

Confidential



Shin Kong Financial Holding

Company Overview

June 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 CDO & CBO investment
- EV & AV Result
- SKL China Development Strategy
- Real Estate Securitization and Rights Issue

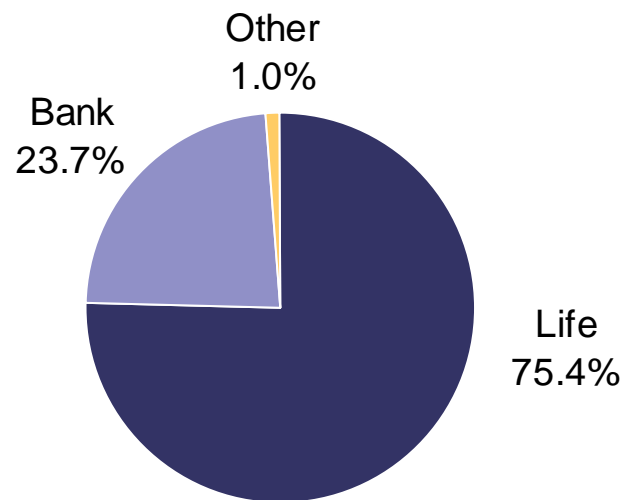
Who We Are

- 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	1,688.0
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

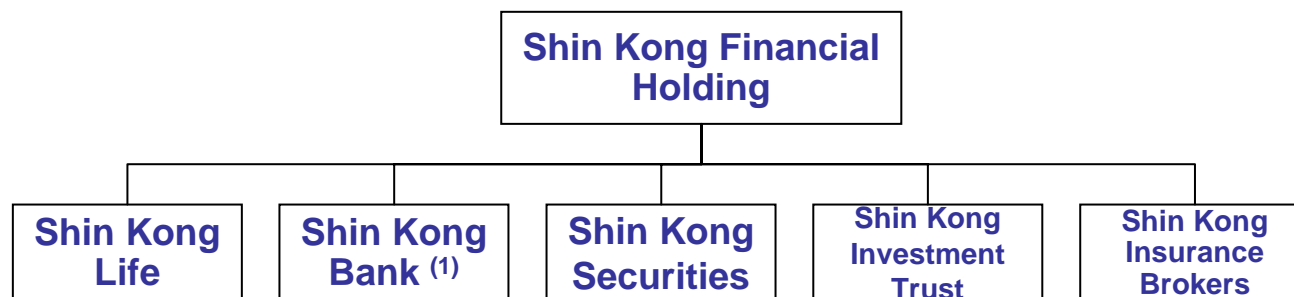


Note:

(1) Excludes minority interest income

Corporate Structure

Unique Integrated Financial Services Platform



	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)	1,229.2	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%	-

Seasoned Management Team



Hsu, Victor
President &
CRO

- President, Chief Risk Officer & Spokesperson, Shin Kong Financial Holding

Experiences:

- First Vice President, Shin Kong Life
- CFO, Shin Kong Life

Membership & others:

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

- President, Shin Kong Life

Experiences:

- SEVP, Shin Kong Life



Pan, Po Tseng
President
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

- 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.



Lin, Shih Chi
President
Shin Kong
Securities



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

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



Yung, Winston
CFO
Shin Kong FHC
Shin Kong Life

- CFO, Shin Kong Financial Holding
- CFO, Shin Kong Life

Experience:

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



Lin, Han Wei
Manager
Shin Kong Life

- Manager, Actuarial & Planning Department, Shin Kong Life

Experience:

- Assistant Actuary, New York Life (USA)
- Director and Actuary, Lincoln Financial Group (USA)
- FSA
- MAAA
- CFA



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
- 3 independent non-executive Board directors appointed in 2008
 - Chi-Shih Cheng: Former Head of Insurance Bureau, Ministry of Finance
 - Masao Tsuji: Chairman of the Japan Securities Investment Advisers Association
 - Wen-Chi Wu: Professor at the Chihlee Institute of Technology

Legal Compliance

- Appointed Compliance Officer to further strengthen internal risk control and legal compliance
- Compliance officer is appointed by the Board and reports to the FHC President; he submits a report to the Board on a half-yearly basis

Internal Audit

- Chief Auditor reports directly to the Board
- One business audit every year
- One finance, risk management and compliance audit every half year

Disclosure

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

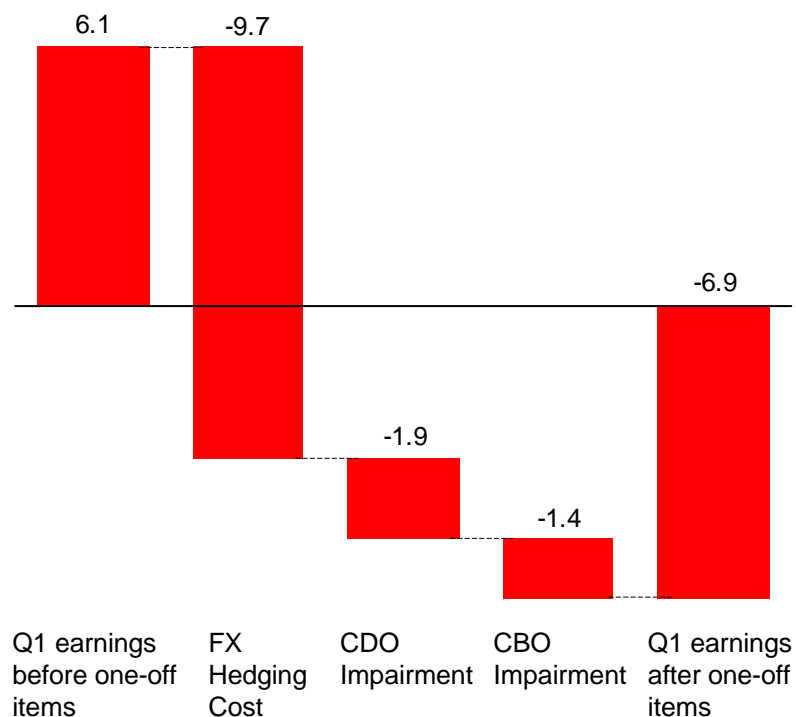
SKFH – Q1 2008 Overview

- SKFH recorded after-tax loss of NT\$6.86bn in Q1 2008 due to NT\$9.72bn foreign exchange hedging cost, NT\$1.37bn impairment loss from CBOs and NT\$1.91bn loss from CDOs. EPS was -NT\$1.38. This is unsatisfactory but expected to improve when global equity/ FX markets stabilize
- Profit mainly contributed by SKB
 - SKL: after-tax loss was NT\$7.60bn, with NT\$3.28bn impairment loss from CBO/CDO investments and NT\$9.72bn from foreign exchange hedging cost
 - SKB: after-tax profit improved to NT\$0.6bn, driven by lower provision expense and higher pre-provision operating income
 - SKSC: stable results with after-tax profit of NT\$8mn
 - SKIT and SKIB: achieved after-tax profit NT\$23mn and NT\$17mn respectively
 - Results of Masterlink Securities were consolidated, since SKFH's investment in the company already exceeded 25%

Net Income – Q1 2008

Group net income

NT\$bn



Net income contribution

NT\$bn

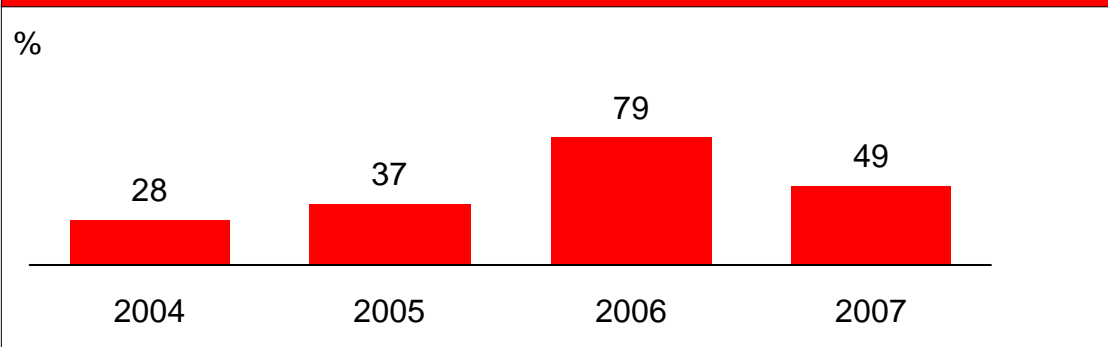
Subsidiaries	Q1 2008	Q1 2007
Shin Kong Life ⁽¹⁾	-7.63	6.82
Shin Kong Bank	0.61	0.09
Shin Kong Securities	0.01	0.26
Shin Kong Investment Trust	0.02	0.02
Shin Kong Insurance Brokers	0.02	0.01
Others ⁽¹⁾	0.11	0.16
Net income	-6.86	7.36

Note:

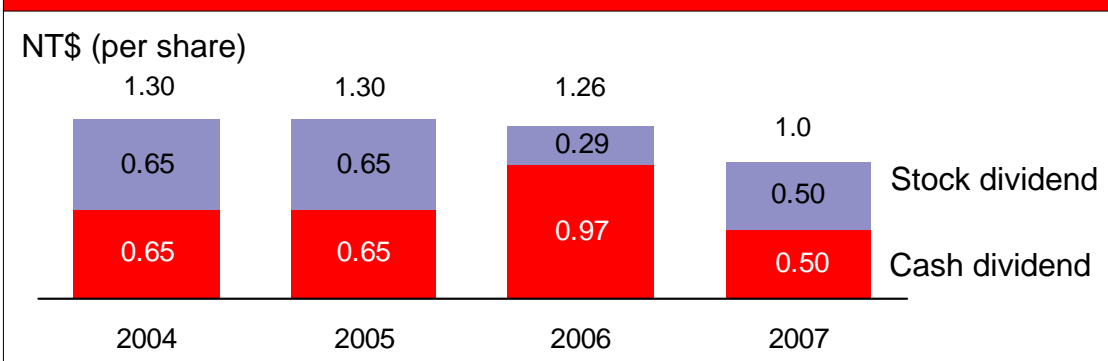
(1) Include other income of SKFH, income taxes, and loss from Masterlink Securities

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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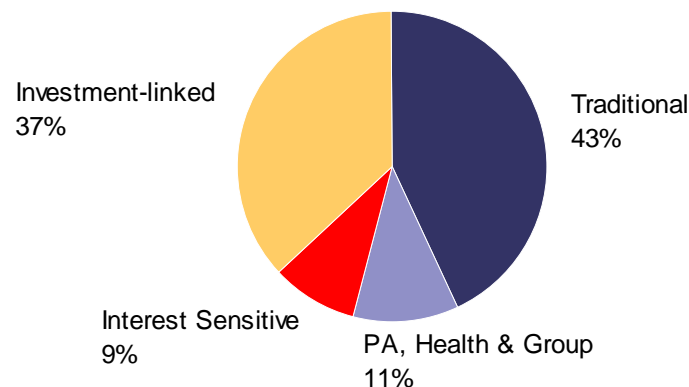
Shin Kong Life

- 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



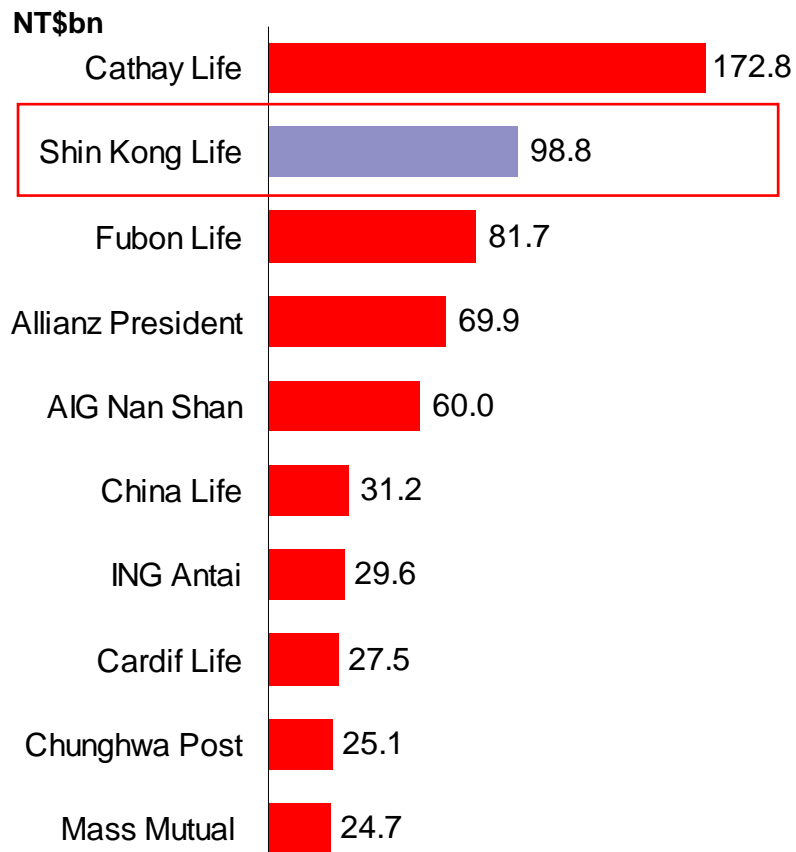
Total Premium Written: NT\$215.9 bn

Note:

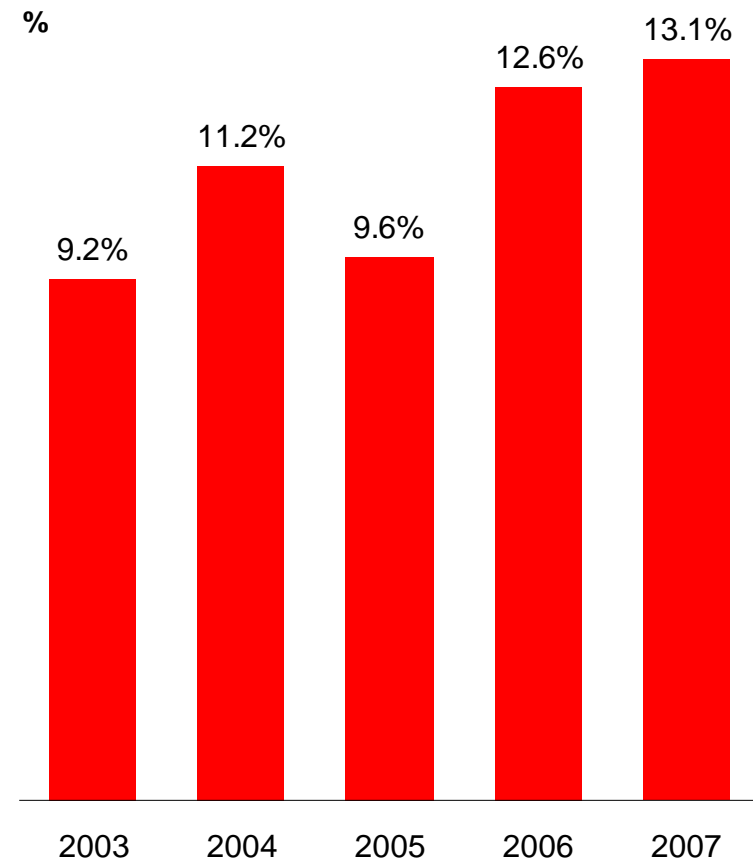
(1) Excludes preferred shares

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, 2008)
by Securities & Futures Institute



Institutional Investor of the Year
(2006) by Finance Asia



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



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



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

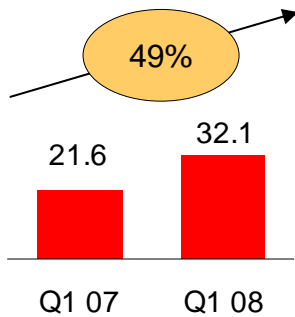
SKL – Q1 2008 Overview

- SKL recorded after-tax loss of NT\$7.60bn in Q1 with NT\$1.37bn impairment loss from CBO investment, NT\$1.91bn impairment loss from CDO investment, and foreign exchange hedging cost of NT\$9.72bn. ROE was -14.2%
- Ongoing strong demand for investment-linked products pushed FYP up by 49% to NT\$32.11bn, slightly lower than market growth of 61%. Maintained number 2 position in the market with 13% market share
- Investment-linked policies contributed 80% (VUL: 7%) of FYP. Share of traditional policies was 5%; interest-sensitive and other policies accounted for 13% and 2% respectively
- 13-month persistency was 88%. 25-month persistency improved to 82%
- With NT\$3.28bn impairment loss from CBO/CDO investments and foreign exchange hedging cost of NT\$9.72bn, annualized investment return was 0.18%
- 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

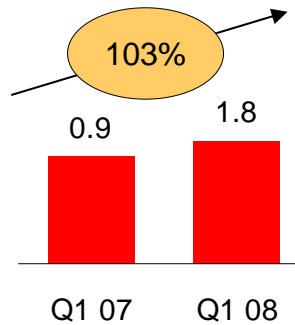
First Year Premium – Q1 2008

NT\$bn

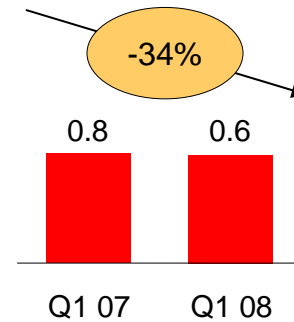
Market share 12.6%



Traditional



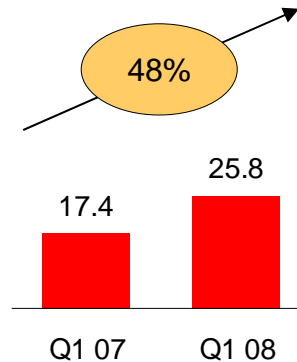
PA, Health and Group



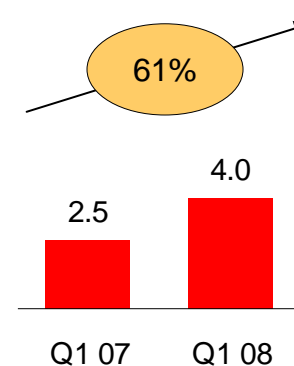
Comments

- FYP grew by 49%, lower than market average of 61%
- Investment-linked products contributed significant share (80%) of FYP
- Affected by global market situation, sales from VUL declined; structured-note type products were the sales focus in Q1
- Focus on Jin-Duo-Li endowment and long-term care products pushed traditional sales up by 103% yoy

