

Confidential



Shin Kong Financial Holding

Company Overview

April 2008

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 have been reviewed by auditors.

Agenda

I. SKFH

II. Life Insurance Business

III. Banking Business

IV. Appendix

- Market opportunities
- SKL Premium
- One-off losses of Cosmos & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Real Estate Securitization and Rights Issue

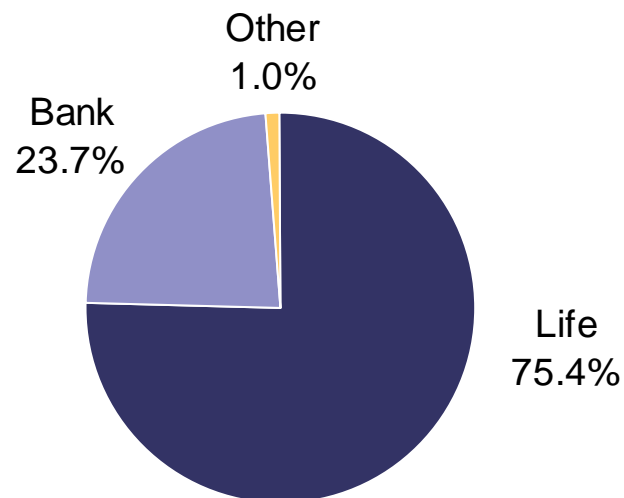
Who We Are

- 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	2005	2006	2007
Total Assets	1,331.2	1,492.3	1,688.1
Shareholders' Equity	68.3	90.8	100.1
Market Value	104.1	164.6	112.6
Net Income ⁽¹⁾	7.1	5.9	5.0
ROA	0.59%	0.4%	0.3%
ROE	11.5%	7.6%	5.3%
Foreign Ownership	22.9%	31.8%	20.4%

2007 Asset Mix

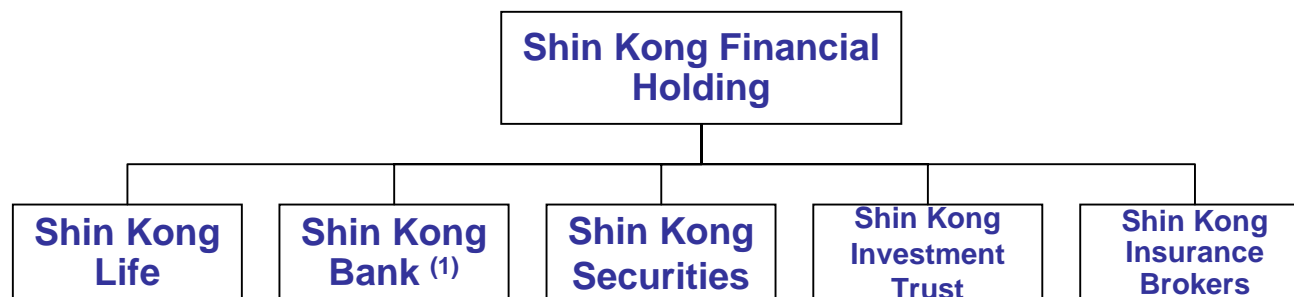


Note:

(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)	1,229.2	385.7	14.0	0.74	0.12
% of Group Assets	75.4%	23.7%	0.9%	< 0.1%	< 0.1%
Earnings (NT\$m)	2,417	1,423	201	112	46
Branches/Offices	366	108	7	3	1
Market Share	13.1%	1.4%	0.69%	2.3%	-

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, 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.
- President & Director, 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
- Vice President, FAT Capital Management Corp. / AIG Group

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 ~20% 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

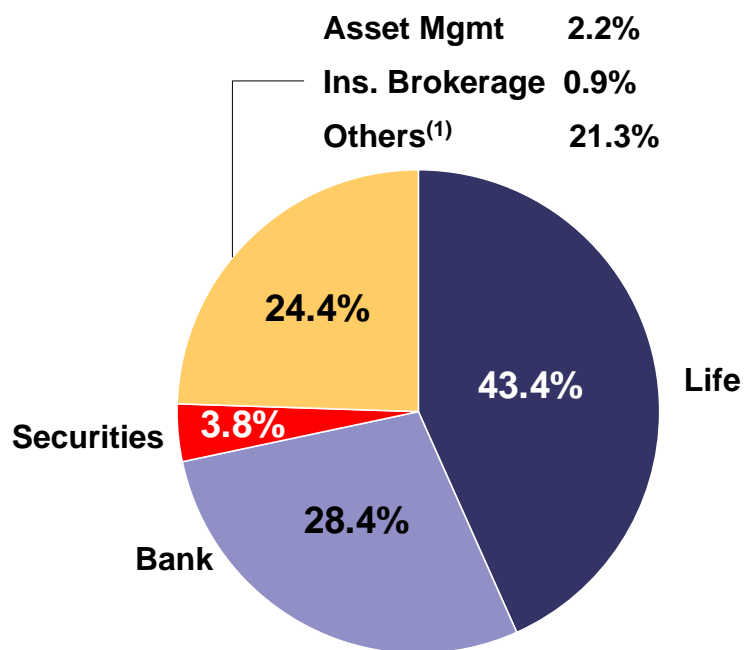
SKFH – 2007 Overview

- Despite NT\$5.04bn impairment loss recognized from Cosmos and CBO investments in Q3, and NT\$1.88bn impairment loss recognized from CDO investment in Q4, SKFH recorded after-tax profit of NT\$5.01bn in 2007. EPS was NT\$1.02. This is unsatisfactory but still 84% of total profit (NT\$5.93 billion) for the full year 2006.
- Profit mainly contributed by SKL and SKB
 - SKL: despite NT\$5.1bn impairment loss from Cosmos and CBO/CDO investments, after-tax profit was NT\$2.4bn, down 12% yoy excluding one-off items (e.g., gains from real estate securitization, impact from accounting changes, and one-off impairment losses)
 - SKB: after-tax profit was NT\$1.4bn, despite NT\$1.8bn impairment loss recognized from credit-linked note linked to Cosmos convertible bond
 - SKSC: stable results with after-tax profit of NT\$201mn
 - SKIT and SKIB: achieved after-tax profit NT\$112mn and NT\$46mn respectively
 - Results of Masterlink Securities were consolidated, since SKFH's investment in the company exceeded 25% in Q4 2007

Net Income – 2007

Group net income

Total = NT\$5.01bn



Net income contribution

NT\$bn

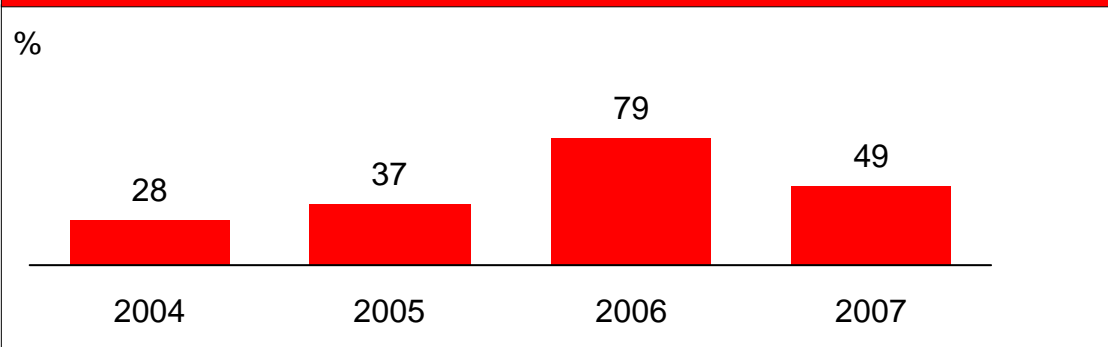
<u>Subsidiaries</u>	<u>2007</u>	<u>2006</u>
Shin Kong Life ⁽¹⁾	2.17	11.62
Shin Kong Bank	1.42	-7.28
Shin Kong Securities	0.19	0.60
Shin Kong Investment Trust	0.11	-0.08
Shin Kong Insurance Brokers	0.05	0.04
Others ⁽¹⁾	1.07	1.03
Net income	5.01	5.93

Note:

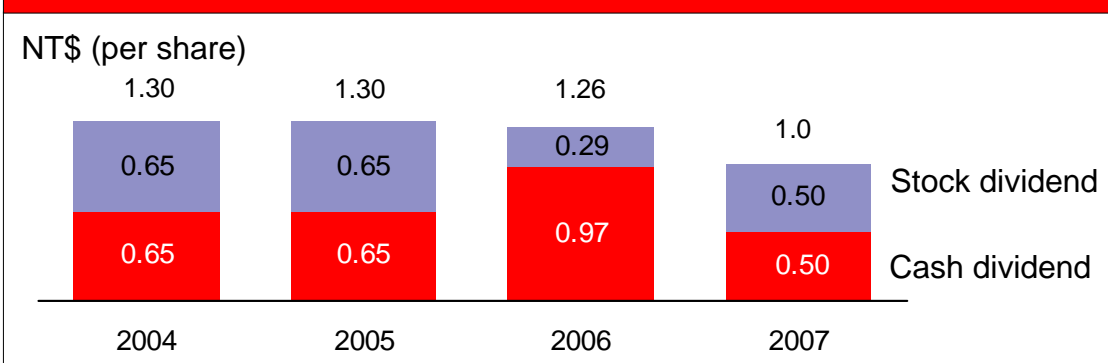
(1) Include other income of SKFH, income taxes, and loss from Masterlink Securities

Dividend Distribution

Cash Dividend Payout Ratio



Cash Dividend vs Stock Dividend



Comment

- Cash dividend payout ratio increased over the years
- Despite lower earnings and EPS in 2007, total dividend payout remained stable
- Long-term goal is to increase cash payout ratio and percentage of cash dividend

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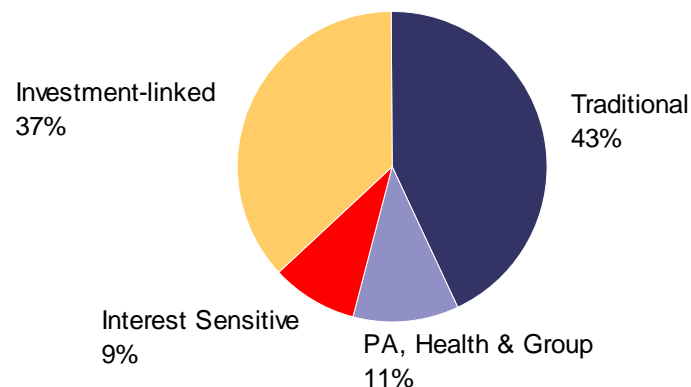
Shin Kong Life

- 2nd largest life insurer in Taiwan with 13% market share and 3 million customers
- Strong distribution network with 12,000 agents, 366 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	2005	2006	2007
Total Premium	159.0	181.5	215.9
Net Income	7.4	11.8	2.4
Total Assets	967.6	1,117.4	1,229.2
Shareholders' Equity	54.4	69.9	60.0
ROE ⁽¹⁾	18.7%	21.9%	3.68%
ROA	0.82%	1.13%	0.21%

2007 Total Premium Written



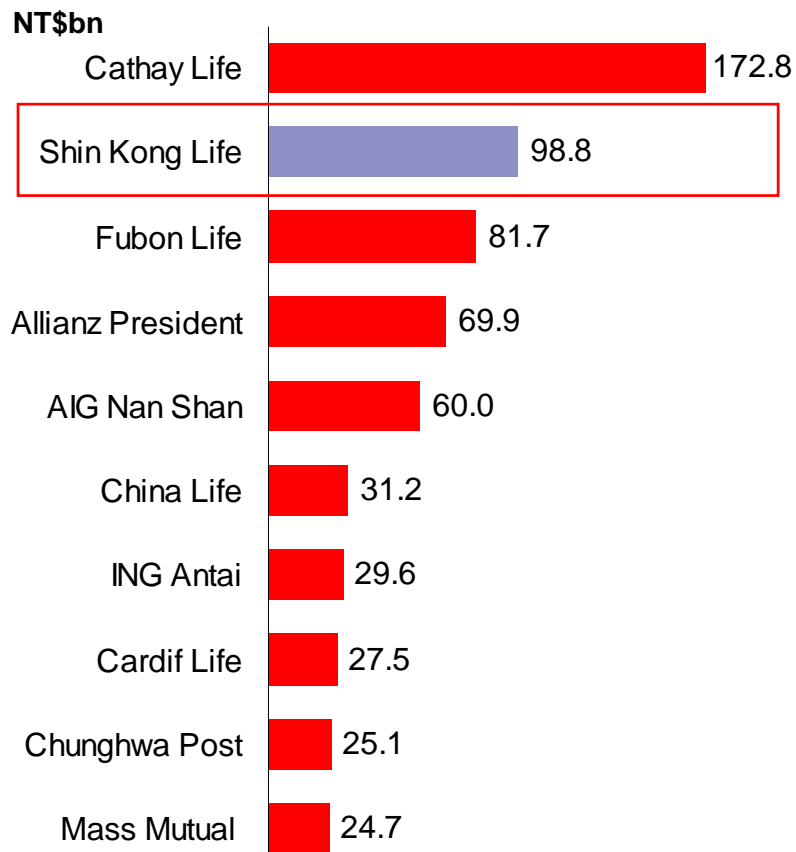
Total Premium Written: NT\$215.9 bn

Note:

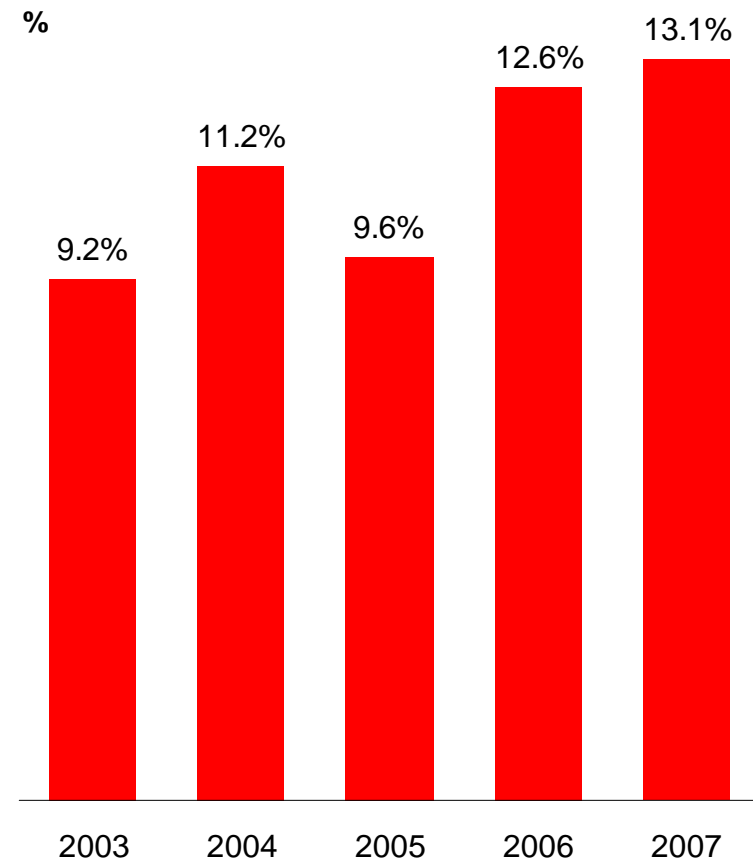
(1) Excludes preferred shares

Shin Kong Market Share

FYP of Top 10 Players – 2007



Shin Kong FYP Market Share Over Time



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

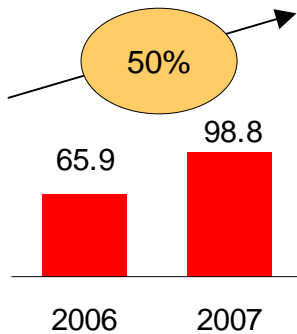
SKL – 2007 Overview

- Despite NT\$3.2bn impairment loss recognized from Cosmos and CBO investments in Q3, and NT\$1.9bn impairment loss recognized from CDO investment in Q4, after-tax profit was NT\$2.4bn, down 12% yoy excluding one-off items (e.g., gains from real estate securitization, impact from accounting changes, and one-off impairment losses). ROE was 3.7%
- Ongoing strong demand for investment-linked policies pushed FYP up by 50% to NT\$98.76bn, outperforming market growth of 43%. Maintained number 2 position in the market with 13% market share
- Investment-linked policies contributed 70% (VUL: 61%) of FYP. Share of traditional policies was 8%; interest-sensitive and other policies accounted for 19% and 3% respectively
- 13-month persistency was 87%. 25-month persistency improved to 81%
- Achieved investment return of 4.05% despite NT\$5.1bn impairment losses recognized.
- As the subprime crisis continues, the Company will maintain high standards of disclosure on its CDO/CBO investments to reduce uncertainty and alleviate market concerns

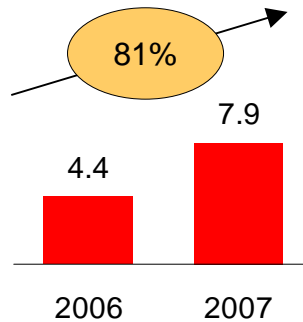
First Year Premium – 2007

NT\$bn

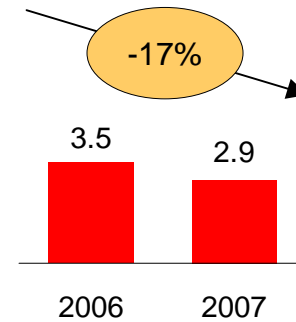
Market share 13.1%



Traditional



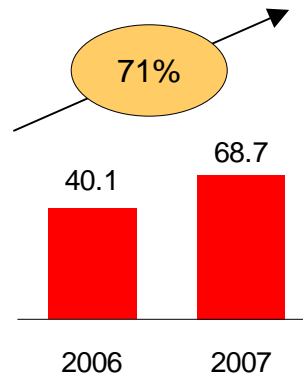
PA, Health and Group



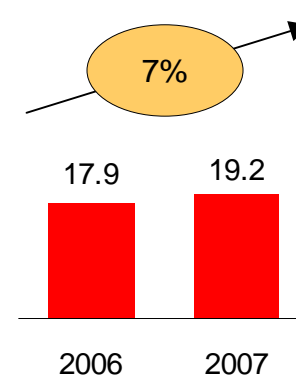
Comments

- FYP grew by 50%, outperforming market average of 43%
- VUL contributed significant share (61%) of FYP
- Robust sales from new VUL product (Jin-Hao-Yih); cumulative FYP since launch to end of December was NT\$11.4bn
- Focus on Duo-Tsair-Duo-Yih endowment and long-term care products pushed traditional sales up by 81% yoy

Investment-linked

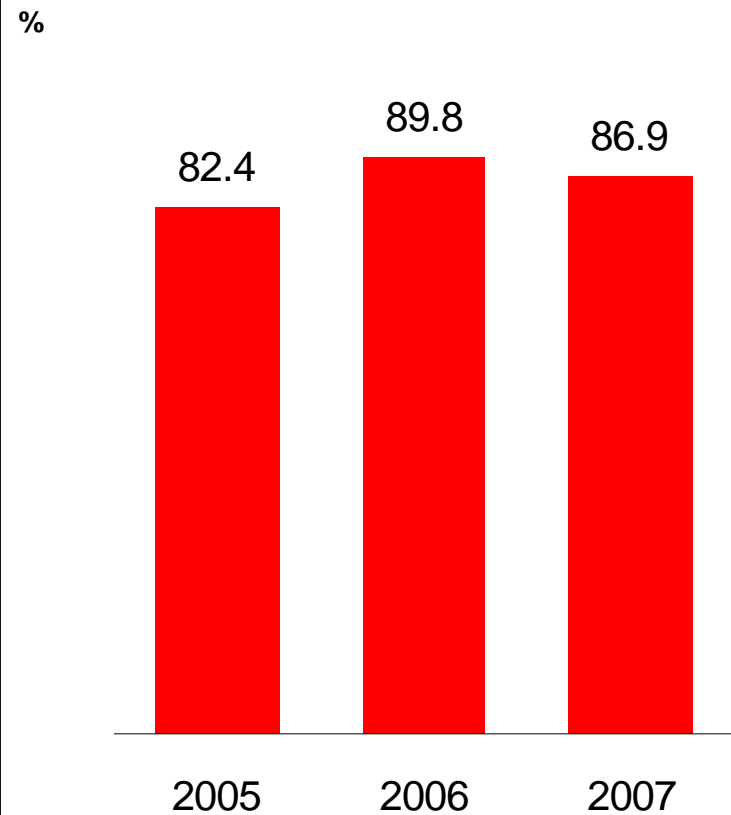


Interest-sensitive

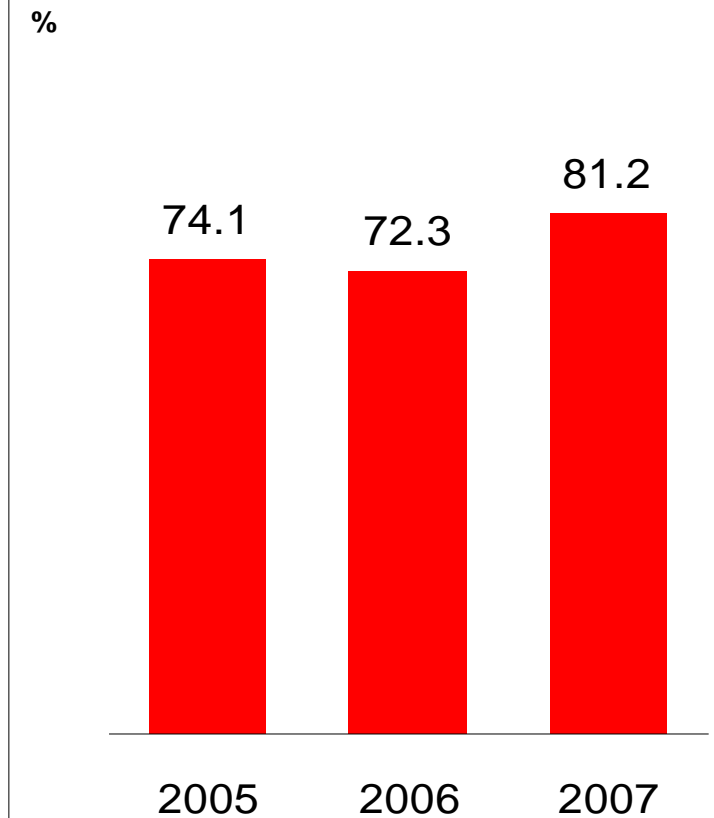


Persistency Ratio

13 month persistency

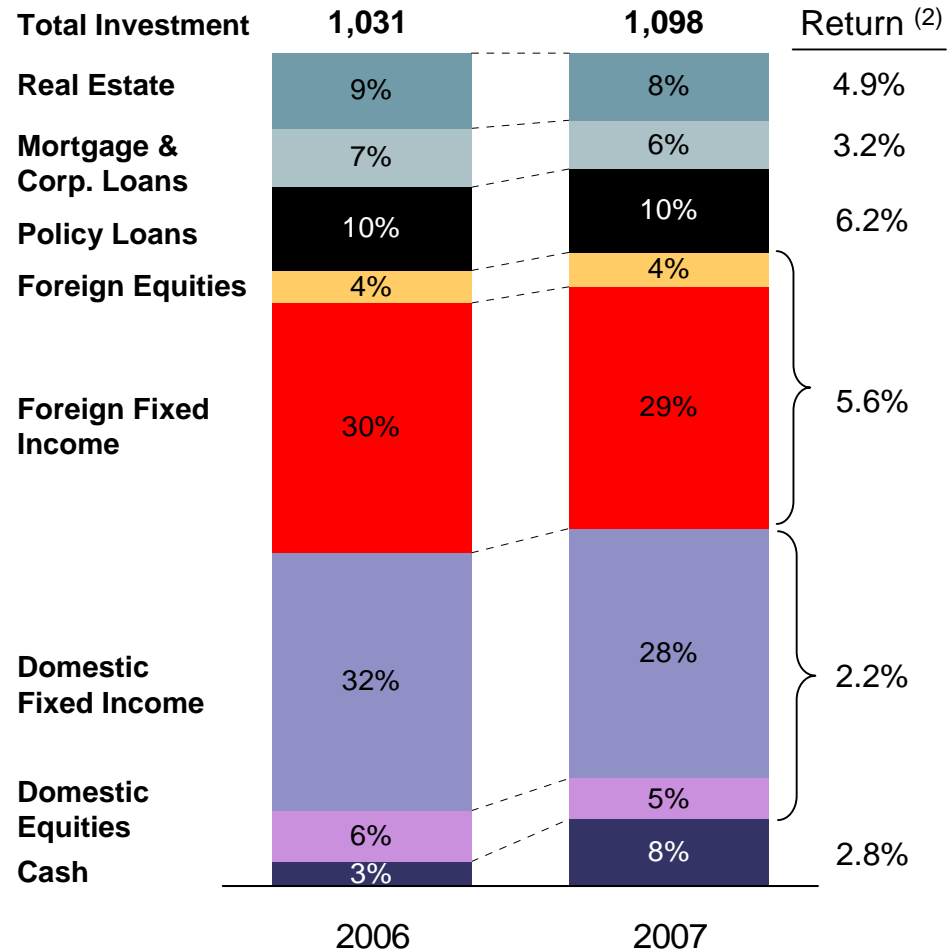
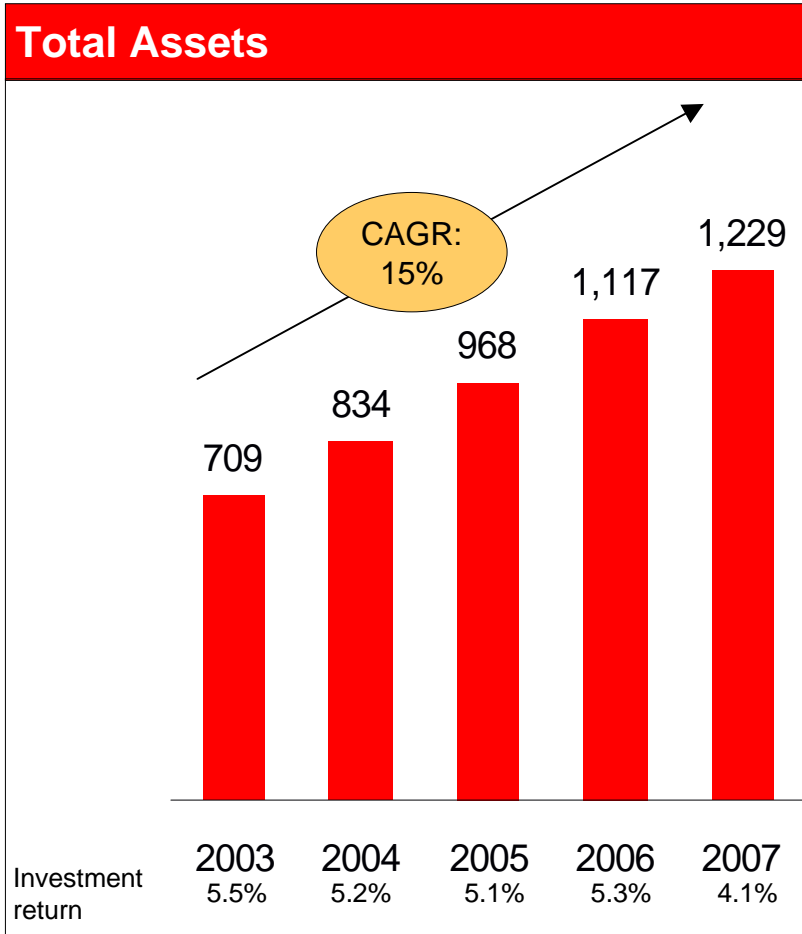


