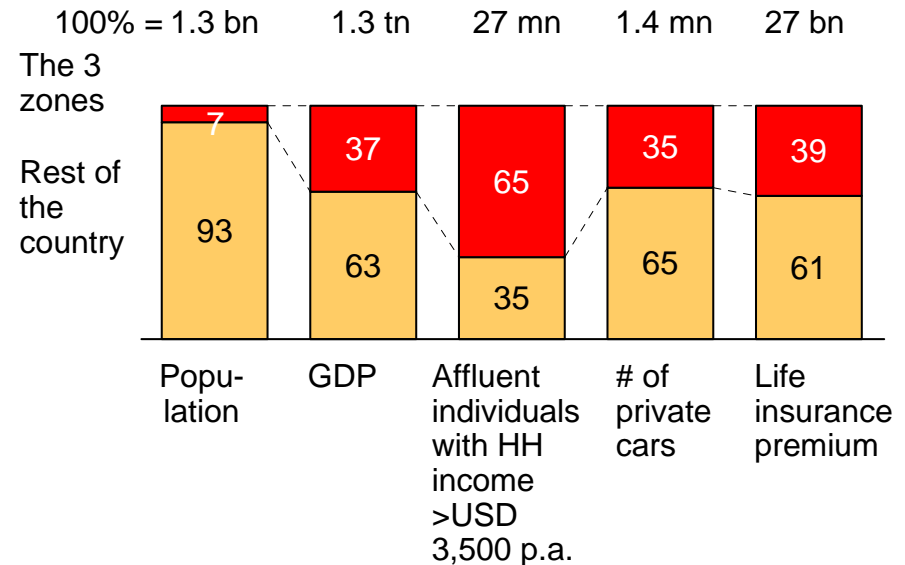


SKL's Strategy Focuses on 3 Key Zones

Enormous difference between rural areas and large cities



Profile of 3 key zones, 2002



Key economy development 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

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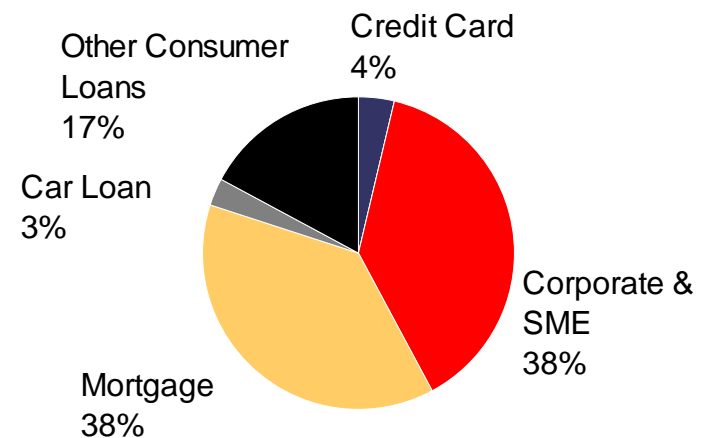
Shin Kong Bank

- 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:

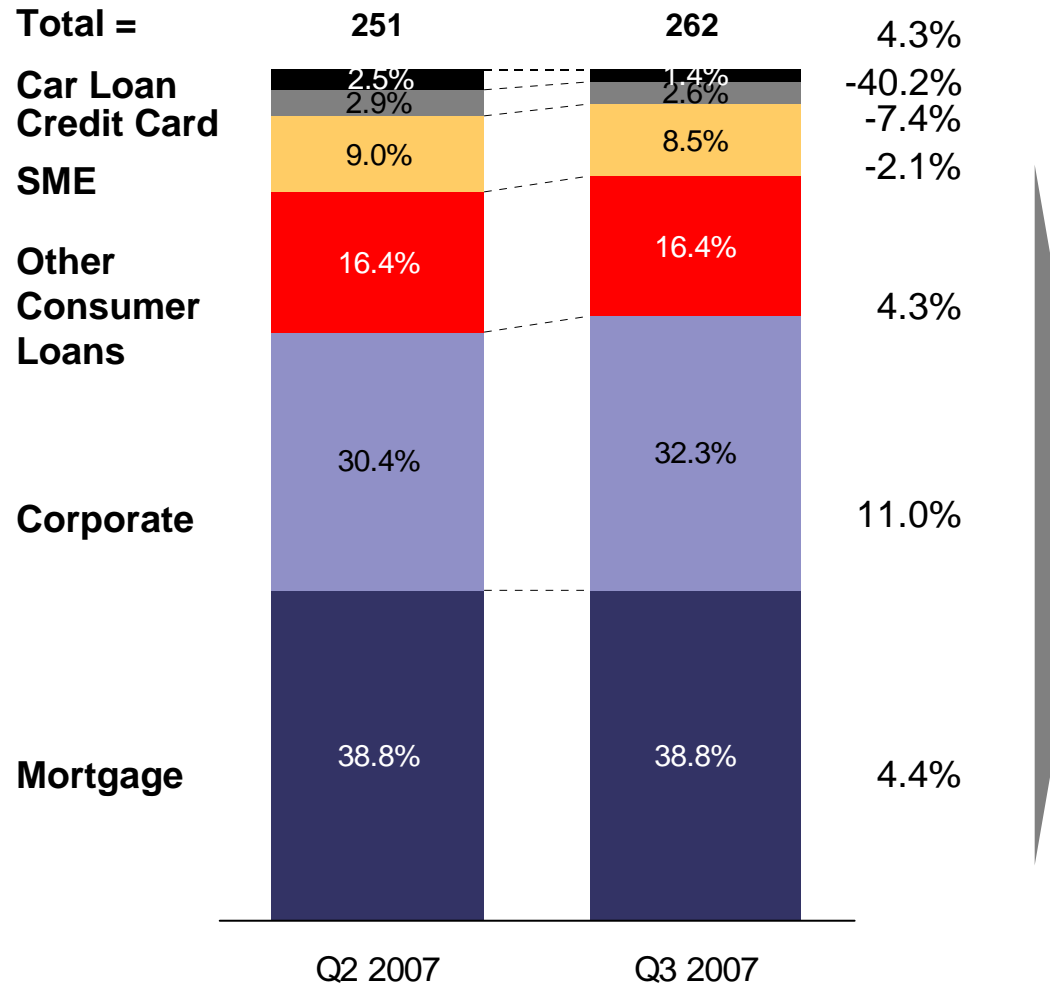
(1) Includes credit card revolving balance

SKB – 9M 2007 Overview

- Due to an NT\$1.81bn impairment loss recognized from the Cosmos credit-linked note, SKB recorded a net loss of NT\$1.42bn for the first nine months 2007. Pre-provision profit excluding one-off impairment losses was NT\$ 2.13bn for the first 9 months 2007, up 6% from the same period last year
- Loan balance increased 4.3% quarter-on-quarter, and 8% year-to-date; loan-to-deposit ratio remained high at 82%
- Net interest income increased 2% quarter-on-quarter due to loan growth. Net interest margin (NIM) improved 1 bps to 1.94% in Q3 2007
- Net fee income grew by 69% year-on-year, mostly driven by wealth management (~40% of total fee income). NT\$9.4bn bancassurance cross-sales achieved in the first nine months, accounting for 63% of SKL bancassurance premium
- Credit card NPL and coverage ratios remained stable at 2.13% and 226% respectively; quarterly charge off ratio was 4.49%. Affected by the passage of the Consumer Debt Clearance Regulations, monthly repayment rate of restructured loans has not significantly improved. Cumulative repayment rate decreased to 64.86%
- Asset quality was maintained with overall NPL and coverage at 2.14% and 62.8% respectively. NPL ratio for mortgage portfolio remained low at 1.07%

Loan Mix

NT\$bn

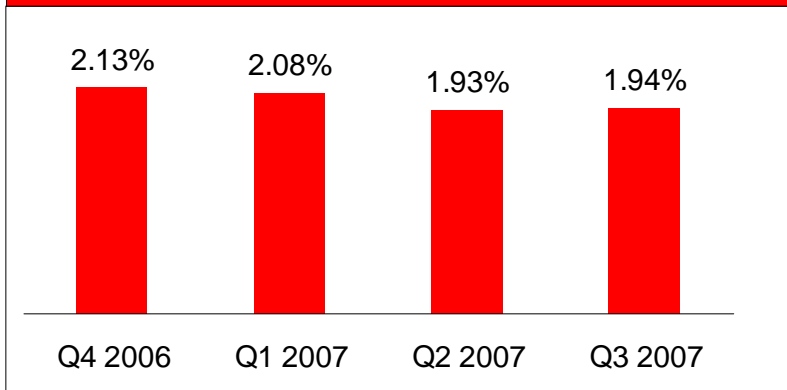


Comments

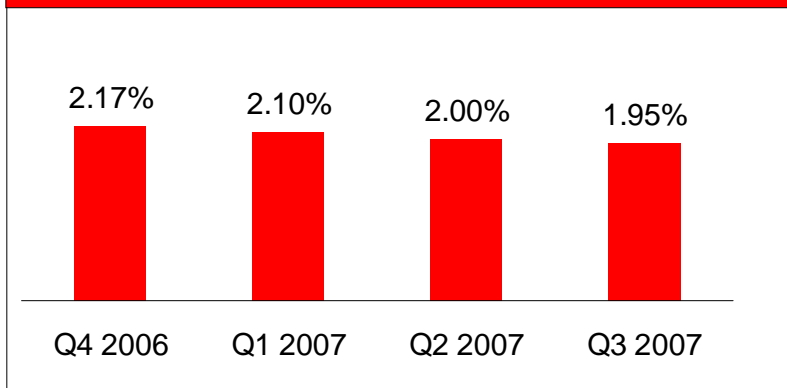
- Achieved stable loan growth in Q3 despite stringent policies on credit and pricing
- Low growth in mortgage due to tight control over properties for investment purpose and at non-core locations. ~40% of new business comes from Greater Taipei area
- L/D ratio remained high at 82%

