

Confidential



Shin Kong Financial Holding

Company Overview

September 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 are preliminary numbers.

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 Financing Plan

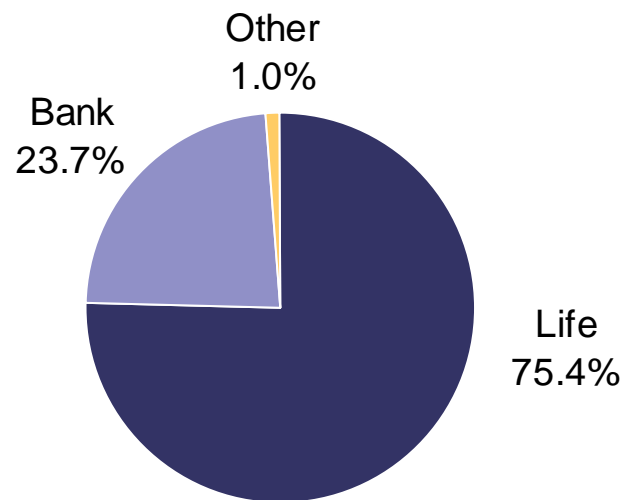
Who We Are

- 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

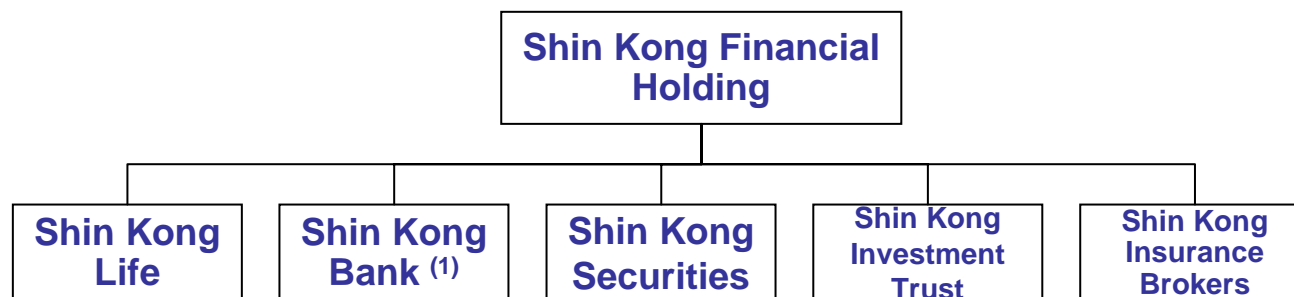


Note:

(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 & Spokesperson, Shin Kong Financial Holding

Experiences:

- First Vice President, Shin Kong Financial Holding
- 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



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)



Chu, Grace
CRO
Shin Kong FHC
Shin Kong Life

- CRO, Shin Kong Financial Holding
- CRO, Shin Kong Life

Experience:

- Senior Vice President, Taiwan International Securities Company
- Co-Chair, Risk Control Committee, Taiwan Securities Association



Lin, Han Wei
Manager
Shin Kong Life

- VP, Actuarial & Planning Department, Shin Kong Life

Experience:

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



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



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

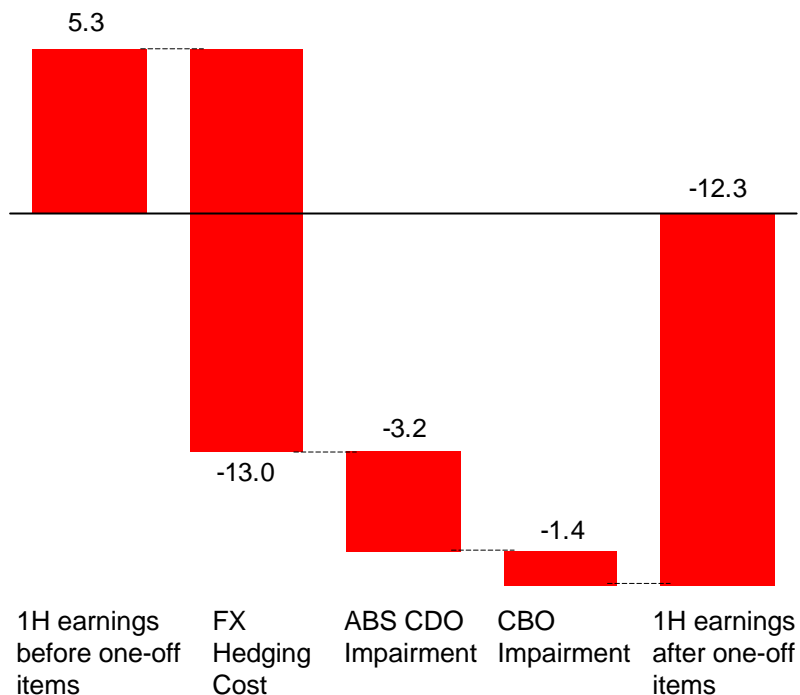
SKFH – 1H 2008 Overview

- SKFH recorded after-tax loss of NT\$12.35bn in 1H 2008 due to NT\$13.01bn foreign exchange hedging cost, NT\$1.37bn impairment loss from CBOs and NT\$3.20bn loss from ABS CDOs. EPS was -NT\$2.27. This is unsatisfactory but expected to improve when global markets stabilize.
- Loss came mainly from SKL while performance of SKB has consistently improved
 - SKL: after-tax loss was NT\$12.87bn, with NT\$4.57bn impairment loss from CBO/ABS CDO investments and NT\$13.01bn from foreign exchange hedging cost
 - SKB: after-tax profit improved to NT\$0.68bn, driven by lower provision expense and higher pre-provision operating income
 - SKSC: after-tax loss was NT\$29mn
 - SKIT and SKIB: achieved after-tax profit NT\$46mn and NT\$30mn respectively
 - Results of Masterlink Securities were consolidated, since SKFH's investment in the company already exceeded 25%

Net Income – 1H 2008

Group net income

NT\$bn



Net income contribution

NT\$bn

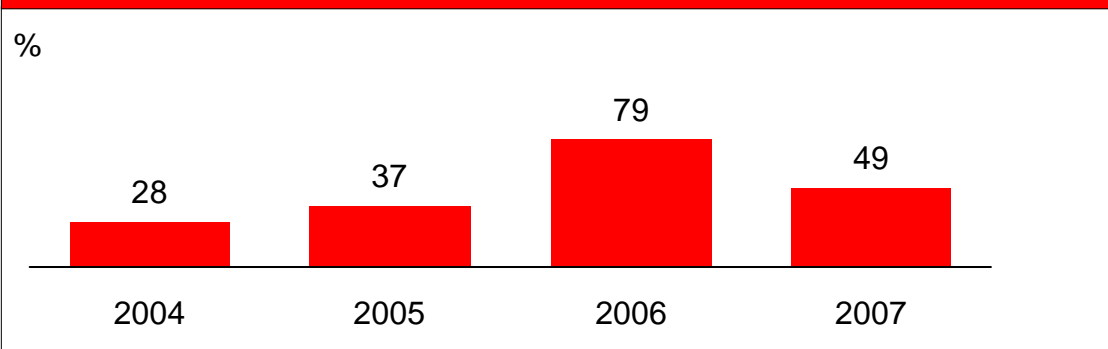
Subsidiaries	1H 2008	1H 2007
Shin Kong Life ⁽¹⁾	-12.93	7.73
Shin Kong Bank	0.68	0.20
Shin Kong Securities	-0.03	0.56
Shin Kong Investment Trust	0.05	0.04
Shin Kong Insurance Brokers	0.03	0.02
Others ⁽¹⁾	-0.15	0.69
Net income	-12.35	9.24

Note:

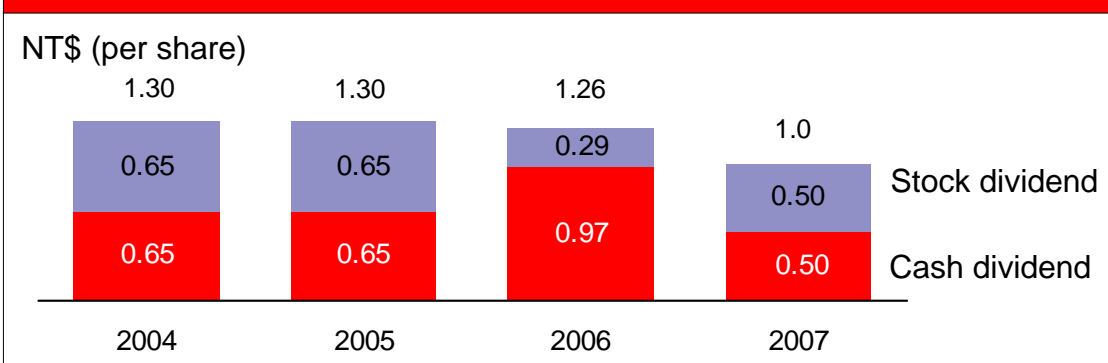
(1) Include other income of SKFH, income taxes, and loss from Masterlink Securities

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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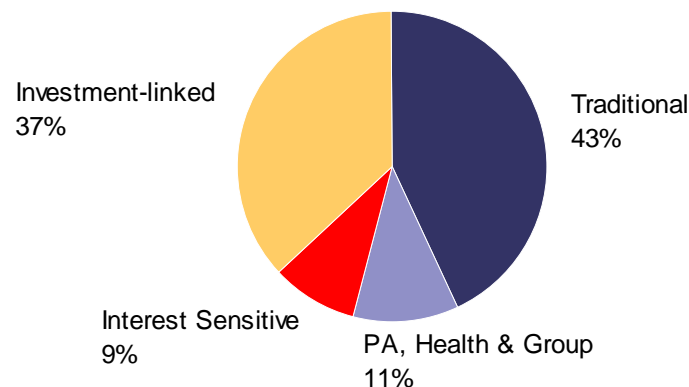
Shin Kong Life

- 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



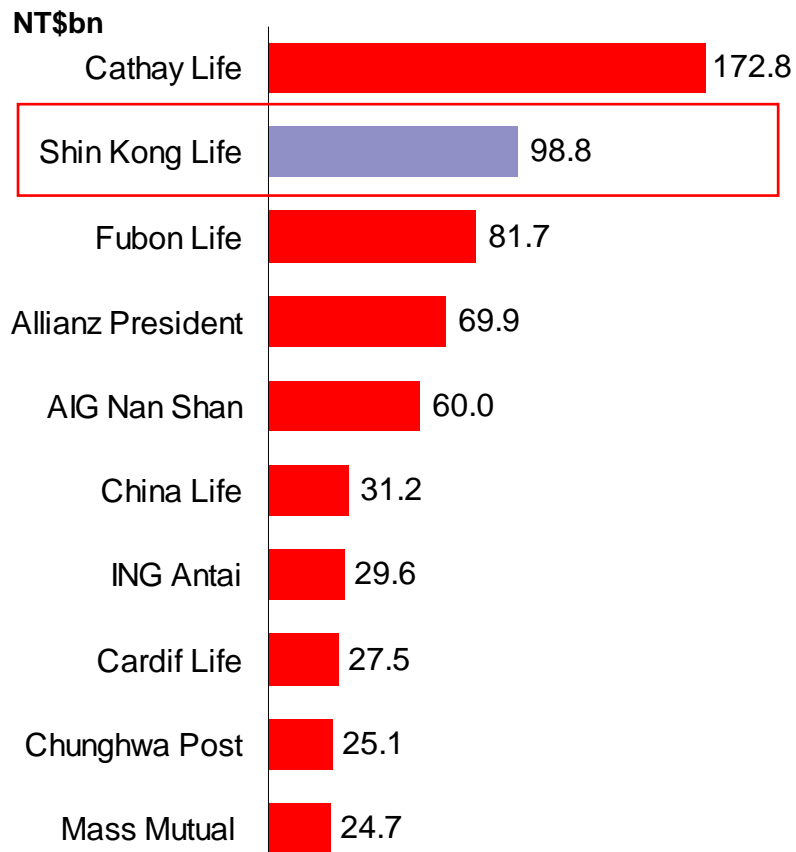
Total Premium Written: NT\$215.9 bn

Note:

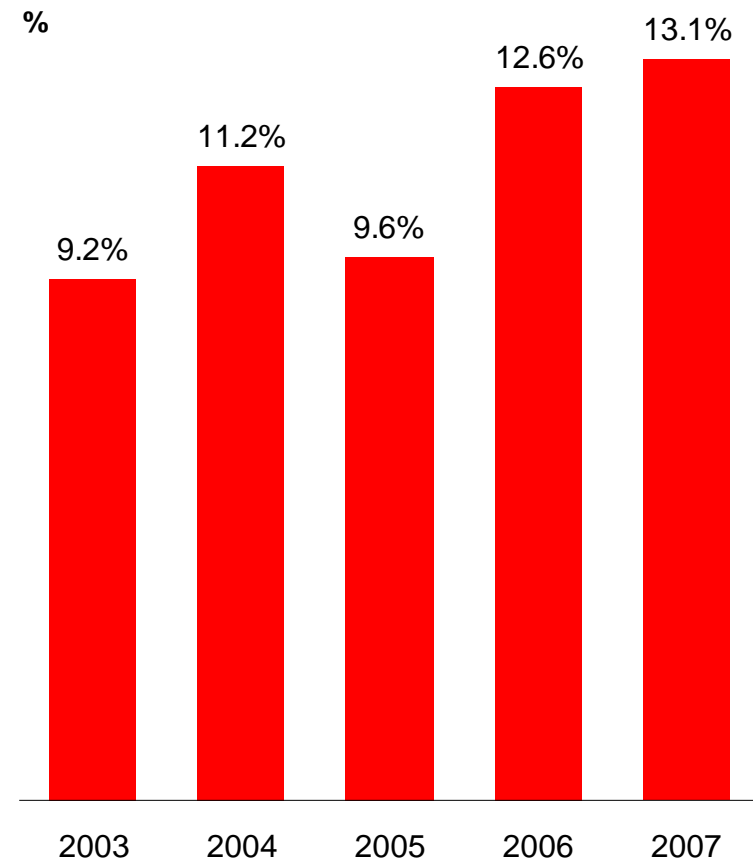
(1) Excludes preferred shares

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

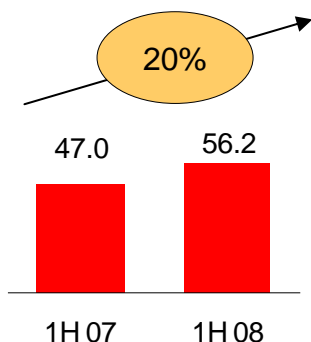
SKL – 1H 2008 Overview

- SKL recorded after-tax loss of NT\$12.87bn in 1H with NT\$1.37bn impairment loss from CBO investment, NT\$3.20bn impairment loss from ABS CDO investment, and foreign exchange hedging cost of NT\$13.01bn. ROE was -25.1%.
- Strong demand for investment-linked products pushed FYP up by 20% to NT\$56.25bn, slightly lower than market growth of 32%. Market share was 12%.
- Investment-linked policies contributed 75% (VUL: 6%) of FYP. Share of traditional policies was 7%; interest-sensitive and other policies accounted for 16% and 2% respectively.
- 13-month persistency was 89%. 25-month persistency improved to 81%.
- With NT\$4.57bn impairment loss from CBO/CDO investments and foreign exchange hedging cost of NT\$13.01bn, annualized investment return was 1.08%.
- 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.

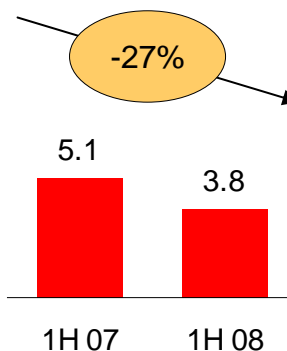
First Year Premium – 1H 2008

NT\$bn

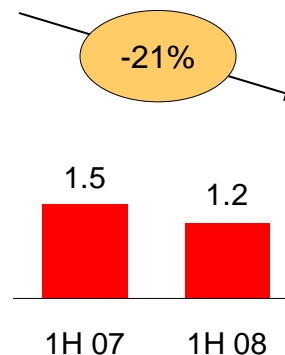
Market share 11.7%



Traditional



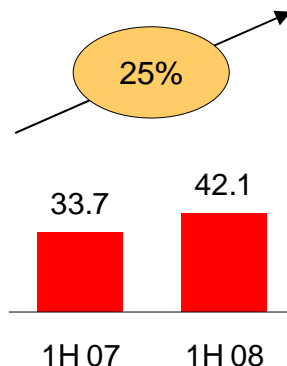
PA, Health and Group



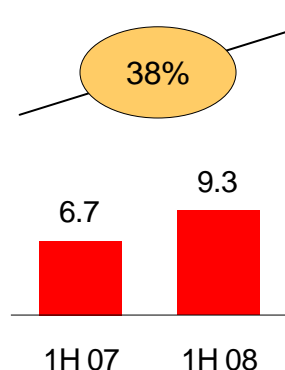
Comments

- FYP grew by 20%, lower than market average of 32%
- Investment-linked products contributed significant share (75%) of FYP
- Affected by global market situation, sales from VUL declined; structured-note type products were the sales focus in 1H
- Jin-Duo-Li endowment and long-term care products remained the focus of traditional products. FYP from traditional products declined due to concentrated sales in Q2 2007 (accounted for 48% of annual FYP)

