

Confidential



Shin Kong Financial Holding

Q3 2008 Results Update

November 6, 2008

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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

- Life Premium Summary

SKFH – 9M 2008 Overview

- SKFH recorded after-tax loss of NT\$11.32bn in the first nine months driven by NT\$1.37bn impairment loss from CBO investment, NT\$3.94bn impairment loss from ABS CDO investment, and foreign exchange hedging cost of NT\$10.23bn. EPS was -NT\$2.06.
- Losses came mainly from SKL while performance of SKB has been stable
 - SKL: after-tax loss was NT\$10.95bn, with NT\$5.31bn impairment loss from CBO/ABS CDO investments and NT\$10.23bn from foreign exchange hedging cost
 - SKB: after-tax profit improved to NT\$0.21bn, driven by lower provision expense and higher pre-provision operating income
 - SKSC and SKIT: after-tax losses were NT\$0.26bn and NT\$25mn respectively
 - SKIB: achieved after-tax profit of NT\$39mn
 - Results of Masterlink Securities were consolidated since SKFH's investment in the company already exceeded 25%
- Q3 after-tax profit was NT\$1.03bn. Major items include: NT\$3.21bn gain from Xin-Yi CLC land disposal, recovery of FX loss, NT\$0.74bn ABS CDO impairment and NT\$1.61bn loss from Lehman Brothers bond investment.

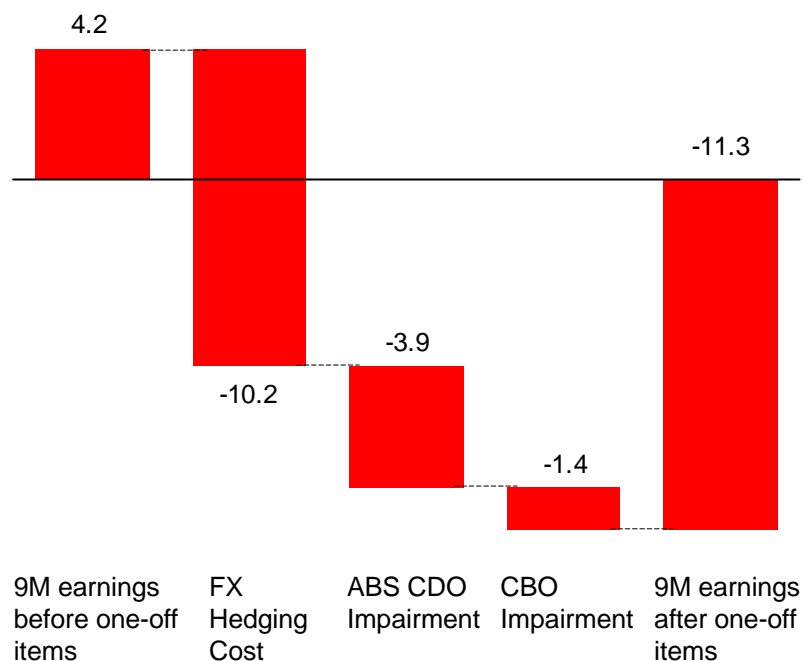
Financial Highlights – 9M 2008

	9M 2007	9M 2008	YoY Growth
NT\$m (except per share data), %			
Group net income	7,381	-11,320	-
First year premium (Insurance)	73,546	72,285	-2%
Loans (Bank)	261,595	285,412	9%
Total assets	1,613,597	1,756,089	9%
Total shareholders' equity	93,507	68,645	-27%
ROA (unannualized)	0.49%	-0.67%	-
ROE (unannualized)	8.11%	-14.01%	-
Earnings per share	1.50	-2.06	-

Net Income – 9M 2008

Group net income

NT\$bn



Net income contribution

NT\$bn

Subsidiaries	9M 2008	9M 2007
Shin Kong Life ⁽¹⁾	-11.04	7.03
Shin Kong Bank	0.20	-1.42
Shin Kong Securities	-0.26	0.46
Shin Kong Investment Trust	-0.03	0.07
Shin Kong Insurance Brokers	0.04	0.04
Others ⁽¹⁾	-0.23	1.20
Net income	-11.32	7.38

Note:

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

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- Life Premium Summary
- One-off losses Summary

SKL – 9M 2008 Overview

- SKL recorded after-tax loss of NT\$10.95bn in the first nine months driven by NT\$1.37bn impairment loss from CBO investment, NT\$3.94bn impairment loss from ABS CDO investment, and foreign exchange hedging cost of NT\$10.23bn. ROE was -24.8%.
- Affected by volatility in global markets, demand for investment-linked products slowed. FYP was NT\$72.29bn, 2% lower than the high basis achieved in the first nine months 2007. To maintain reasonable overall profit margin, growth rate was lower than market growth of 21%. Market share was 11%.
- Investment-linked policies contributed 65% (VUL: 5%) of FYP. Share of traditional policies was 8%; interest-sensitive and other policies accounted for 25% and 2% respectively.
- 13-month persistency was 89%. 25-month persistency was 77%.
- Investment return in 1H 2008 was low due to NT\$4.57bn impairment loss from CBO/ABS CDO investments and foreign exchange hedging cost of NT\$13.01bn. 9M annualized investment return improved to 2.26% as CBO/CDO losses abated and FX losses were recovered.
- Q3 after-tax profit was NT\$1.92bn. Major items include: NT\$3.21bn gain from Xin-Yi CLC land disposal, recovery of FX loss, NT\$0.74bn ABS CDO impairment and NT\$1.09bn loss from Lehman Brothers bond investment.

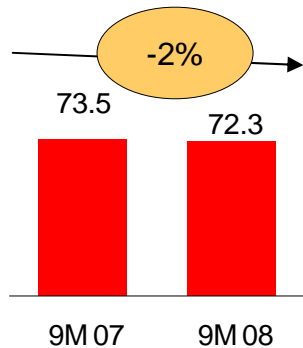
Financial Highlights – 9M 2008

	9M 2007	9M 2008	YoY Growth
NT\$mn, %			
First year premium	73,546	72,285	-2%
Total premium	160,162	156,677	-2%
Investment income	37,568	19,318	-49%
Net income	7,144	-10,949	-
Total assets	1,211,630	1,286,523	6%
Total shareholders' equity	69,019	35,237	-49%
ROE	10.60%	-24.77%	-
ROA	0.61%	-0.87%	-

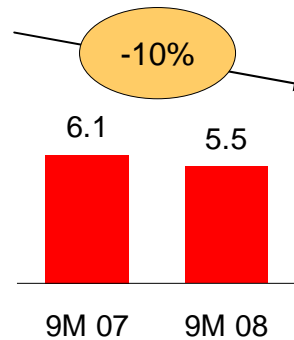
First Year Premium – 9M 2008

NT\$bn

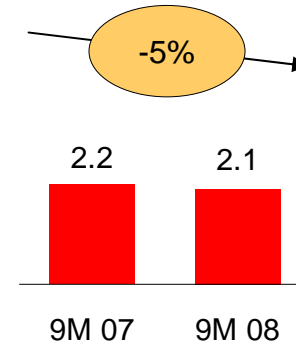
Market share 10.7%



Traditional



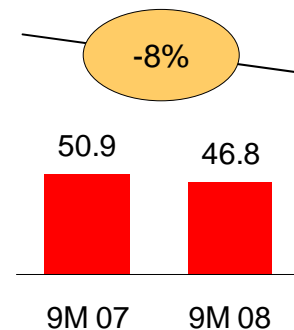
PA, Health and Group



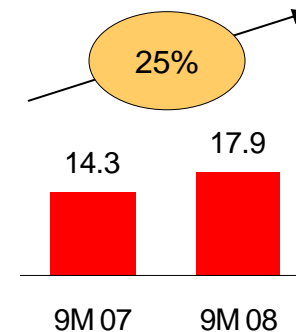
Comments

- To maintain reasonable overall profit margin, FYP was controlled at level comparable to last year
- Investment-linked products contributed significant share (65%) of FYP
- Affected by global market situation, sales from investment-linked products slowed.
- High value-adding health and long-term care products remained the focus of product sales. Share of FYP from traditional products was 8%, higher than 7% in 1H 2008