Investment-linked

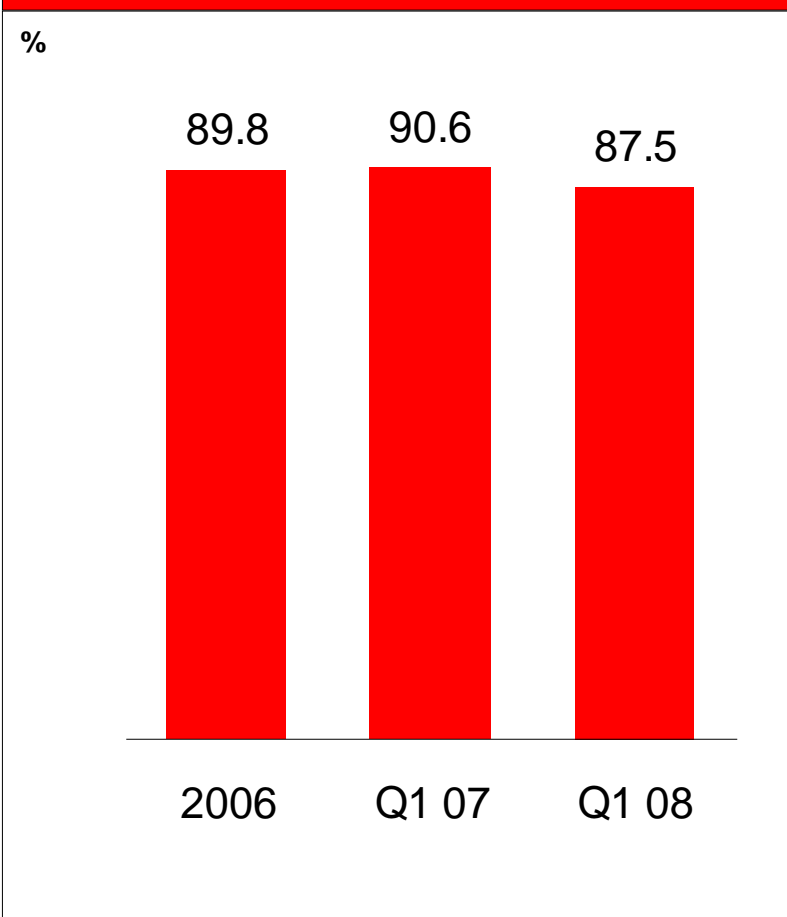


Interest-sensitive

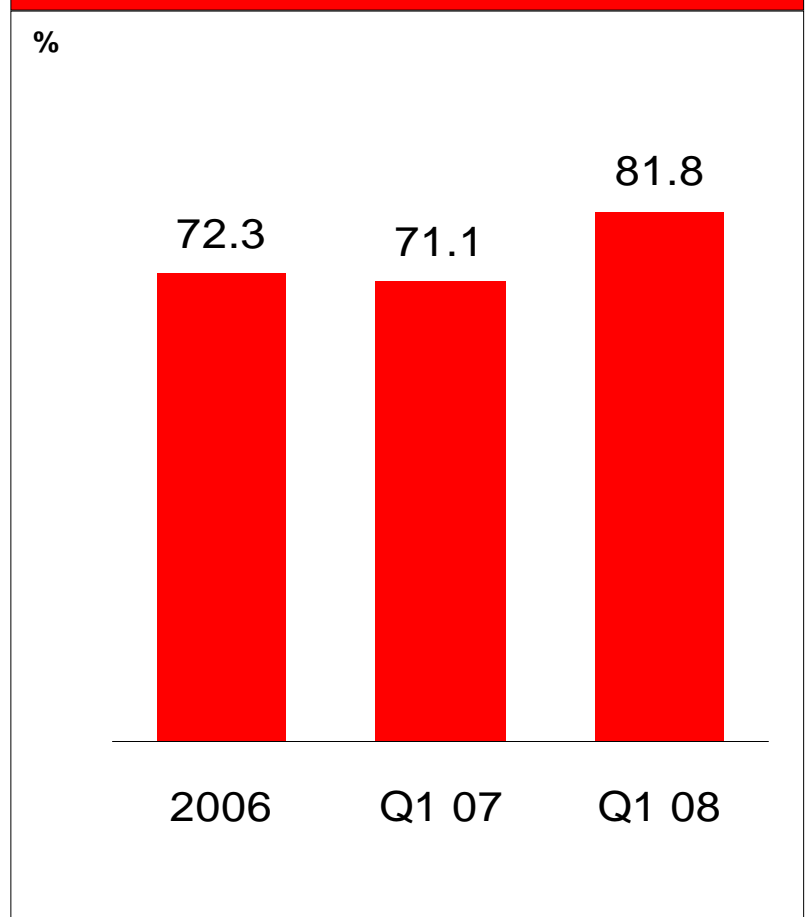


Persistency Ratio

13 month persistency

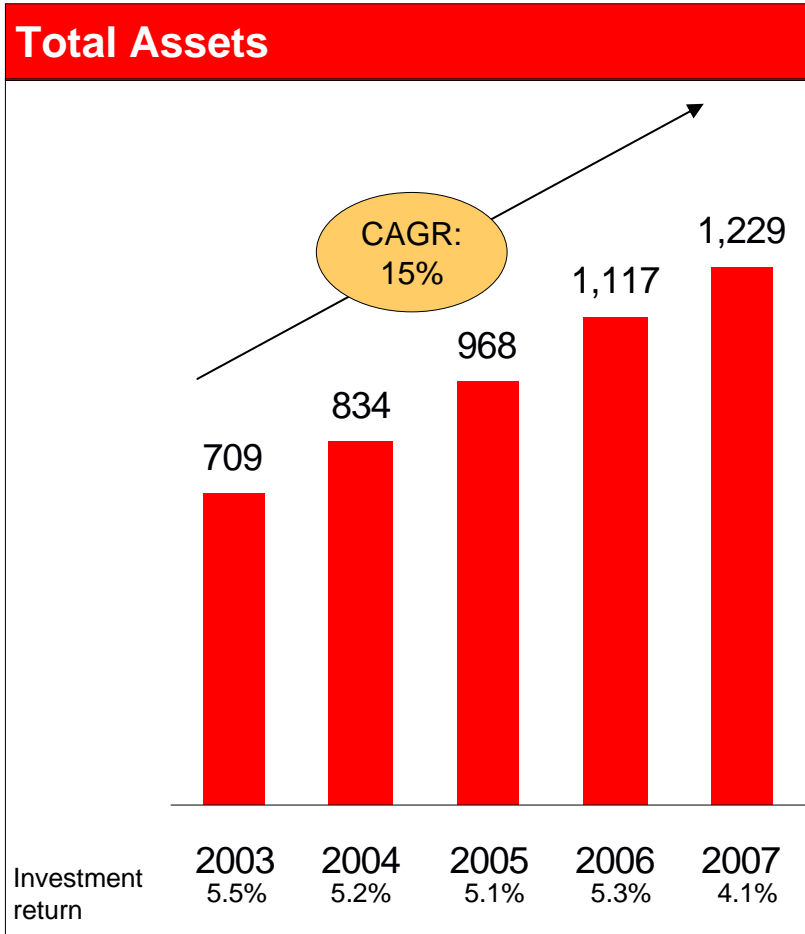


25 month persistency



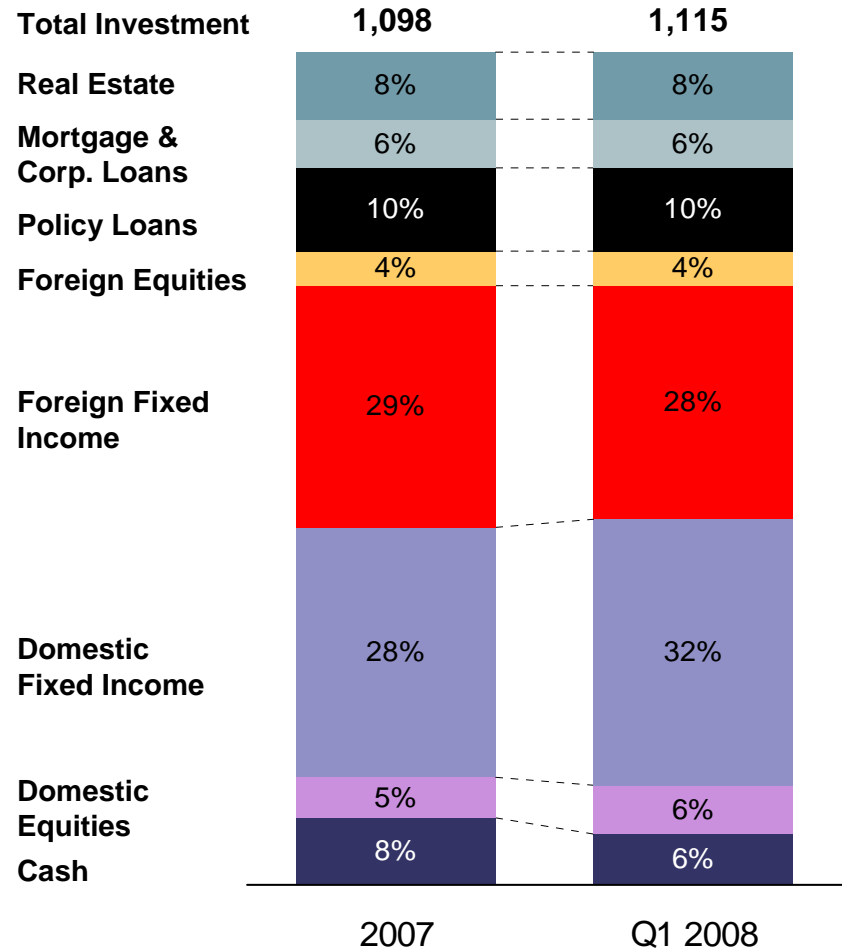
Investment Portfolio

NT\$bn

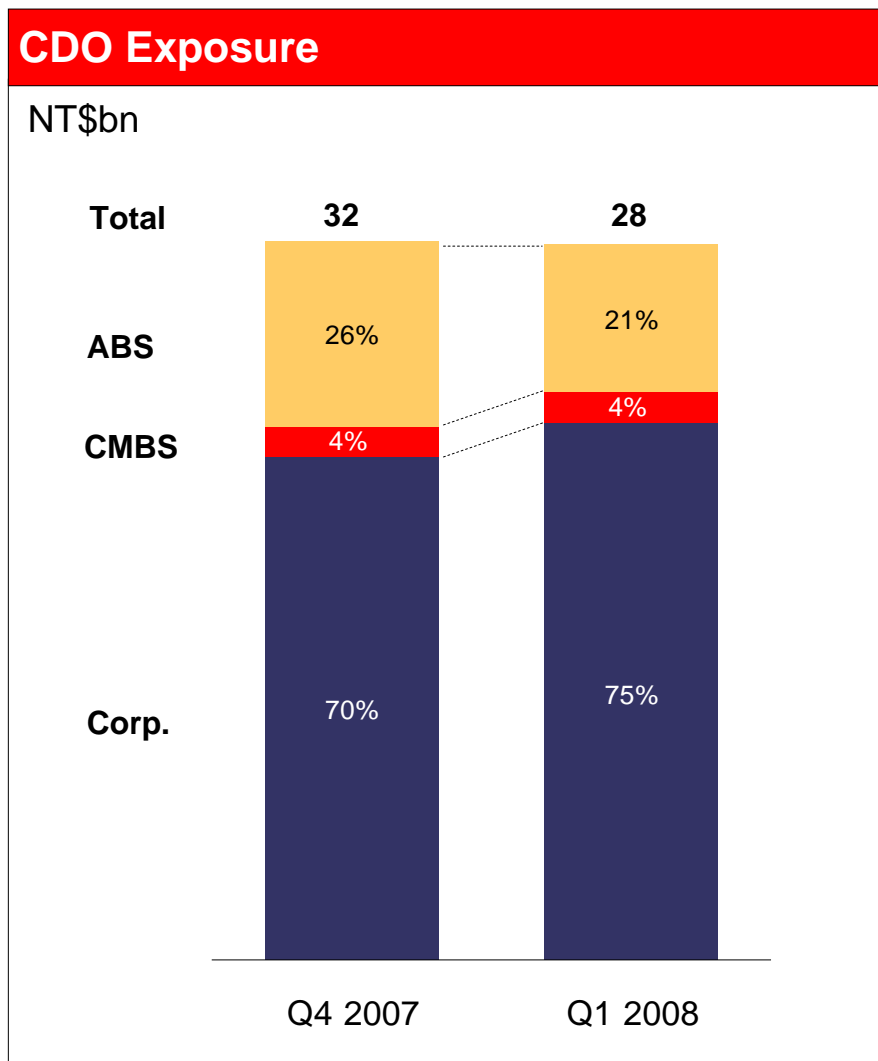


Note:

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



CDO Exposure

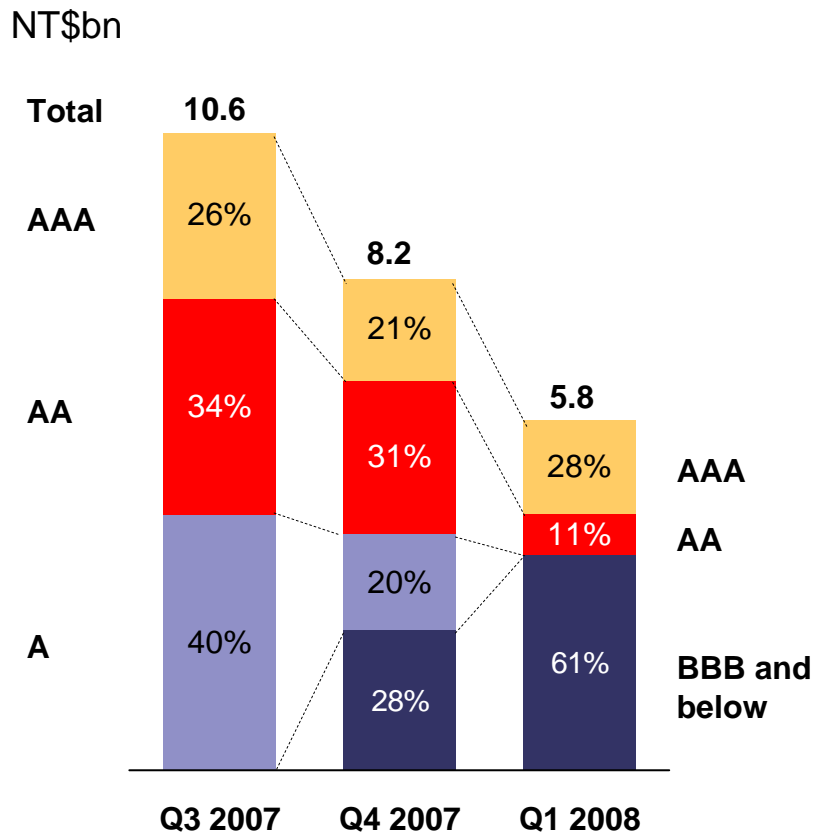


Comments

- 21% of CDOs are referenced to Asset Backed Securities which consist of 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 decreased from NT\$32bn to NT\$28bn due to NT\$1.9bn impairment loss taken and foreign exchange fluctuation
- Ratings of Corporate CDOs remained largely stable. Only insignificant up/downgrades have been observed, and ratings of all Corporate CDOs remain A or above

ABS CDO Rating Distribution

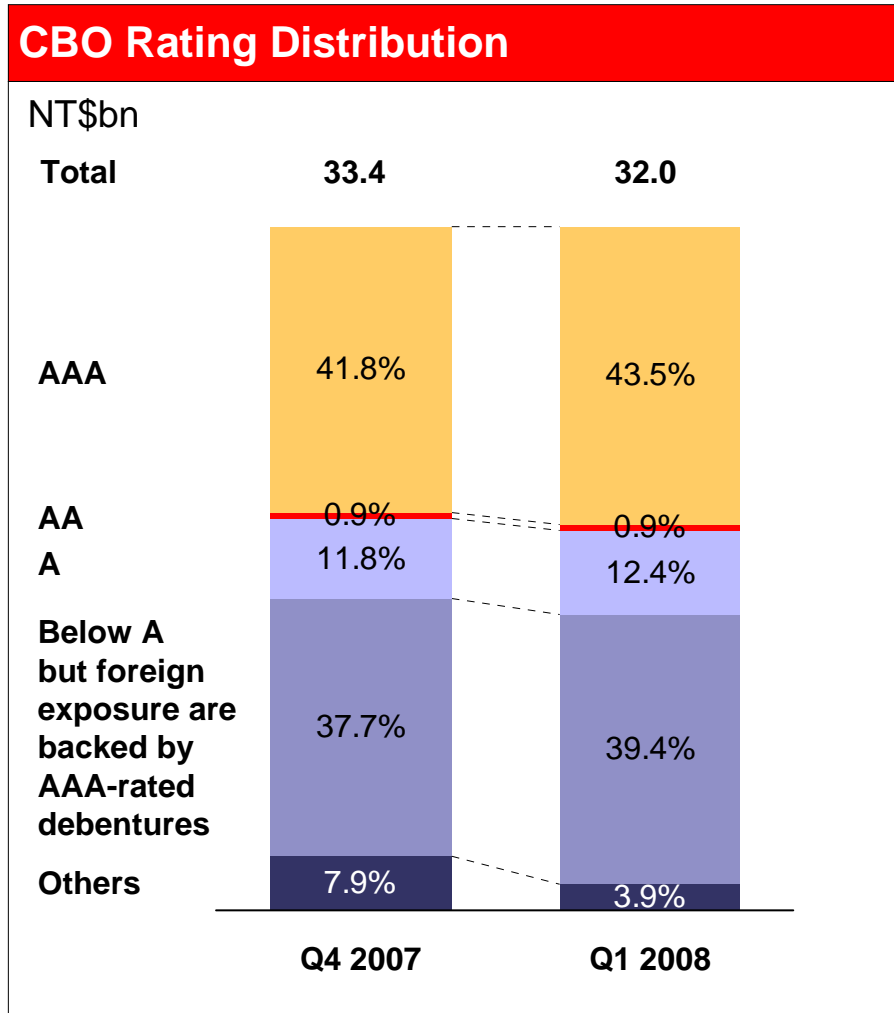
ABS CDO Rating Distribution



Comment

- 30.1% of ABS CDO assets are referenced to U.S. sub-prime
- Impairment test conducted against significantly downgraded or non-investment grade ABS CDOs. Impairment loss of NT\$1.9bn was recognized in Q1 2008; cumulative impairment loss was NT\$3.8bn
- 88% of originally A rated ABS CDO has been impaired as of the end of Q1 2008
- 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

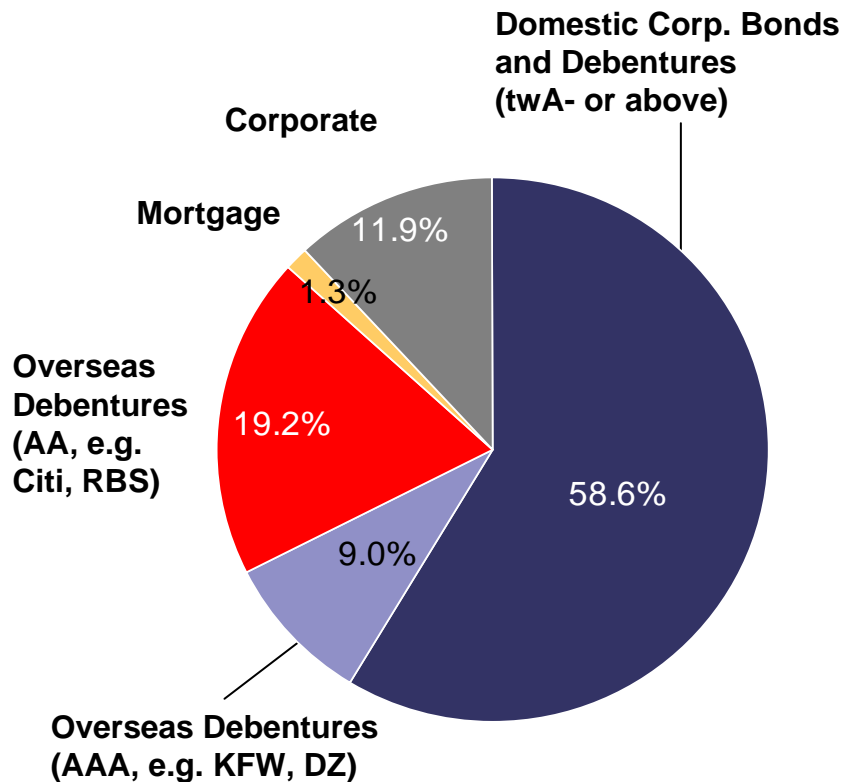
- 43.5% of CBOs are AAA rated
- Most foreign exposure of CBOs rated below A are backed by AAA rated assets, e.g., debentures issued by KFW and DZ
- 3.9% of CBOs classified as “others” is the riskiest
- Impairment loss of NT\$1.4bn was recognized in Q1 2008 on CBOs classified as “others”

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

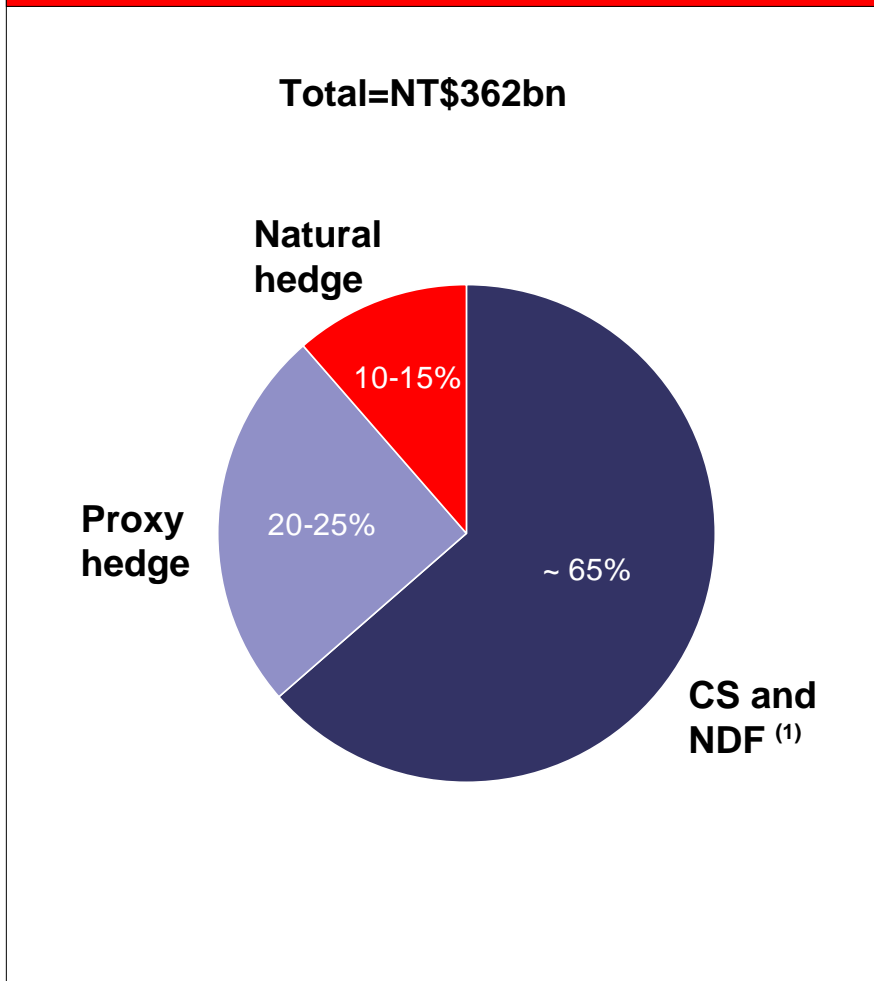


Comments

- 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
- No U.S. sub-prime exposure in the CBO portfolio