Investment-linked

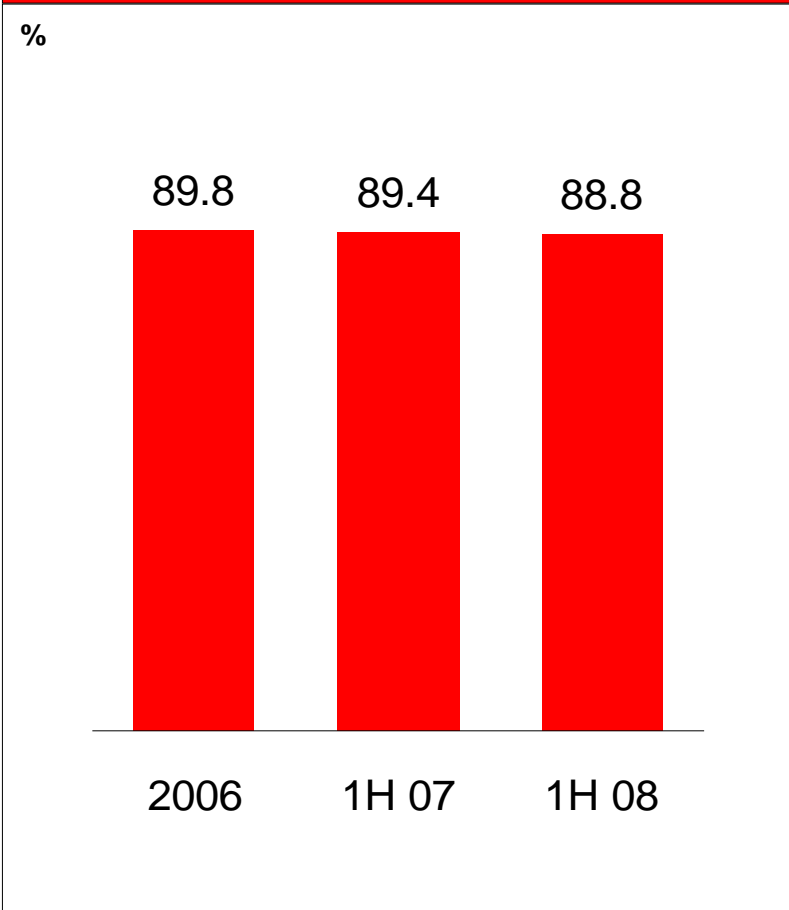


Interest-sensitive

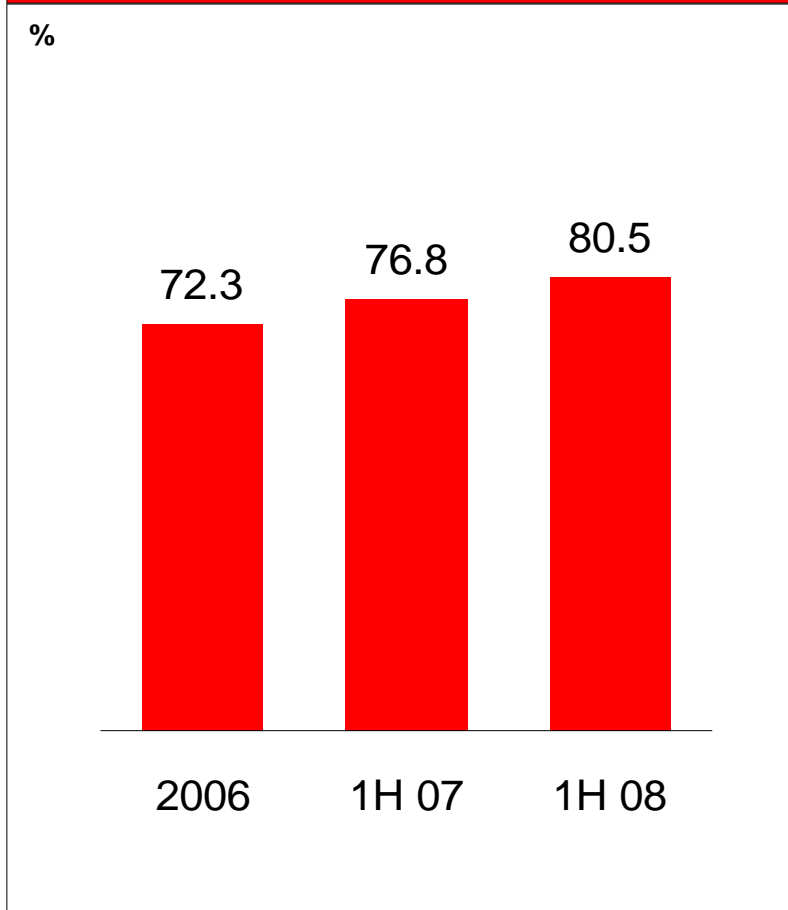


Persistency Ratio

13 month persistency

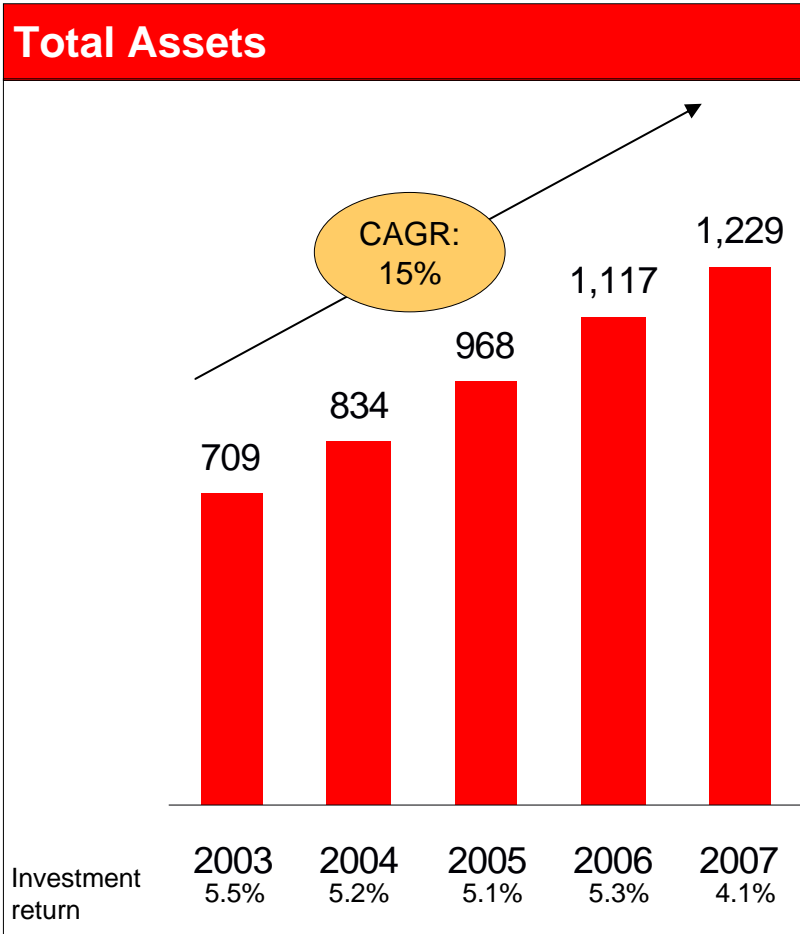


25 month persistency



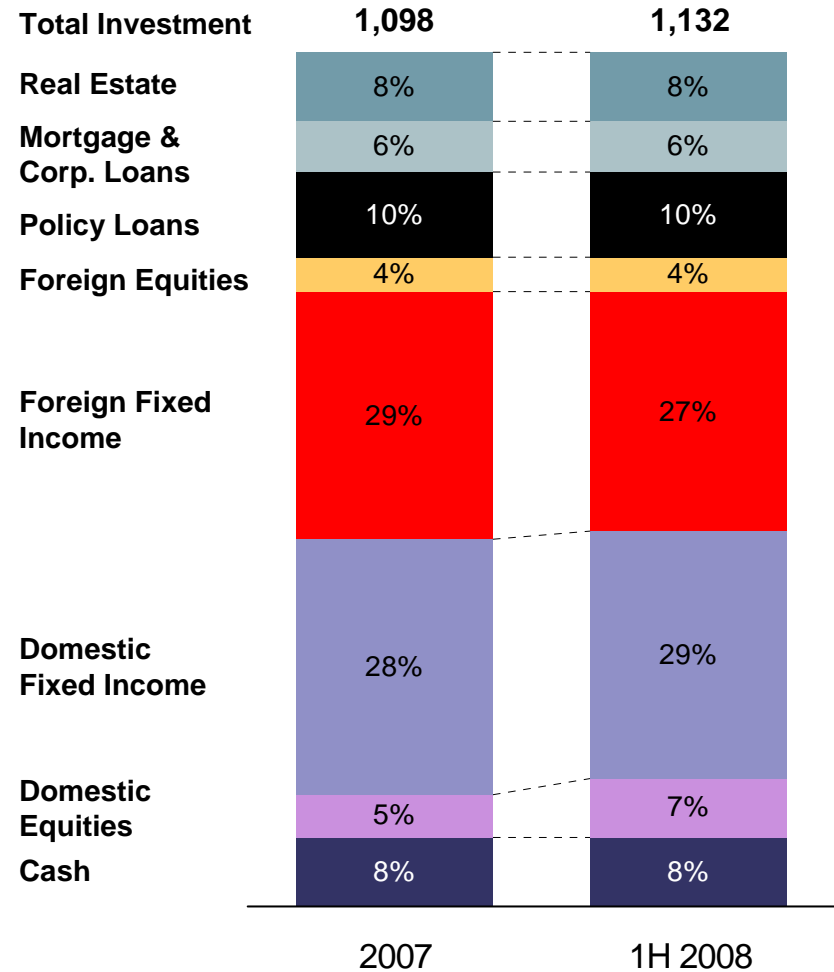
Investment Portfolio

NT\$bn

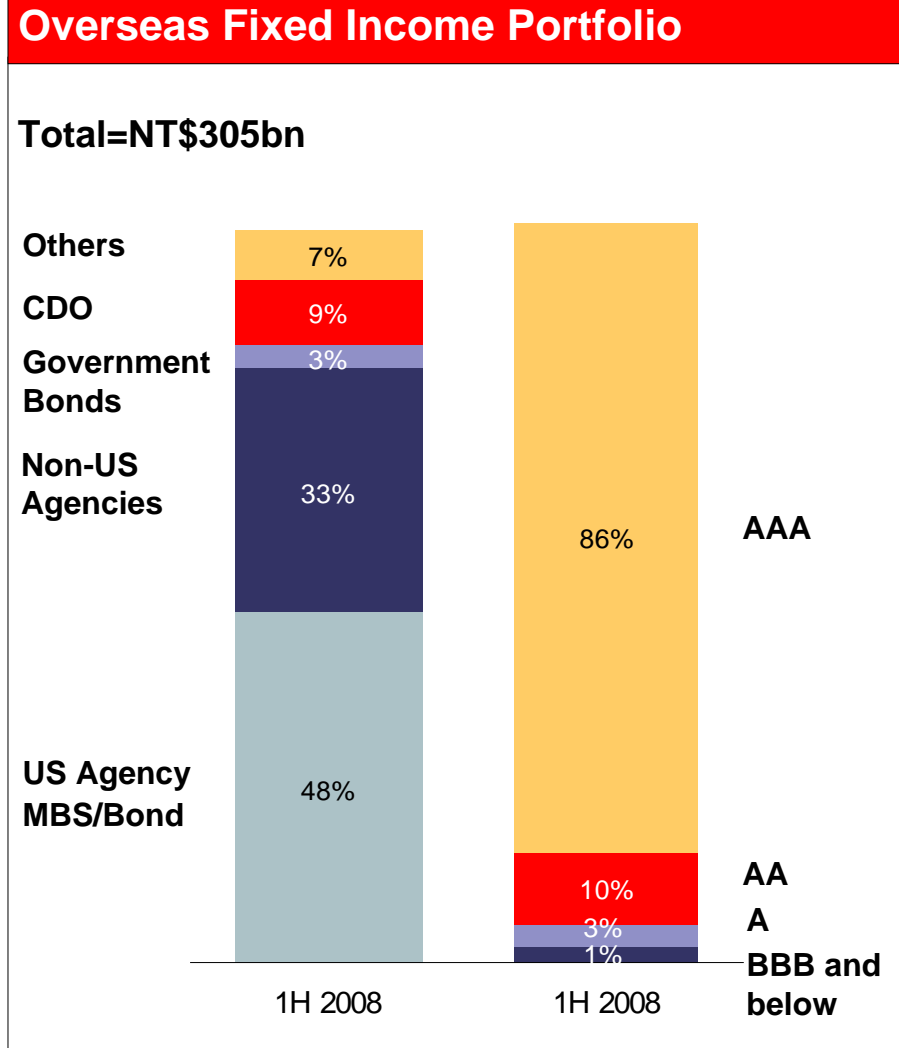


Note:

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



Overseas Fixed Income – Prudent Credit Risk



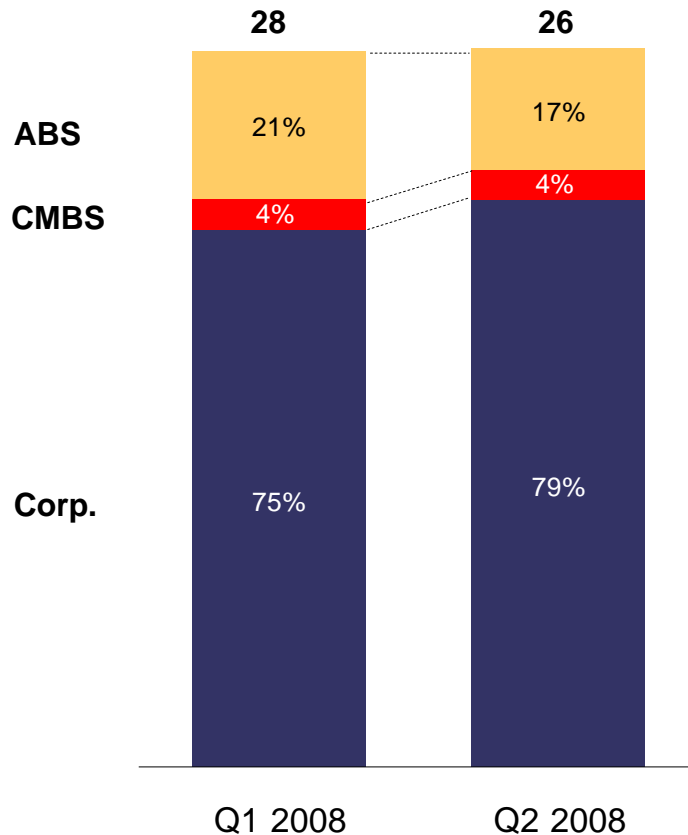
Comments

- Mainly focused on low risk investments such as government bonds, US Agency MBS/Bonds, and Non-US Agency Bonds
- AAA rated investments accounted for 86% of the portfolio. 99% of the portfolio is rated A and above. Overall credit risk exposure is very limited
- Investments rated BBB and below accounted for only 1% of the portfolio, which mainly comprised ABS CDOs
- “Others” includes corporate bonds, financial debentures, hedge funds, and money market funds

CDO Exposure

CDO Exposure

NT\$bn

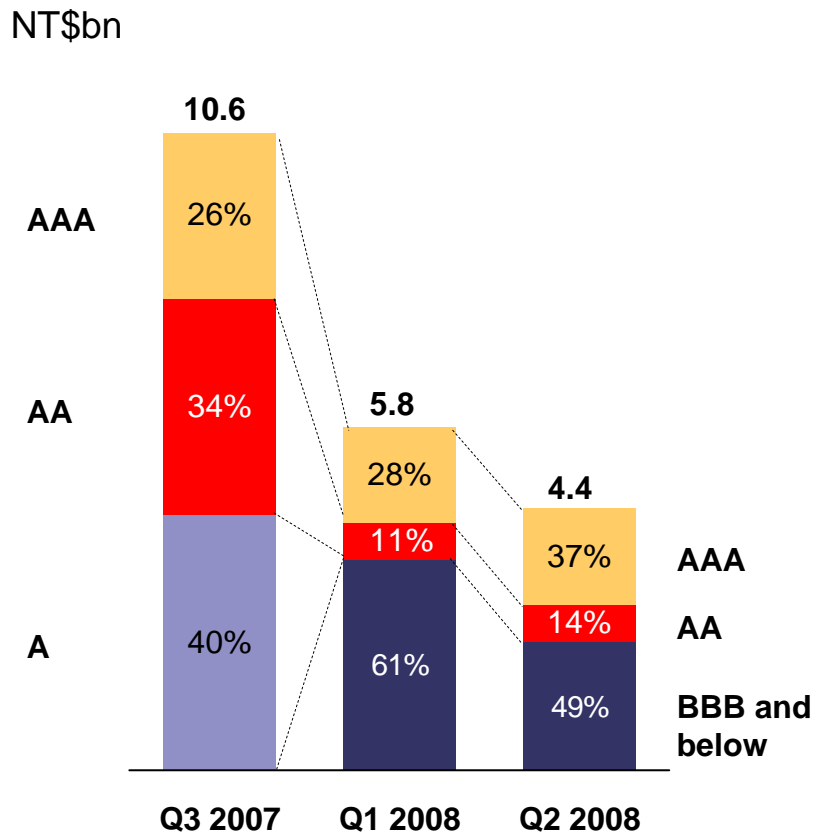


Comments

- 17% of CDOs were 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\$28bn to NT\$26bn due to impairment loss taken
- Ratings of Corporate CDOs remained largely stable. Only insignificant rating migration has been observed. Over 60% of Corporate CDOs are rated AA and above.

ABS CDO Rating Distribution

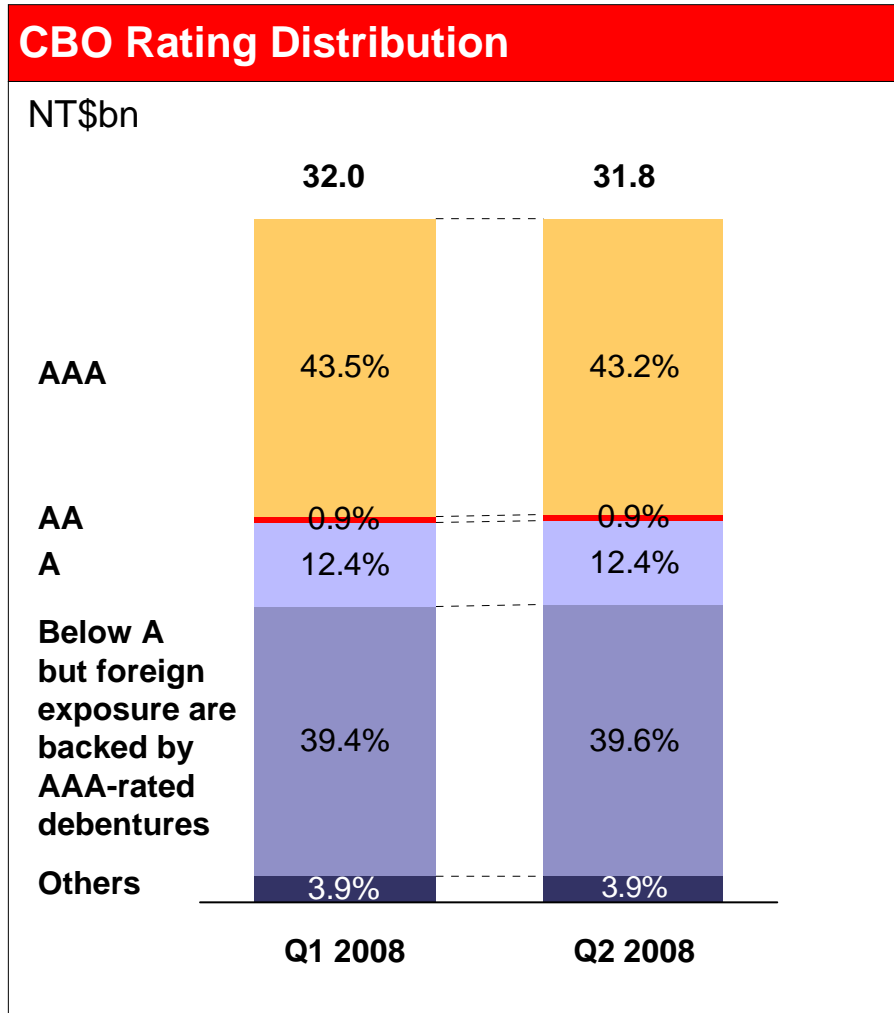
ABS CDO Rating Distribution



Comments

- 27% 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\$1.3bn was recognized in Q2 2008; cumulative impairment loss was NT\$5.1bn
- 94% of originally A rated ABS CDO has been impaired as of the end of Q2 2008
- ABS CDOs originally rated AA or below may suffer further downgrades in the future, yet ratings of AAA rated ABS CDOs are expected to remain stable

CBO Rating Distribution



Comments

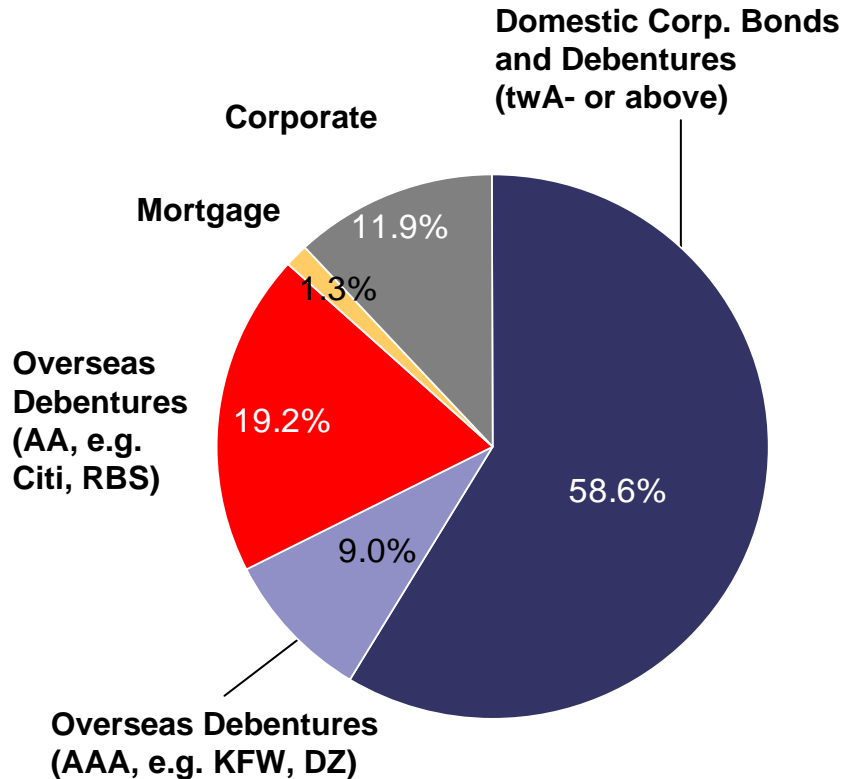
- 43.2% of CBOs are AAA rated
- Most foreign exposure of CBOs rated below A are backed by AAA rated assets, e.g., debentures issued by KFW and DZ
- 3.9% of CBOs classified as “others” is the riskiest