Investment-linked

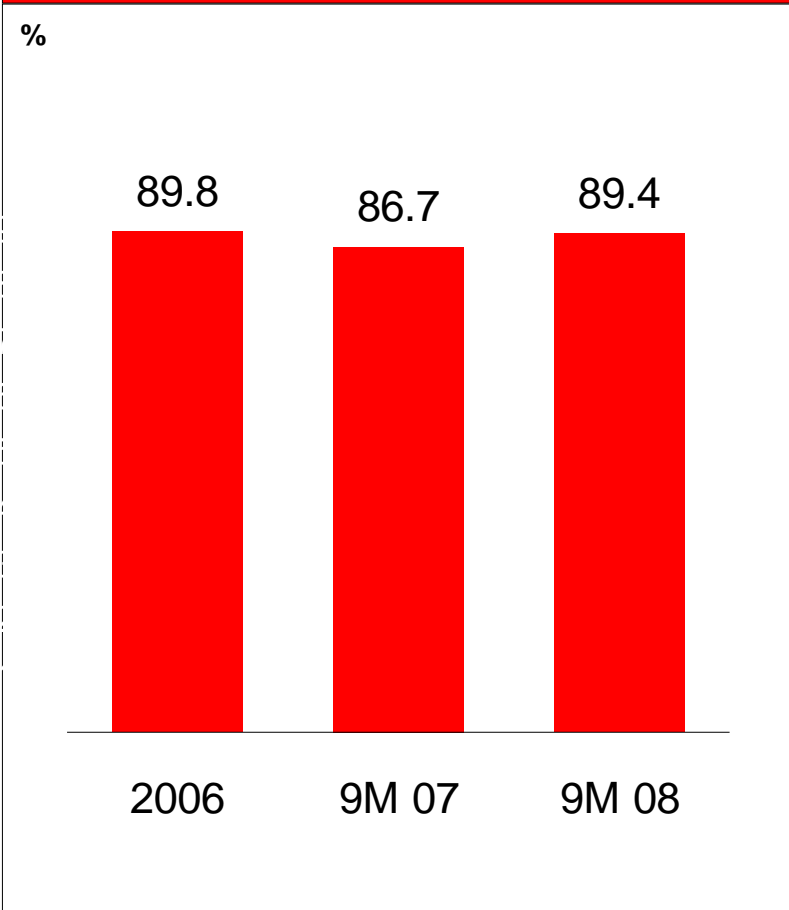


Interest-sensitive

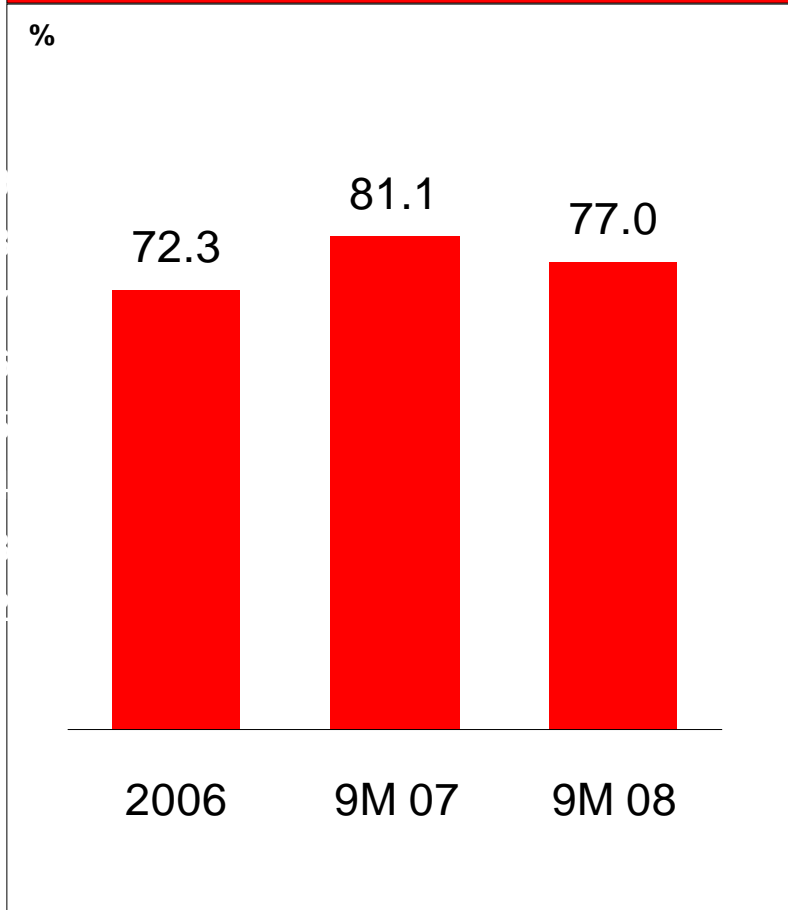


Persistency Ratio

13 month persistency

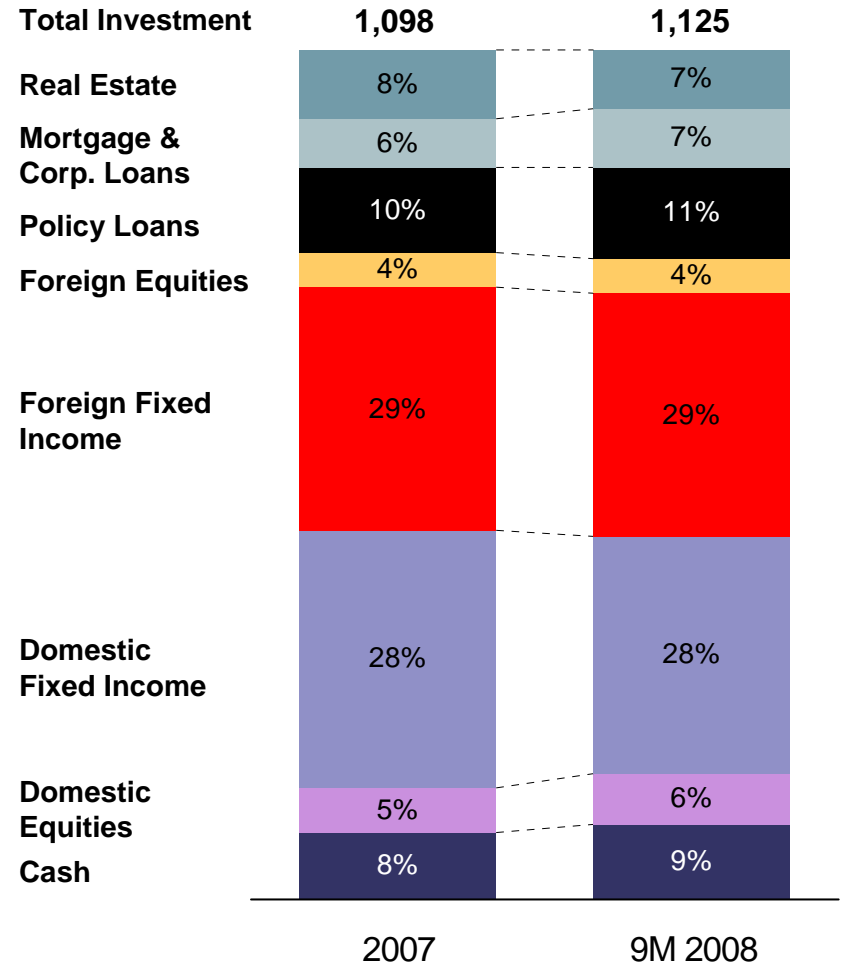
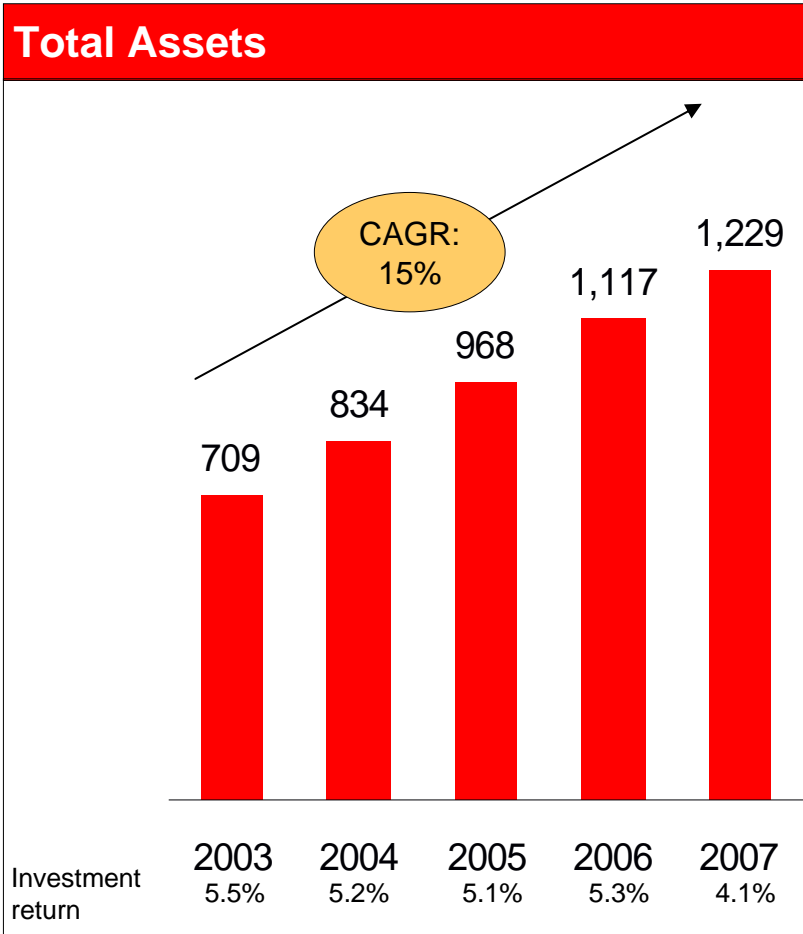