Hedging Strategy

Mix of Hedging Strategies Used



Comments

- 65% 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 20-25% 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 40% in the first stage

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

SKL – 2008 Outlook

- FYP growth in 2008 likely to be good, driven by strong sales from investment-linked products. VUL contributed less FYP in Q1 compared to the same period last year. However, underlying demand is still strong and sales is expected to grow when global markets stabilize
- Maintain 5% long-term investment return target. Although investment environment may be challenging in the short-run given TWD appreciation and volatile global equity markets, there are still opportunities in individual asset classes (e.g. Taiwanese equities/ real-estate). Will gradually increase traditional hedging to 75% and continue to closely monitor developments in the U.S. mortgage market
- Raising of overseas investment cap will help diversify risk and enhance investment return. Plan to increase overseas investment to 40% by the end of 2008
- Develop both agency and bancassurance channels (FYP share 75% and 25% separately). Will continue to use SKB as the main bancassurance channel and migrate towards higher margin products
- Preparatory office for China JV with Hainan Airlines established subsequent to receiving CIRC approval last year. Preparation team deployed and will apply for operation license in June. SKL's application to set up Vietnam subsidiary was approved by the FSC on May 22
- Target ~10% growth in value of new business (VNB) in the medium/long term -25-

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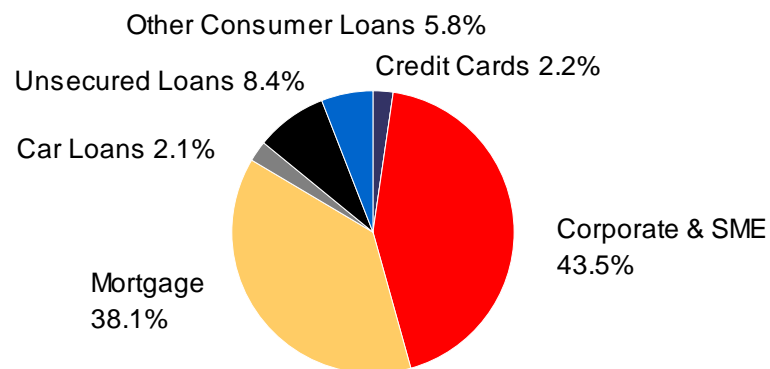
Shin Kong Bank

- 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

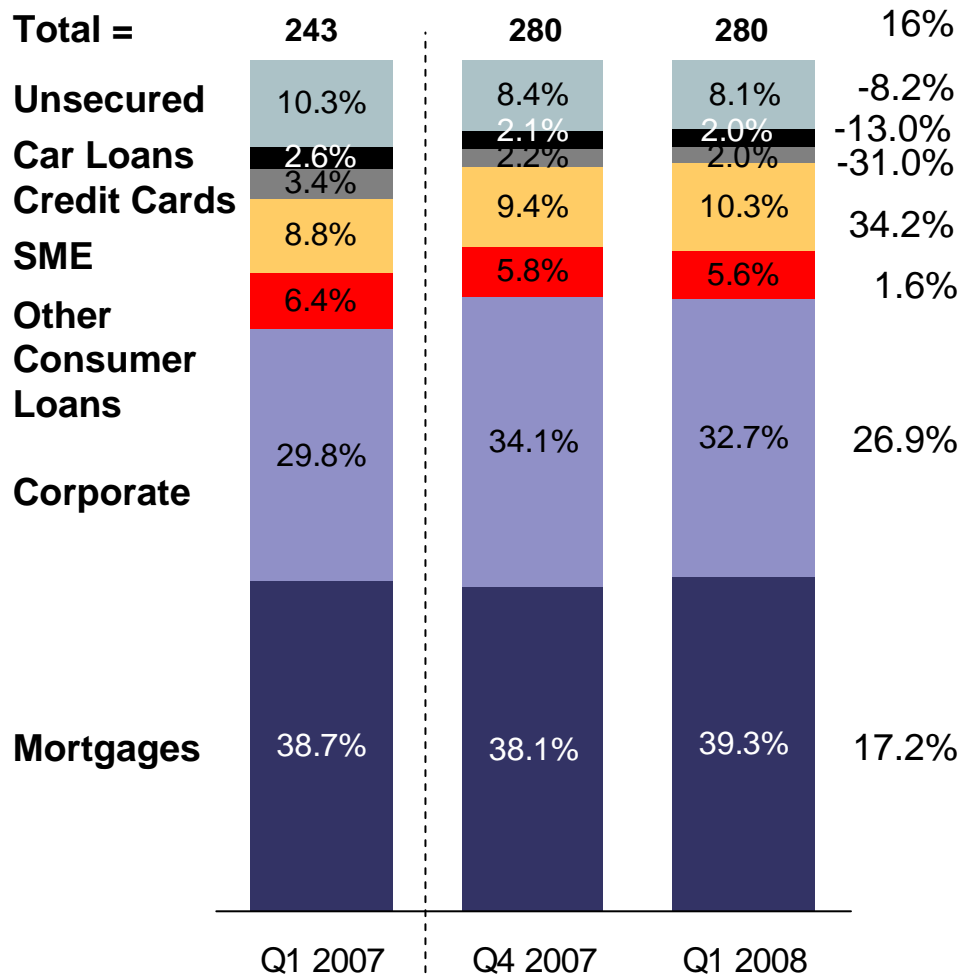
SKB – Q1 2008 Overview

- After-tax profit significantly improved to NT\$607 million due to increase in pre-provision profit to NT\$1.20bn (up 94% from Q1 2007)
- Loan balance remained stable quarter-on-quarter, but grew 16% year-on-year. Most growth came from medium and large corporate lending and mortgage loans. L/D ratio was 84% (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 1.88% in Q4 2007 to 1.73% in Q1 2008
- Wealth management fee income grew by 6% year-on-year and accounted for 30% of total fee income; growth slowed due to pullback in global equities markets. Achieved bancassurance cross-sales of NT\$2.5bn in Q1 2008, accounting for 57% of SKL bancassurance premium
- Credit card quality continued to improve; quarterly charge off ratio decreased from 3.8% in Q4 2007 to 2.8% in Q1 2008. Credit card NPL and coverage ratios remained stable at 1.2% and 240% respectively
- Since implementation of the Consumer Debt Clearance Regulations in April, there were 742 cases in pre-court restructuring, 39 cases in rehabilitation and liquidation (as of May 13, 2008). Monthly repayment rate of restructured loans has not significantly improved. Cumulative repayment rate was 62%
- Asset quality was maintained with overall NPL and coverage at 1.89% and 64.03% respectively. NPL ratio for mortgages remained low at 1%

Loan Mix

NT\$bn

YoY Growth

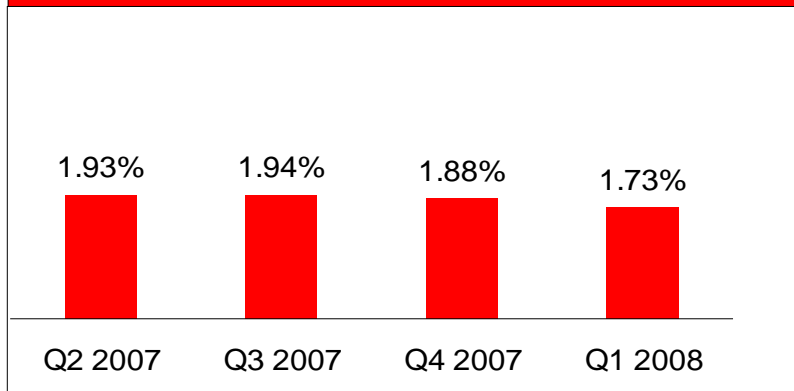


Comments

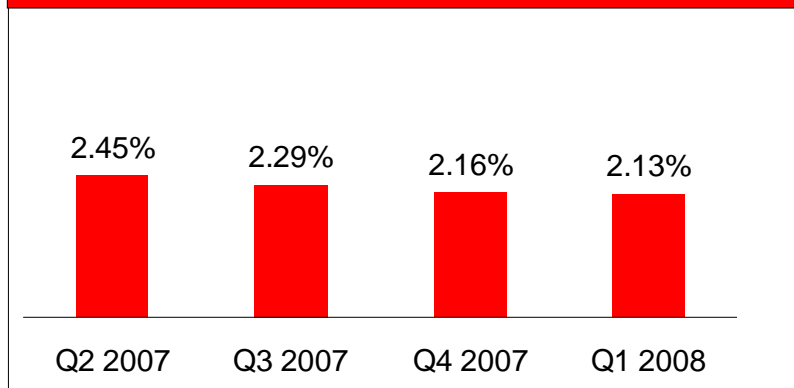
- Loan balance remained stable quarter-on-quarter, but grew 16% year-on-year. Growth came mainly from medium and large corporate lending and mortgage loans
- Mortgages continued to grow under stringent credit policies and LTV ratio of below 80% for all new loans
- L/D ratio remained at 84% (incl. credit cards balance)

Interest Yield

Net Interest Margin



Net Interest Spread (1)



Comments

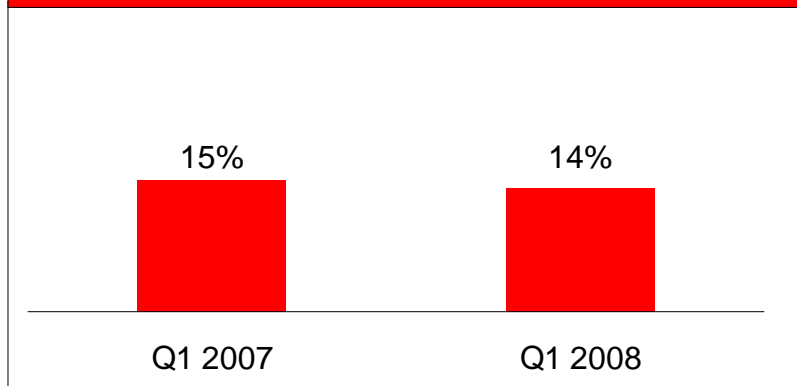
- NIM shrank from 1.88% in Q4 2007 to 1.73% in Q1 2008 due to Central Bank rate hikes, market competition, and shift of loan mix towards low risk corporate and mortgage loans
- New mortgage rate continued to improve, up 14bps in Q1 2008
- Net interest spread remains under pressure but will stabilize as lending rates move up. Further improvement will come when consumer lending market returns

Note:

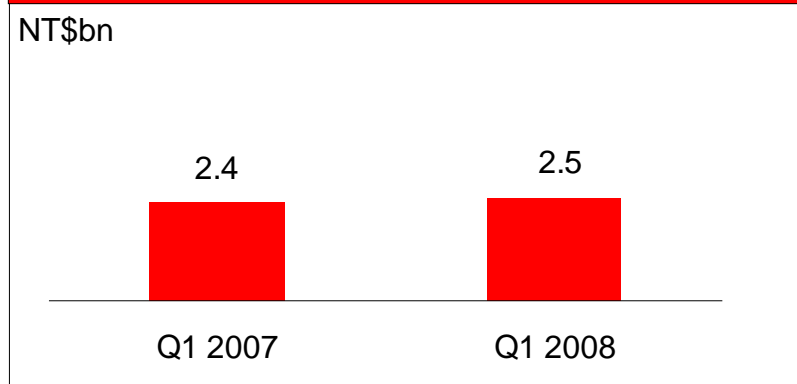
(1) Calculation of Net Interest Spread has been adjusted (new formula includes foreign currency corporate lending and credit card revolving)