25 month persistency



Investment Portfolio

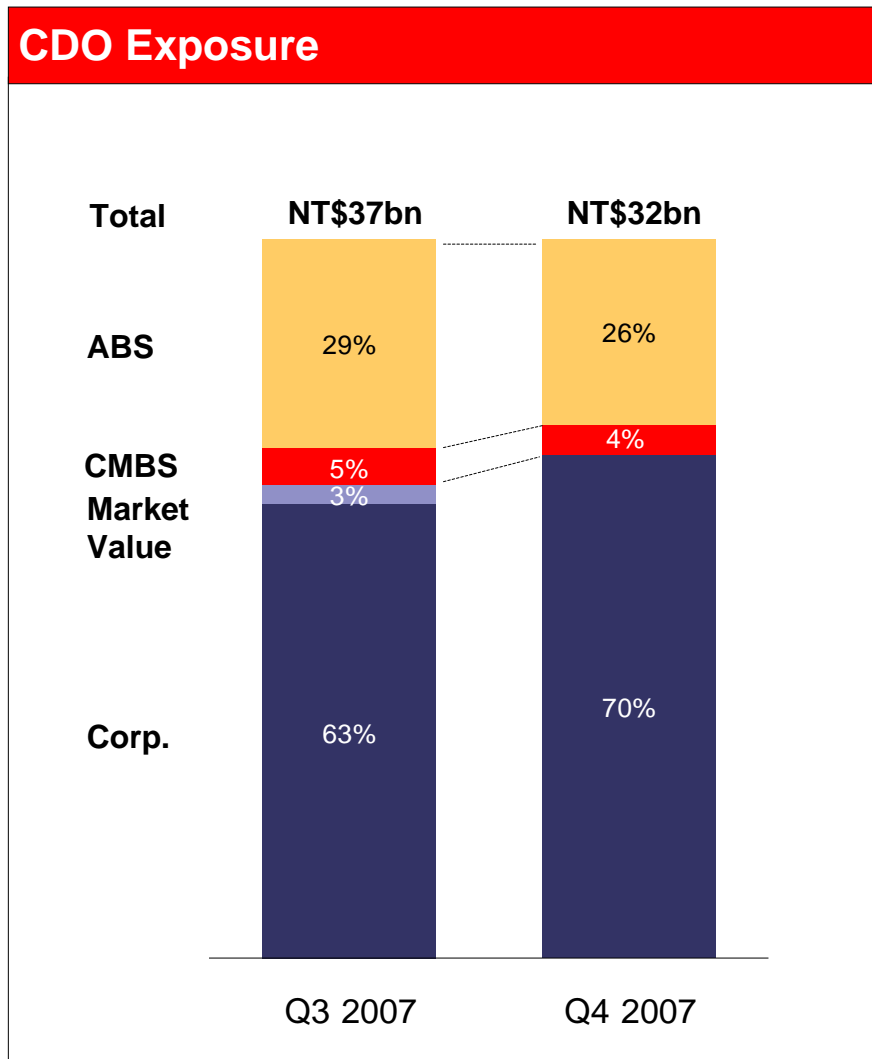
NT\$bn



Note:

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

CDO Exposure



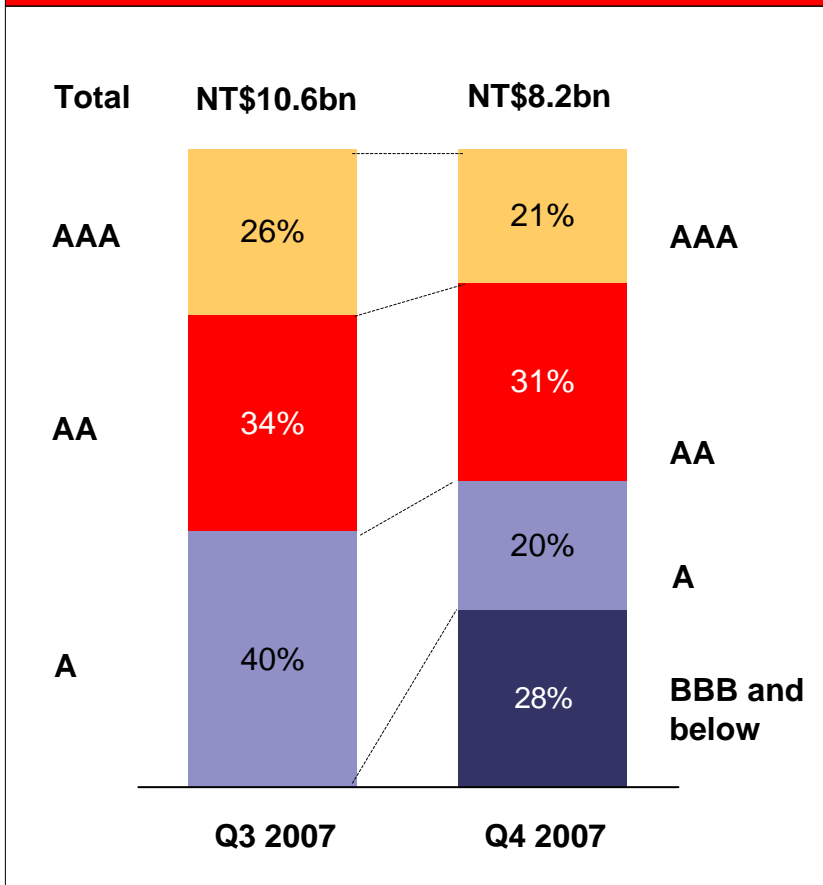
Comments

- 26% 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 (downgrade by more than 5 notches or to non-investment grade)
- Total CDO exposure was reduced from NT\$37bn to NT\$32bn. Besides NT\$1.9bn impaired, the rest were sold in the market
- Ratings of Corporate CDOs are largely stable. Only insignificant up/downgrades have been observed, and ratings of all Corporate CDOs remain A or above

ABS CDO Rating Distribution

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

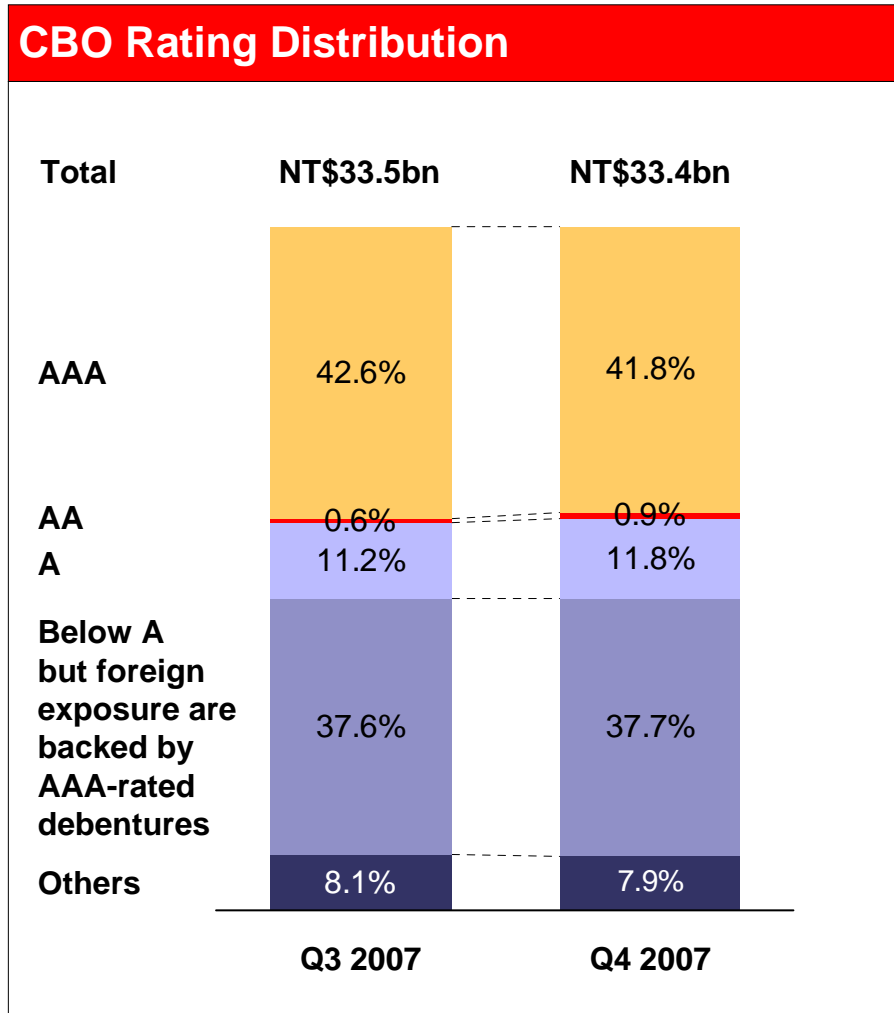
ABS CDO Rating Distribution



Comment

- 30.5% 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
- Already conducted impairment test against significantly downgraded or non-investment grade ABS CDOs; impairment loss of NT\$1.9bn was recognized in Q4 2007
- One US\$50mn AA rated ABS CDO was downgraded to A in Q4 2007
- ABS CDOs rated AA or below may suffer further downgrades in the future, yet ratings of AAA rated ABS CDOs are expected to remain stable

Domestic CBO Rating Distribution



Comments

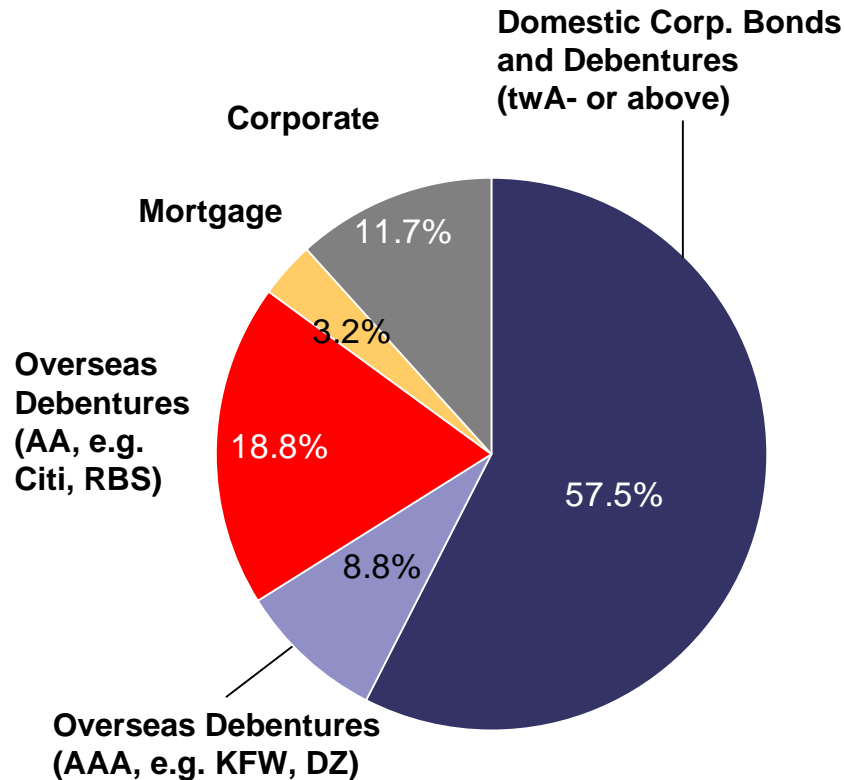
- 41.8% of CBOs are AAA rated
- Most foreign exposure of CBOs rated below A are backed by AAA rated assets, e.g., debentures issued by KFW and DZ
- 7.9% of CBOs classified as “others” is the riskiest. Impairment loss of NT\$1bn was recognized in Q3 2007

Note:

(1) KFW and DZ stand for Kreditanstalt fuer Wiederaufbau and Deutsche Zentral-Genossenschaftsbank respectively

Asset Pool of Domestic CBO Investment

Breakdown of Asset Pool

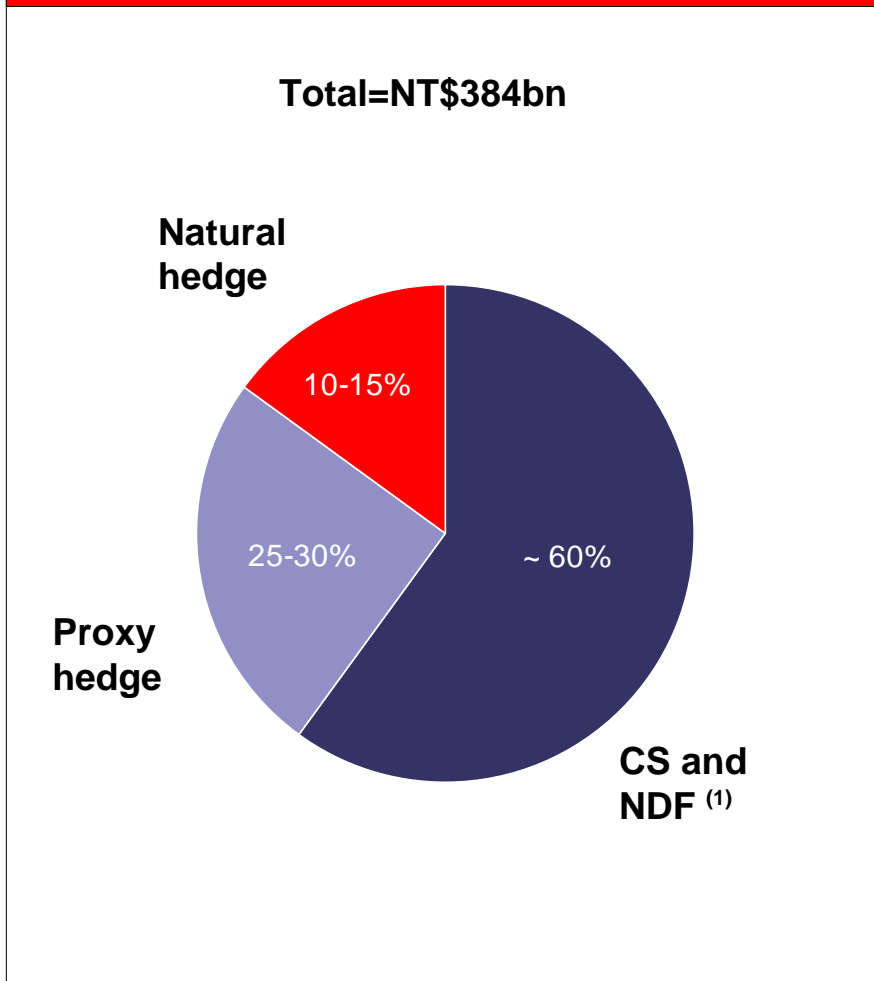


Comments

- 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%
- Hedging cost incurred in 2007 was 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 diversification and yield pick-up through overseas investments; plan to gradually increase 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 (quantitative, value, etc.)