25 month persistency



Investment Portfolio

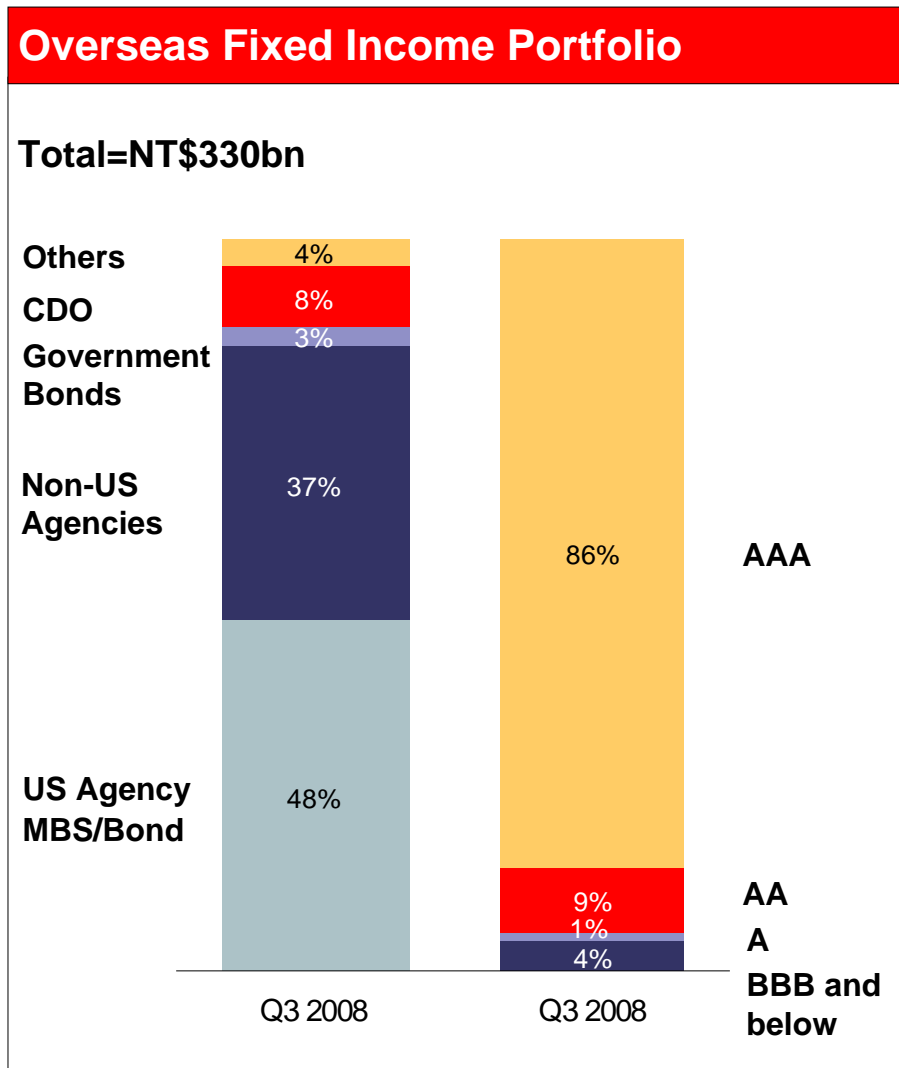
NT\$bn



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



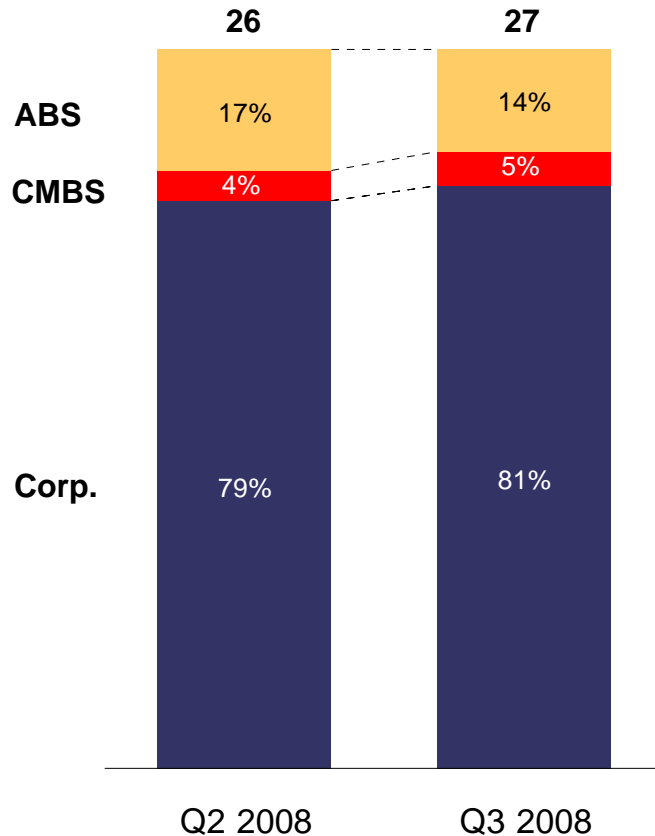
Comments

- Portfolio mainly comprises of 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. 96% of the portfolio is rated A and above. Overall credit risk exposure is very limited
- “Others” includes corporate bonds, financial debentures, hedge funds, and money market funds

CDO Exposure

CDO Exposure

NT\$bn

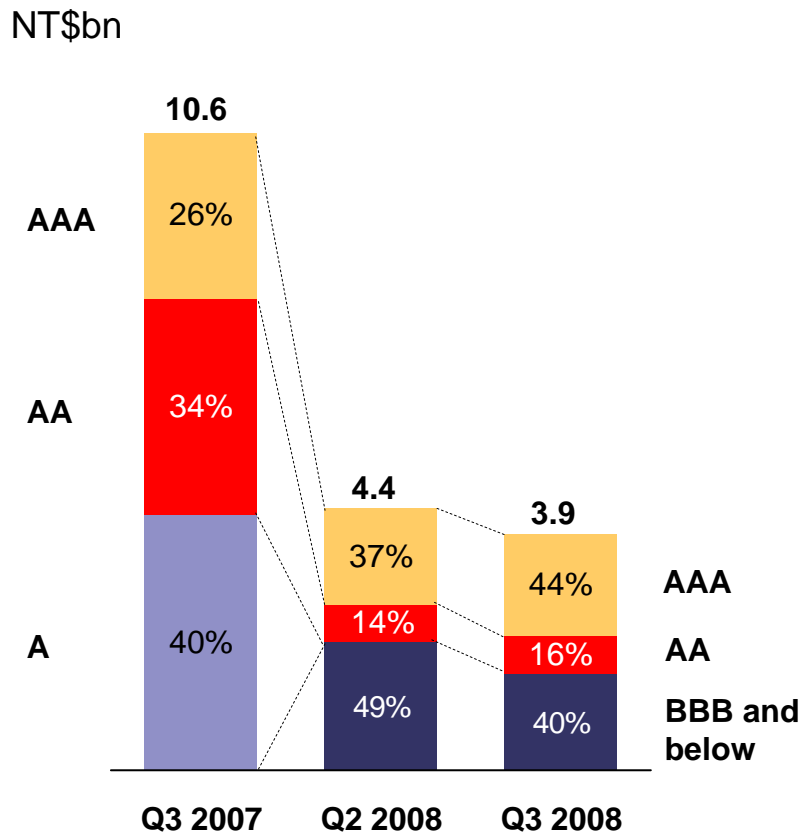


Comments

- 14% 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 were NT\$27bn. Exposure increased due to USD appreciation
- As of the end of Q3, over 60% of Corporate CDOs were rated AA and above. Due to deterioration in credit quality among financial companies since Q3, rating migration is possible. Overall credit risk, however, is expected to be manageable