Fee Income

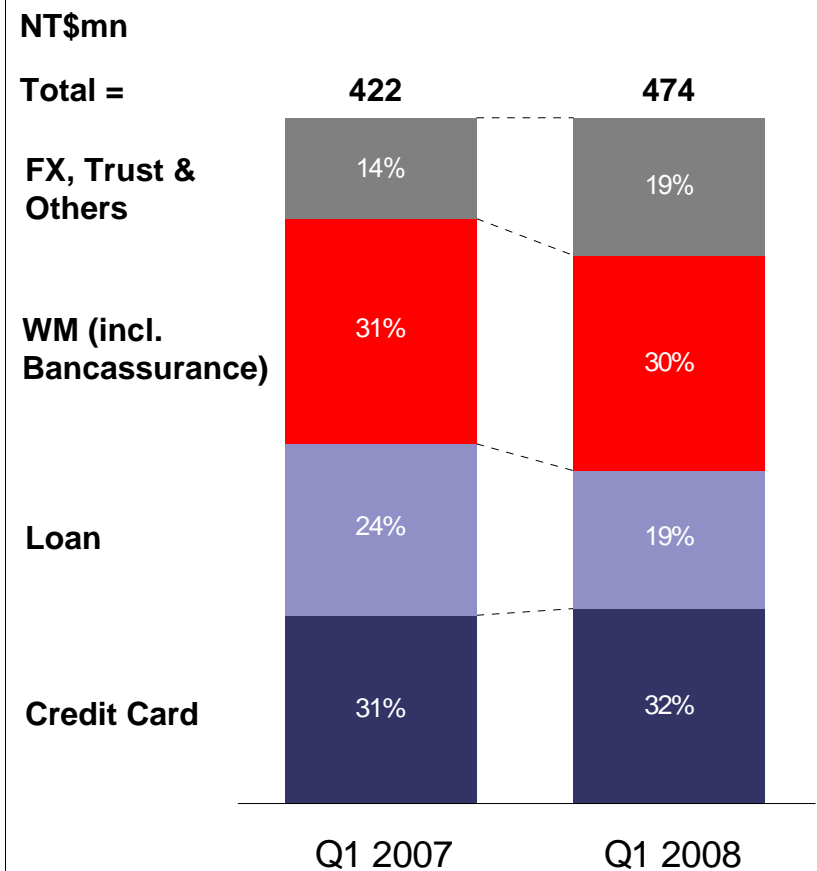
Net Fee Income / Total Income



Bancassurance (SKL) - FYP



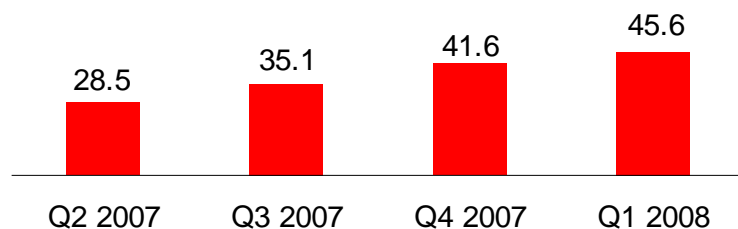
Fee Income Breakdown



Wealth Management

AUM

NT\$bn

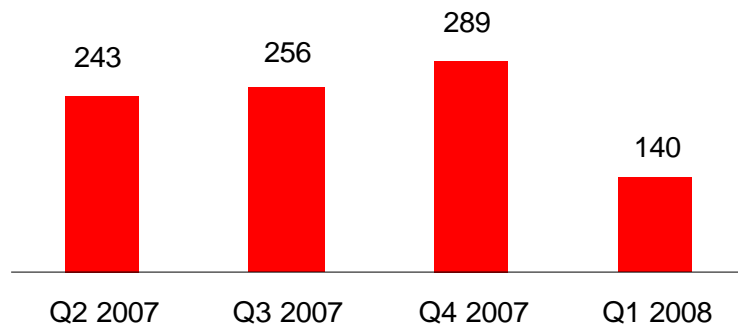


Wealth Management Center



WM Fee Income

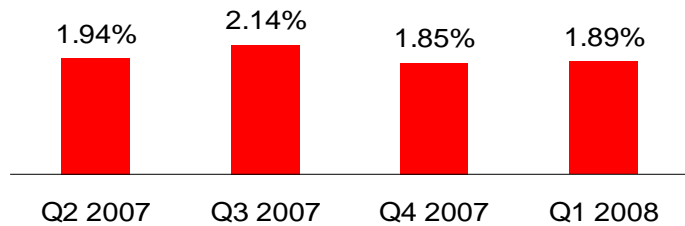
NT\$m



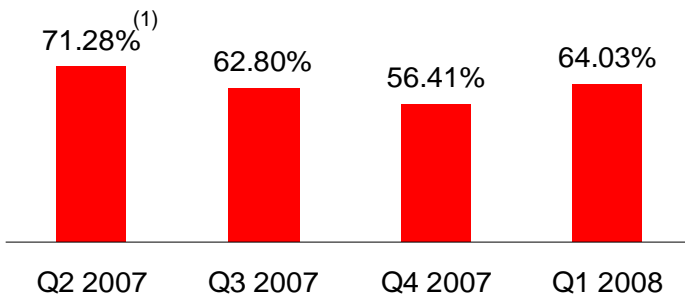
- AUM continued to expand quarter by quarter and achieved 10% growth compared to Q4 2007
- WM fee income grew 6% year-on-year, but decreased quarter-on-quarter due to weak equities market performance
- Strengthening of AO training and product lines has led to a recovery in fee income in April and May

Asset Quality

NPL Ratio



Coverage Ratio



Comments

- Overall loan quality remained good; NPL was 1.89%; NPL for mortgages remained stable at 1%
- Coverage increased to 64.03%, remained above the Company's medium term target (50%)
- Since implementation of the Consumer Debt Clearance Regulations in April, there were 742 cases in pre-court restructuring and 39 cases in rehabilitation and liquidation (as of May 13, 2008). Monthly repayment rate of restructured loans has not significantly improved. Cumulative repayment rate was 62%

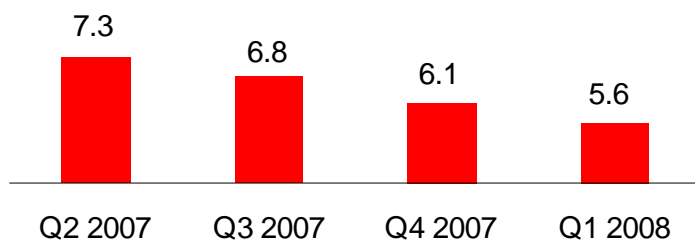
Note:

(1) NT\$4.47bn one-time provision taken at year-end 2006 led to a higher coverage ratio in Q2 2007

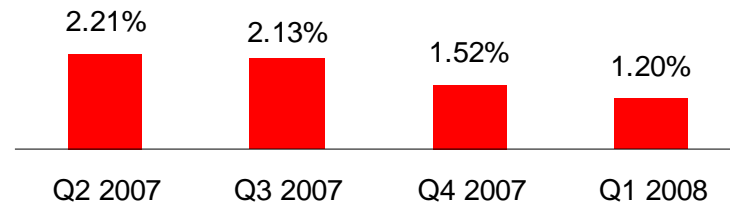
Credit Cards Metrics

Revolving Balance

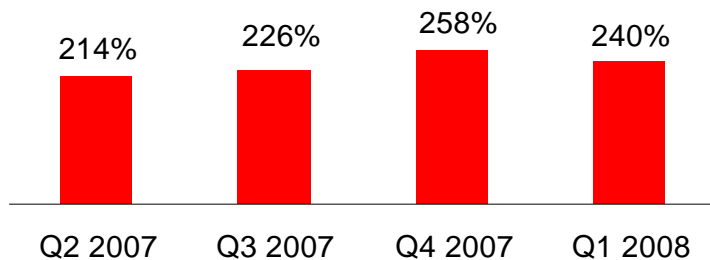
NT\$bn



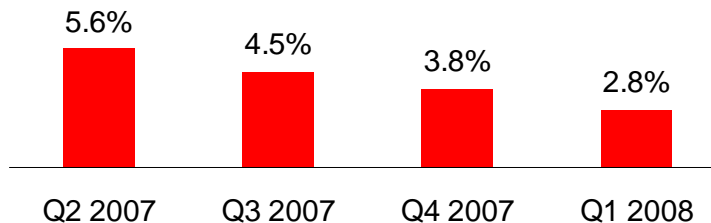
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

SKB – 2008 Outlook

- Target loan growth of 10% (balancing NIM and risk considerations) and loan mix of 50/50 between corporate and consumer lending in the medium term. Most growth this year will come from corporate lending
- NIM likely to stabilize as impact of short-term rate hikes flow through to lending rates. Net interest spread will further improve when consumer lending market returns
- Boost wealth management performance by strengthening AO training and products. Wealth management business expected to improve as fee income started to recover in April and May
- Credit card write-offs expected to reduce driven by improvement in credit quality. Future losses likely to be within control as DRP balance (NT\$2.45bn) is only 10.8% of unsecured loan balance
- Judging from initial data, impact of the Consumer Debt Clearance Regulations is expected to be manageable. Company will continue to monitor the situation and watch out for moral hazard
- Overall loan quality remains good. Stringent credit policies and LTV limits helped maintain loan quality of mortgages. NPL generated from loans made after 2005 was lower than loans made before, indicating overall loan quality improvement
- Maintain coverage ratio above medium term target of 50%

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- I. SKFH
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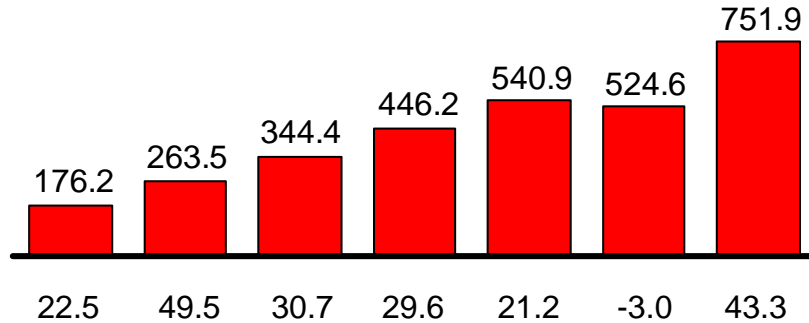
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Insurance opportunity:

High growth driven by new products and channels

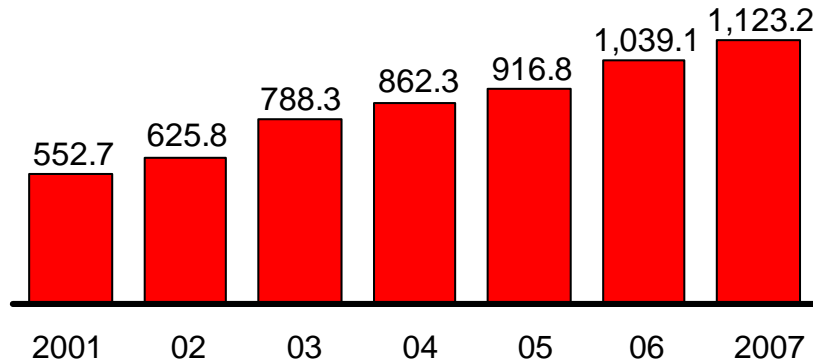
Life FYP
NT\$bn



Growth
Percent

Year	Growth Percent
2001	22.5
2002	49.5
2003	30.7
2004	29.6
2005	21.2
2006	-3.0
2007	43.3

Life renewal premium
NT\$bn

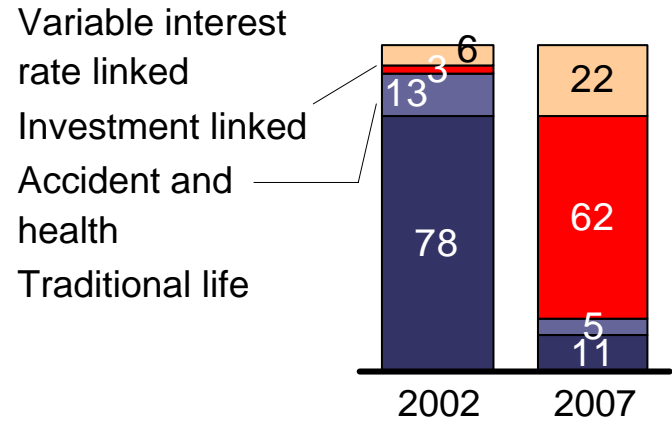


Growth
Percent

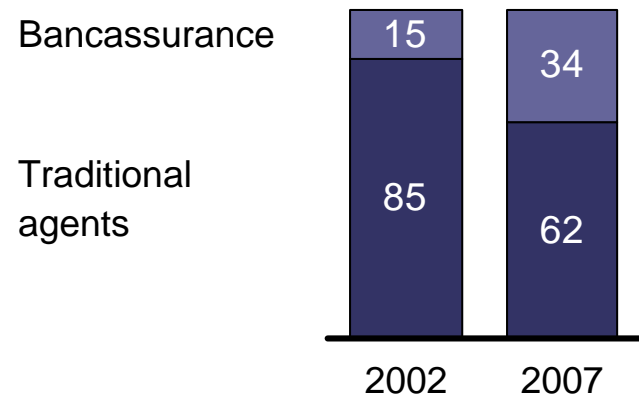
Year	Growth Percent
2001	14.5
2002	13.2
2003	26.0
2004	9.4
2005	6.3
2006	13.3
2007	8.1