Interest Yield

Net Interest Margin



Net Interest Spread

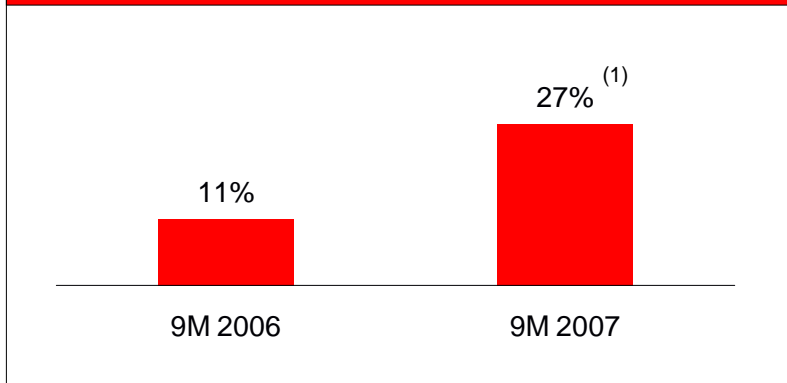


Comments

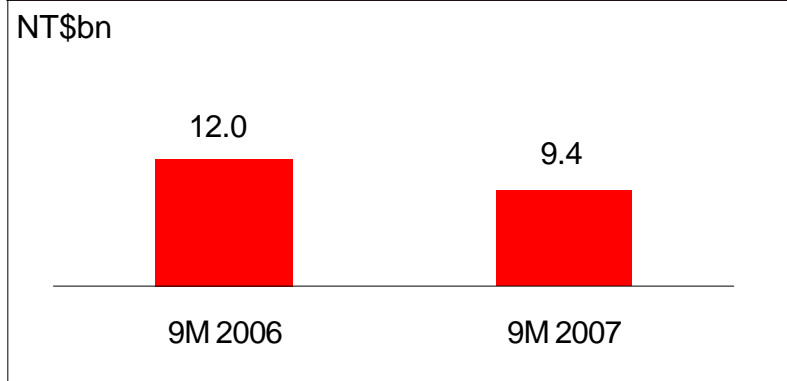
- NIM slightly improved due to loan growth and improvement in lending rates
- New mortgage rate continued to improve, up 21 bps in Q3
- Net interest spread remains under pressure but will stabilize as lending rates move up in Q4

Fee Income

Net Fee Income / Total Income

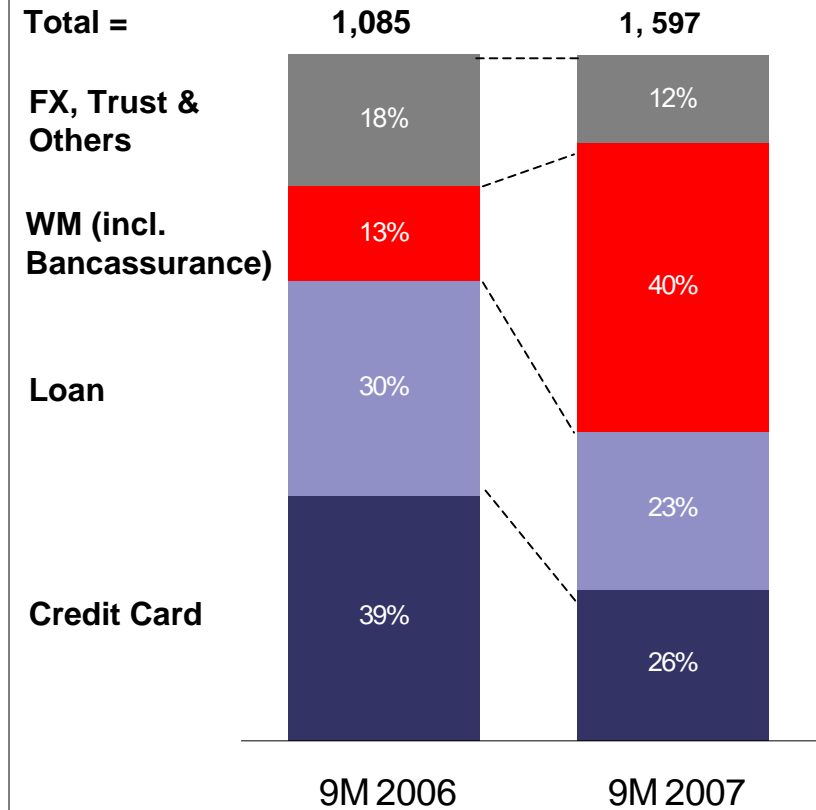


Bancassurance (SKL) - FYP



Fee Income Breakdown

NT\$m



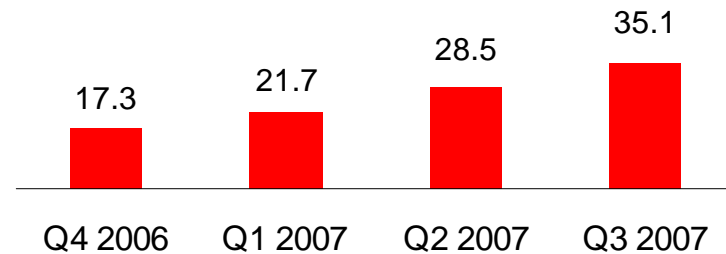
Note:

(1) Net fee income / total income was 19% excluding one-off impairment losses

Wealth Management

AUM

NT\$bn

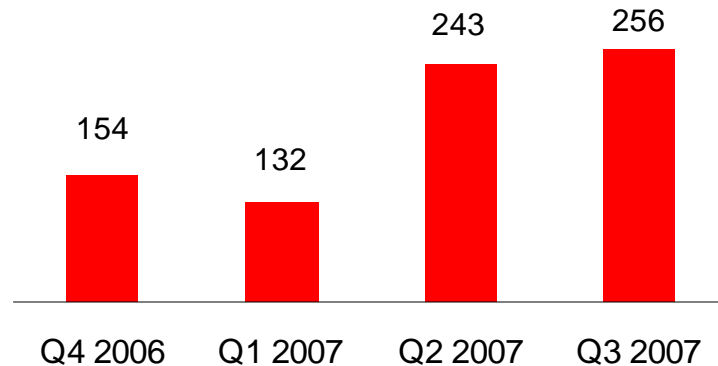


Wealth Management Center



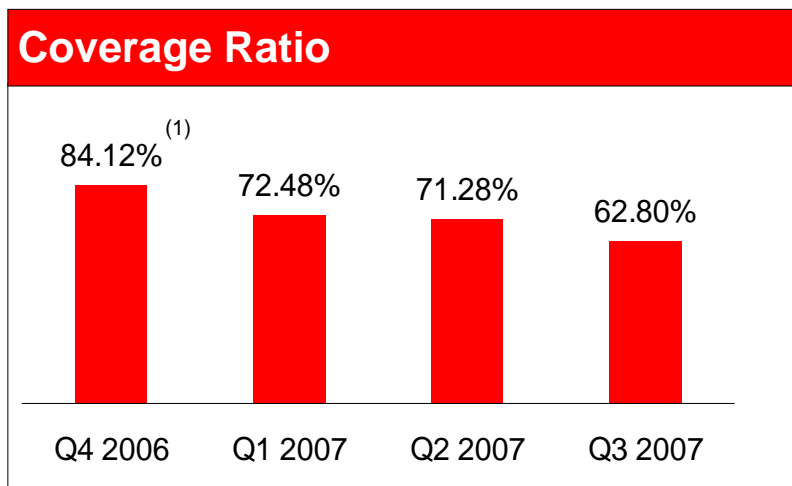
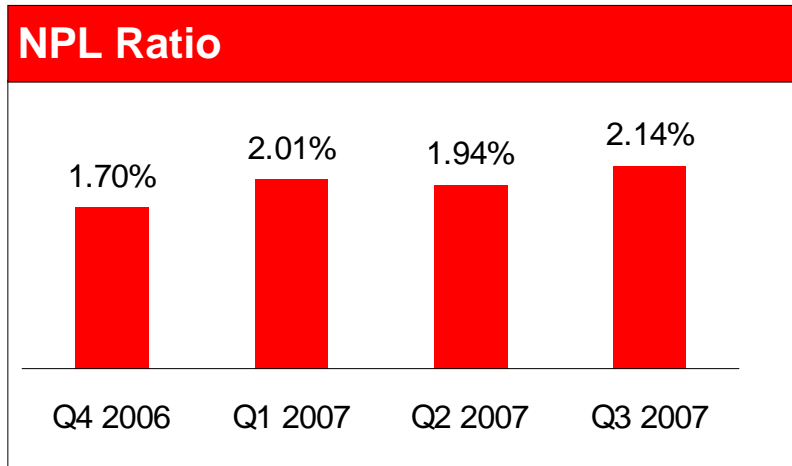
WM Fee Income