Cost-effective Currency Hedging

- Flexible use of traditional (currency swaps) and proxy hedging strategies; maintain 70/30 mix in medium to long term
- Target hedging cost at 200 bps or below

Enhance Investment Risk Management

- Reduce CDO exposure, as market allows
- Cooperate with leading consulting company to enhance investment decision making process and investment risk management
- Recruit dedicated Chief Risk Officer

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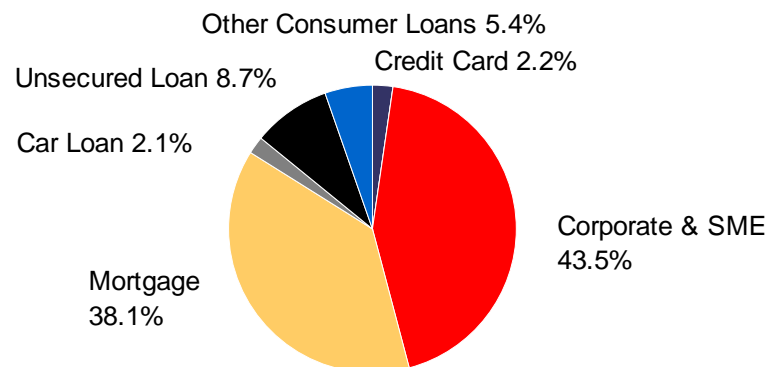
Shin Kong Bank

- 10th largest private bank in Taiwan
- Over 2 million customers and 1.1 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
- Established a representative office in Ho Chi Minh City, Vietnam in 2007.

Financial Overview

NT\$bn	2005	2006	2007
Total Loans	216.86	241.76	280.34
Total Deposits	284.42	286.93	326.01
Net Income	(0.25)	(7.27)	1.42
Total Assets	338.54	351.53	385.66
Shareholders' Equity	19.82	19.91	21.22

2007 Loan Breakdown



Total Loan: NT\$280bn⁽¹⁾

Note:

(1) Includes credit card revolving balance but excludes overdue receivable

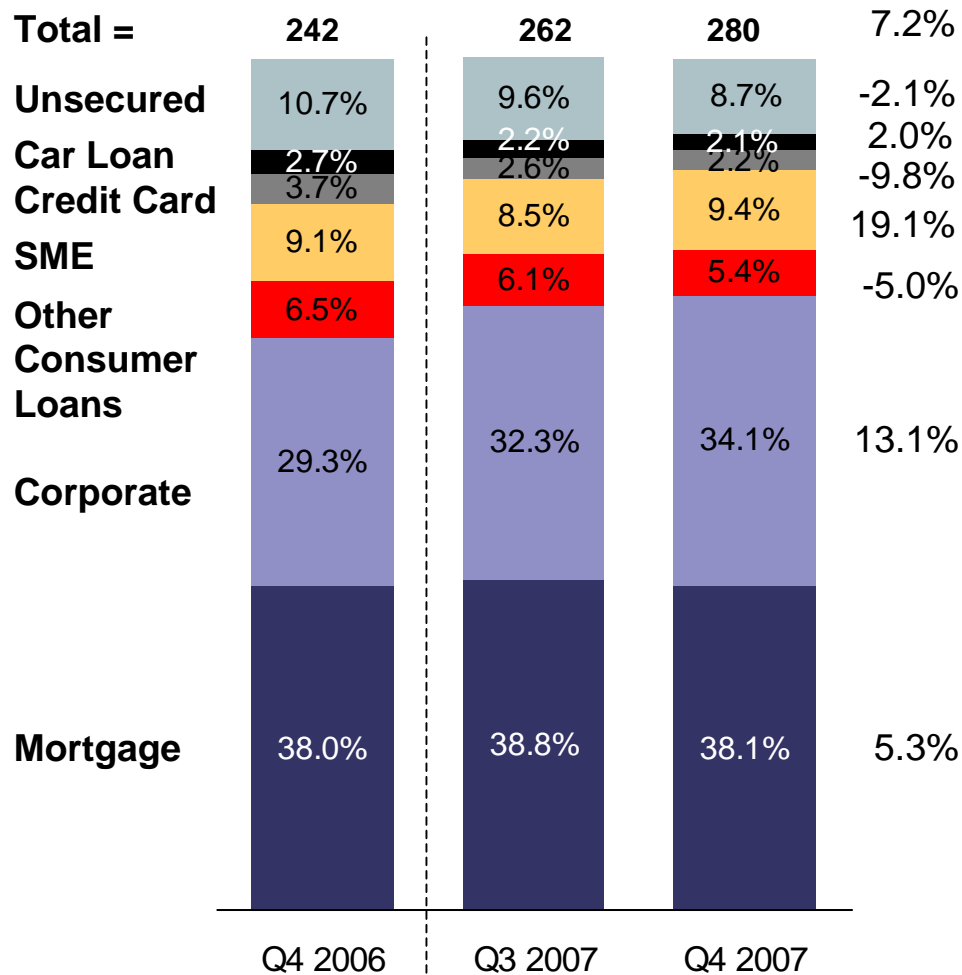
SKB – 2007 Overview

- After-tax profit was NT\$1.42bn in 2007 due to increase in pre-provision profit to NT\$ 3.19bn (up by 7% from 2006), and decrease in provision expenses to NT\$1.73bn (down by 84% from 2006)
- Loan balance increased by 7.2% quarter-on-quarter, and 16% year-on-year; loan-to-deposit ratio increased to 86% (incl. credit cards balance)
- Due to Central Bank rate hikes, market competition, and focus on low-risk corporate lending and mortgage loans, net interest margin (NIM) shrank from 2.38% to 1.92% year-on-year
- Net fee income grew by 52% year-on-year, driven by strong wealth management fee growth. WM accounted for 41% of total fee income, up from 18% in 2006. NT\$11bn bancassurance sales achieved in 2007, accounting for 55% of SKL bancassurance premium
- Credit card quality improved after credit crisis, quarterly charge off ratio decreased from 5.4% in Q1 to 3.8% in Q4. Credit card NPL and coverage ratios remained stable at 1.52% and 258% respectively
- Affected by the imminent implementation of the Consumer Debt Clearance Regulations in April, monthly repayment rate of restructured loans has not significantly improved. Cumulative repayment rate decreased to 60.31%
- Asset quality was maintained with overall NPL and coverage at 1.85% and 56.41% respectively. NPL ratio for mortgages remained low at 0.99%

Loan Mix

NT\$bn

QoQ Growth

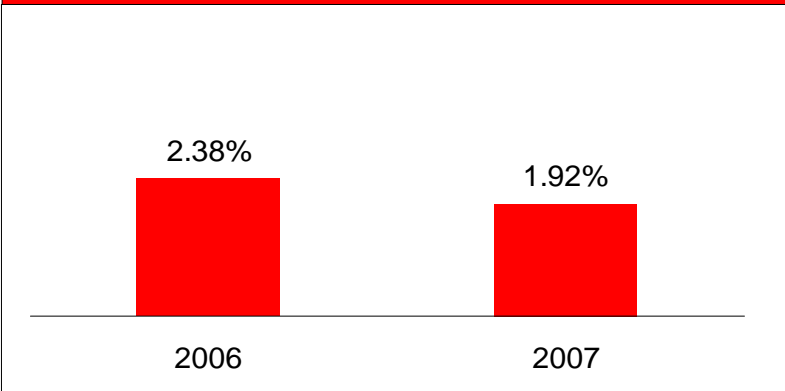


Comments

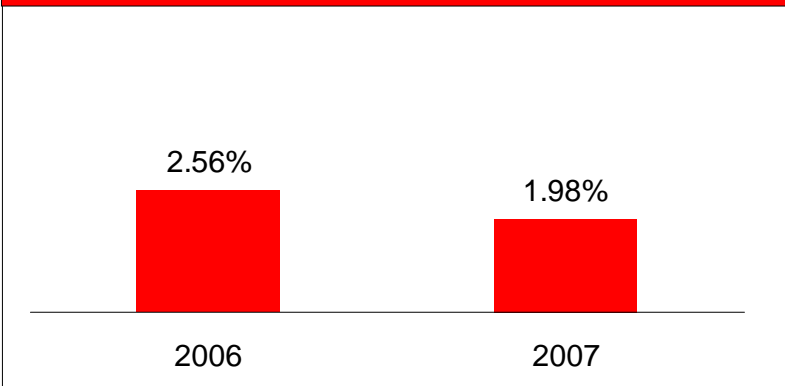
- Achieved stable loan growth; loan balance increased by 7.2% quarter-on-quarter and 16% year-on-year, mainly from medium and large corporate lending and mortgage loans
- Mortgage continued to grow under stringent credit policies and LTV ratio of below 80% for all new loans
- Loan mix between corporate and consumer loans was 44%/56%, gradually moving towards 50%/50% target
- L/D ratio increased to 86% (incl. credit cards balance)

Interest Yield

Net Interest Margin



Net Interest Spread

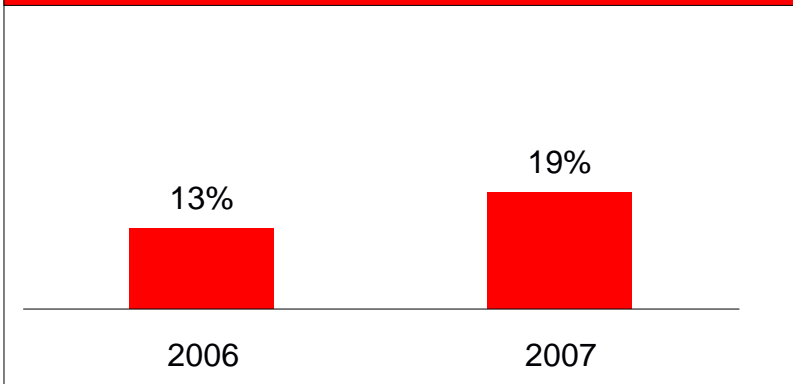


Comments

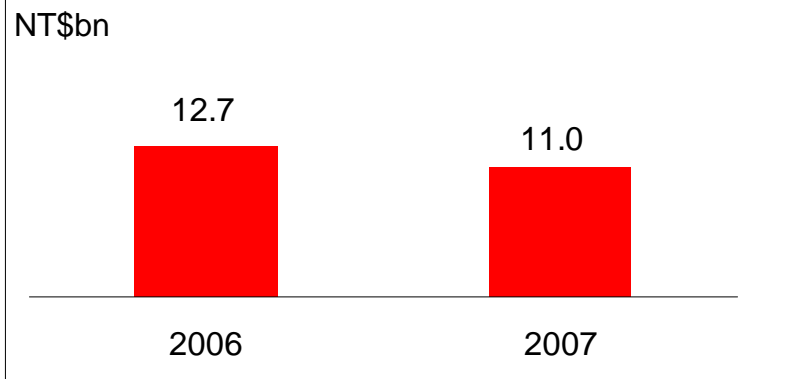
- Central Bank rate hikes led to a gradual increase in funding cost which has not been matched by lending rates due to market competition. Additionally, with focus on low-risk corporate lending and mortgage loans, NIM shrank from 2.38% to 1.92% year-on-year
- New mortgage rate continued to improve, up 11bps in Q4
- Net interest spread remains under pressure but will stabilize as lending rates move up. Net interest spread will further improve if consumer lending market returns