Source: Insurance Institute

New business breakdown
Percentage

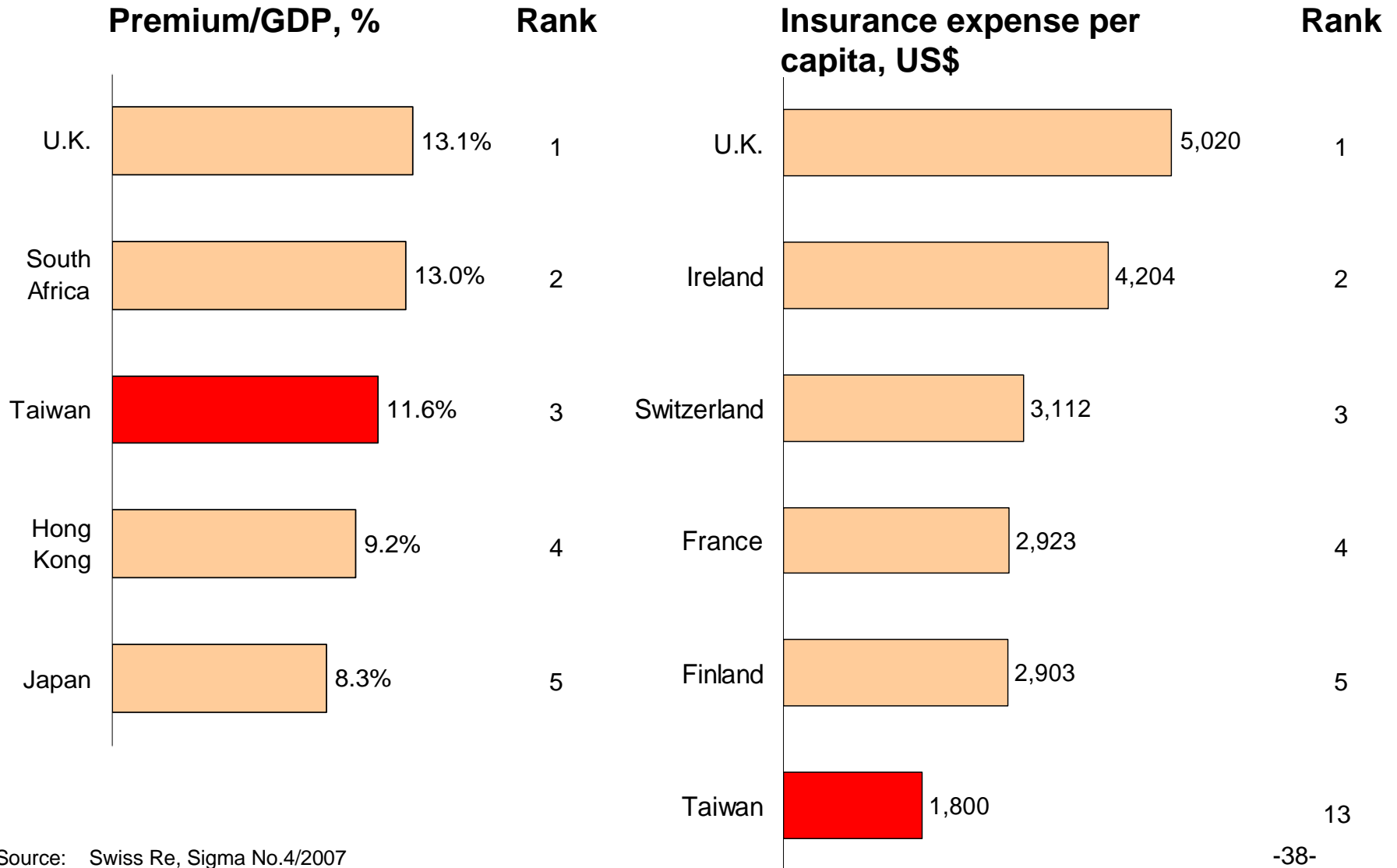


New business channel mix
Percentage



Insurance opportunity:

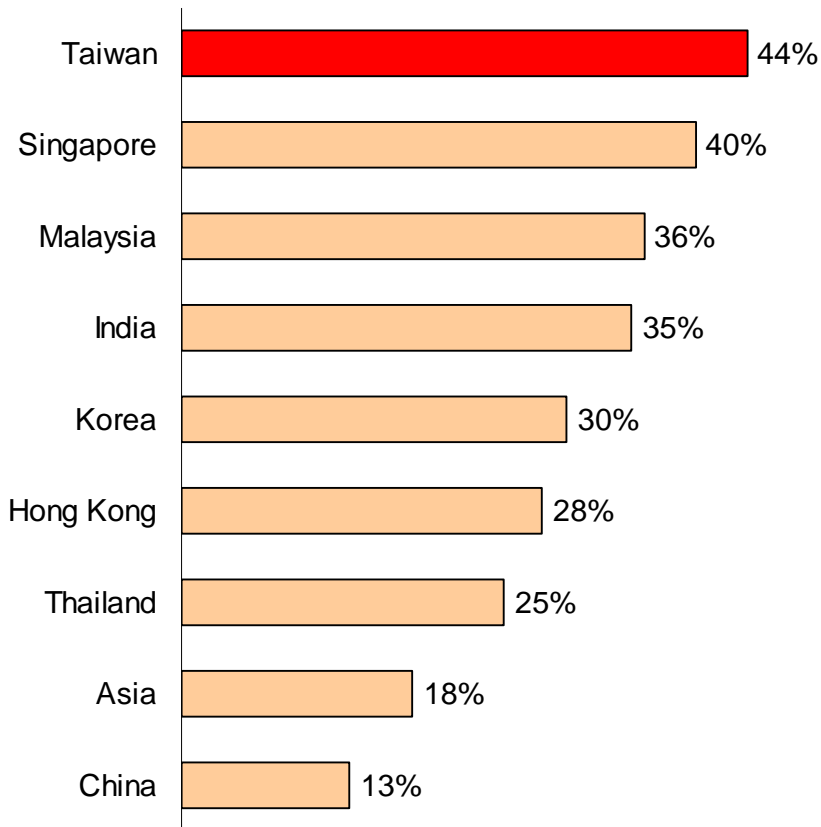
High penetration but low density



Wealth management opportunity:

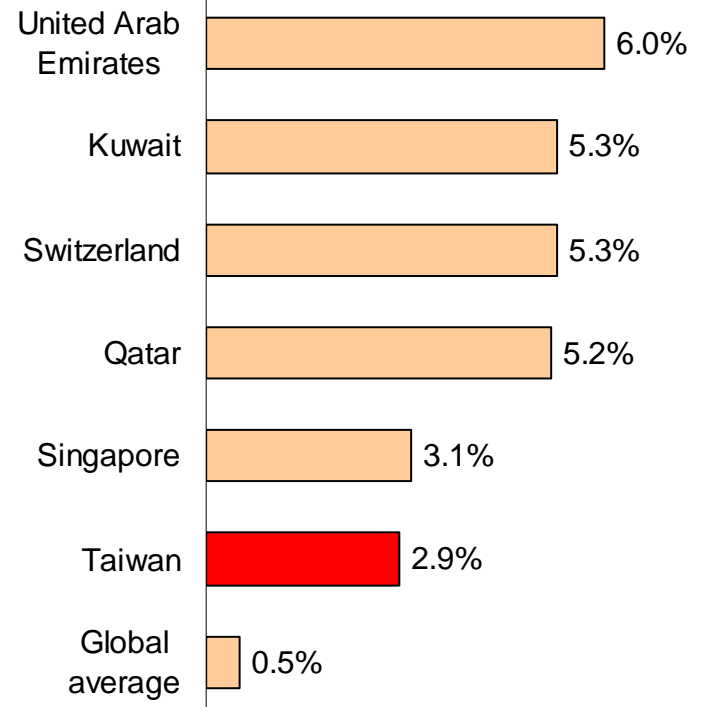
High savings rate and wealth concentration

Savings rate (1)



Concentration of wealth (2)

Millionaire households as a percentage of total households



Source:

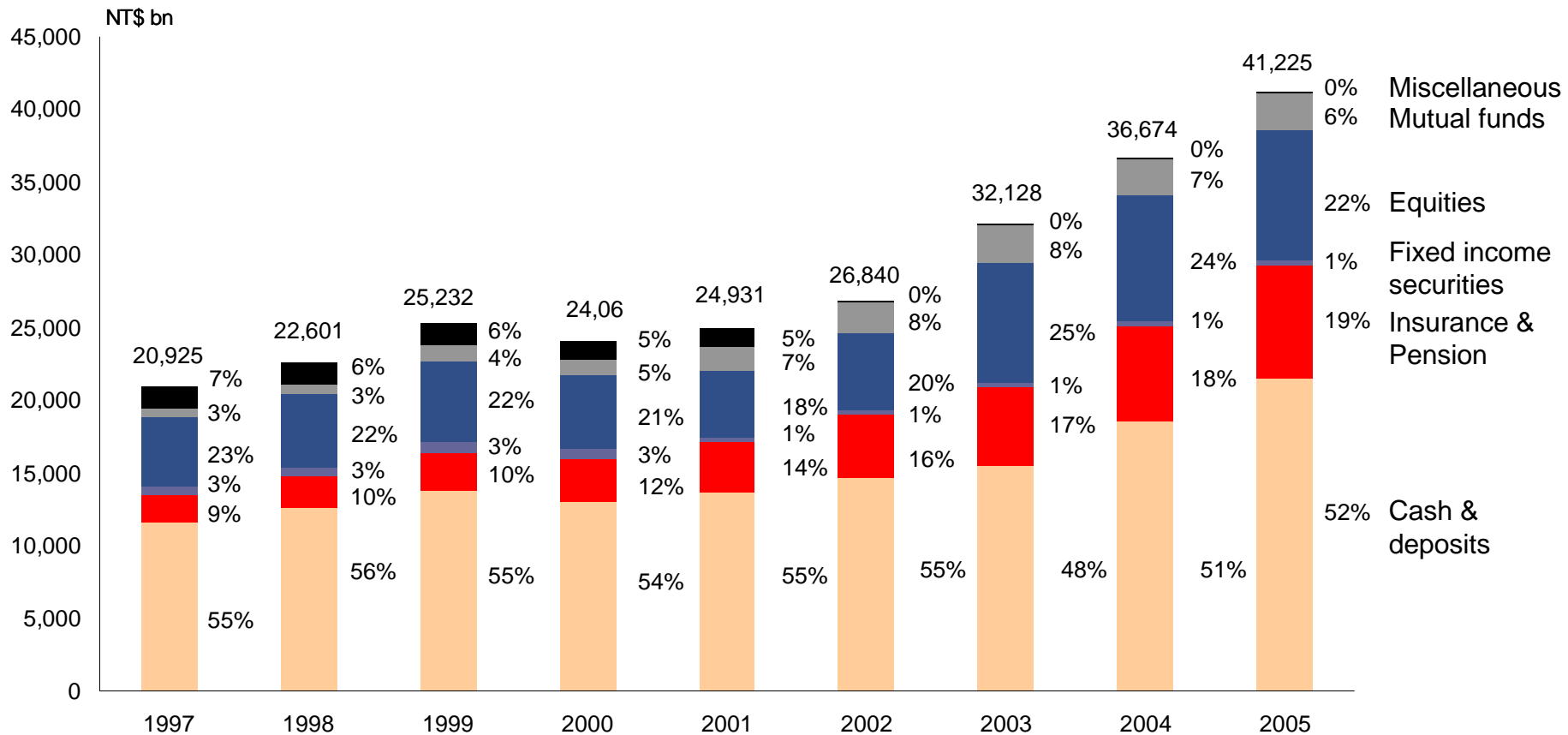
(1) BOMA, CBC, Asian Demographics, Central Banks and monetary authorities, Citigroup Investment Research

(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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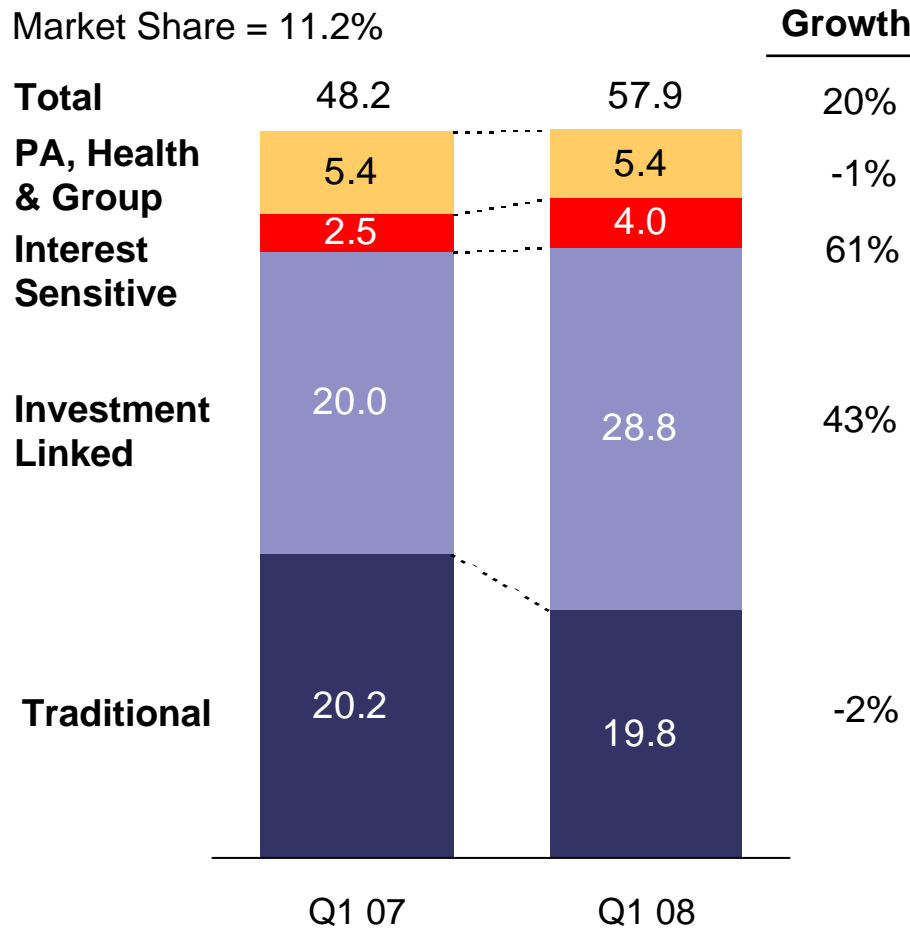
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Total Premium – Q1 2008