ABS CDO Rating Distribution

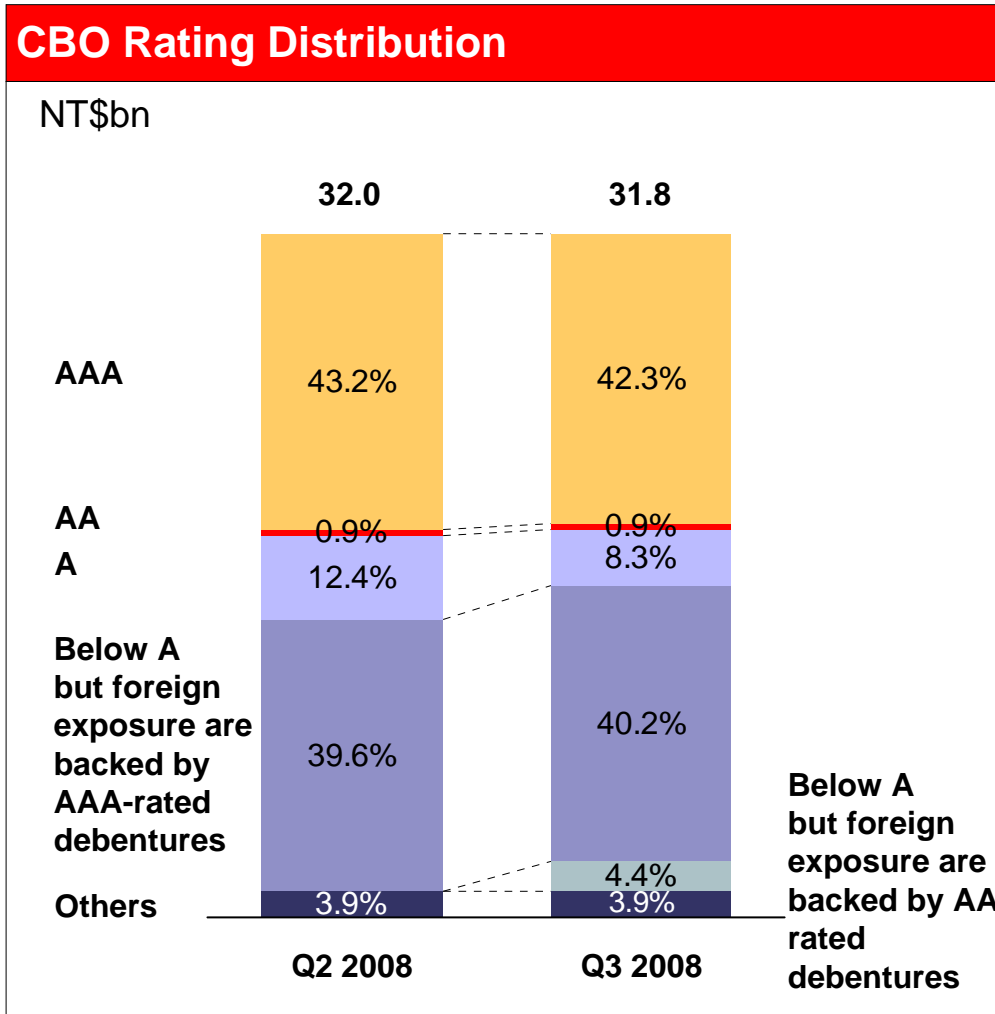
ABS CDO Rating Distribution



Comments

- 26% of ABS CDO assets are referenced to U.S. sub-prime mortgages
- Impairment test conducted against significantly downgraded or non-investment grade ABS CDOs. Impairment loss of NT\$0.7bn was recognized in Q3 2008; cumulative impairment loss was NT\$5.8bn
- 97% of originally A rated ABS CDO has been impaired as of the end of Q3 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

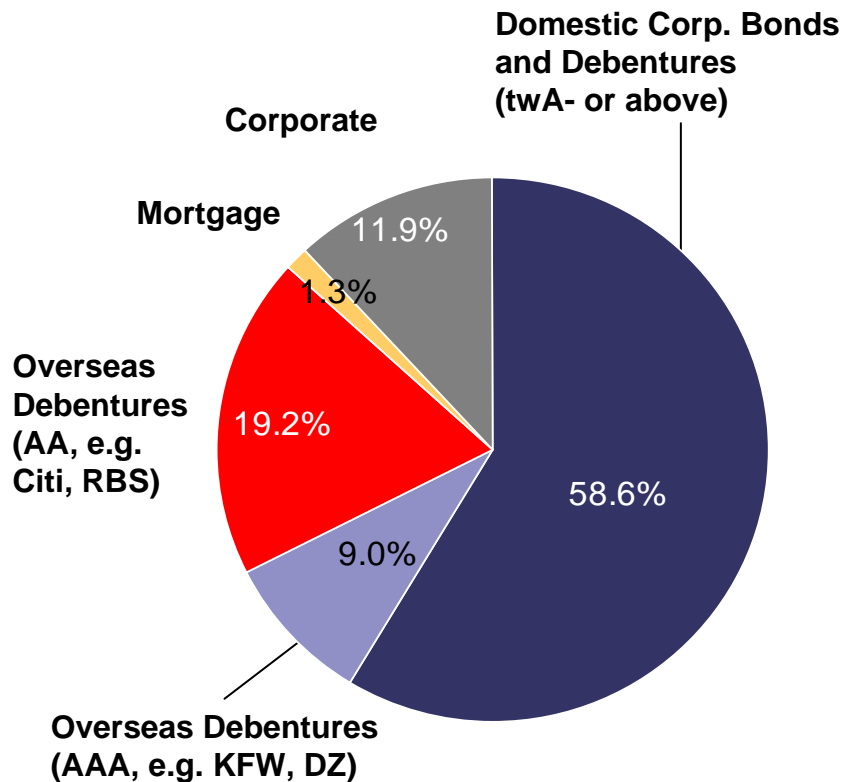
- 42.3% of CBOs are AAA rated
- Most foreign exposure of CBOs rated below A are backed by AAA rated assets, e.g., debentures issued by KFW and DZ
- 3.9% of CBOs classified as “others” is the riskiest

Note:

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

Asset Pool of CBO Investment

Breakdown of Asset Pool

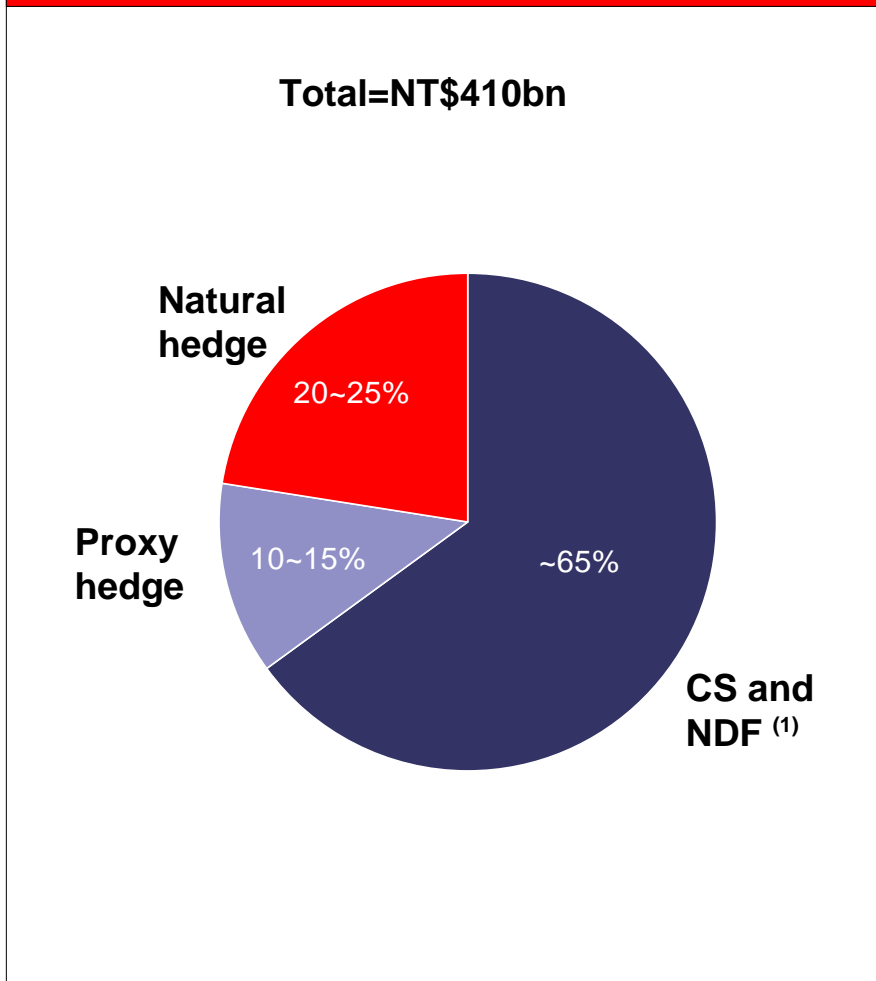


Comments

- 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

- Share of foreign investment hedged through traditional currency swaps and NDFs was lowered to 65% from 80%
- Proxy hedging (hedging between USD and a basket of currencies that demonstrate high correlation with NTD) maintained between 10~15%
- Target hedging cost is 2%
- Annualized hedging costs for the first nine months was 3.3%, approaching the annual target of 2%

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; obtained approval to increase overseas investment to 40%; current level at 36% due to volatility in global markets

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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- Life Premium Summary
- One-off losses Summary

SKB – 9M 2008 Overview

- After-tax profit improved to NT\$205 million due to increase in pre-provision profit to NT\$1.44bn (up 353% from 9M 2007) and decrease in provision expense to NT\$1.09bn (down by 36% from 9M 2007).
- Loan balance remained flat quarter-on-quarter but grew 9.1% year-on-year. Most growth came from medium and large corporate lending and mortgage loans. L/D ratio was 85% (incl. credit cards balance).
- NIM improved slightly. With renewed focus on risk and yield considerations, corporate risk reviews have been strengthened, high risk loans recovered, and low-yield corporate loans reduced.
- WM AUM increased 18% quarter-on-quarter; fee income decreased 37% quarter-on-quarter due to pullback in global equities markets. Achieved bancassurance cross-sales of NT\$9.3bn in 9M 2008, accounting for 53% of SKL bancassurance premium.
- Credit card NPL and coverage ratios remained stable at 2.1% and 103% respectively; quarterly charge off ratio was 2.9%.
- Since implementation of the Consumer Debt Clearance Regulations, 3,836 cases in pre-court restructuring and 1,000 cases in rehabilitation and liquidation (as of October 09, 2008) have been filed. Numbers have increased but were lower than previously anticipated. Monthly repayment rate of restructured loans has improved; cumulative repayment rate was 56.43%
- Asset quality was maintained with overall NPL and coverage at 1.97% and 65.69% respectively. NPL ratio for mortgages remained low at 0.98%.

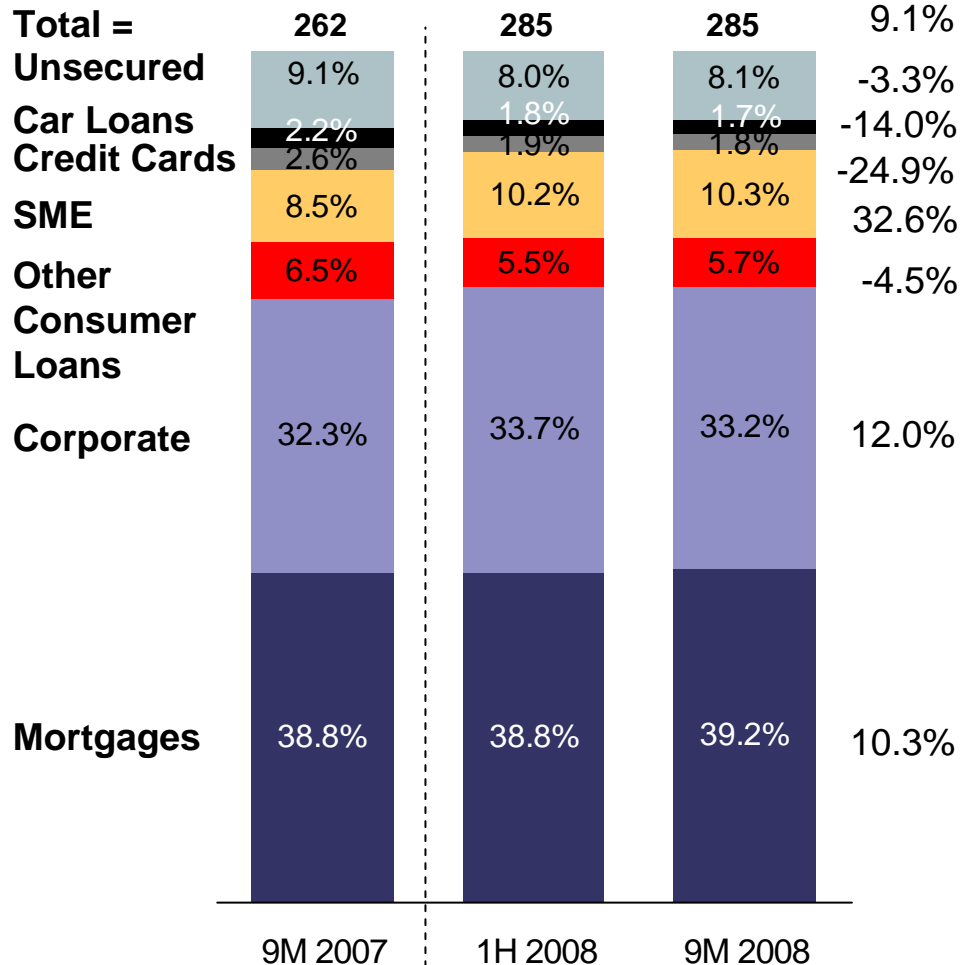
Net Income – 9M 2008

	9M 2007	9M 2008	YoY Growth
NT\$m, %			
Net interest income	4,791	4,654	-3%
Net fee income	1,227	1,107	-10%
Other income	(1,459)	(180)	-88%
Operating expense	(4,242)	(4,145)	-2%
Pre-provision operating income	317	1,436	353%
Provision expense	(1,705)	(1,090)	-36%
Income tax benefit (expense)	(35)	(141)	301%
Net Income	(1,423)	205	-