Fee Income

Net Fee Income / Total Income

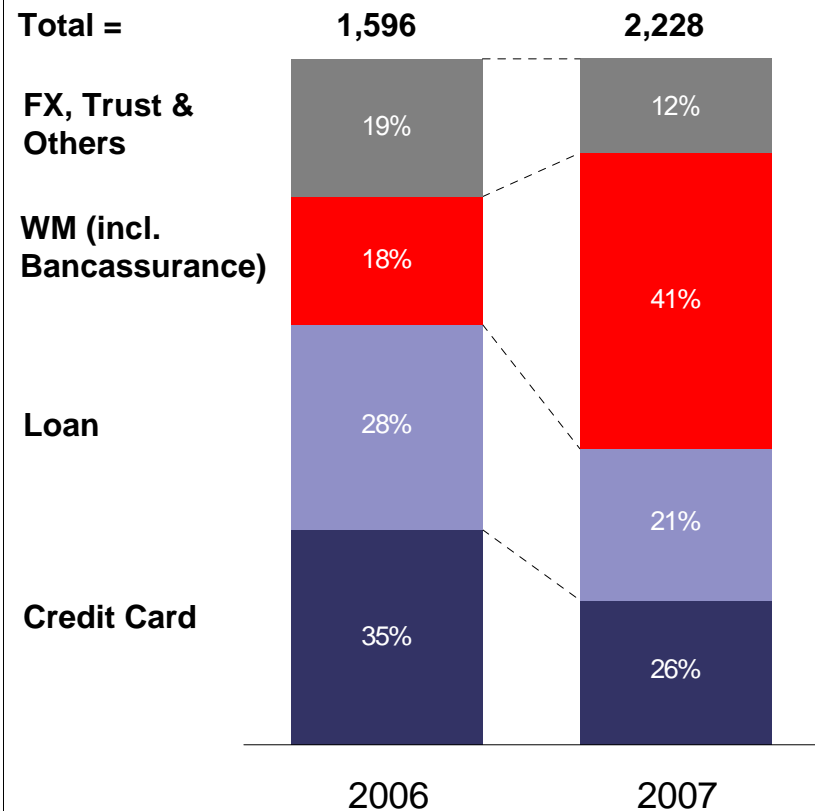


Bancassurance (SKL) - FYP



Fee Income Breakdown

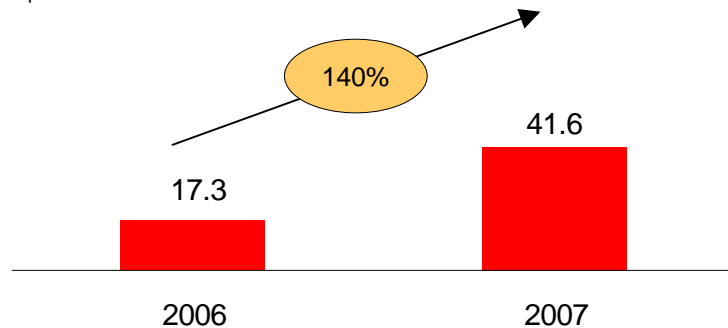
NT\$m



Wealth Management

AUM

NT\$bn

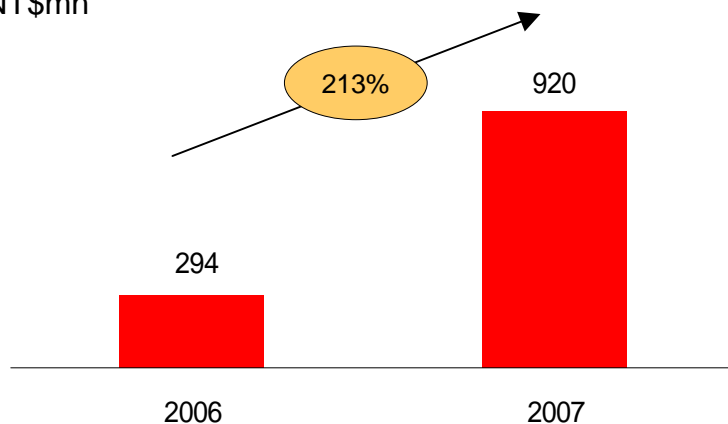


Wealth Management Center



WM Fee Income

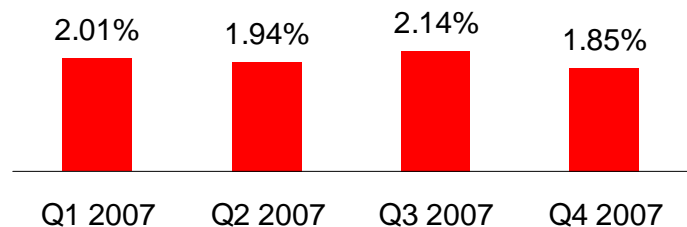
NT\$mnn



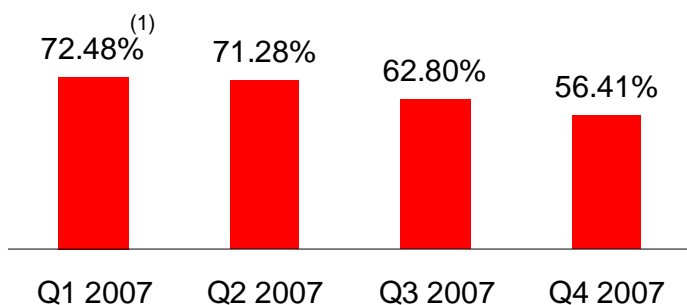
- Significant progress in wealth management
 - WM accounted for 41% of total fee income, up from 18% in 2006 ; AUM expanded by 140% compared to 2006
 - 250 AOs stationed at 102 branches island-wide; reached critical scale to provide more comprehensive WM services

Asset Quality

NPL Ratio



Coverage Ratio



Comments

- Overall loan quality remained good, NPL decreased to 1.85%; NPL for mortgage improved to 0.99% from 1.07% in Q3
- Coverage ratio decreased to 56.41% but remained above the Company's medium term target (50%)
- Affected by the imminent implementation of the Consumer Debt Clearance Regulations in April, cumulative repayment rate decreased to 60.31%

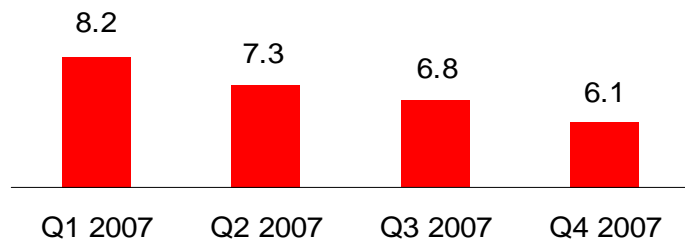
Note:

(1) NT\$4.47bn one-time provision taken at year-end 2006 led to a higher coverage ratio in Q1 2007

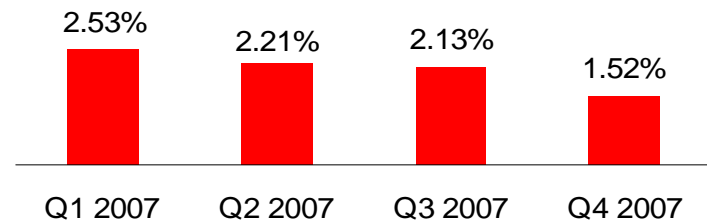
Credit Cards Metrics

Revolving Balance

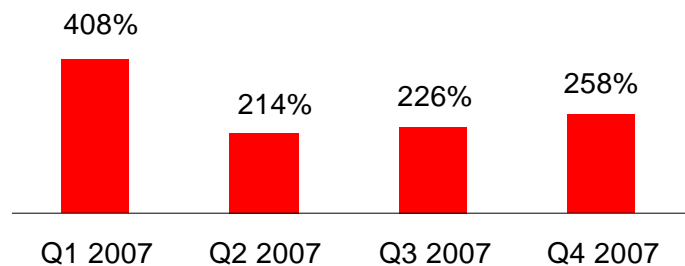
NT\$bn



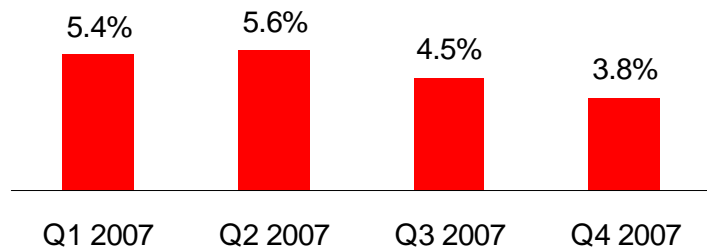
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

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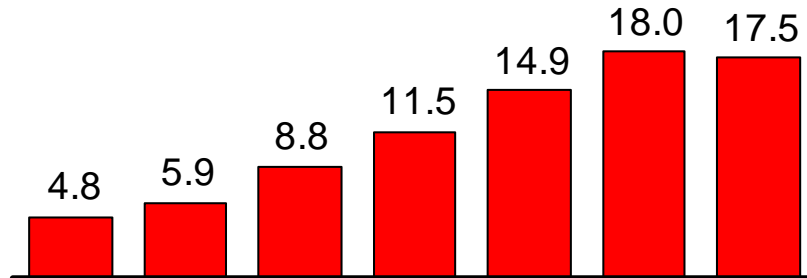
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Insurance opportunity:

High growth driven by new products and channels

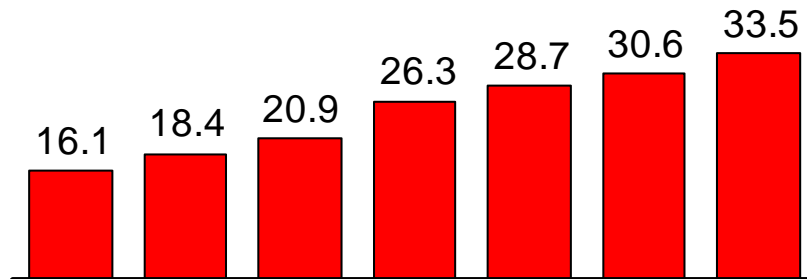
Life FYP
US\$bn



Growth
Percent

12.2 22.4 49.2 30.8 29.6 21.2 -3.0

Life renewal premium
US\$bn

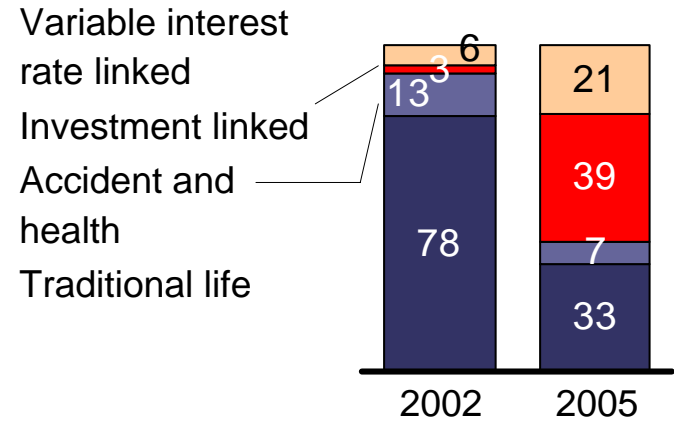


Growth
Percent

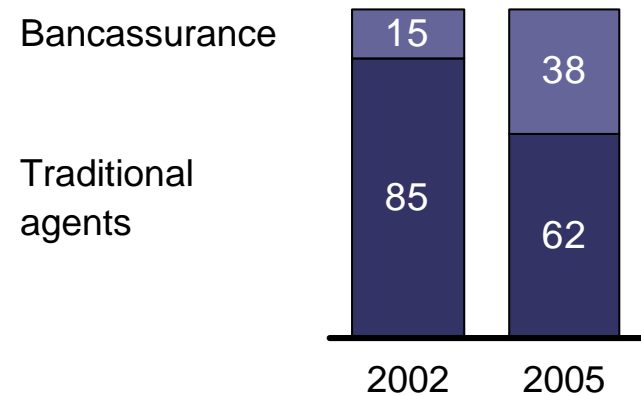
12.2 14.6 13.5 25.9 9.4 6.3 10.0

Source: Insurance Institute

New business breakdown
Percentage

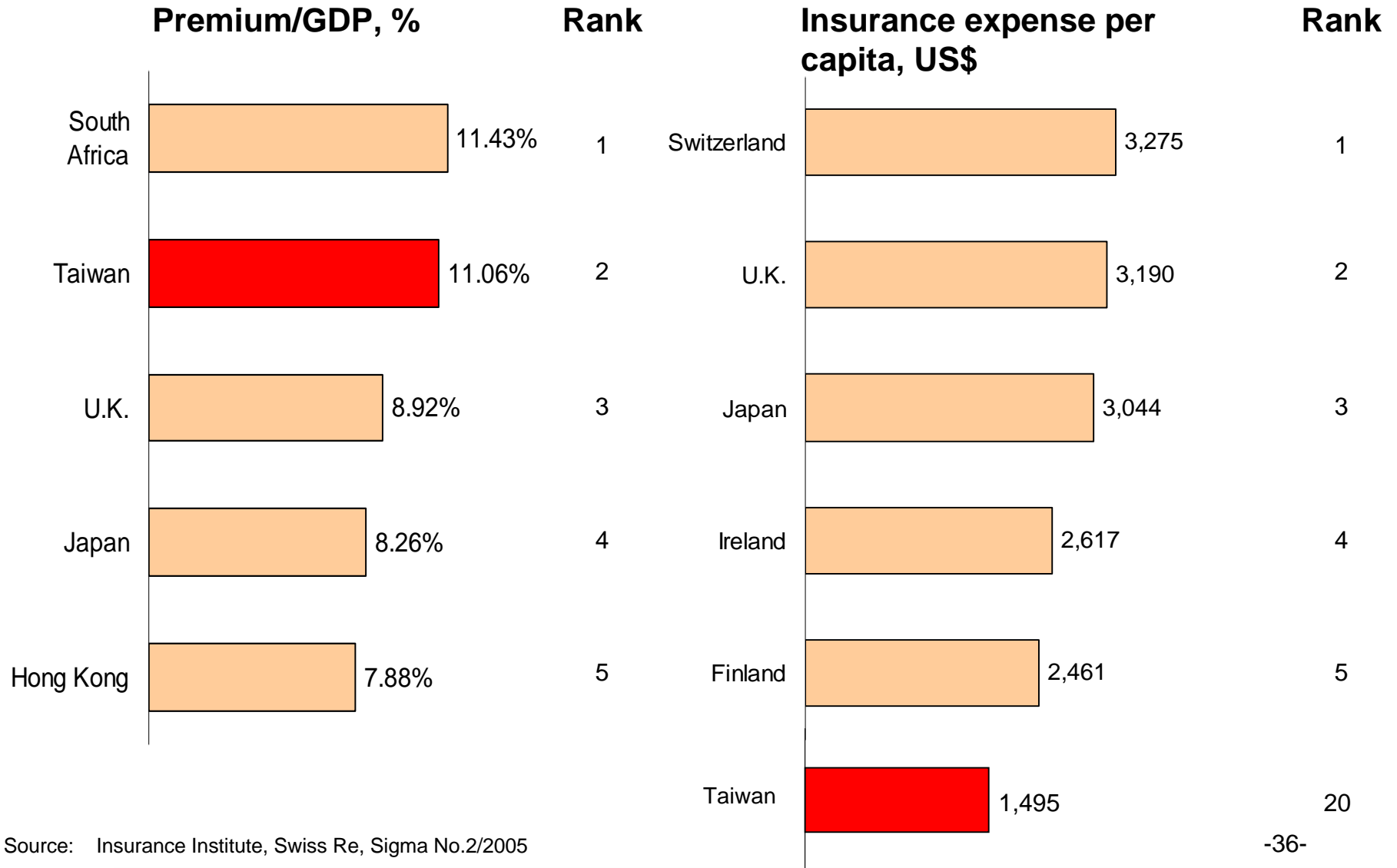


New business channel mix
Percentage



Insurance opportunity:

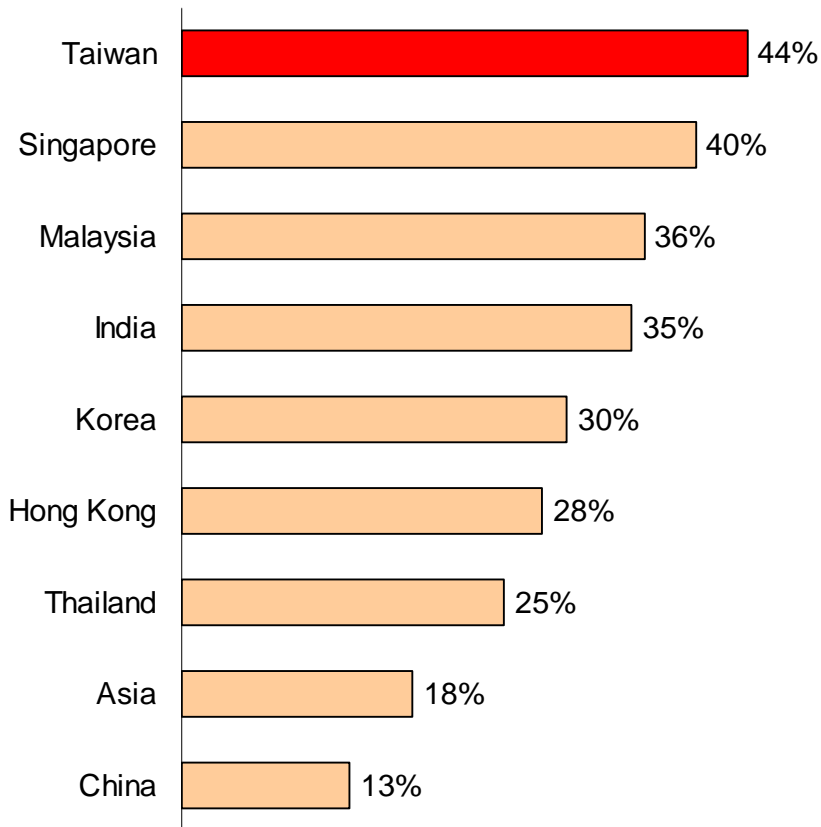
High penetration but low density



Wealth management opportunity:

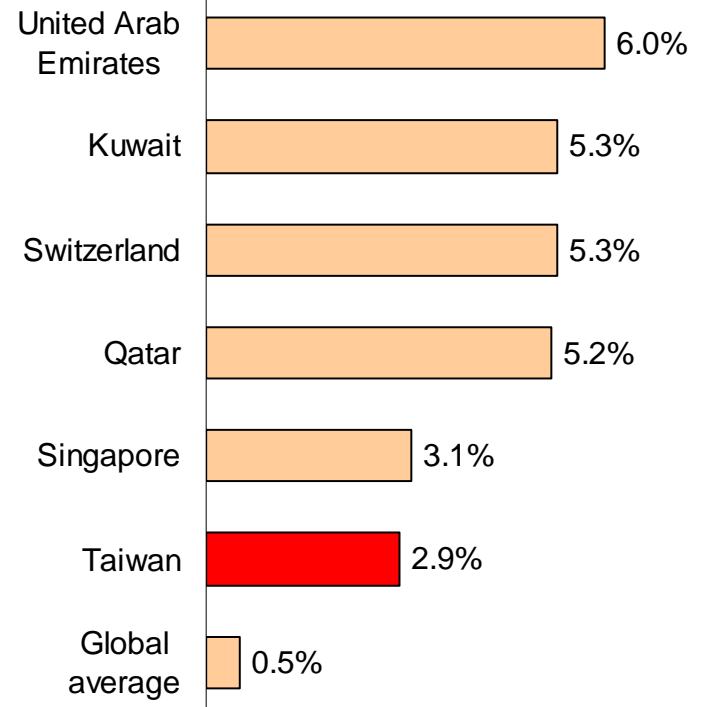
High savings rate and wealth concentration

Savings rate (1)



Concentration of wealth (2)

Millionaire households as a percentage of total households



Source:

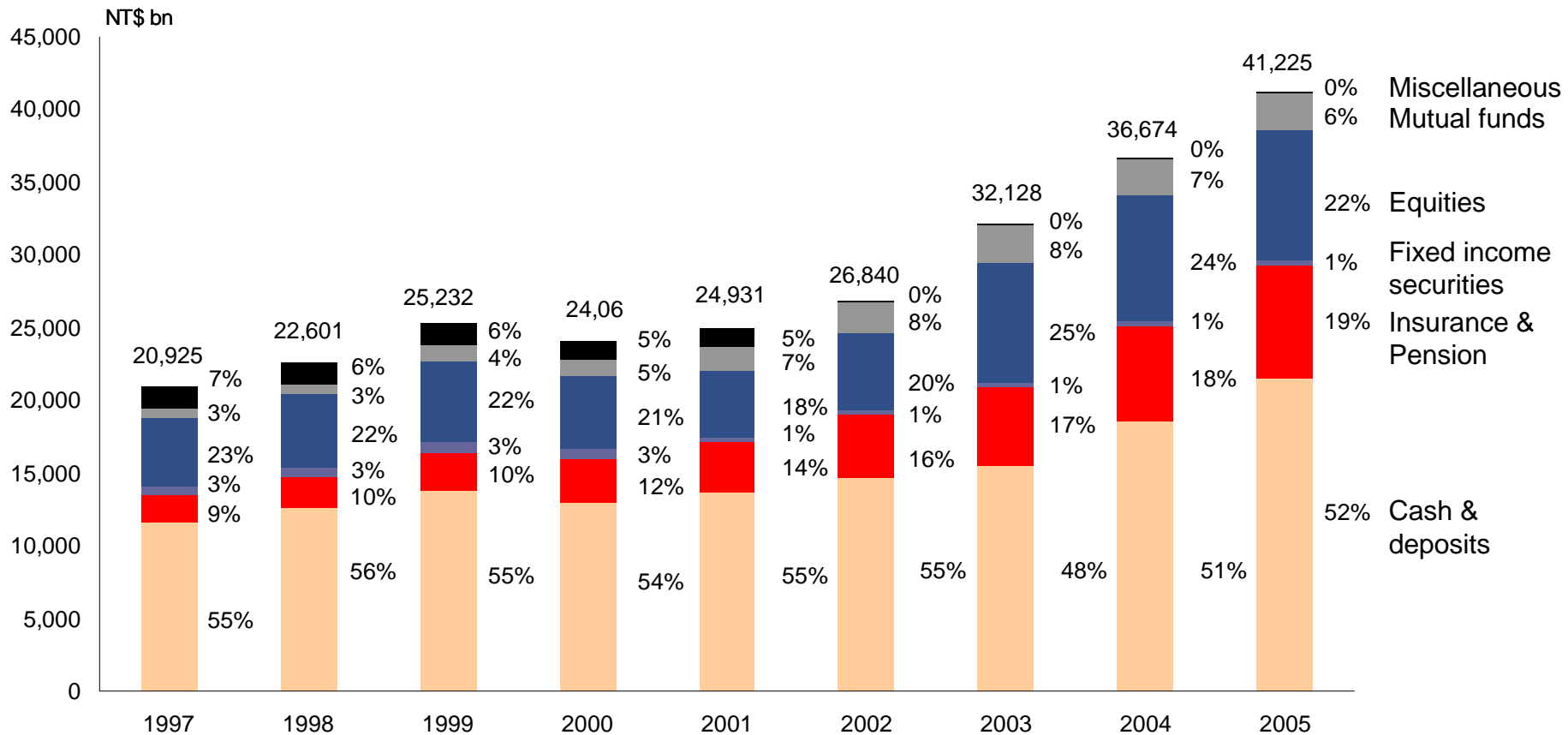
(1) BOMA, CBC, Asian Demographics, Central Banks and monetary authorities, Citigroup Investment Research

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

Wealth management opportunity:

Asset migration away from deposits

Taiwanese household assets (NT\$bn, Percent)



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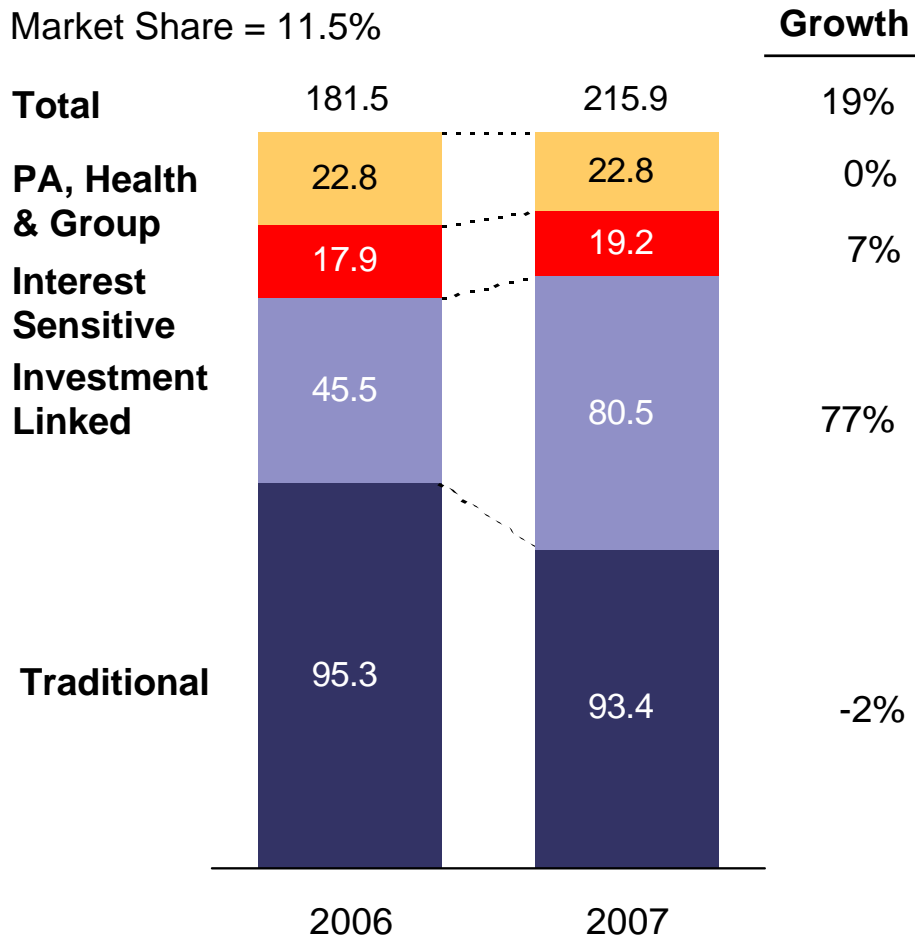
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Total Premium – 2007

NT\$bn

Market Share = 11.5%

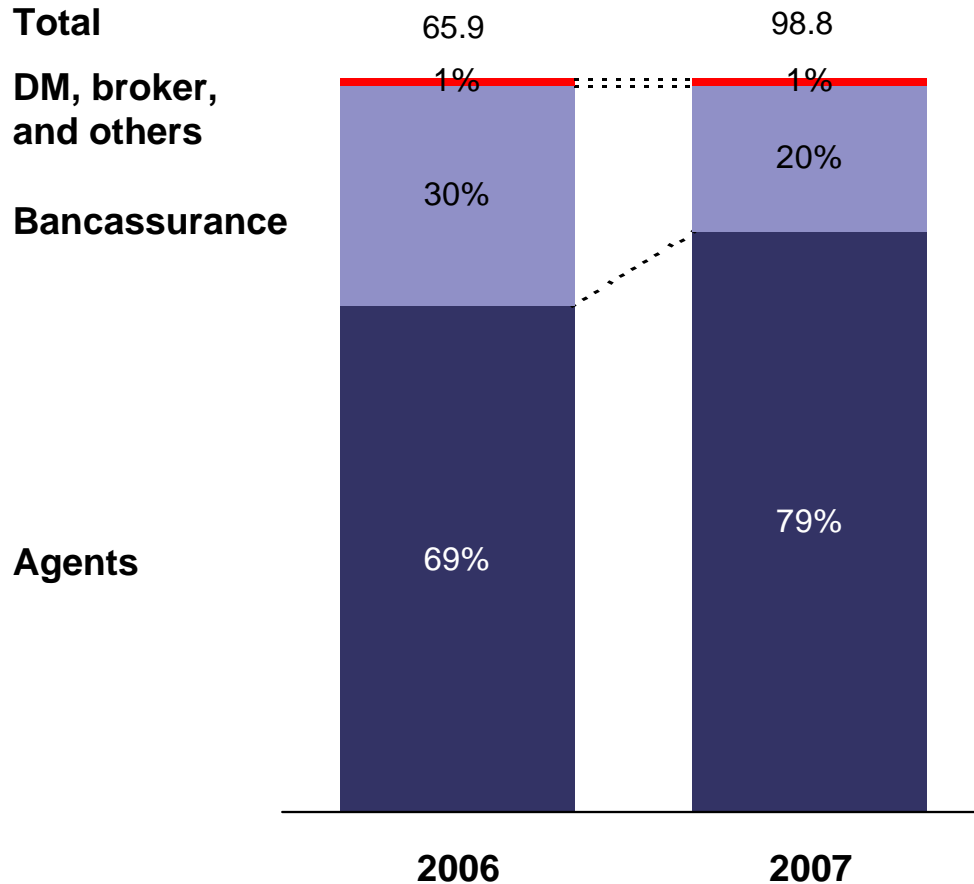


Comments

- 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 43% of total premiums

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 55% of bancassurance premium