NT\$bn

Market Share = 11.2%

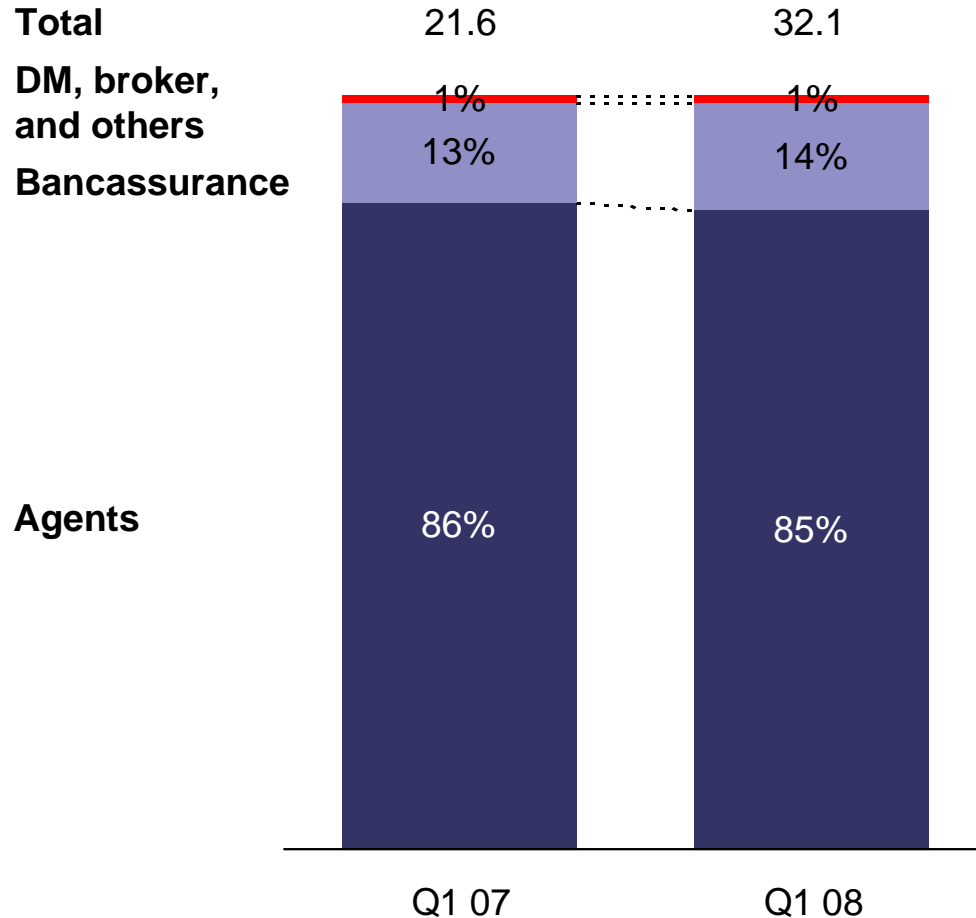


Comments

- Strong growth in total premium, mainly driven by increase in FYP
- Share of variable rate products increased to 57%, driven by robust sales in investment-linked policies
- Traditional and related policies (mostly recurring premium) accounted for 34% of total premiums

FYP by Channel

NT\$bn



Comments

- Share of agency channel (preferred channel for sales of traditional and investment-linked products) remained high, driven by strong sales in investment-linked policies
- SKB accounted for 57% of bancassurance premium

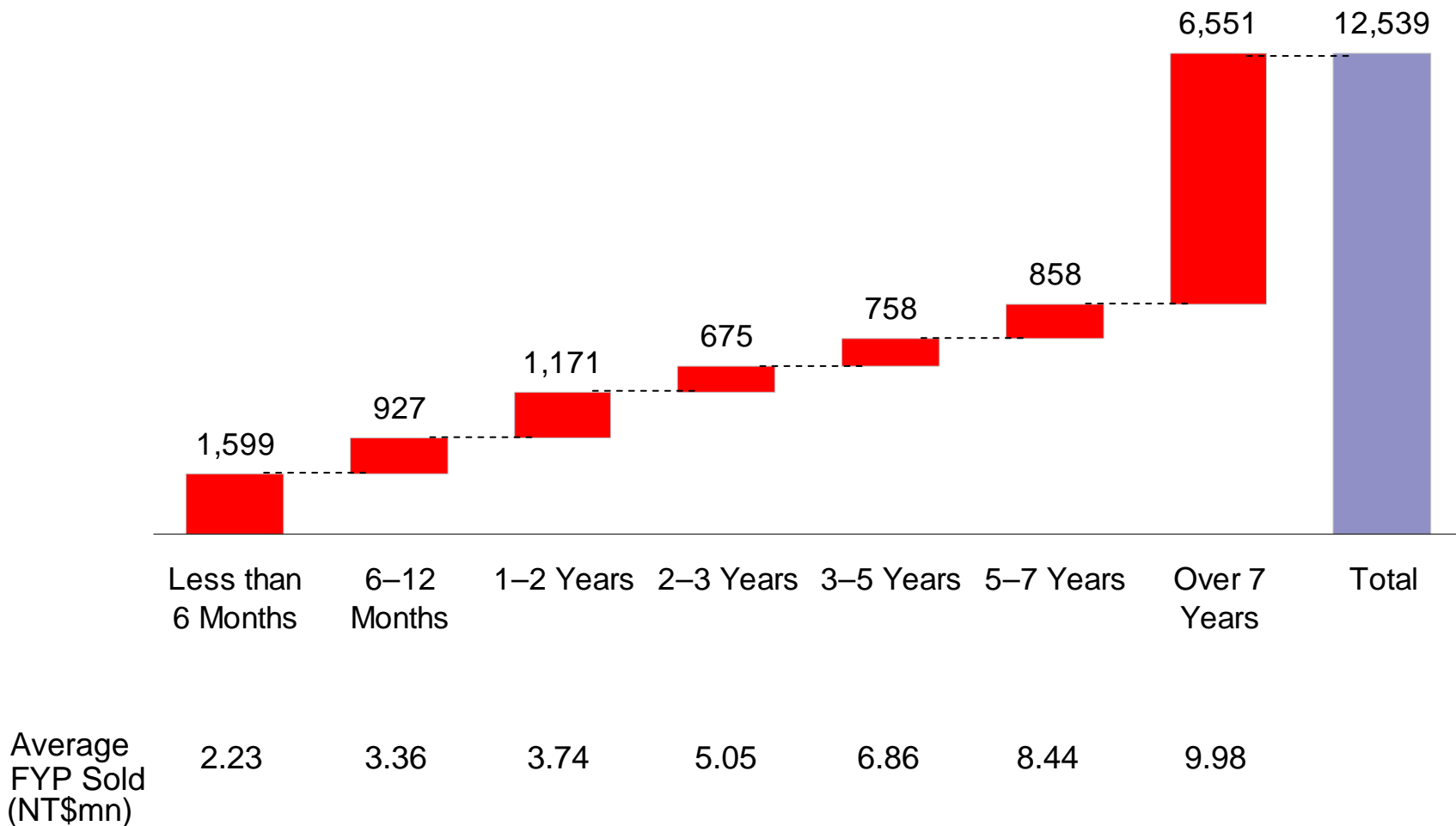
SP / RP Breakdown – Q1 2008

NT\$bn

Q1 2008 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	0.02	1.73		1.75
Investment-linked				
VUL			2.38	2.38
Structured note	23.40			23.40
Interest Sensitive				
Annuity	3.77		0.01	3.78
Life			0.24	0.24
PA, health and others		0.56		0.56
Total	27.20	2.28	2.63	32.11

Agent Number and Productivity by Tenure

2007



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Summary of CDO/CBO Losses

Reflected in Income Statement

Description	Impairment Loss Recognized in Q3 2007 (NT\$bn)	Impairment Loss Recognized in Q4 2007 (NT\$bn)	Impairment Loss Recognized in Q1 2008 (NT\$bn)	Total
CDOs	-	1.88	1.91	3.79
E. Sun Bank CBO 2007-2, Tranches C & D	1.03	-	1.37	2.40
Total	1.03	1.88	3.28	6.19

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SKL - EV & AV Results

Unit: NT\$bn

	2006.12	2007.12	YoY growth
Adjusted NAV	100.3	89.8	-10.5%
VIF	44.2	56.2	27.1%
COC	29.3	32.0	9.2%
EV	115.2	114.0	-1.0%
V1NB	8.9	12.8	43.8%
AV (5 years NB)	143.0	156.7	9.6%
AV (20 years NB)	170.4	205.0	20.3%

Note:

(1) Based on SKFH's outstanding shares of 5.4bn as of the end of Q1 08, per share AV (5 year NB) = NT\$29 and per share AV (20 year NB) = NT\$38

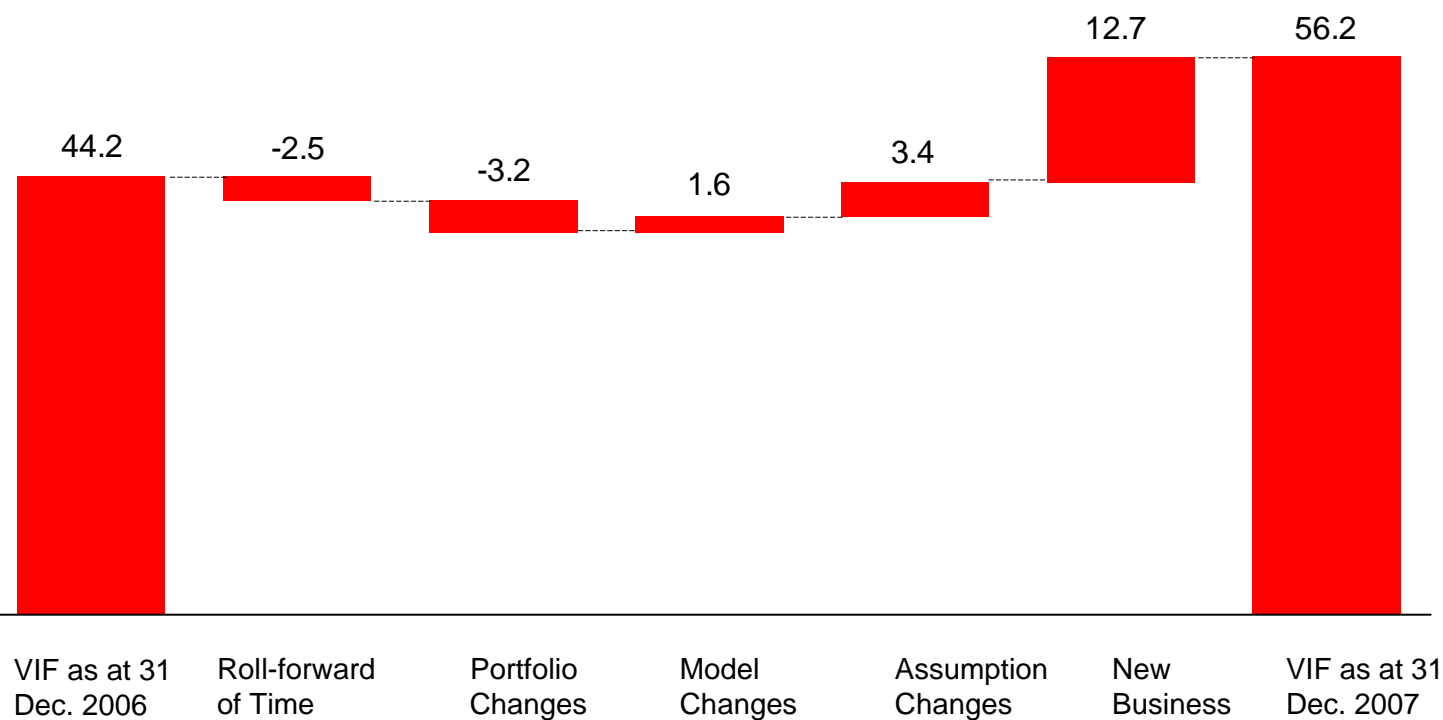
SKL - Estimate of Embedded/ Appraisal Value

Unit: NT\$bn Valn Date: 31 Dec, 07 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	89.8	89.8	89.8	89.8	89.8
VIF	32.5	76.7	56.2	60.7	52.5
Cost of Capital(COC)	32.7	31.3	32.0	30.7	33.1
EV after COC	89.6	135.2	114.0	119.8	109.2
V1NB after COC	12.3	13.3	12.8	13.9	11.9
AV (5 years NB)	130.7	179.6	156.7	167.3	147.9
AV (20 years NB)	176.6	230.1	205.0	225.3	188.3