NT\$m



- Significant progress in wealth management
 - WM accounted for 40% of total fee income, up from 13% for 9M 2006 ; AUM expanded by 23% compared to Q2 2007
 - Sales force increased to 250 AOs and stationed at 93 branches island-wide; reached critical scale to provide more comprehensive and tailor-made products
 - Achieved NT\$500mn WM fee target for 2007

Asset Quality



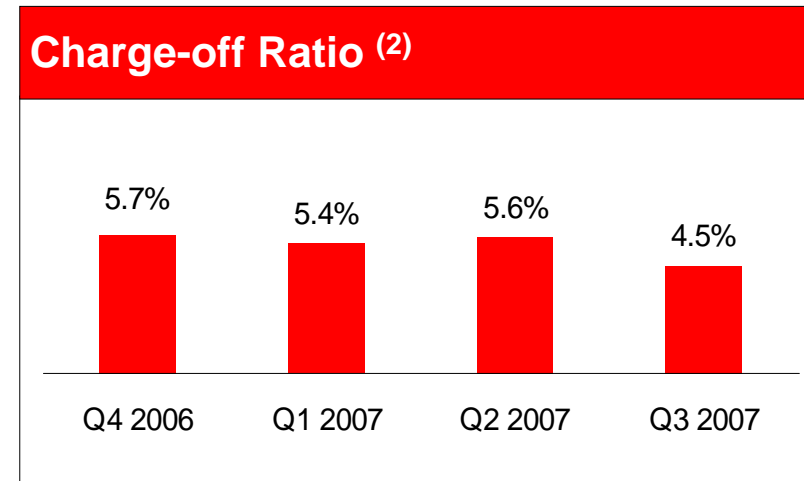
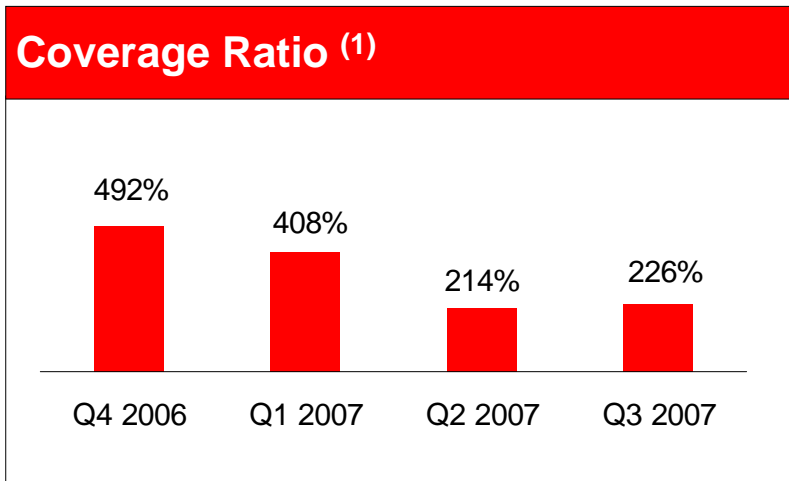
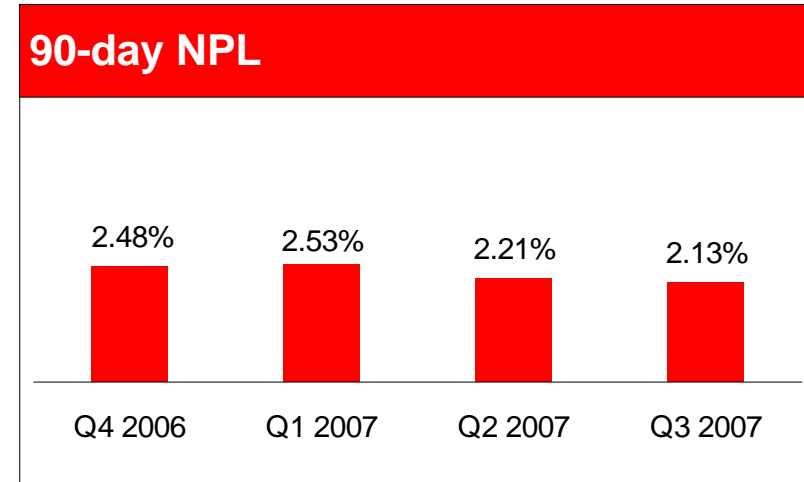
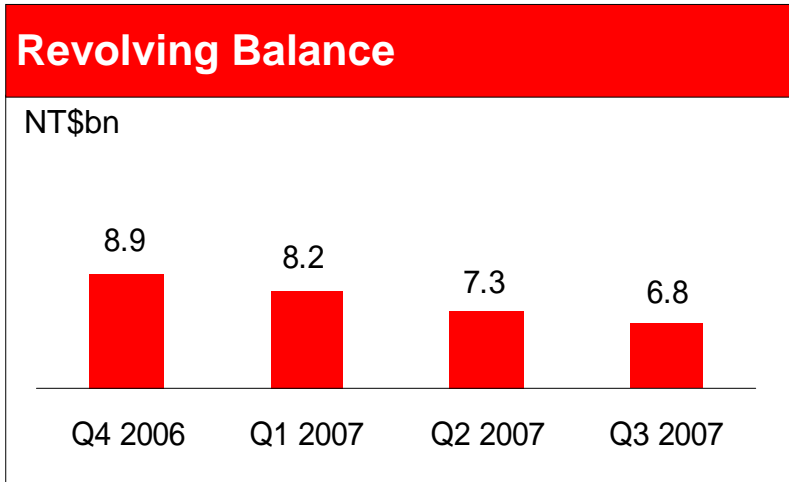
Comments

- Overall loan quality remained good in Q3
- NPL controlled at ~2%; NPL of mortgage improved to 1.07% from 1.13% in Q2
- Coverage ratio slightly decreased to 62.8%, but remained above Company's medium term target (50%)
- Cumulative repayment rate of restructured loans dropped to 64.86% due to uncertainty around Consumer Debt Clearance Regulations to be effective April 2008

Note:

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

Credit Cards Metrics



Note:

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

Auction of SKB Min-Sheng Financial Building

Min-Sheng Financial Building Dun-Bei Min-Sheng Area



Building Profile

Year of Completion	2005
Building Rating	A
Levels	B6 ~ 14F
Land Area	1,539.97 ping / 5,090.68m ²
Floor Space	14,325.14 ping / 47,354.62m ²
Parking Spaces	342
Building Structure	Steel Concrete
Auction Date	12/10/2007
Reserve Price	NT\$7bn

SKB – 4Q 2007 Outlook

- Target loan growth of 10~15% balancing NIM and risk considerations
- Growth in PPOP expected to continue driven by fee-based business
- NIM likely to stabilize as impact of short-term rate hikes flow through to lending rates in Q4
- Growth momentum of wealth management expected to continue as market demand, number of AOs and products increase; 2007 WM fee income target raised to NT\$900mn
- Credit card write-offs expected to reduce driven by improvement in credit quality. Potential future losses likely to be within control as DRP balance is relatively small (9.5% of unsecured loan balance)
- Overall loan quality remains healthy. Stringent credit policies and stable economic situation help maintain loan quality of mortgages. Coverage ratio will gradually decrease since one-time provision taken at the end of 2006, but will remain above Company's medium term target of 50%
- Since real estate holdings at SKB already approach regulatory maximum, the Board of SKB has decided to tender the Min Sheng Building. Gains from the sale will likely be booked in Q4, offsetting one-off losses from Cosmos Bank

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- I. SKFH
- II. Life Insurance Business
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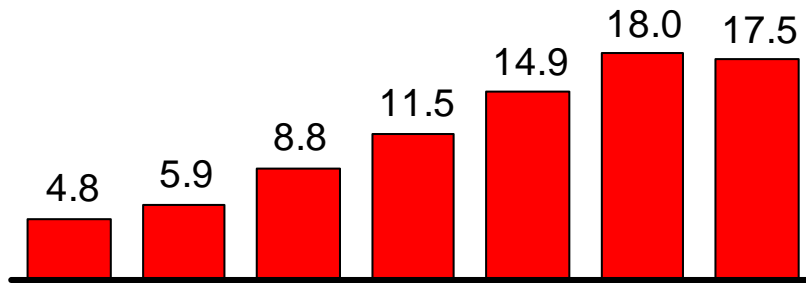
- **Market opportunities**
- SKL Premium
- One-off losses of Cosmos & CBO investment
- EV & AV Result
- Real Estate Securitization and Shares Buyback