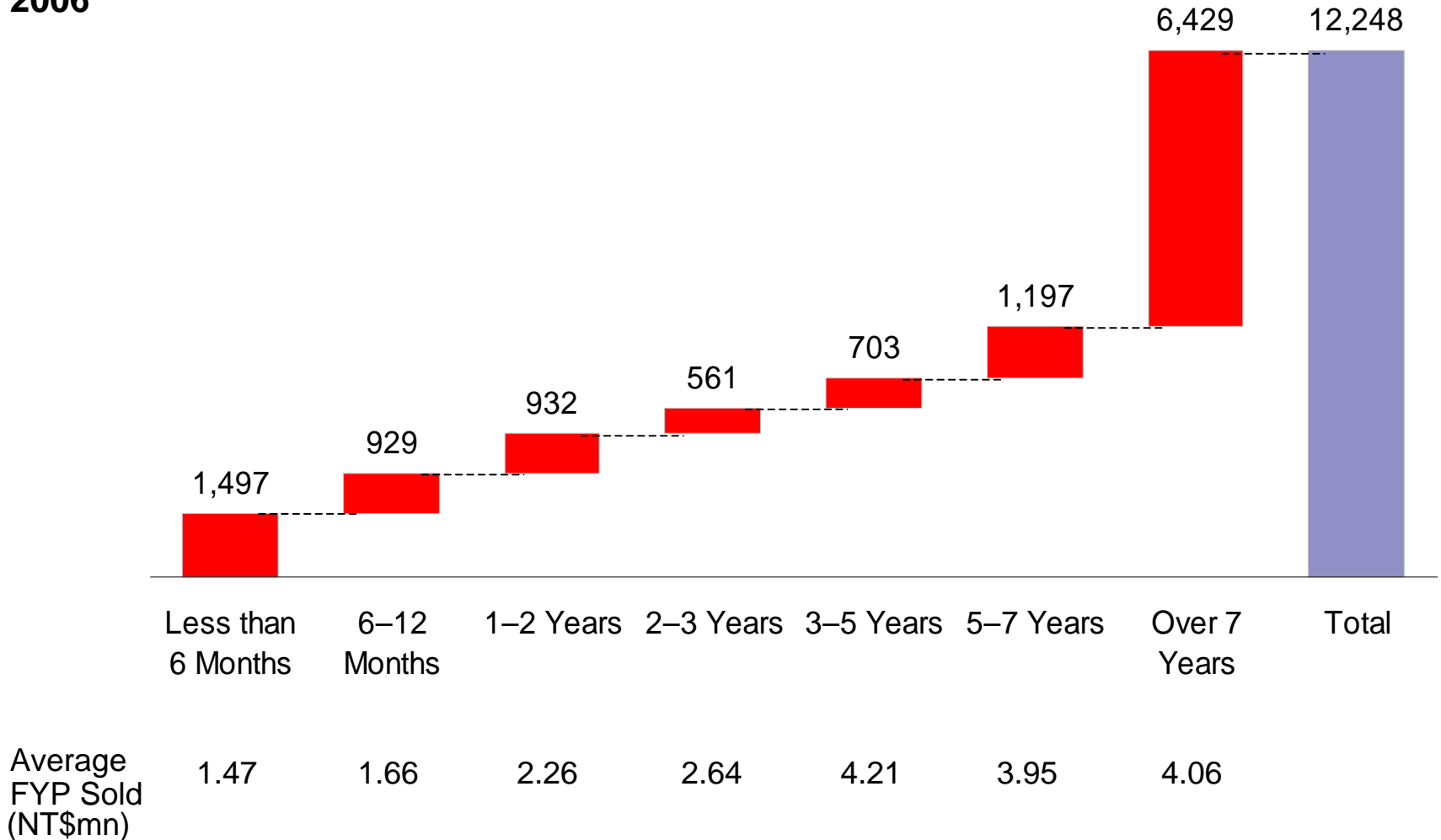
SP / RP Breakdown – 2007

NT\$bn

2007 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	0.15	7.77		7.92
Investment-linked				
VUL			60.03	60.03
Structured note	8.68			8.68
Interest Sensitive				
Annuity	15.99		0.02	16.01
Life			3.19	3.19
PA, health and others		2.94		2.94
Total	24.81	10.71	63.24	98.76

Agent Number and Productivity by Tenure

2006



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One-off Losses Summary

Reflected in 2007 Income Statement

Held by	Description	Investment Amount (NT\$bn)	Loss Recognized (NT\$bn)	Comments
SKL	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
SKB	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
SKL	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
	A-rated ABS CDOs	4.2	1.9	<ul style="list-style-type: none"> Recent downgrade triggered impairment test Loss represents 45% of the original NT\$4.2bn
	Others	0.9	0.6	<ul style="list-style-type: none"> Including investments in Asia Pacific Telecom and land located in Beitou District
Total			7.5	

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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

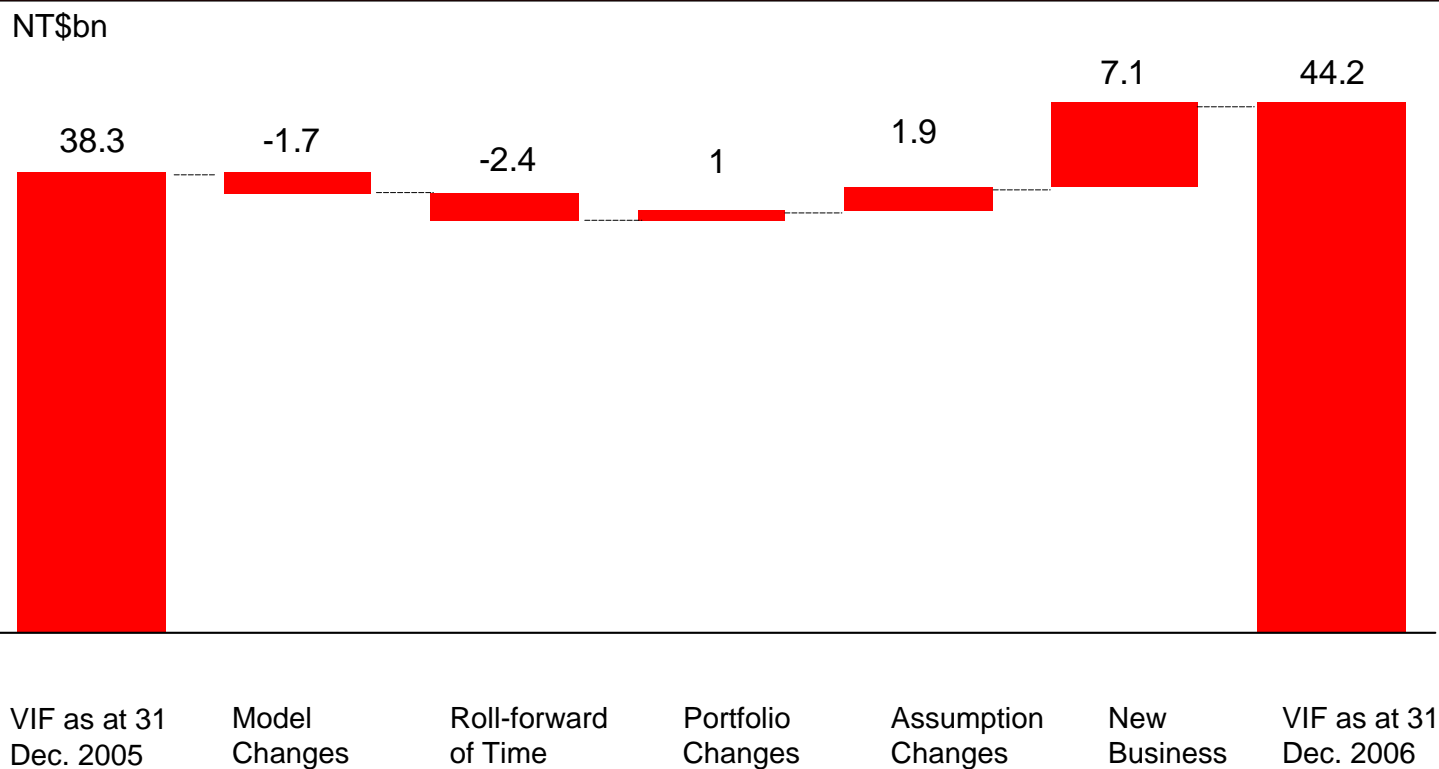
Unit: NTD bn Valn Date: 31 December 2006 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except:		Inv Return 5.05% p.a. RDR 11.90% p.a.	All else equal except:	
	Inv Return 4.80%	Inv Return 5.30%		RDR 10.90%	RDR 12.90%
Net Worth	100.3	100.3	100.3	100.3	100.3
VIF	20.5	65.0	44.2	48.1	41.0
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

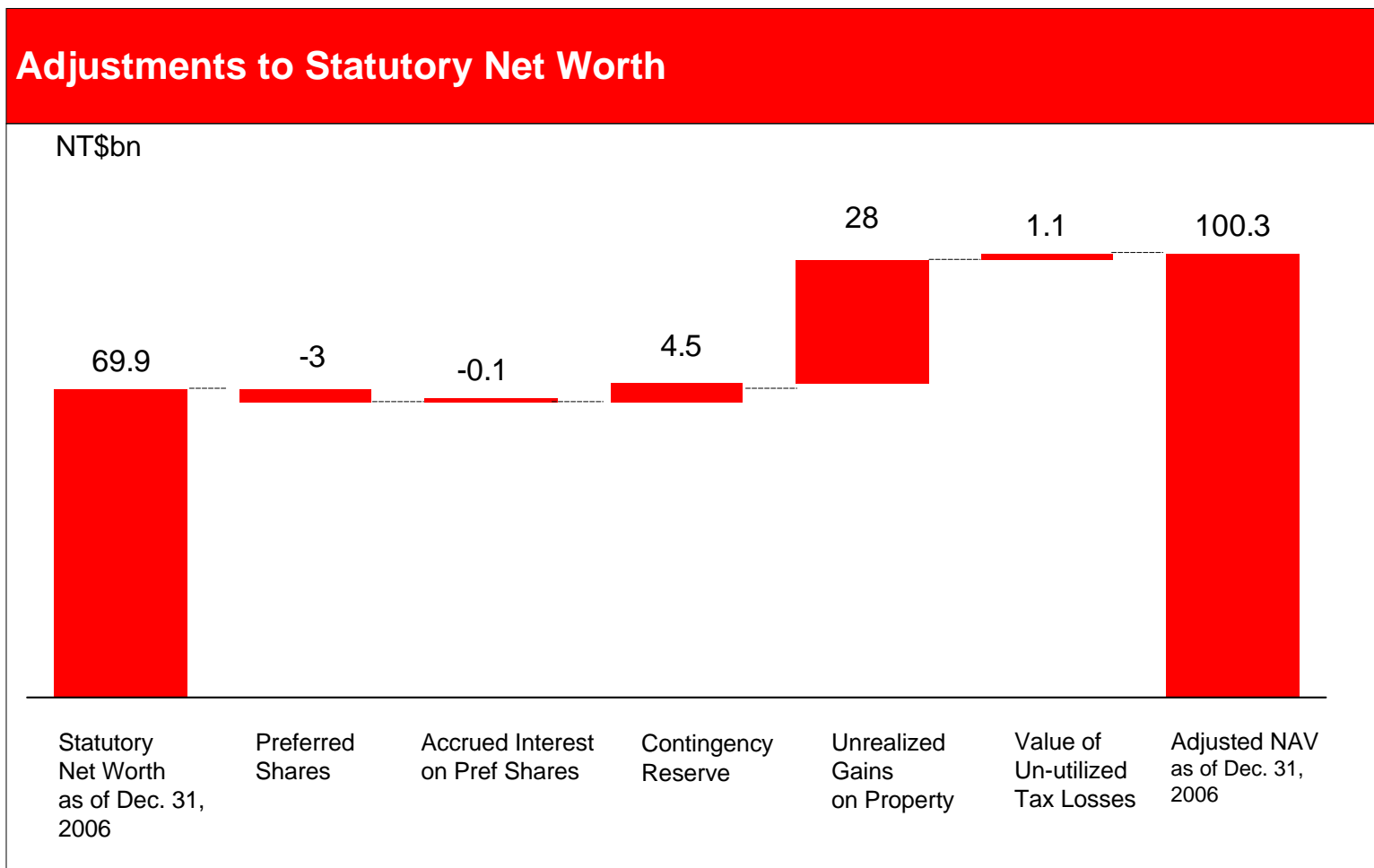
Unit: NT\$bn Valn Date: 31 Dec, 06 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		Inv Return 5.05% p.a. RDR 11.90% p.a.	All else equal except	
	Inv Return 4.8%	Inv Return 5.3%		RDR 10.90%	RDR 12.90%
Net Worth	100.3	100.3	100.3	100.3	100.3
VIF	20.5	65.0	44.2	48.1	41.0
Cost of 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