SKL – Analysis of Change in VIF

Changes between 31 Dec. 2006 and 31 Dec. 2007 broken down by components

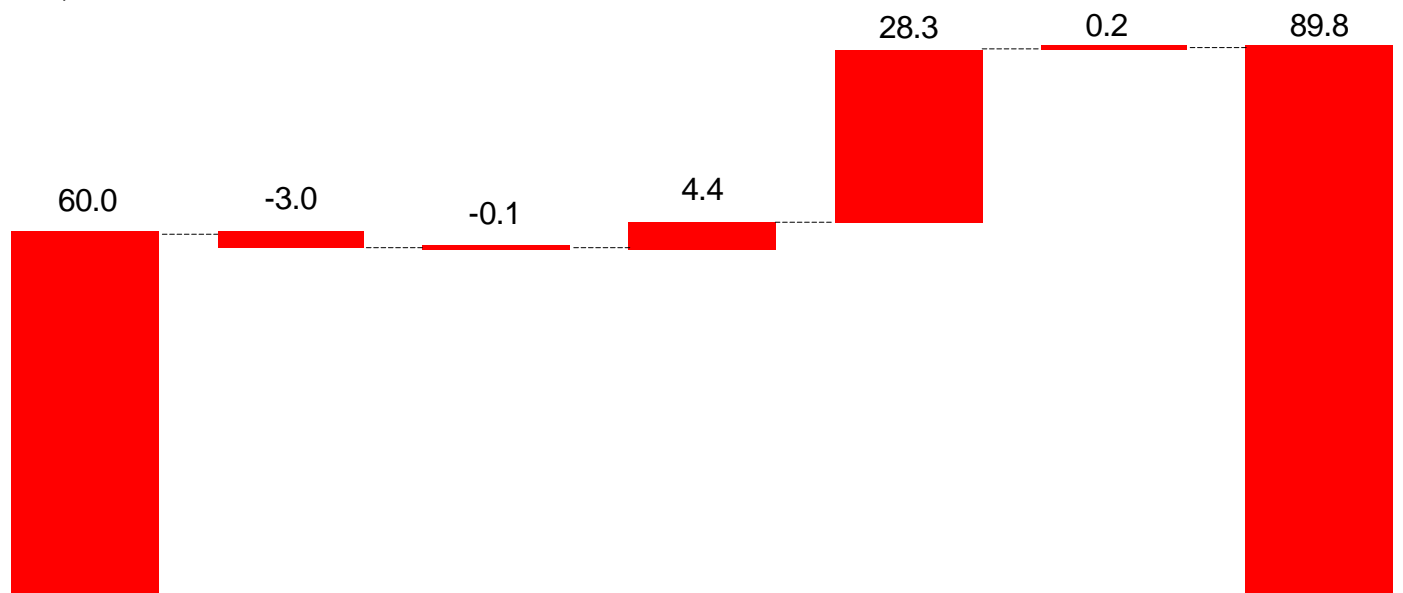
NT\$bn



SKL – Adjusted NAV

Adjustments to Statutory Net Worth at 31 Dec. 2007

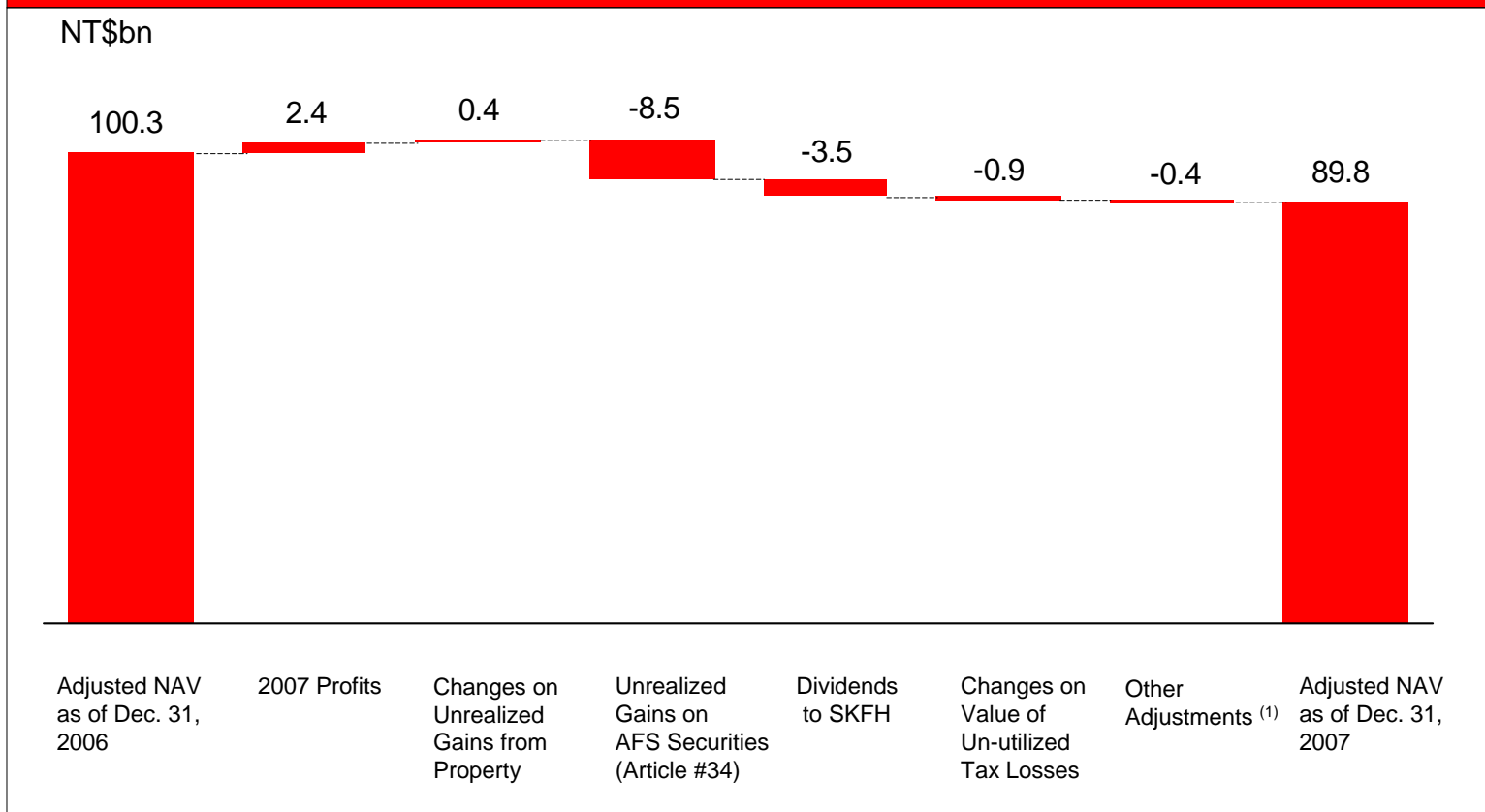
NT\$bn



Statutory Net Worth as of Dec. 31, 2007	Preferred Shares	Accrued Interest on Pref Shares	Contingency Reserve	Unrealized Gains on Property	Value of Un-utilized Tax Losses	Adjusted NAV as of Dec. 31, 2007
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SKL - Analysis of Change in NAV

Changes between 31 Dec. 2006 and 31 Dec. 2007 broken down by components



Note:

(1)

Included changes in preferred dividends, contingency reserve, and other items.

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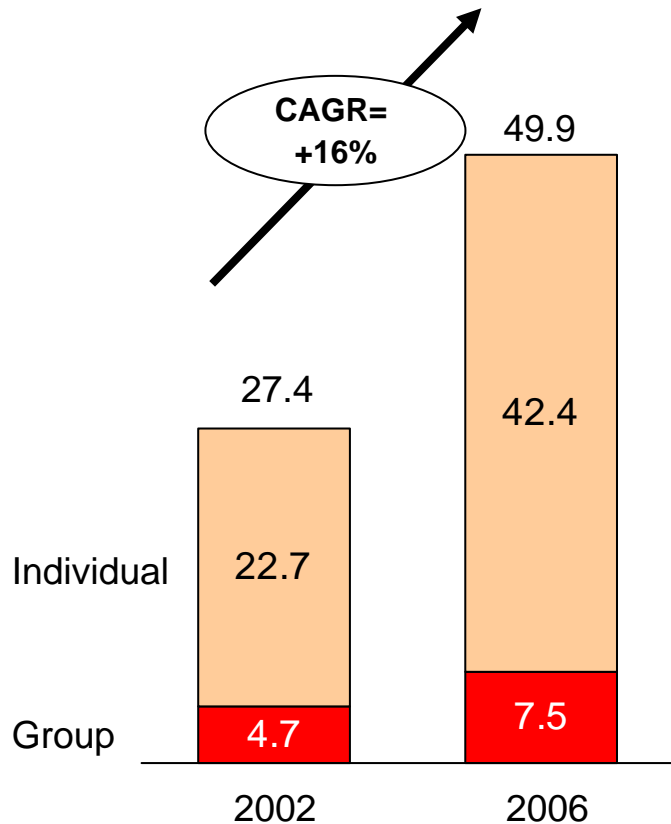
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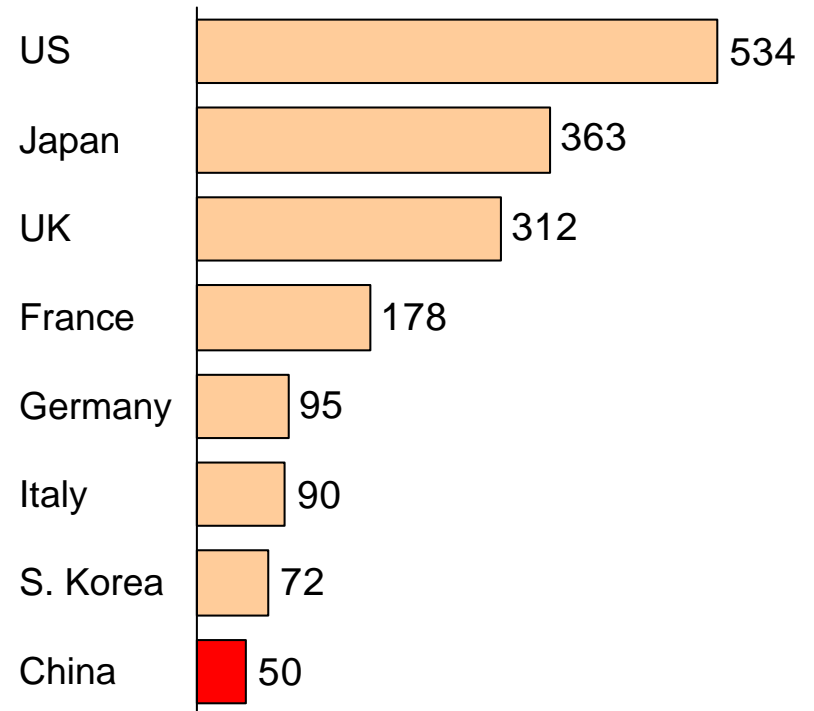
China insurance market is growing rapidly and ranked number 8 in the world

US\$bn

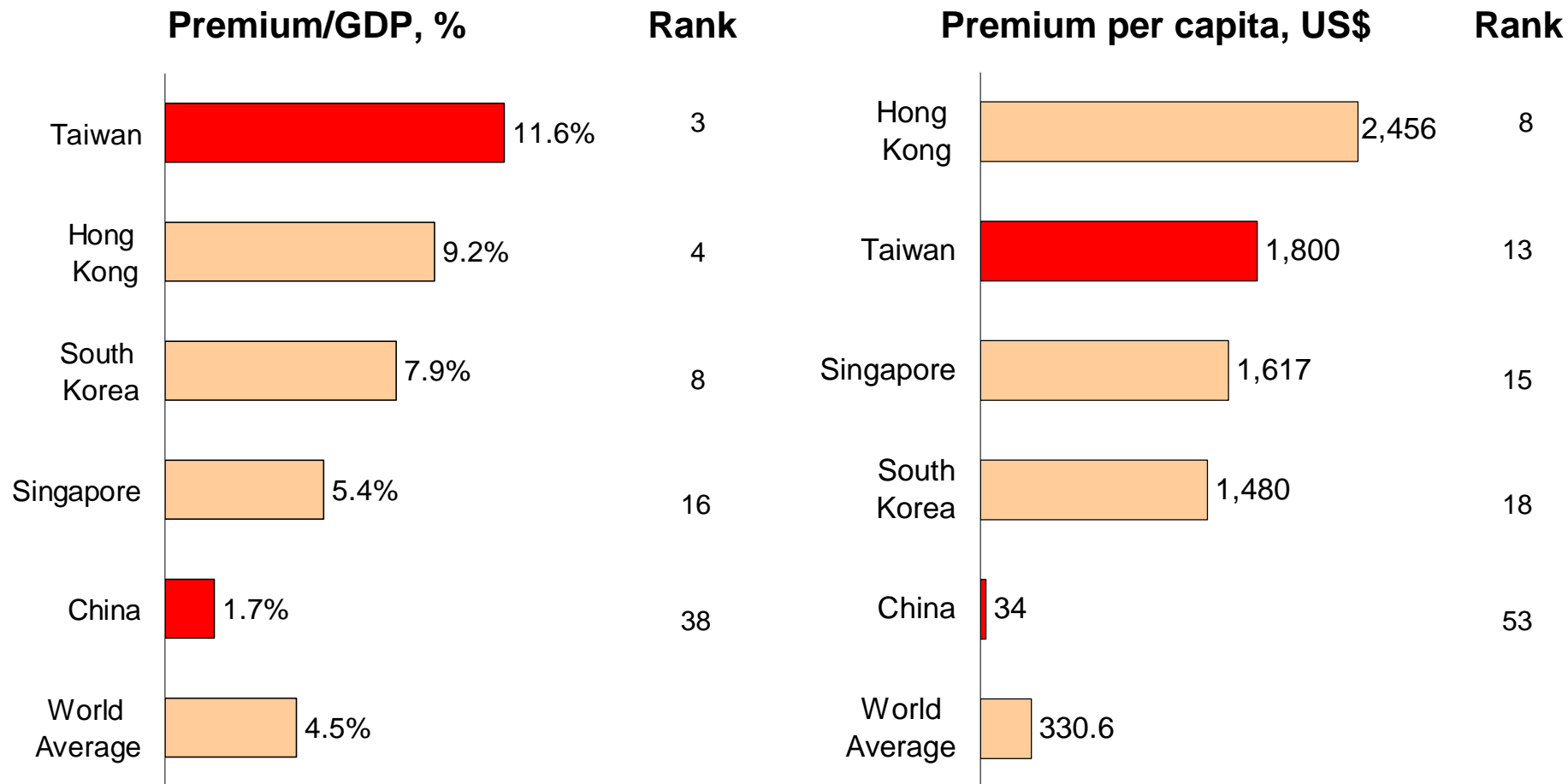
Total life premium



Total life premium 2006



Low Penetration and Density



SKL Received approval for Preparatory Office

2007
Nov

2008
Aug

Approved to Set up
Preparatory Office
for China JV

Operation
Reviewed
by CIRC

Products
Approved
by CIRC

Start
Operation

Approval Obtained :

- JV Partner – Hainan Airlines Group
- Senior VP of SKL and 20 officers deployed 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 & HNA 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

Potential 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%

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