Note:

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

Asset Pool of CBO Investment

Breakdown of Asset Pool

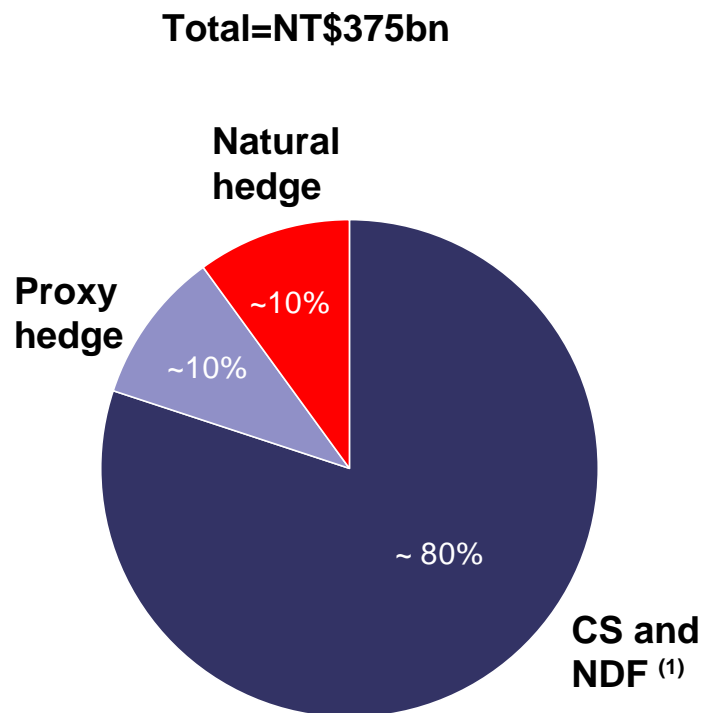


Comments

- 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

- ~80% 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 10% 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

- Manage/ control investment risk by prudent SAA and TAA ranges
- Cooperated with leading consulting company to enhance investment decision making process and investment risk management
- Appointed Grace Chu on 8/1 as Chief Risk Officer of SKFH/SKL

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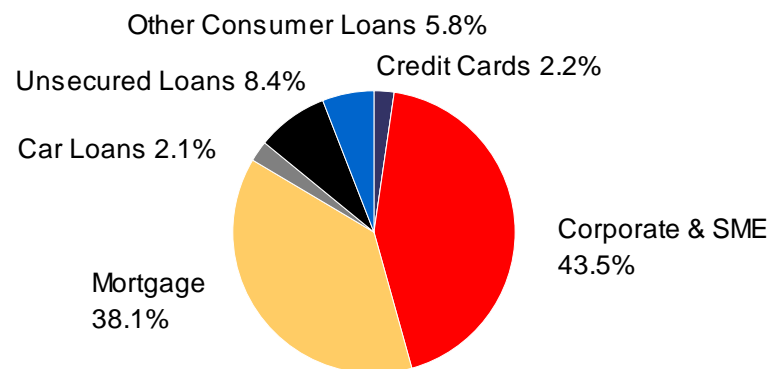
Shin Kong Bank

- 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 cards revolving balance but excludes overdue receivables

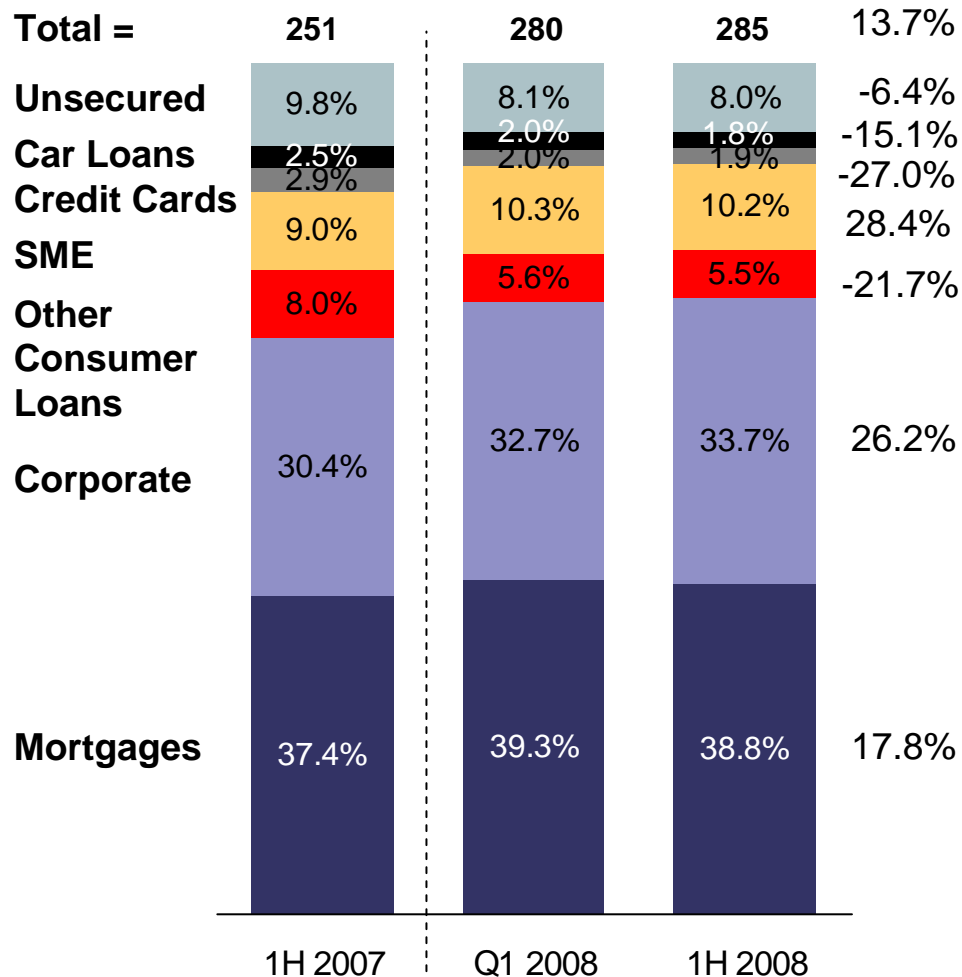
SKB – 1H 2008 Overview

- After-tax profit improved to NT\$682 million (up 238% from 1H 2007) due to increase in pre-provision profit to NT\$1.62bn (up 10% from 1H 2007) and decrease in provision expense to NT\$810mn (down by 40% from 1H 2007).
- Loan balance grew 1.7% quarter-on-quarter and 13.7% 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 and focus on low-risk corporate lending and mortgages, net interest margin (NIM) shrank from 1.73% in Q1 2008 to 1.67% in Q2 2008.
- Wealth management fee income grew by 26% quarter-on-quarter and accounted for 31% of total fee income. Achieved bancassurance cross-sales of NT\$4.9bn in 1H 2008, accounting for 50% of SKL bancassurance premium.
- Credit card quality continued to improve; quarterly charge off ratio decreased from 2.8% in Q1 2008 to 0.3% in Q2 2008. Credit card NPL and coverage ratios were at 2.5% and 138% respectively.
- Since implementation of the Consumer Debt Clearance Regulations, there were 2,624 cases in pre-court restructuring and 384 cases in rehabilitation and liquidation (as of July 18, 2008); numbers were less than previously anticipated. Monthly repayment rate of restructured loans has not significantly improved. Cumulative repayment rate was 58.78%.
- Asset quality was maintained with overall NPL and coverage at 1.84% and 63.14% respectively. NPL ratio for mortgages remained low at 0.93%.

Loan Mix

NT\$bn

YoY Growth

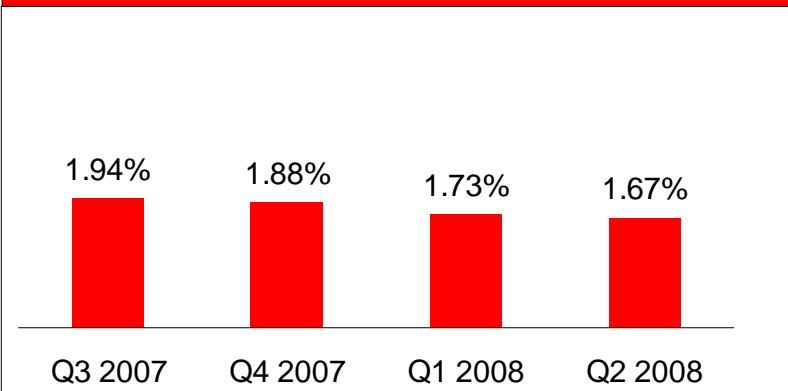


Comments

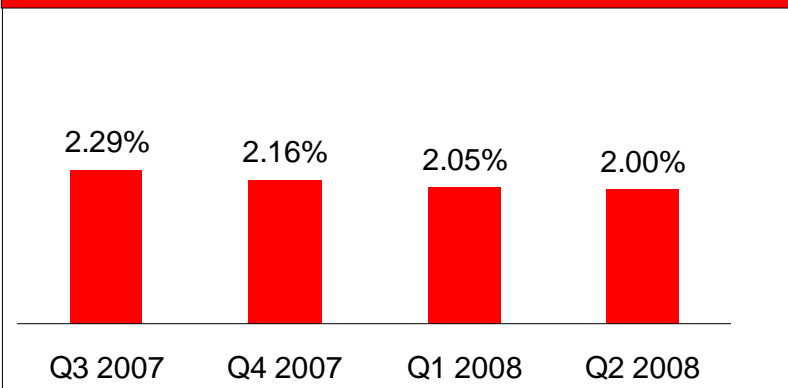
- Loan balance grew 1.7% quarter-on-quarter and 13.7% year-on-year. Most growth came from medium and large corporate lending and mortgage loans
- Mortgages continued to grow under stringent credit policies; LTV ratio controlled below 80% for urban planning areas and below 70% for other areas
- L/D ratio remained at 84% (incl. credit cards balance)

Interest Yield

Net Interest Margin



Net Interest Spread

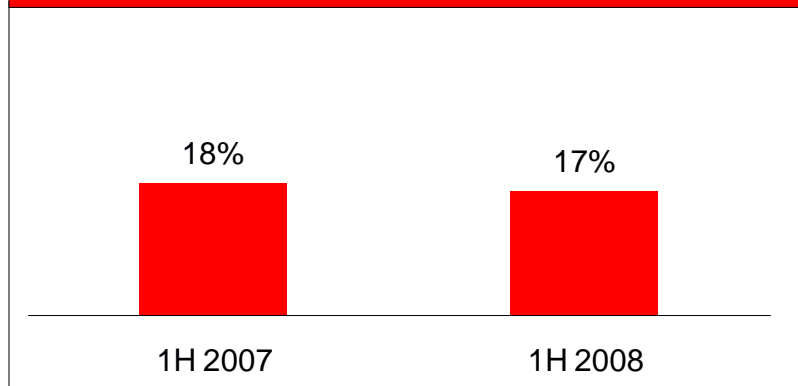


Comments

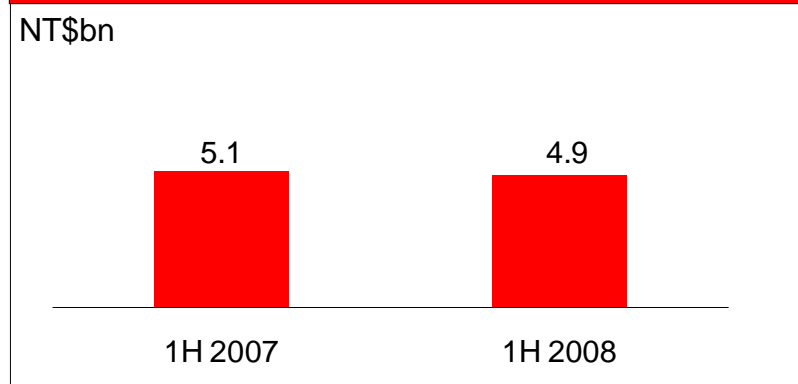
- NIM shrank from 1.73% in Q1 2008 to 1.67% in Q2 2008 due to Central Bank rate hikes and shift of loan mix towards low risk corporate and mortgage loans
- New mortgage rate continued to improve, up 47bps from 1H 2007
- Net interest spread remains under pressure but will stabilize as lending rates move up