**Changes between 31 Dec. 2005 and 31 Dec. 2006
broken down by components**

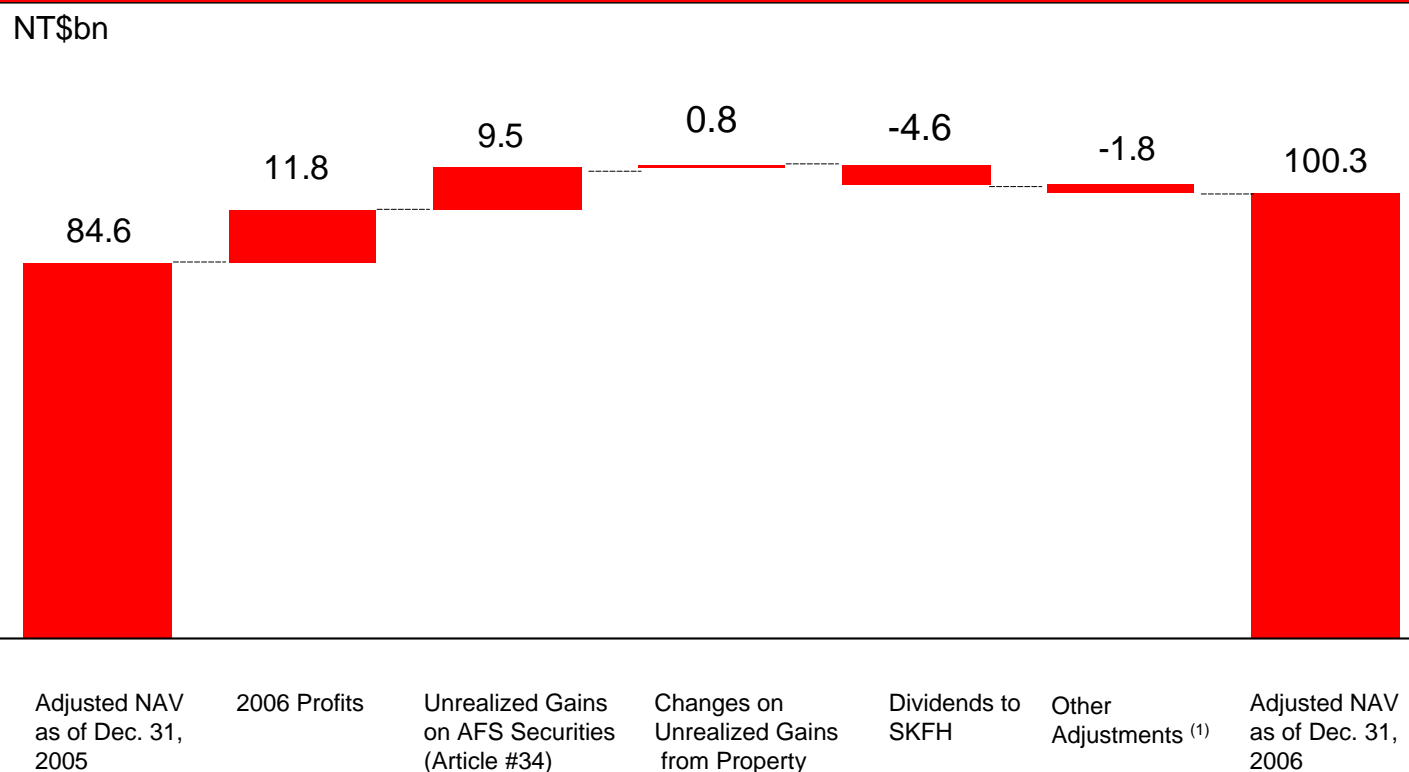


SKL – Adjusted NAV



SKL - Adjusted NAV

Changes between 31 Dec. 2005 and 31 Dec. 2006 broken down by components



Note:

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

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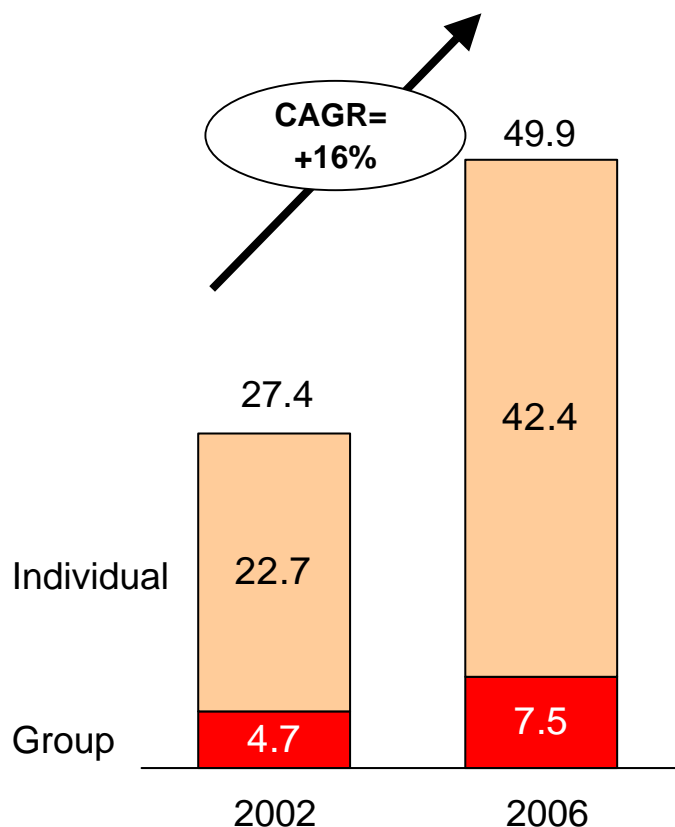
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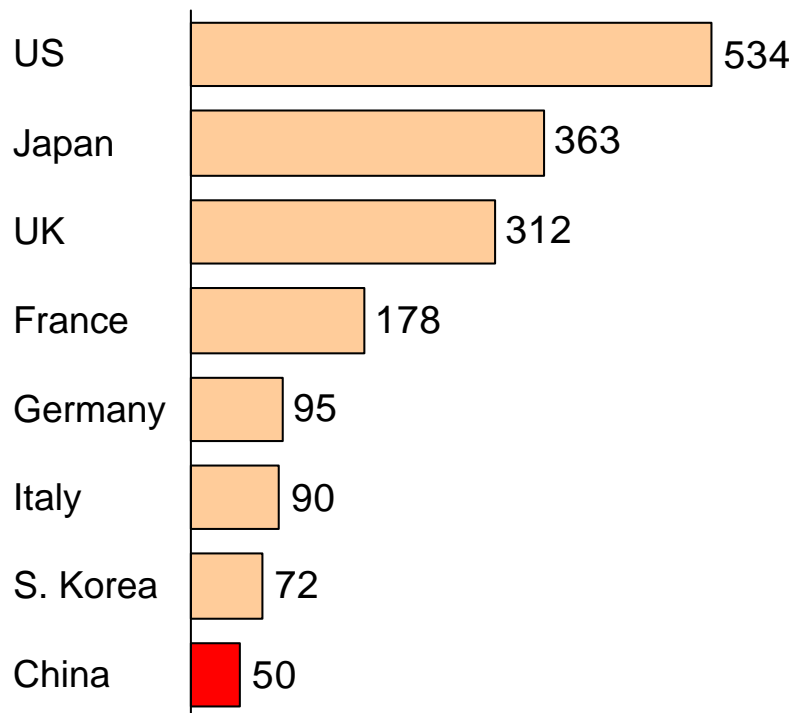
China insurance market is growing rapidly and ranked number 8 in the world

US\$bn

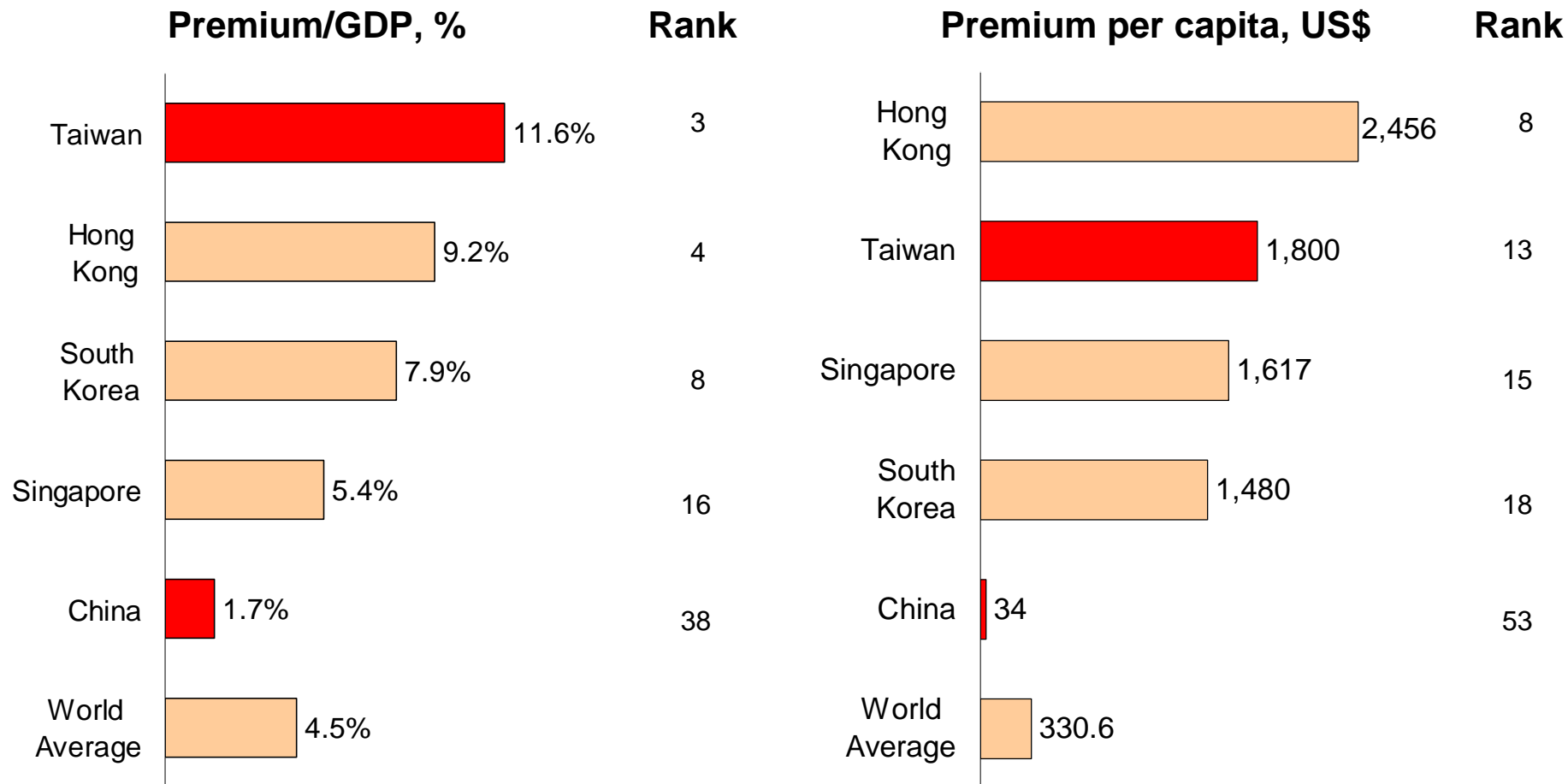
Total life premium



Total life premium 2006



Low Penetration and Density



SKL Received approval for Preparatory Office

2007
Nov

2008
July

Approved to Set up
Preparatory Office
for China JV

Operation
Reviewed
by CIRC

Products
Approved
by CIRC

Start to
Operate

Approval Obtained :

- JV Partner – Hainan Airlines Group
- Chen Feng, Chairman of Hainan Airlines Group, will head up the preparatory office, and Harrison Ho, Senior VP of SKL, will be the deputy

- Send 20 officers (incl. sales, IT, risk management and HR) to set up the preparatory office
- Establish distribution platform and major business model
- Analyze and integrate resources of both JV partners
- Start operational preparations, e.g., IT system, product application, recruitment and sales force training

Formal Operation :

- Establish Shin Kong Life Insurance Co.
- Headquartered in Beijing
- Initial Investment of RMB 500mn, with 50% ownership for each JV partner

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.

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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	3 Office Buildings ⁽³⁾ , 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+0.7 bn ⁽³⁾⁽⁴⁾	0.57bn ⁽⁵⁾

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) One building was purchased by REIT#1 from SKL with a capital gain of NT\$0.7bn (Q4 2007)

(4) NT\$3.6bn gains booked in January 2006

(5) To be recognized over four years

Changes in RBC Calculation

Draft changes in RBC calculation

- Increase of foreign asset risk factor
 - Classification of foreign asset changed from “Group of 8” and “Non-group of 8” to “Five major regions”
- Increase of foreign exchange risk factor
 - Foreign exchange risk factors expanded from 1 to 17 based on currency
- Increase of K value from 0.4 to 0.5
 - K value is the multiplier for calculating risk-weighted asset
 - It will be increased annually by 0.02 from 0.4 to 0.5

Impact

- Risk-weighted asset will increase by 20-35%
- Based on the current draft, RBC for SKL as of June 30, 2007 will be reduced from 348.6% to roughly 230~280%
- Final impact to be determined as the Taiwan Insurance Institute continues to work with insurance companies on the details

Overview of Financing Plan

PRELIMINARY

Source of funds	Issuing entity	Amount (NT\$bn)	Comments
Rights issue	SKFH	7	<ul style="list-style-type: none"> • Completed on March 31, 2008 • Dilution ratio: 6.83% • 75% allocated to existing shareholders, 15% to SKFH employees, 10% to public • Proceeds to be injected into SKL by June 30, 2008
FHC's own funds		3 – 3.5	<ul style="list-style-type: none"> • To be injected, together with proceeds from rights issue, into Shin Kong Life
Preferred Shares	SKL	~10	<ul style="list-style-type: none"> • Ensure efficiency in capital allocation • Placement could be private or public • Create opportunity to bring in world-class strategic investor(s)

Target is to maintain RBC at 300%

Website : www.skfh.com.tw

E-mail : ir@skfh.com.tw