Loan Mix

NT\$bn

YoY Growth

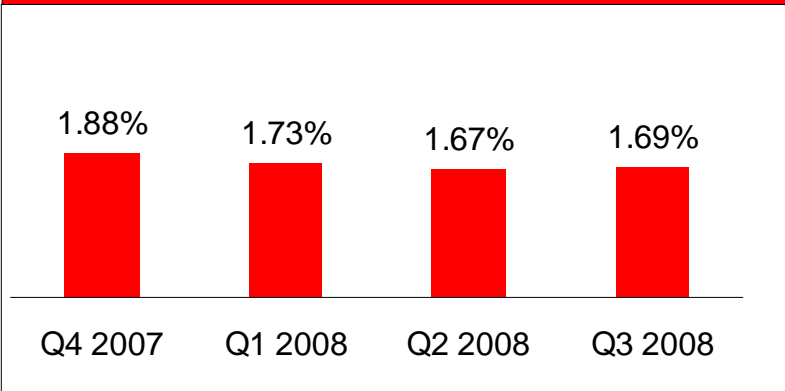


Comments

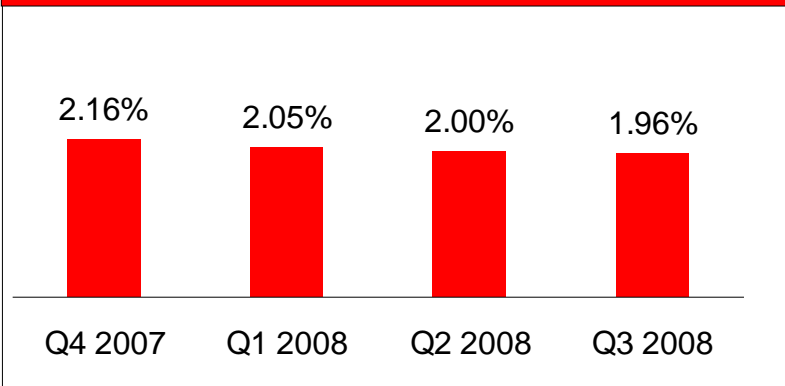
- Loan balance remained flat quarter-on-quarter but grew 9.1% year-on-year. Most growth came from medium and large corporate lending and mortgage loans
- Mortgages growth slowed under more stringent credit policies; LTV ratio for Taipei city remained unchanged; but for other cities and counties, LTV ratio was reduced from 80% to 70% for urban planning areas, and from 70% to 60% for non-urban planning areas
- L/D ratio remained at 85% (incl. credit cards balance)

Interest Yield

Net Interest Margin



Net Interest Spread

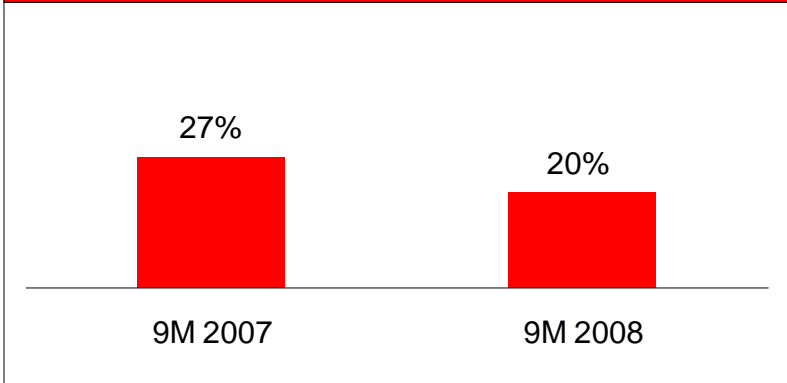


Comments

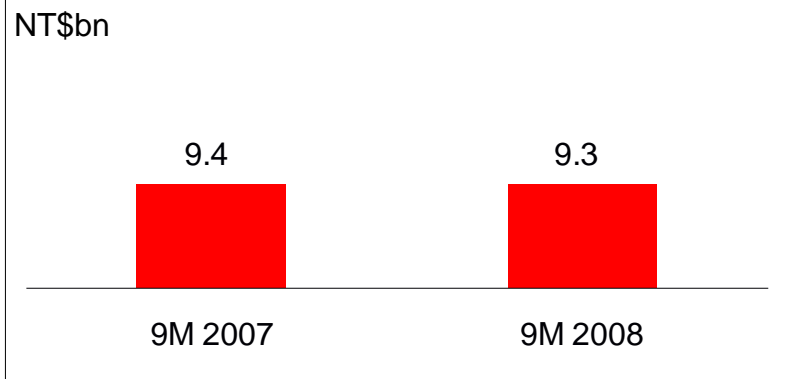
- NIM improved slightly. With renewed focus on risk and yield considerations, corporate risk review has been strengthened, high risk loans recovered, and low-yield corporate loans reduced.
- New mortgage rate up 12bps in Q3 2008. Lending rates will gradually adjust in line with Central Bank rate cuts
- Net interest spread remains under pressure but will stabilize as funding costs go down with Central Bank rate cuts