Insurance opportunity:

High growth driven by new products and channels

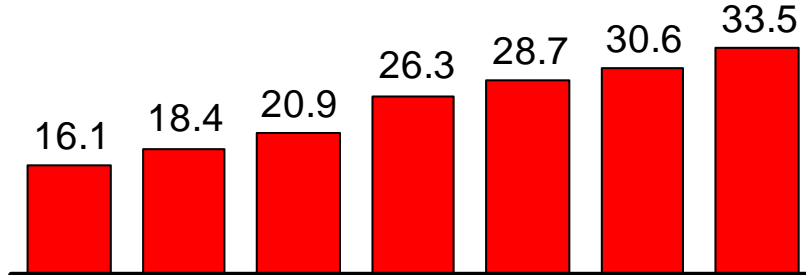
Life FYP
US\$bn



Growth
Percent

12.2 22.4 49.2 30.8 29.6 21.2 -3.0

Life renewal premium
US\$bn

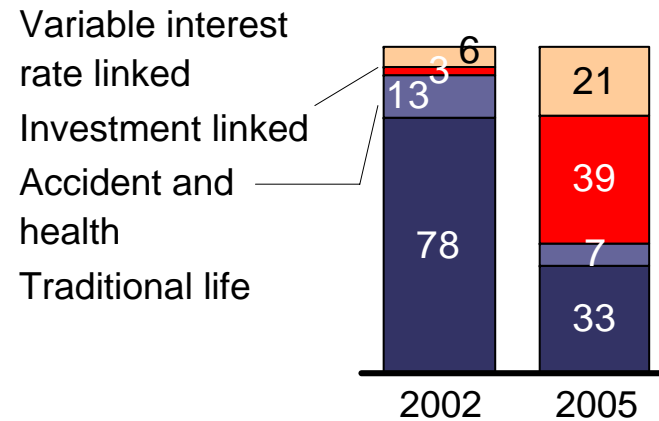


Growth
Percent

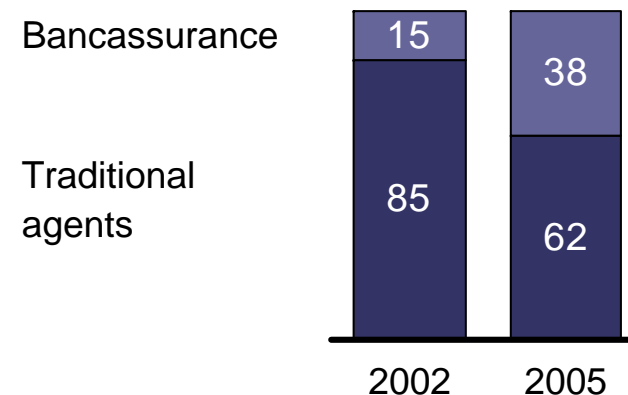
12.2 14.6 13.5 25.9 9.4 6.3 10.0

Source: Insurance Institute

New business breakdown
Percentage

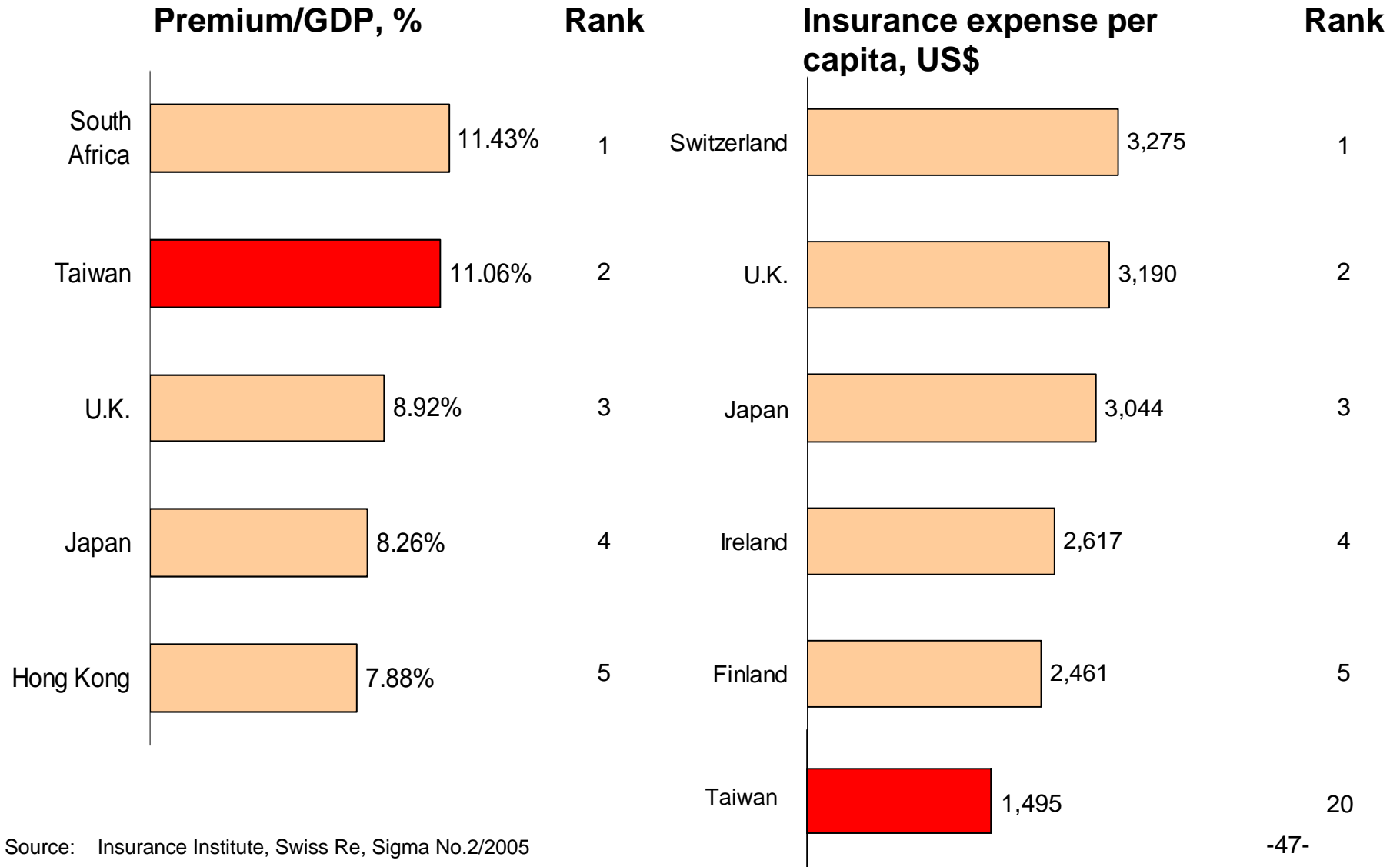


New business channel mix
Percentage



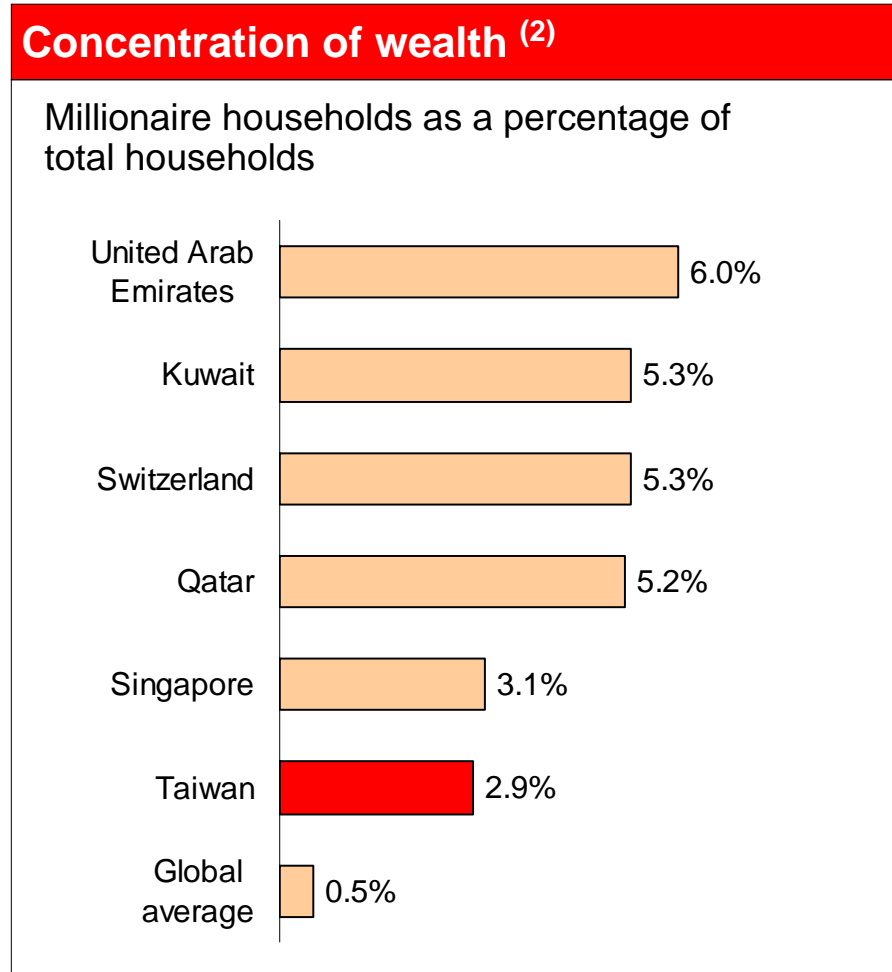