Fee Income

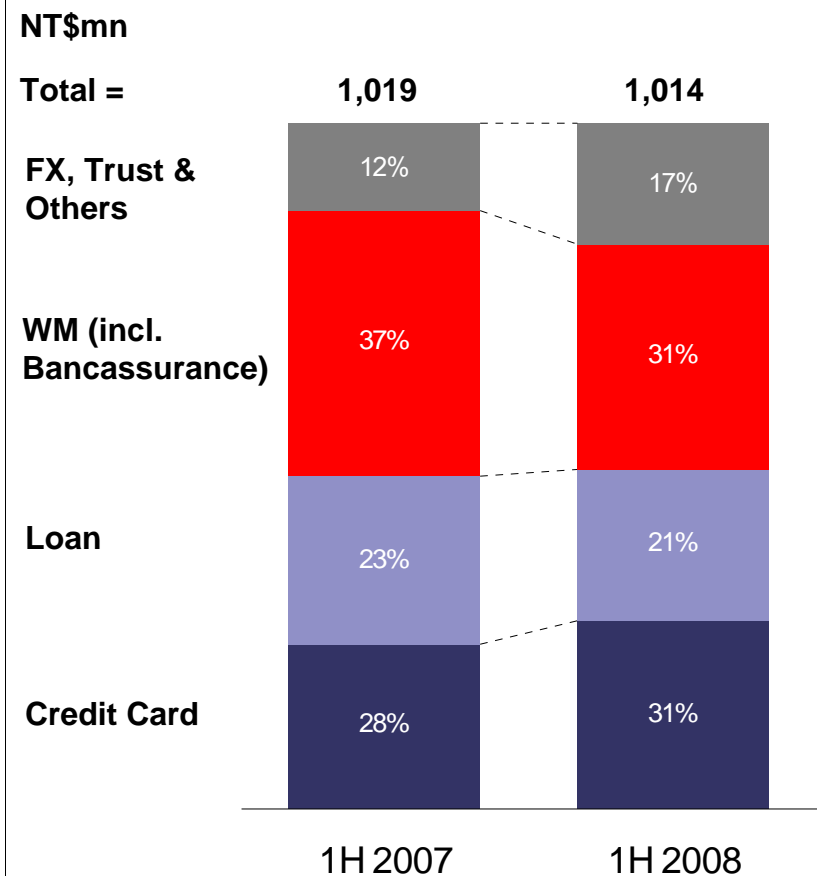
Net Fee Income / Total Income



Bancassurance (SKL) - FYP



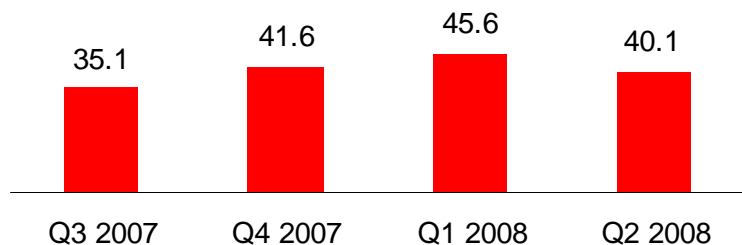
Fee Income Breakdown



Wealth Management

AUM

NT\$bn

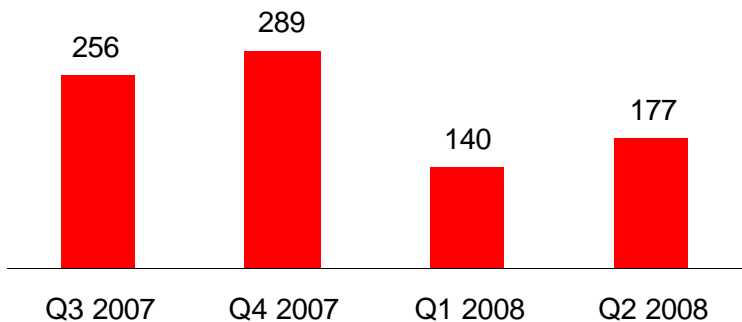


Wealth Management Center



WM Fee Income

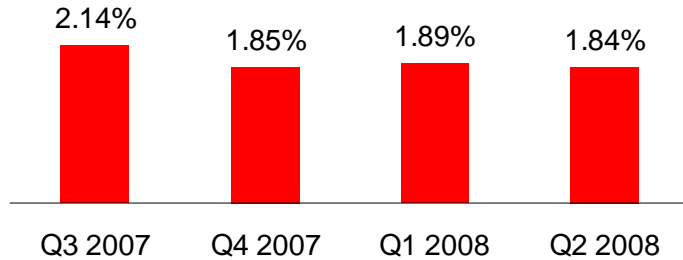
NT\$m



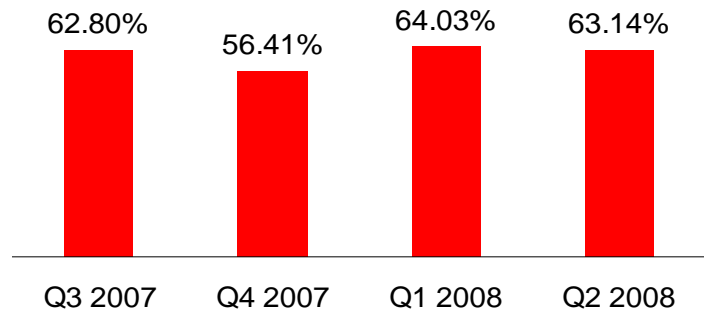
- AUM decreased by 12% quarter-on-quarter. Growth slowed due to pullback in global equities markets
- WM fee income grew by 26% quarter-on-quarter and accounted for 31% of total fee income
- Strengthening of AO training and products has led to a recovery in fee income in Q2 2008

Asset Quality

NPL Ratio



Coverage Ratio



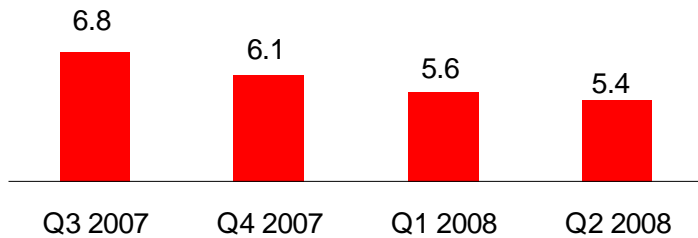
Comments

- Overall loan quality remained good; NPL was 1.84%
- NPL for mortgages remained stable at 0.93%
- Coverage slightly decreased to 63.14% but remained above the Company's medium term target (50%)
- Since implementation of the Consumer Debt Clearance Regulations, there were 2,624 cases in pre-court restructuring and 384 cases in rehabilitation and liquidation (as of July 18, 2008); numbers were less than previously anticipated. Monthly repayment rate of restructured loans has not significantly improved. Cumulative repayment rate was 58.78%

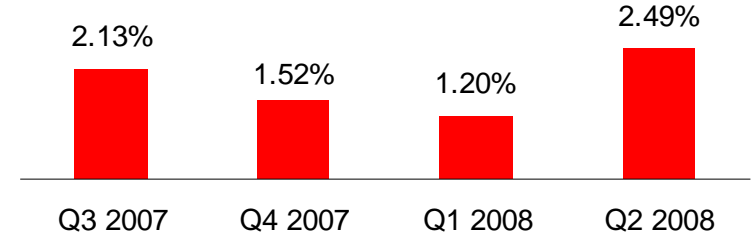
Credit Cards Metrics

Revolving Balance

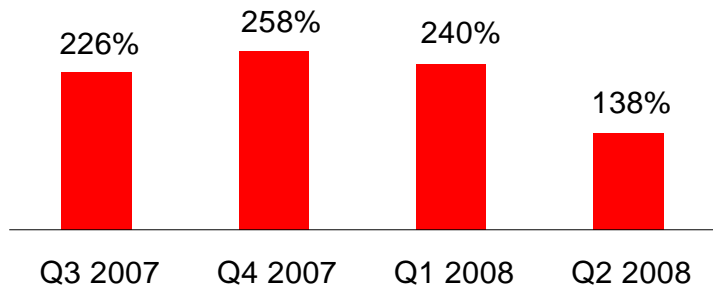
NT\$bn



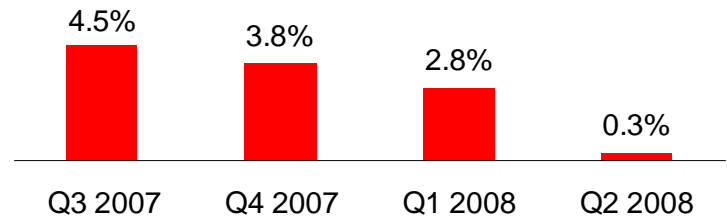
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

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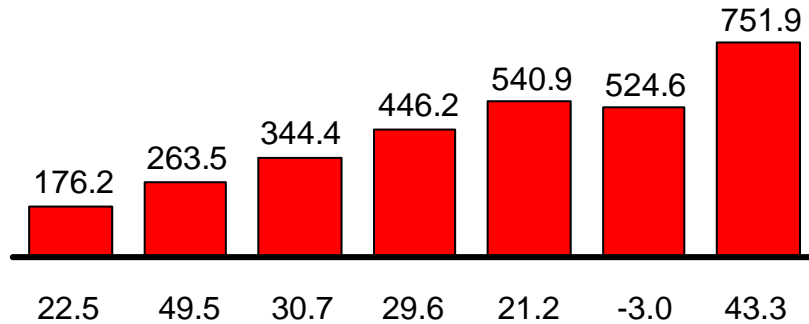
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Insurance opportunity:

High growth driven by new products and channels

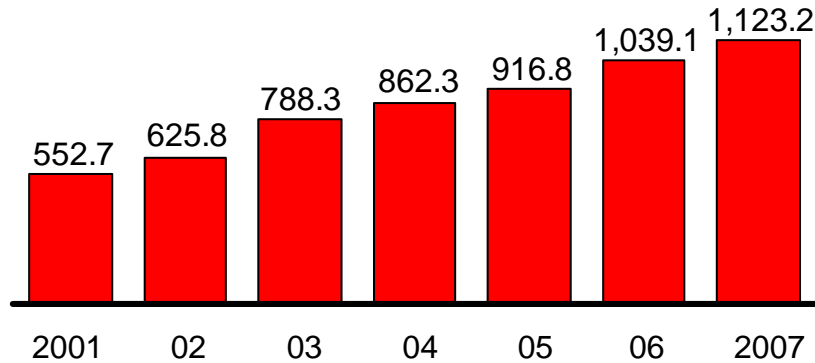
Life FYP
NT\$bn



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

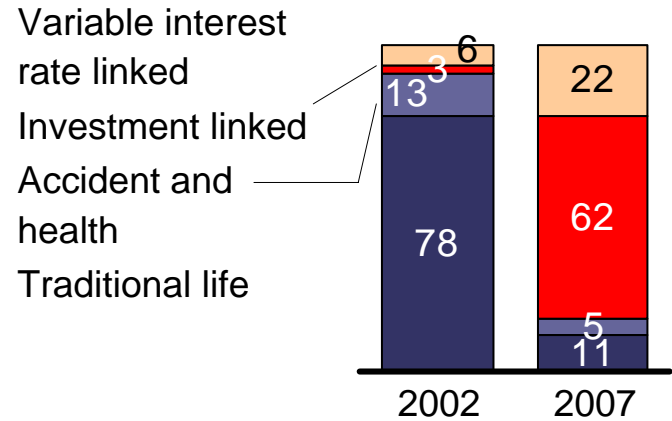
Life renewal premium
NT\$bn



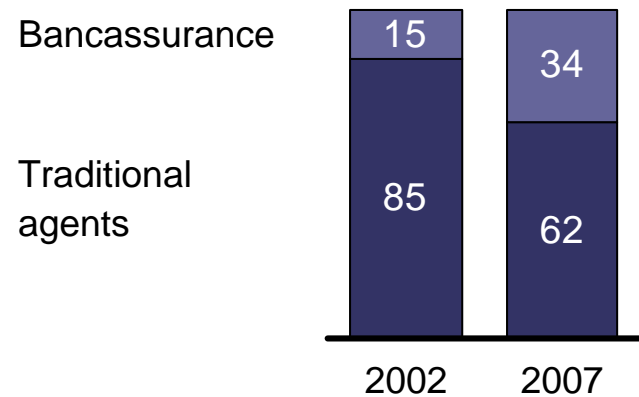
Growth
Percent

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

New business breakdown
Percentage

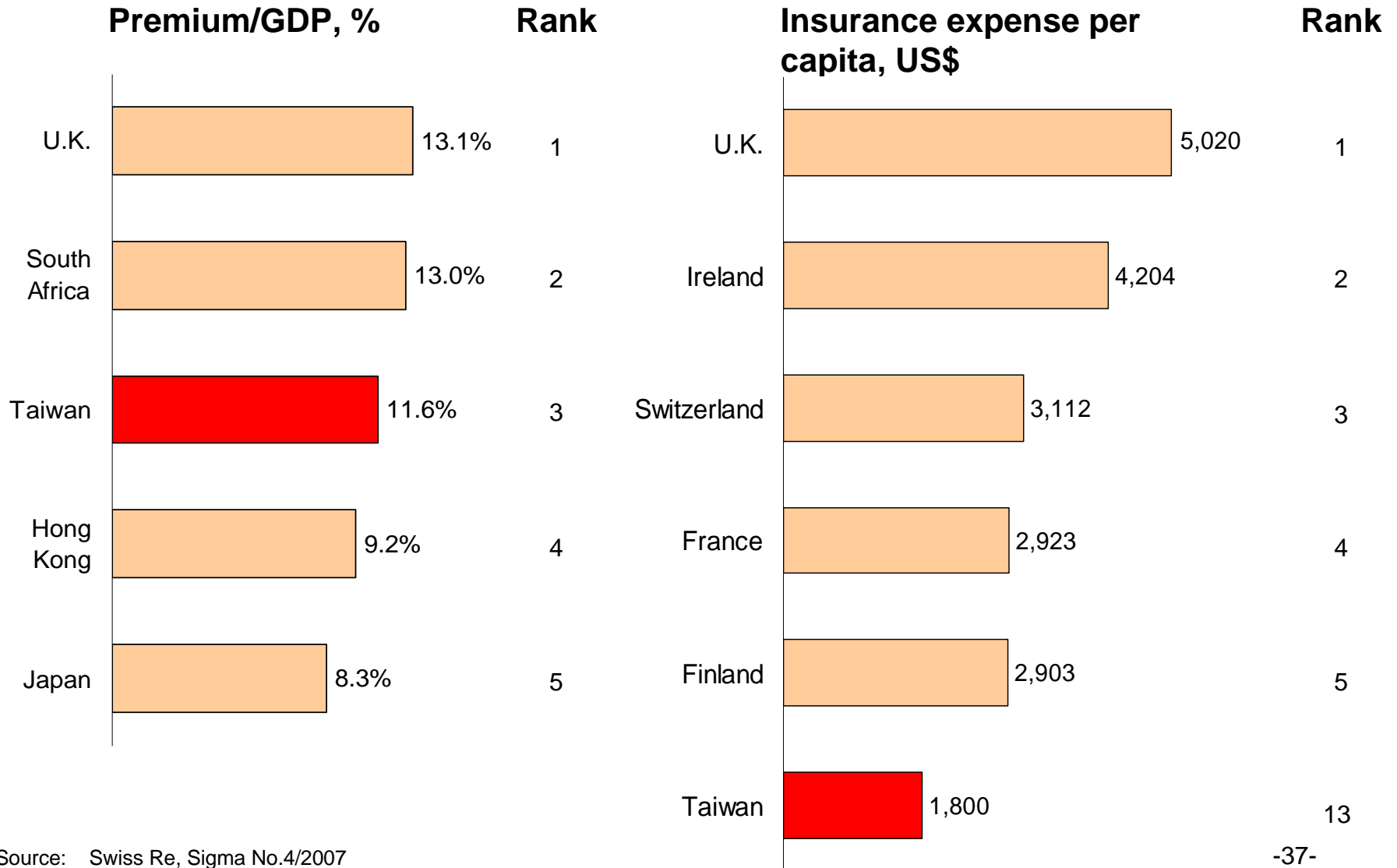


New business channel mix
Percentage



Insurance opportunity:

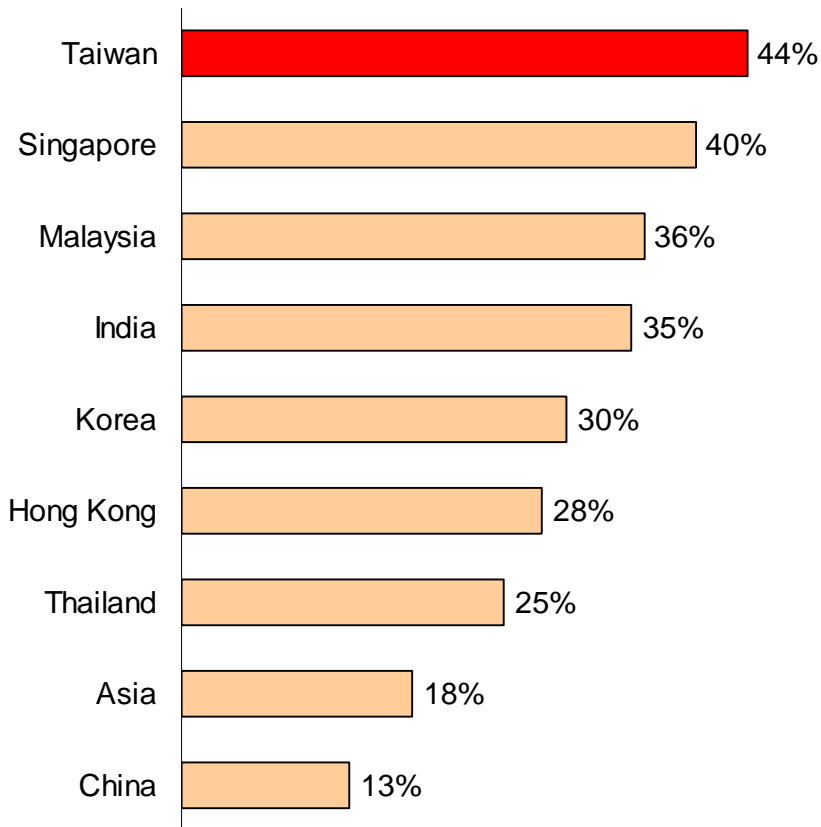
High penetration but low density



Wealth management opportunity:

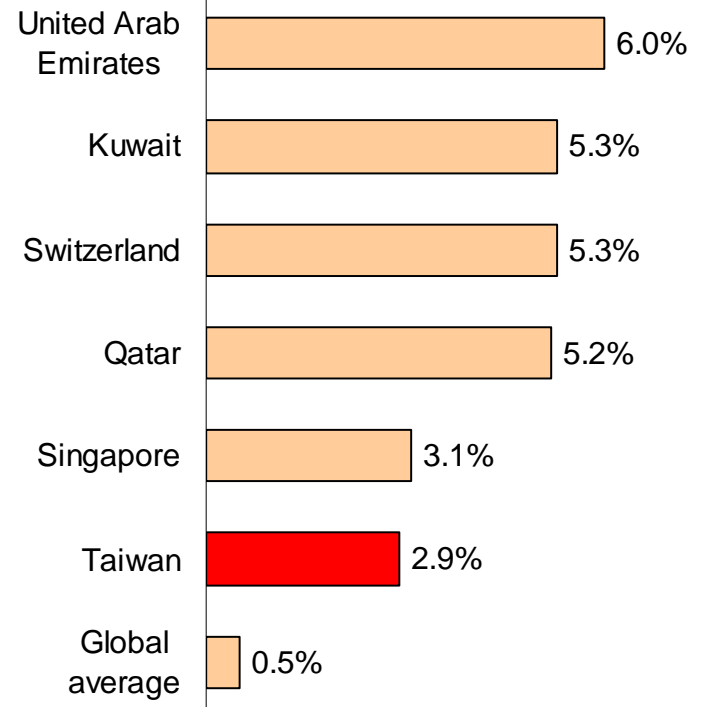
High savings rate and wealth concentration

Savings rate (1)



Concentration of wealth (2)

Millionaire households as a percentage of total households



Source:

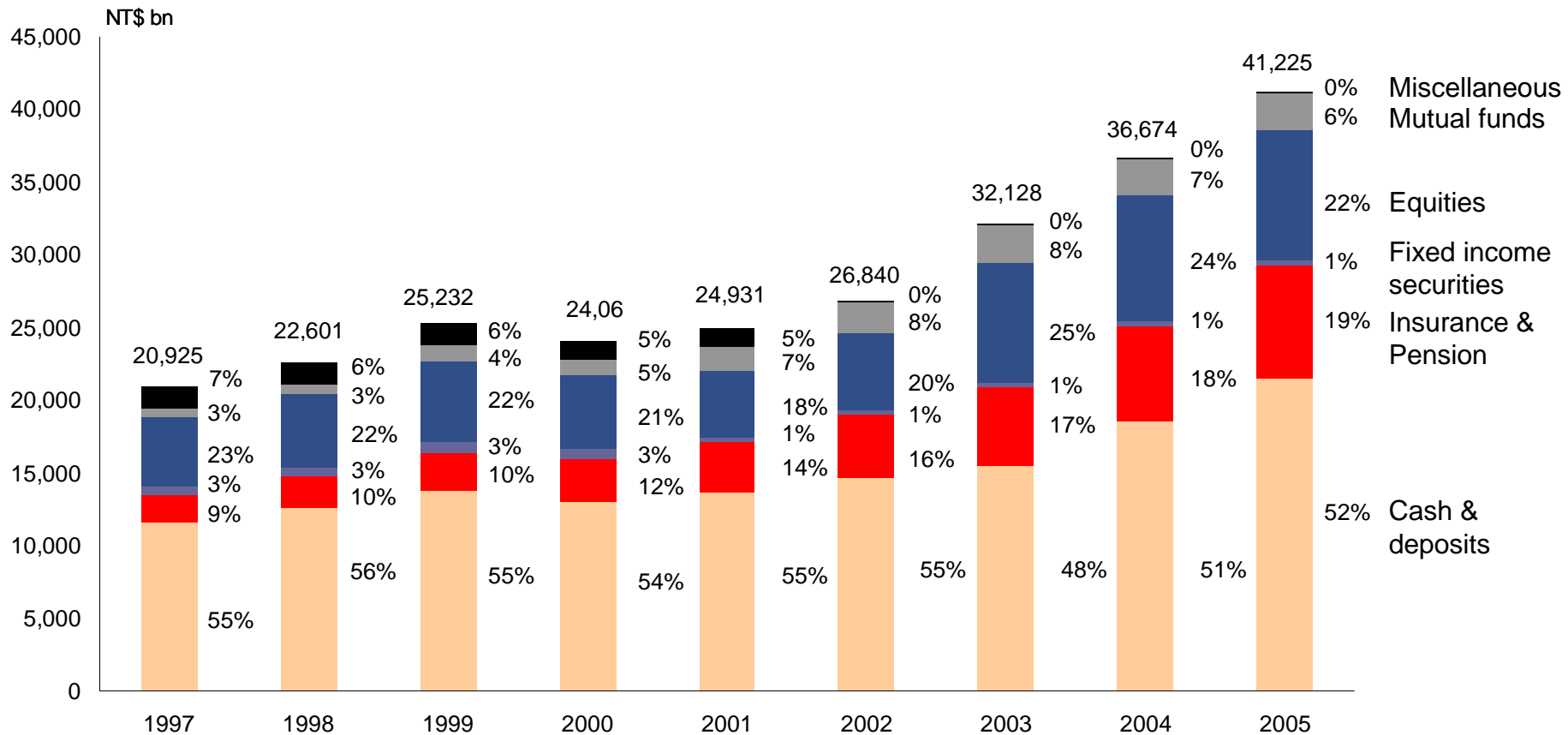
(1) BOMA, CBC, Asian Demographics, Central Banks and monetary authorities, Citigroup Investment Research

(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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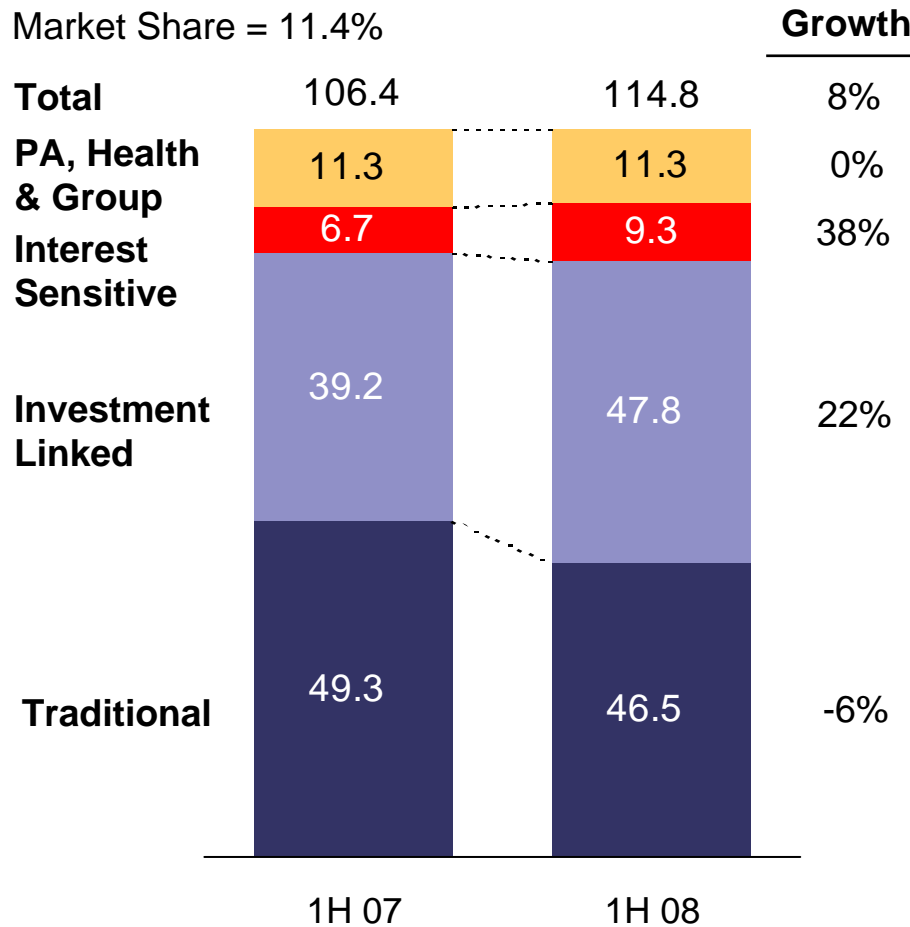
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Total Premium – 1H 2008