Fee Income

Net Fee Income / Total Income



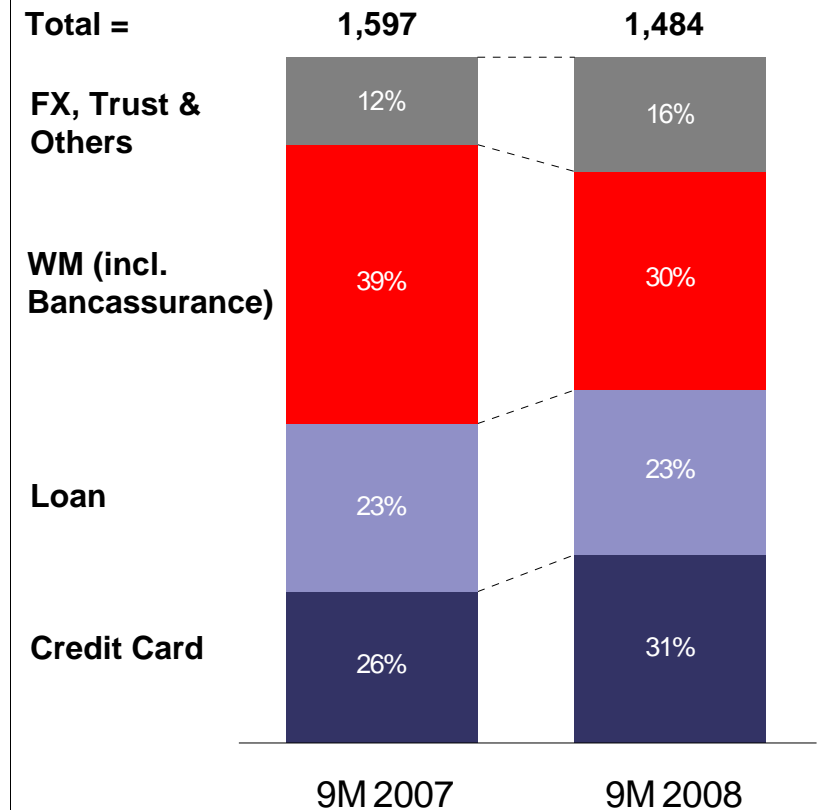
Bancassurance (SKL) - FYP



Fee Income Breakdown

NT\$m

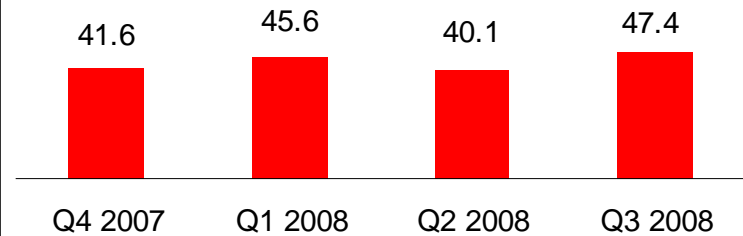
Total =



Wealth Management

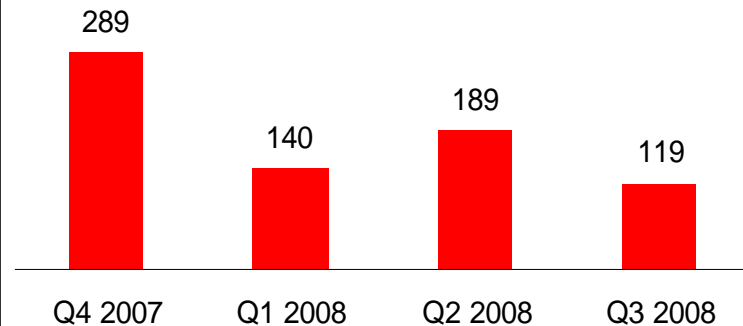
AUM

NT\$bn



WM Fee Income

NT\$m



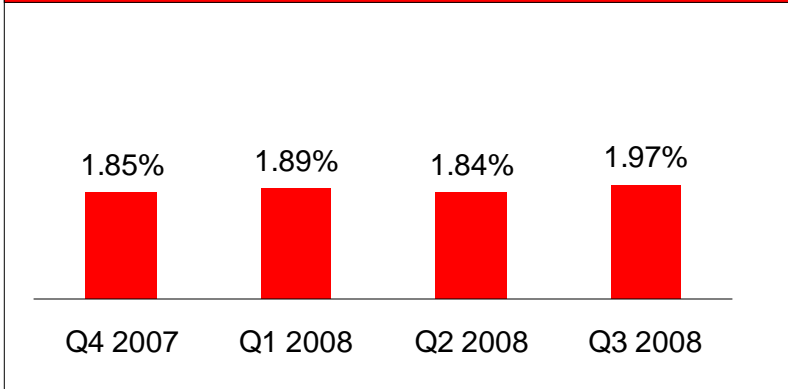
Wealth Management Center



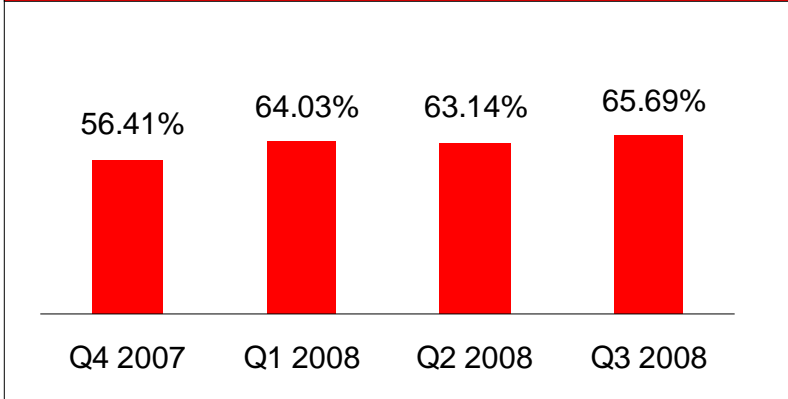
- AUM increased 18% quarter-on-quarter
- WM fee income decreased 37% quarter-on-quarter due to pullback in global equities markets and accounted for 30% of total fee income
- Strengthened sales of insurance products and AO training to cope with recent financial market turmoil

Asset Quality

NPL Ratio



Coverage Ratio



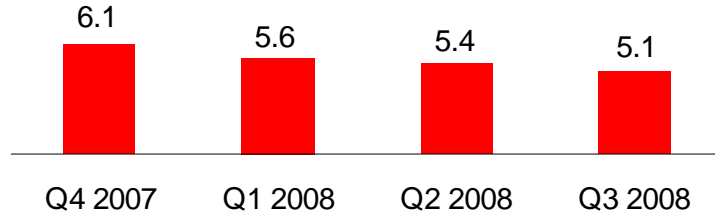
Comments

- Overall loan quality remained stable; NPL was 1.97%
- NPL for mortgages remained good at 0.98%
- Coverage was 65.69% - above the Company's medium term target
- Since implementation of the Consumer Debt Clearance Regulations, 3,836 cases in pre-court restructuring and 1,000 cases in rehabilitation and liquidation (as of October 09, 2008) have been filed. Numbers were lower than previously anticipated.
- Monthly repayment rate of restructured loans has improved; cumulative repayment rate was 56.43%

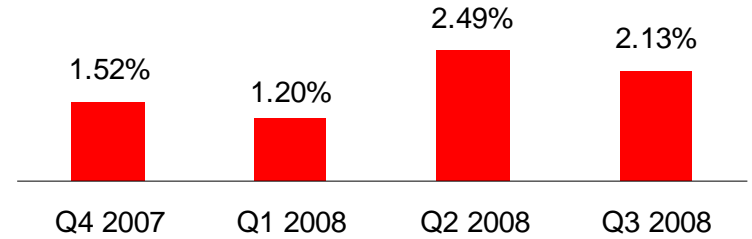
Credit Cards Metrics

Revolving Balance

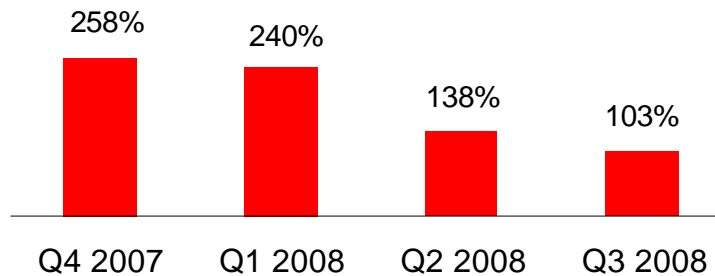
NT\$bn



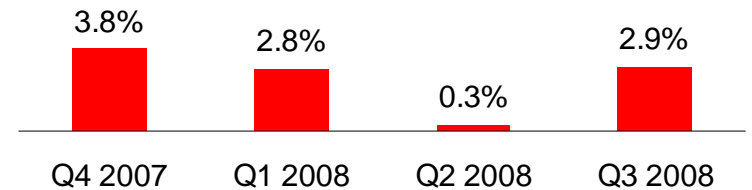
90-day NPL



Coverage Ratio (1)



Charge-off Ratio (2)



Note:

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

Agenda

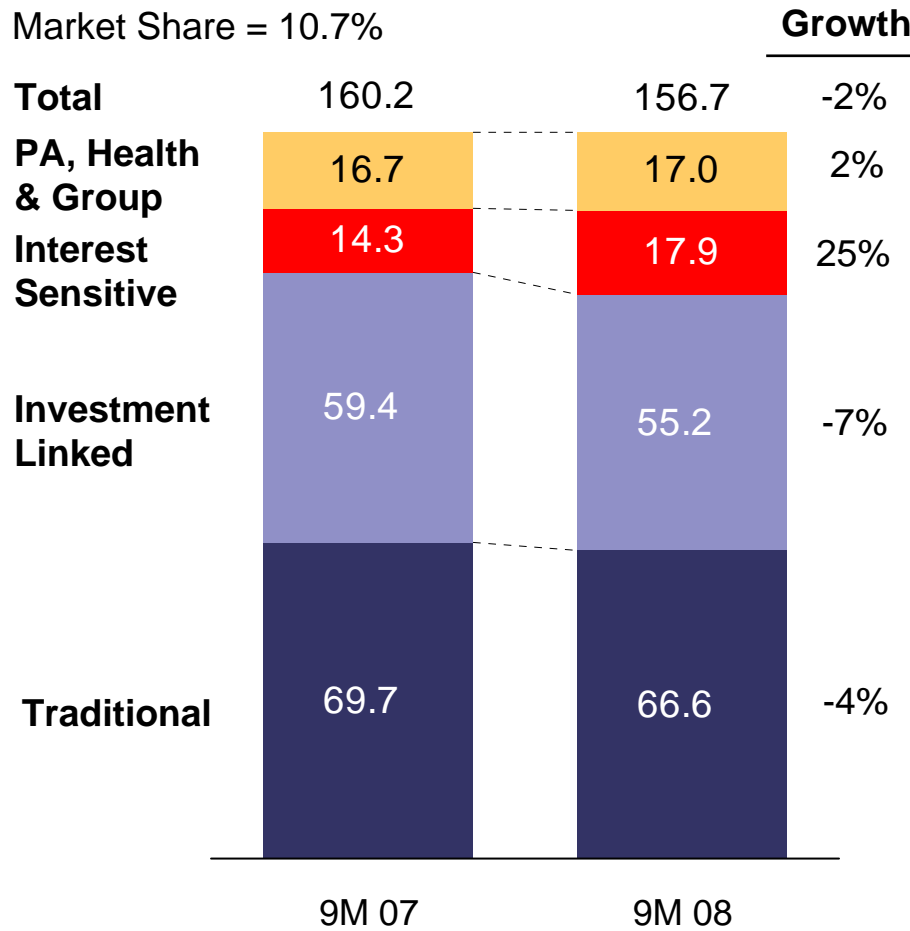
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 - Life Premium Summary