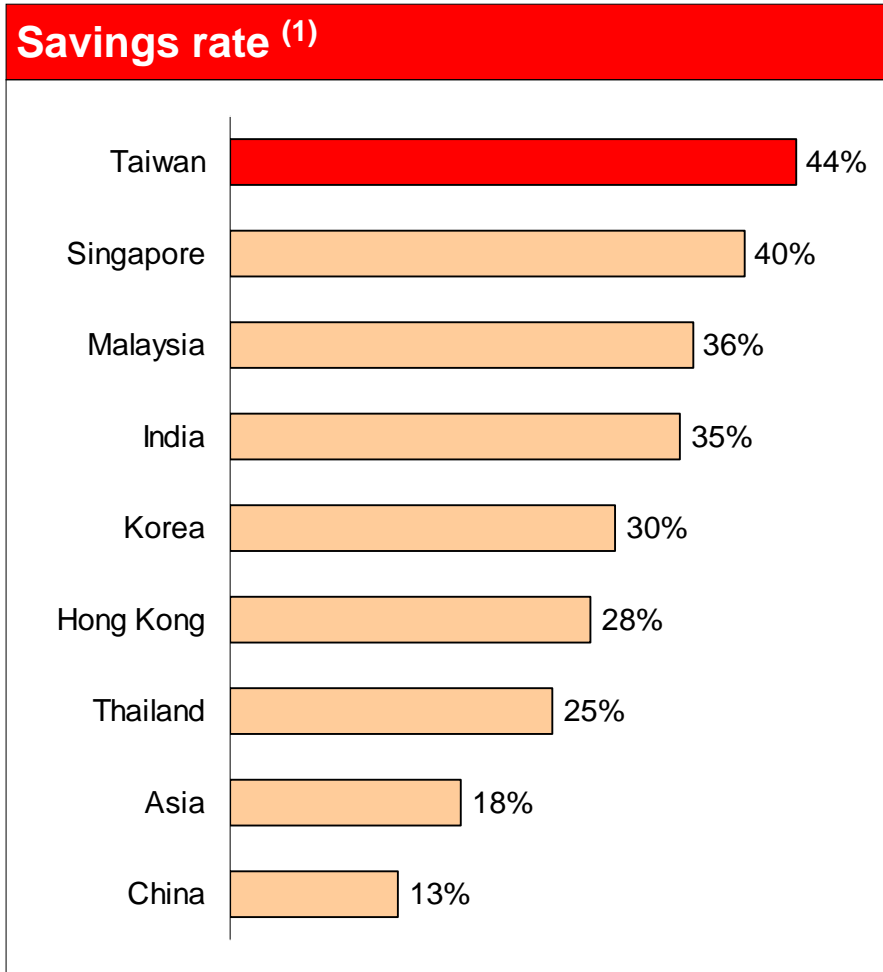
Insurance opportunity:

High penetration but low density



Wealth management opportunity:

High savings rate and wealth concentration



Source:

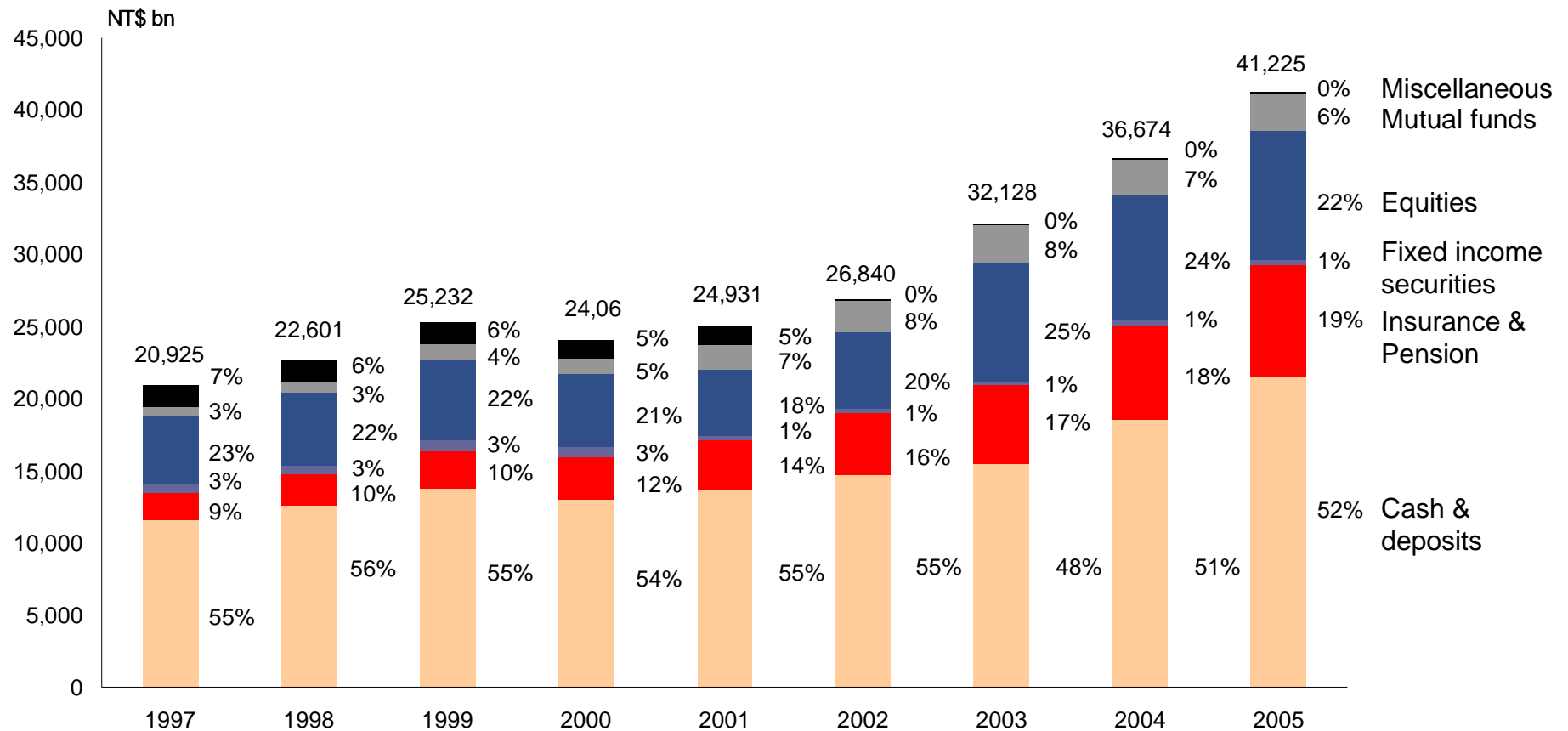
- (1) BOMA, CBC, Asian Demographics, Central Banks and monetary authorities, Citigroup Investment Research
- (2) BCG global wealth market-sizing database, 2006



Wealth management opportunity:

Asset migration away from deposits

Taiwanese household assets (NT\$bn, Percent)