NT\$bn

Market Share = 11.4%

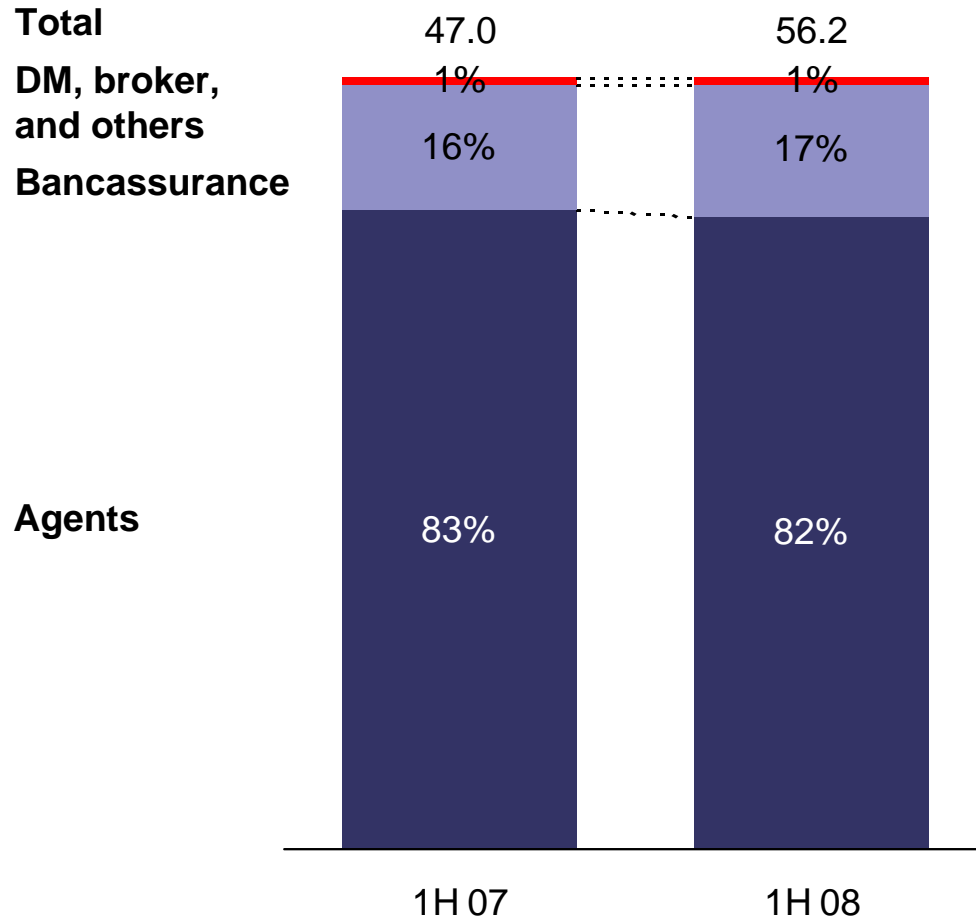


Comments

- Strong growth in total premium, mainly driven by increase in FYP
- Share of variable rate products increased to 50%, driven by robust sales in investment-linked policies
- Traditional and related policies (mostly recurring premium) accounted for 41% 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 50% of bancassurance premium

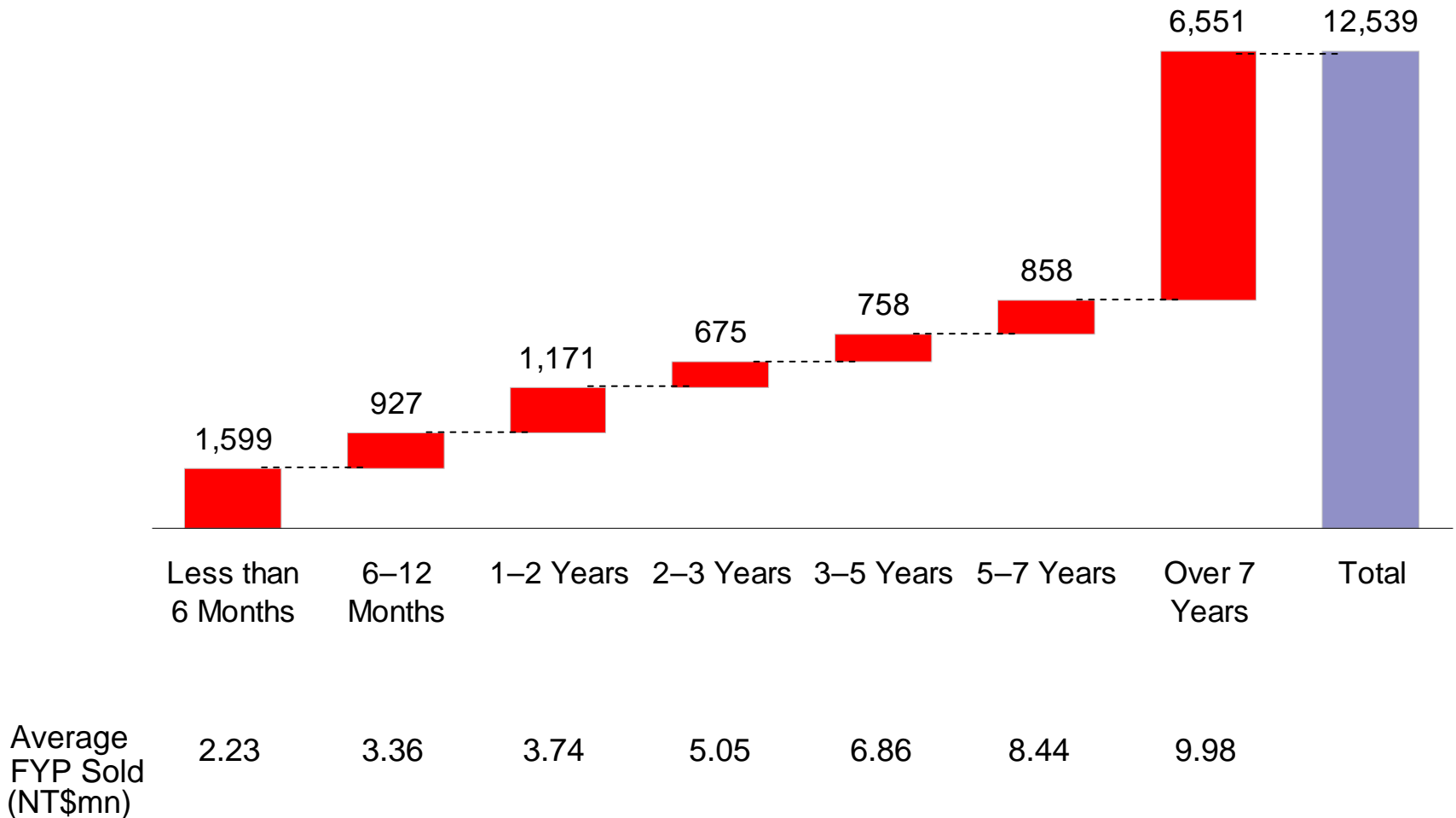
SP / RP Breakdown – 1H 2008

NT\$bn

1H 2008 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	0.07	3.69		3.76
Investment-linked				
VUL			3.57	3.57
Structured note	38.49			38.49
Interest Sensitive				
Annuity	8.72		0.04	8.76
Life			0.49	0.49
PA, health and others		1.18		1.18
Total	47.28	4.87	4.10	56.25

Agent Number and Productivity by Tenure

2007



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Summary of CDO/CBO Losses

Reflected in Income Statement

Impairment Loss Recognized (NT\$bn)	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Total
ABS CDOs	-	1.88	1.91	1.29	5.07
E. Sun Bank CBO 2007-2, Tranches C & D	1.03	-	1.37	-	2.40
Total	1.03	1.88	3.28	1.29	7.47

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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

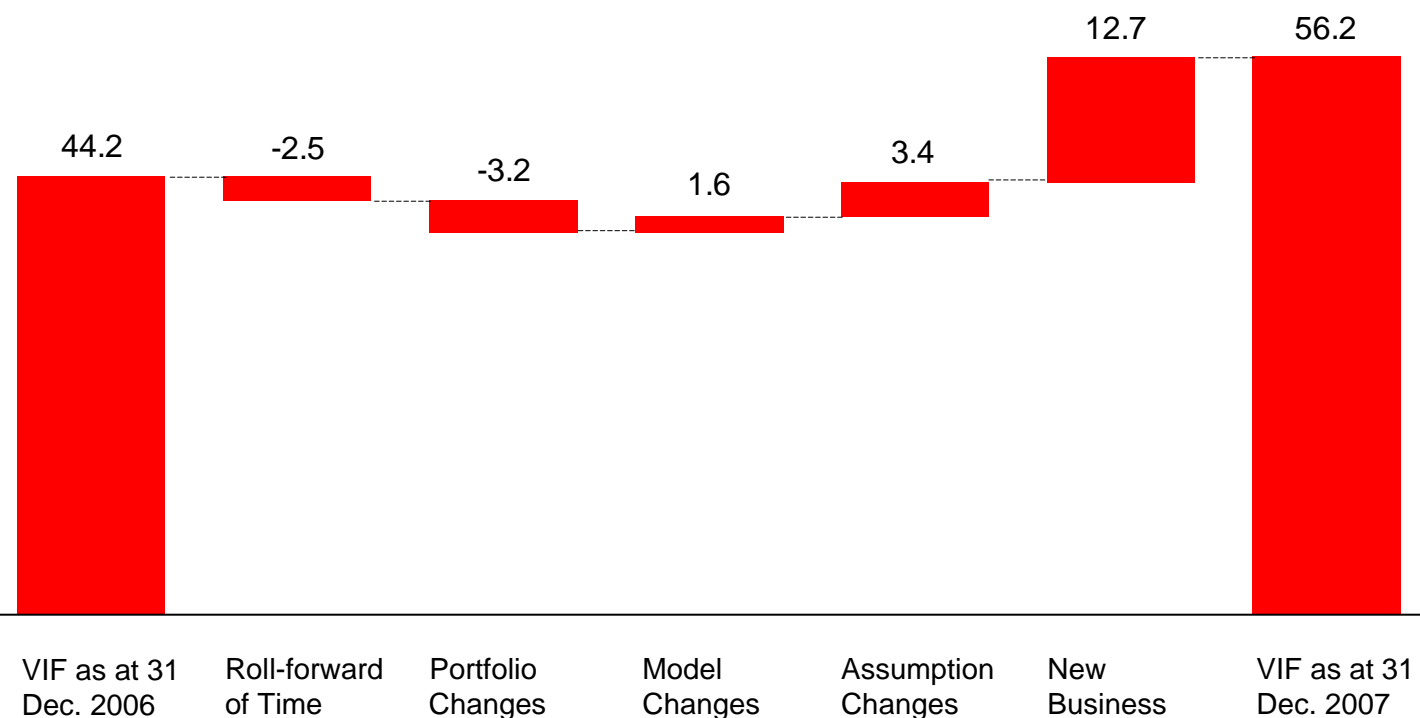
SKL - Estimate of Embedded/ Appraisal Value