Source: CBC, Citigroup Investment Research

Agenda

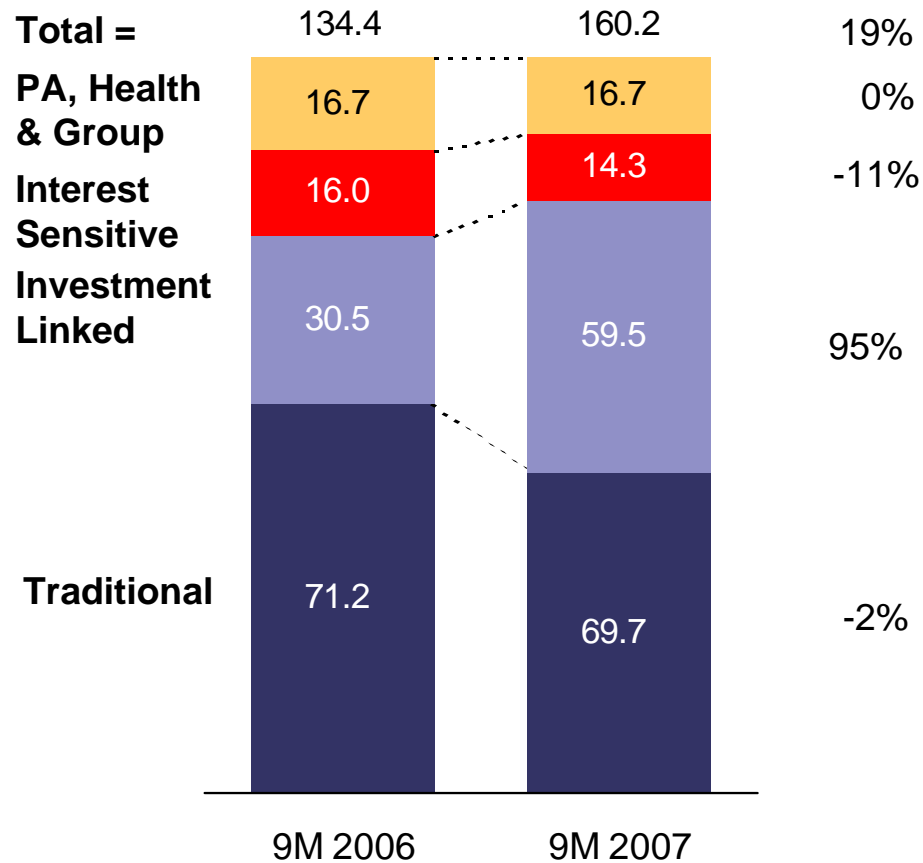
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Total Premium – 9M 2007

NT\$bn

Market Share = 11.6%

Growth

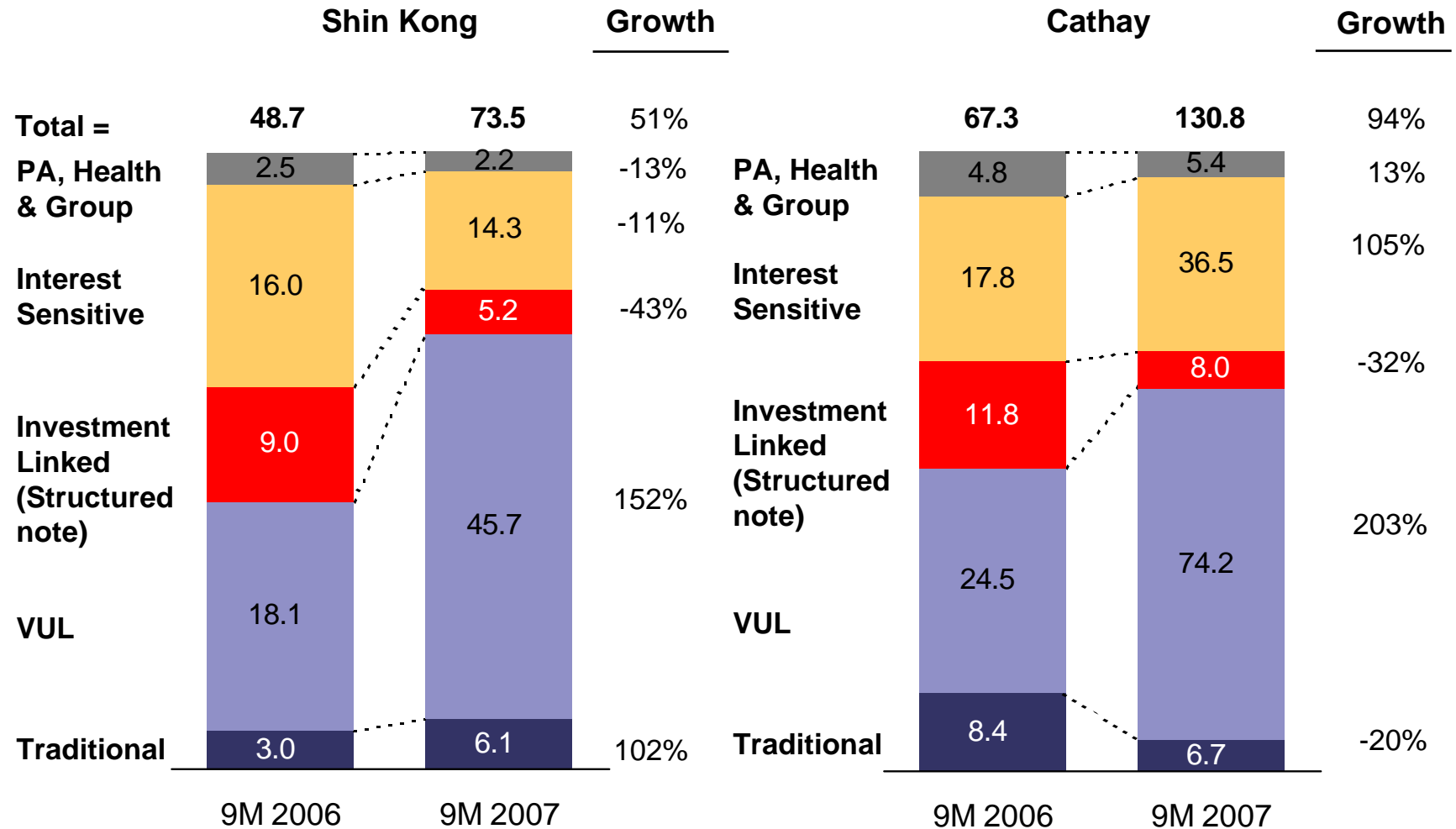


Comments

- Strong growth in total premium, mainly driven by increase in FYP
- Share of variable rate products increased to 46%, driven by robust sales in investment-linked policies
- Traditional and related policies (mostly recurring premium) accounted for 44% of total premiums

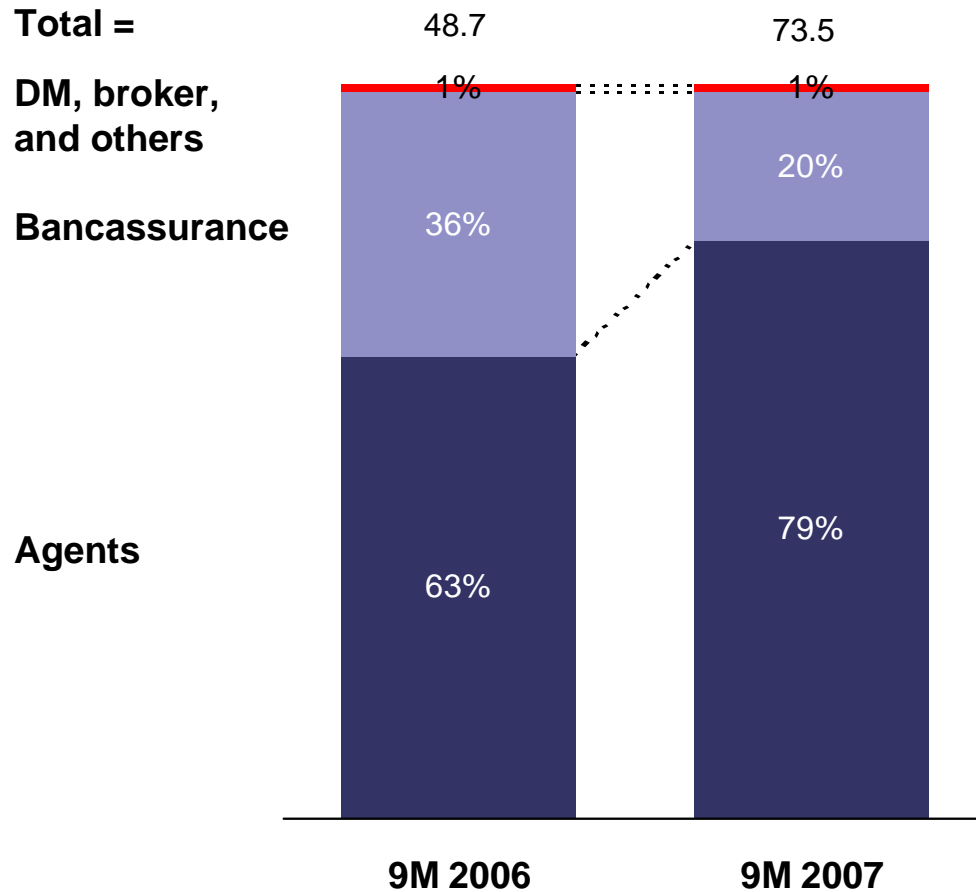
First Year Premium – Shin Kong vs. Cathay

NT\$bn



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 63% of bancassurance premium

SP / RP Breakdown – 9M 2007

NT\$bn

9M 2007 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	0.12	5.99		6.11
Investment-linked				
VUL			45.75	45.75
Structured note	5.17			5.17
Interest Sensitive				
Annuity	11.30		0.02	11.32
Life			3.00	3.00
PA, health and others		2.2		2.2
Total	16.59	8.19	48.77	73.55