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

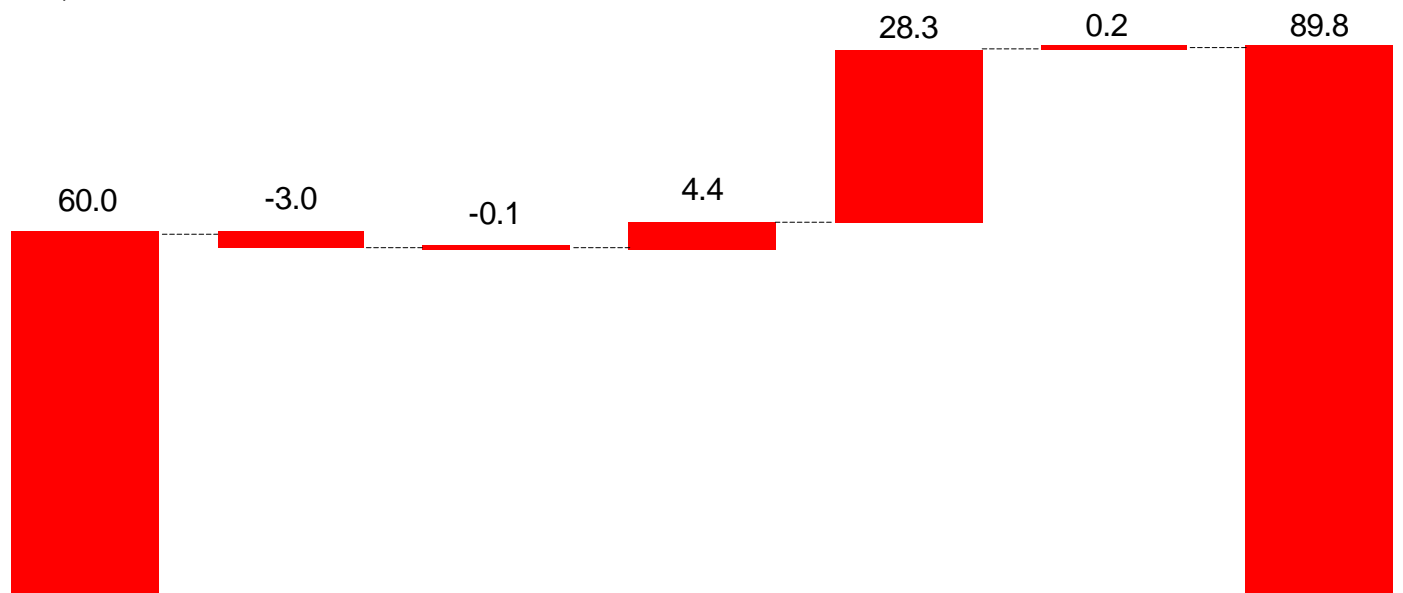
NT\$bn



SKL – Adjusted NAV

Adjustments to Statutory Net Worth at 31 Dec. 2007

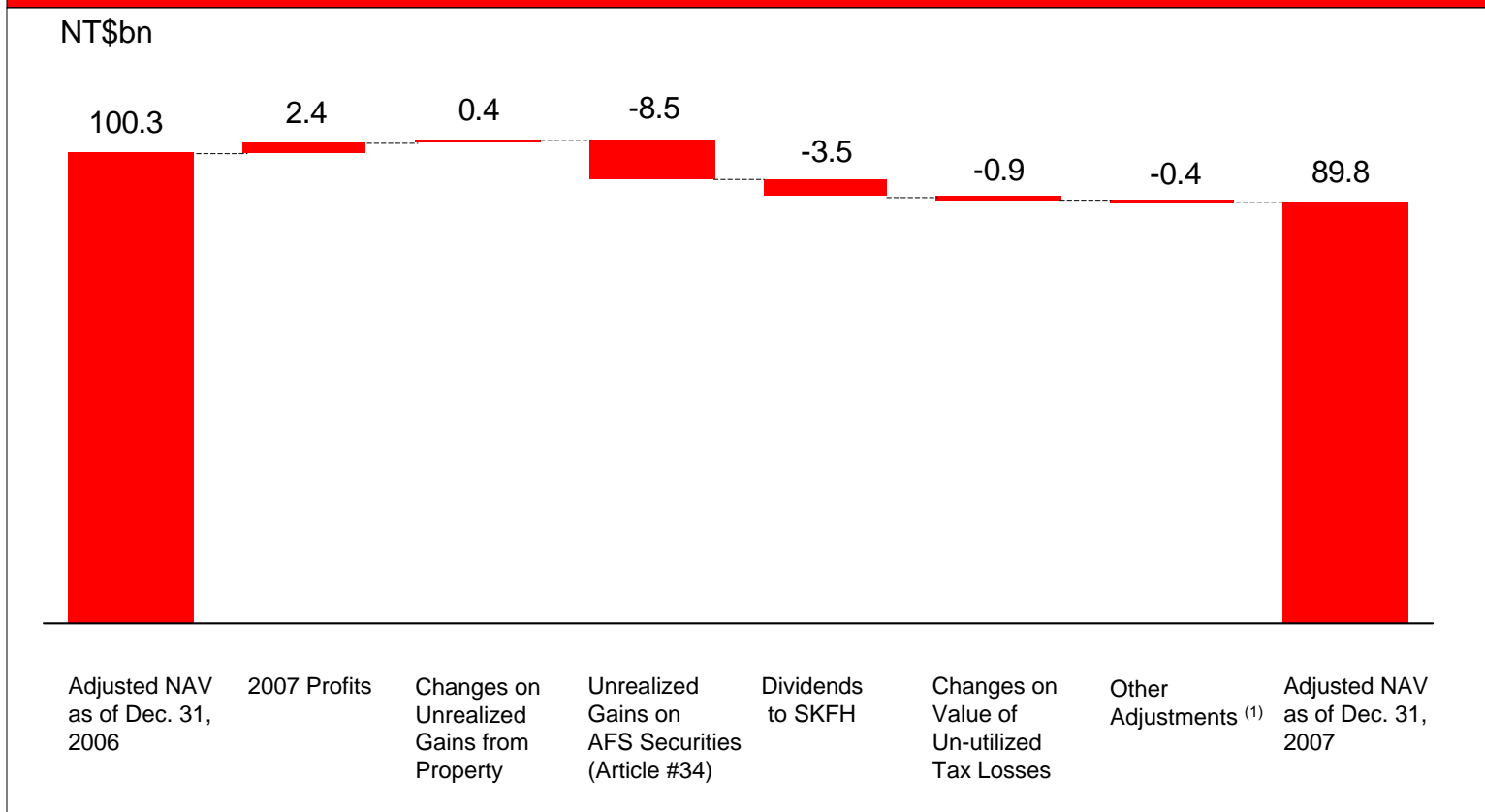
NT\$bn



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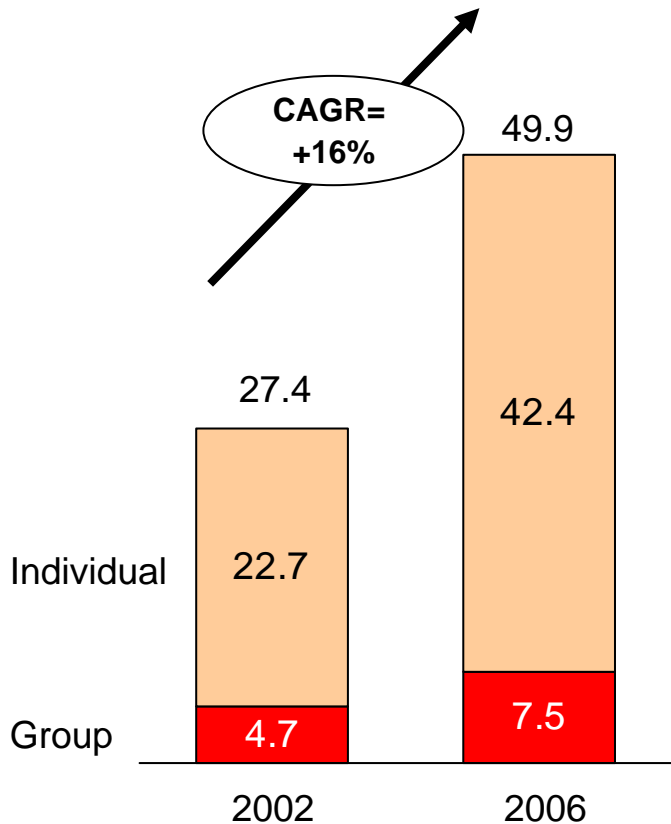
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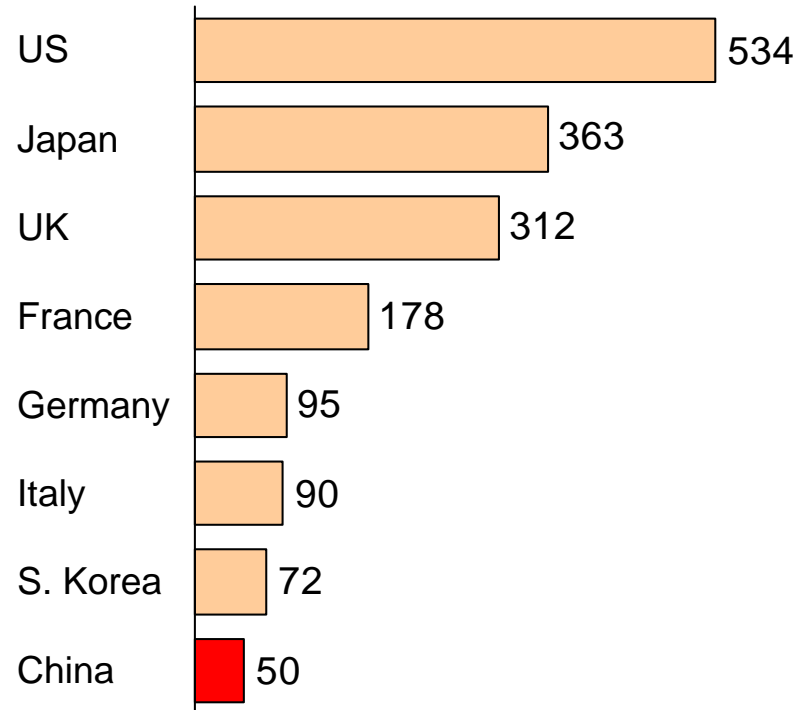
China insurance market is growing rapidly and ranked number 8 in the world

US\$bn

Total life premium



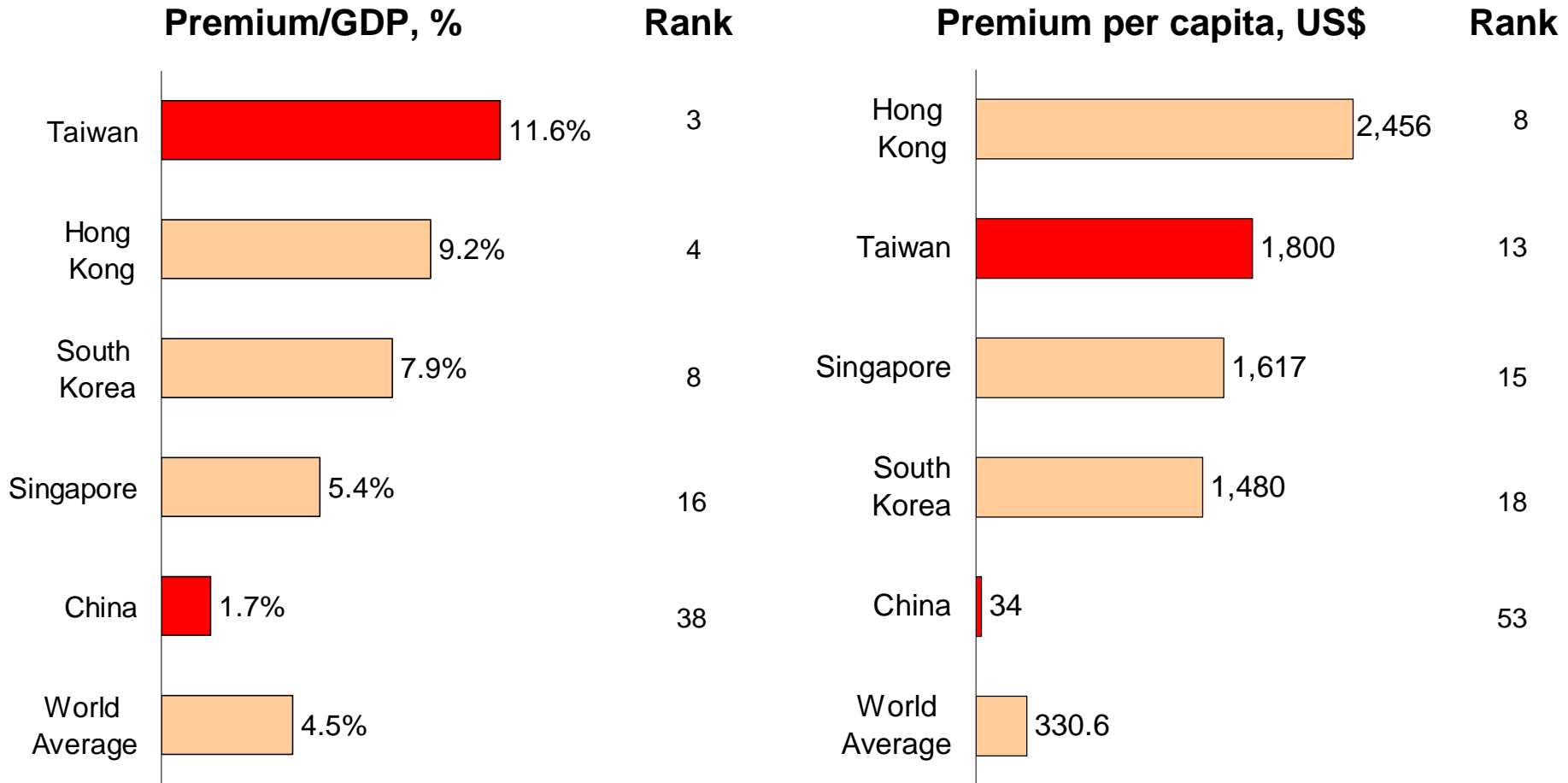
Total life premium 2006





SKFH

Low Penetration and Density



SKL Received approval for Preparatory Office

2007
Nov

2008
Oct

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

Private Placement - Transaction Summary

Company/issuer of shares	Shin Kong Financial Holding Co., Ltd.
Strategic Investor	Major financial institution
Transaction	The Company shall issue and the Investor shall subscribe and purchase common shares of the Company in the amount of NT\$8bn by way of a private placement
Purchase price	Market price
Lock-up Period	3 years in accordance with the laws and regulations of the R.O.C.
Required Approvals	Board of Directors Special General Shareholders Meeting (October 31, 2008) Other relevant authorities

Impact on Financial Ratios

%	Before (2008/06/30)	After	
		Issue sub-debt NT\$4.7bn and inject into SKL	Issue sub-debt NT\$4.7bn, capital raising NT\$8bn and inject into SKL
Life RBC	222	246	286
FHC CAR	94	101	114
Debt/Equity	26	32	29
DLR	117	124	122
Dilution(EPS)	-	-	7-8%

- 
- Improve FHC CAR and LIFE RBC significantly
 - Help lower overall debt/equity ratio
 - Limited dilution of 7-8%

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