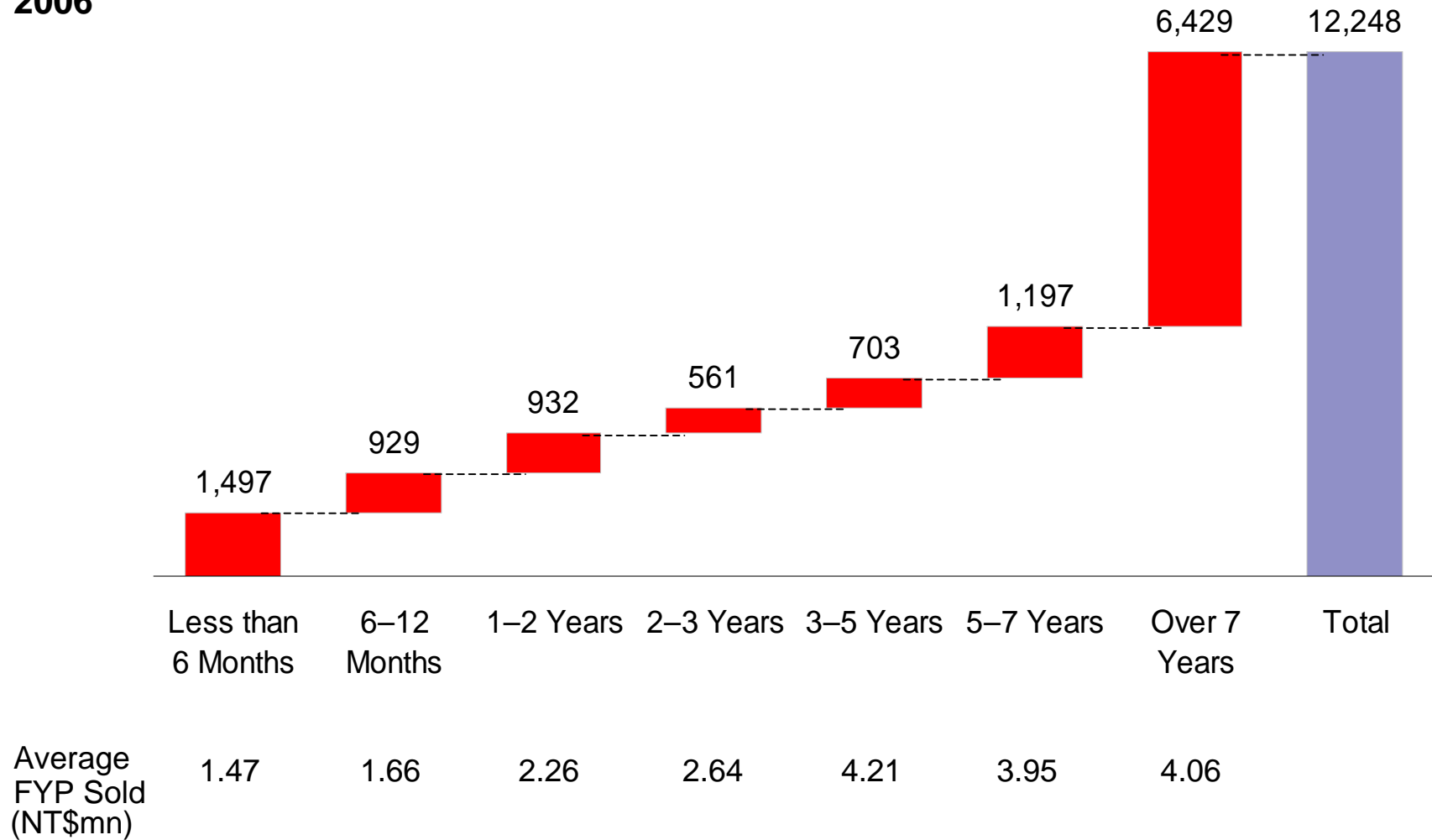
FYP Breakdown/ Growth

NT\$m

FYP	October 2007	September 2007	October 2006	MoM	YoY
Traditional	387	370	502	4.6%	-22.9%
Investment-linked					
VUL	4,000	3,736	2,184	7.1%	83.2%
Structured note	890	629	-6	41.5%	-
Interest Sensitive	1,772	1,983	485	-10.6%	265.4%
PA, health and others	213	227	333	-6.2%	-36.0%
Total	7,262	6,945	3,498	4.6%	107.6%

Agent Number and Productivity by Tenure

2006



Source: Shin Kong data

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One-off Losses from Cosmos & CBO Investments

Reflected on 3Q Income Statement

Held by	Description	Investment Amount (NT\$bn)	Loss Recognized (NT\$bn)	Comments
Shin Kong Life	Cosmos Bank Equity	2.1	1.8	<ul style="list-style-type: none"> Calculated using closing price NT\$3.03 as of end of Sept, 07 NT\$1.3 bn loss already reflected on Balance Sheet as of end of Aug, 07
	Cosmos Bank Sub-debt	0.7	0.4	<ul style="list-style-type: none"> Loss represents a 58% hair cut Shin Kong will receive NT\$339 million in cash immediately
Shin Kong Bank	Cosmos Bank Credit-linked note	3.1	1.8	<ul style="list-style-type: none"> Remainder of the debt will be converted to Cosmos common shares
Shin Kong Life	E. Sun Bank CBO 2007-2, Tranches C & D	2.5	1.0	<ul style="list-style-type: none"> Recent downgrade triggered impairment test Loss estimated based on default probability and net asset value of Westways Funding XI as of end of Sept. 07
Total			5.0	

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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%

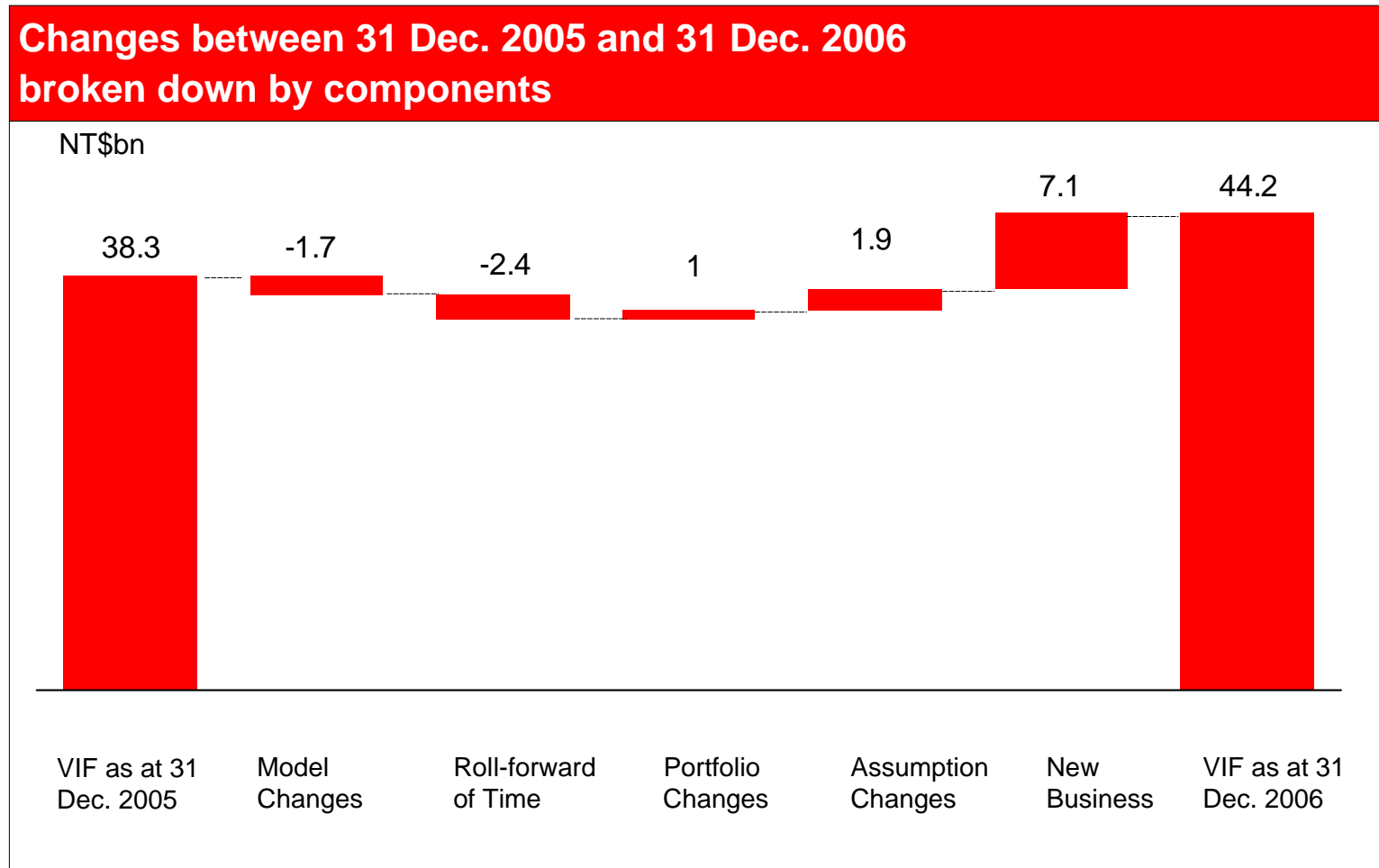
SKL - Estimate of Embedded Value Results

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

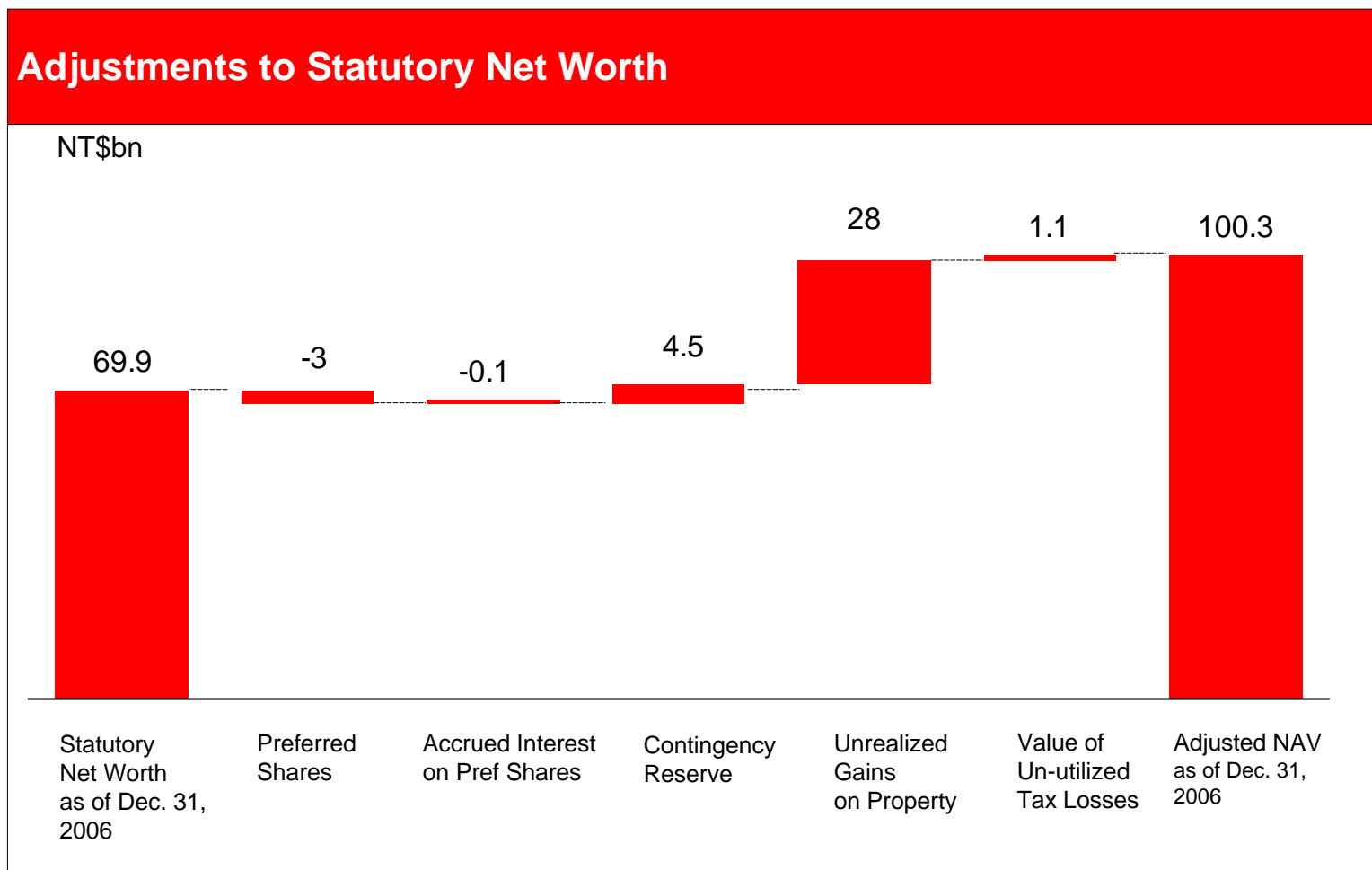
SKL - Estimate of Appraisal Value Results

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

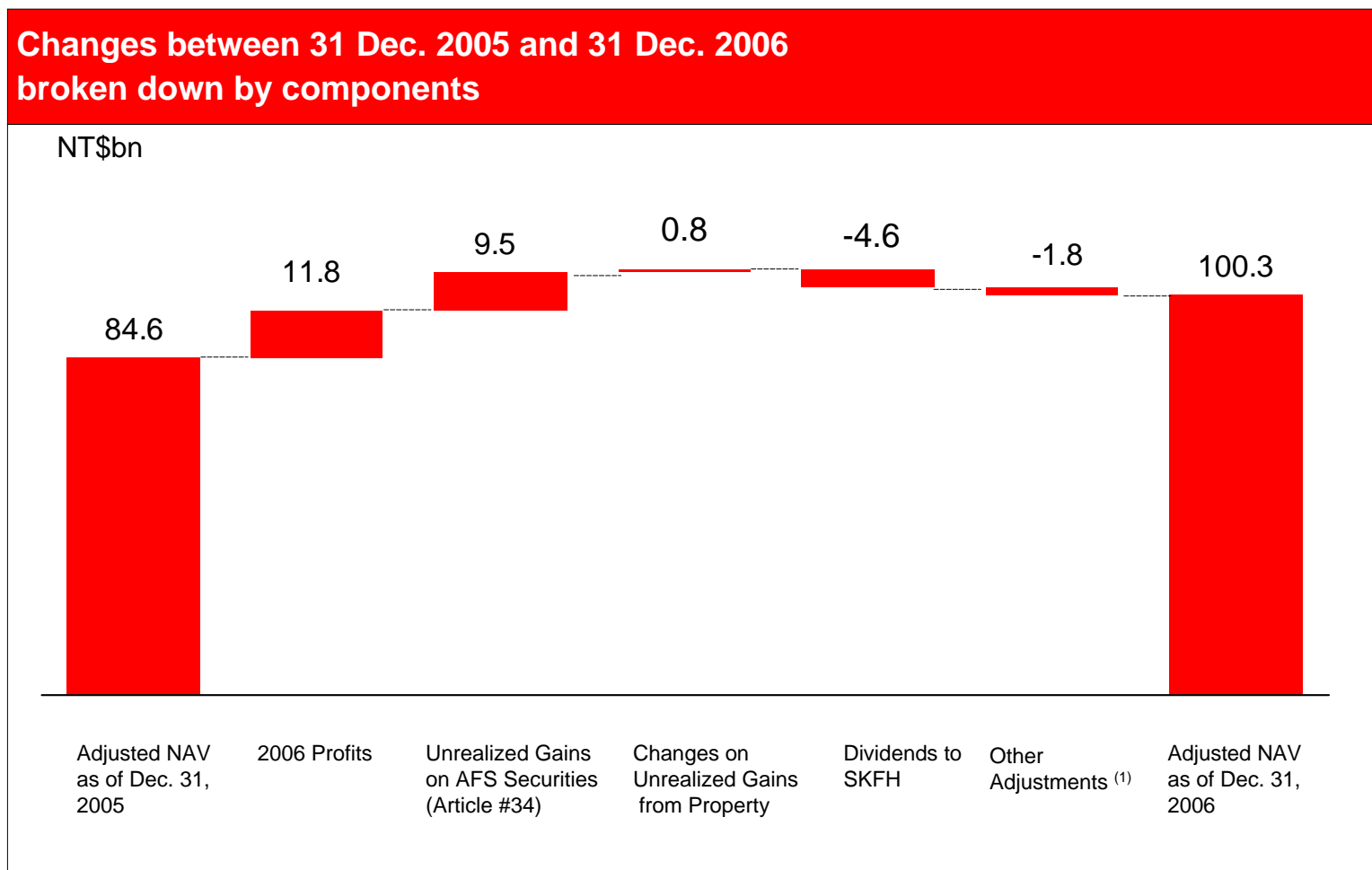
SKL - Change in VIF before COC



SKL – Adjusted NAV



SKL - Adjusted NAV



Note:

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

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SKL - 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	\$3.6 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) To be recognized over four years

SKFH – Shares Buyback Plan

- Number of shares: 100mn common shares
- Upper limit on amount: NT\$3.5bn
- Price range: NT\$20~35/ share
- Execution period: 2007/11/12~2008/1/11
- Purpose: incentive plan for employees
- Source of buyback: Taiwan Stock Exchange

Website : www.skfh.com.tw

E-mail : ir@skfh.com.tw