Total Premium – 9M 2008

NT\$bn

Market Share = 10.7%

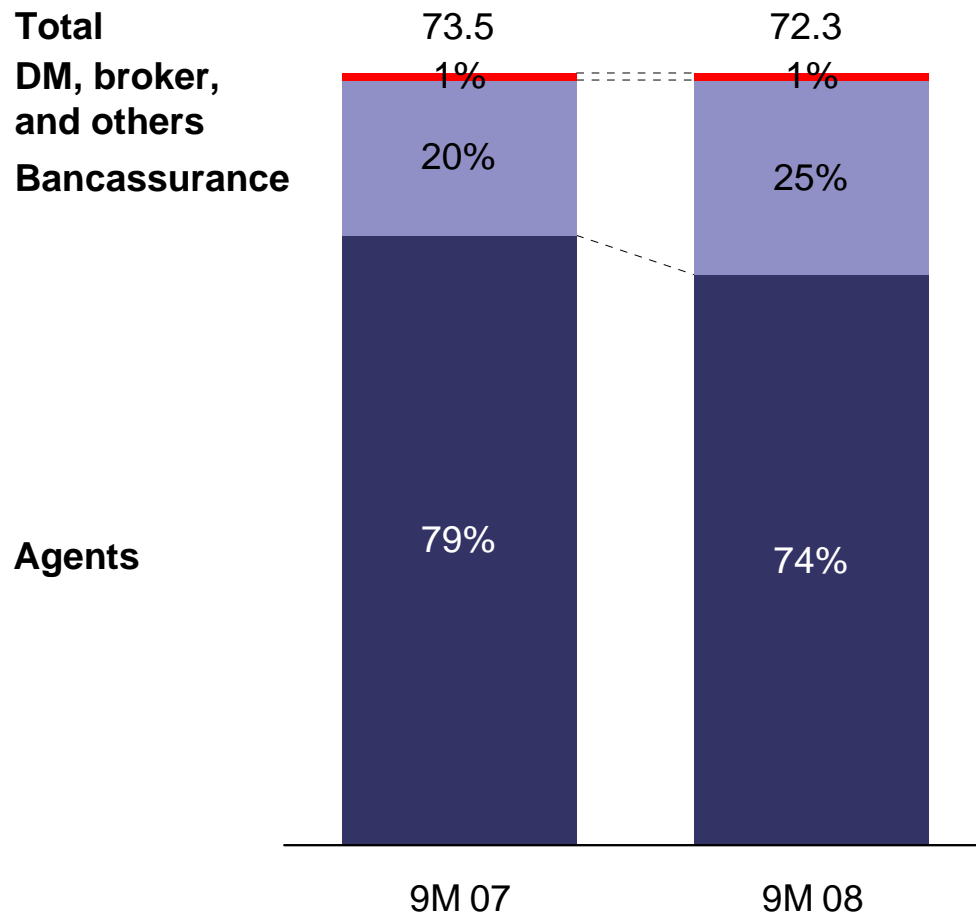


Comments

- Strong growth in total premium, mainly driven by increase in FYP
- Share of variable rate products increased to 47%, driven by robust sales in investment-linked policies
- Traditional and related policies (mostly recurring premium) accounted for 42% 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 53% of bancassurance premium

SP / RP Breakdown – 9M 2008

NT\$bn

9M 2008 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	0.14	5.38		5.52
Investment-linked				
VUL			3.60	3.60
Structured note	43.17			43.17
Interest Sensitive				
Annuity	17.17		0.05	17.22
Life			0.70	0.70
PA, health and others		2.08		2.08
Total	60.48	7.46	4.35	72.29

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Shin Kong Financial HoldingFinancial Summary
(NT\$m)

Income Statement Data	2007	9M 2007	9M 08/9M 07		Q3 2007	Q3 08/Q3 07	
			9M 2008	% change		Q3 2008	% change
Net interest income	94	80	7	-91%	34	(25)	-174%
Income from subsidiaries							
Shin Kong Life	2,174	7,032	(11,035)	-257%	(697)	1,896	-372%
Shin Kong Bank	1,423	(1,423)	199	-114%	(1,626)	(477)	-71%
Shin Kong Securities	192	463	(260)	-156%	(101)	(228)	126%
MasterLink Securities	(33)	79	(116)	-247%	79	(16)	-120%
Shin Kong Insurance Brokers	46	36	39	8%	13	9	-31%
Shin Kong Investment Trust	112	72	(25)	-135%	31	(70)	-326%
Total income from subsidiaries	3,914	6,259	(11,198)	-279%	(2,301)	1,114	-148%
Other income	487	365	29	-92%	73	(54)	-174%
Administrative and general expenses	(282)	(206)	(227)	10%	(79)	(59)	-25%
Income tax benefit (expense)	795	883	69	-92%	418	51	-88%
Cumulative effect of changes in accounting principle	0	0	0		0	0	
Net income	5,008	7,381	(11,320)	-253%	(1,855)	1,027	-155%

Balance Sheet Data	2007	9M 2007	9M 08/9M 07		Q3 2007	Q3 08/Q3 07	
			9M 2008	% change		Q3 2008	% change
Long term investment	91,059	95,581	65,306	-32%	95,581	65,306	-32%
Total assets	1,687,996	1,613,597	1,756,089	9%	1,613,597	1,756,089	9%
Total shareholders' equity	100,113	93,507	68,645	-27%	93,507	68,645	-27%

Note:

(1) Preliminary numbers

Shin Kong Life
Financial Summary
(NT\$m)

Income Statement Data	2007	9M 2007	9M 2008	9M 08/9M 07		Q3 2007	Q3 2008	Q3 08/Q3 07	
				% Change				% Change	
Premium income	150,311	112,493	106,940	-5%		36,774	35,521	-3%	
Investment income									
Interest income	38,195	27,967	28,651	2%		9,337	10,030	7%	
Gains on investments in securities	8,111	11,470	(105)	-101%		4,255	(3,216)	-176%	
Gains on real estate investments	3,234	1,938	5,402	179%		666	3,955	494%	
FX	(2,382)	(391)	(10,230)	2519%		(1,765)	2,779	-257%	
FX gain or loss	609	1,831	(5,662)	-409%		(1,504)	17,109	-1238%	
Hedging	(2,991)	(2,221)	(4,568)	106%		(261)	(14,330)	5381%	
Impairment loss	(5,253)	(3,416)	(4,400)	29%		(3,232)	159	-105%	
Total Investment income	41,905	37,568	19,318	-49%		9,262	13,707	48%	
Other operating income	3,883	2,760	4,900	78%		920	1,035	12%	
Provision for reserves									
Provisions	(155,147)	(110,258)	(114,557)	4%		(36,246)	(38,476)	6%	
Recoveries	78,311	57,226	49,691	-13%		16,837	19,907	18%	
Total provisions for reserves, net	(76,836)	(53,032)	(64,866)	22%		(19,407)	(18,569)	-4%	
Insurance payments	(90,528)	(70,516)	(64,071)	-9%		(21,402)	(24,939)	17%	
Commission expense	(8,183)	(6,278)	(4,228)	-33%		(1,498)	(1,226)	-18%	
Separate account revenue	107,465	76,232	108,802	43%		29,202	29,114	0%	
Separate account expenses	(107,465)	(76,232)	(108,802)	43%		(29,202)	(29,114)	0%	
General and administrative expenses	(16,062)	(12,238)	(11,674)	-5%		(3,863)	(3,475)	-10%	
Other operating costs and expenses	(3,014)	(2,268)	(2,114)	-7%		(754)	(774)	3%	
Operating income	1,477	8,489	(15,796)	-286%		32	1,281	3884%	
Non-operating income and expenses	1,293	540	571	6%		156	84	-46%	
Income taxes	(353)	(1,885)	4,275	-327%		(858)	556	-165%	
Cumulative effect of changes in accounting principle	0	0	0			0	0		
Net income	2,417	7,144	(10,949)	-253%		(671)	1,921	-386%	

Balance Sheet Data	2007	9M 2007	9M 2008	9M 08/9M 07		Q3 2007	Q3 2008	Q3 08/Q3 07	
				% Change				% Change	
Total assets	1,229,222	1,211,630	1,286,523	6%		1,211,630	1,286,523	6%	
Total shareholders' equity	59,996	69,019	35,237	-49%		69,019	35,237	-49%	

Note:
(1) Numbers reviewed by the auditors

Shin Kong Bank

Financial Summary

(NT\$m)

Income Statement Data	2007	9M 2007	9M 2008	9M 08/9M 07		Q3 08/Q3 07	
				% change	Q3 2007	Q3 2008	% change
Interest income	12,266	9,087	9,920	9%	3,130	3,385	8%
Interest expense	(5,925)	(4,296)	(5,266)	23%	(1,547)	(1,831)	18%
Net interest income	6,341	4,791	4,654	-3%	1,584	1,554	-2%
Fee income	2,228	1,597	1,484	-7%	578	470	-19%
Fee expense	(486)	(370)	(376)	2%	(134)	(123)	-8%
Net fee income	1,742	1,227	1,107	-10%	444	347	-22%
Gains on bill & securities	(392)	(21)	(182)	748%	(159)	(181)	14%
Gains recognized under equity method, net	170	143	(118)	-182%	40	(166)	-514%
Gains on foreign exchange, net	64	42	129	210%	12	117	891%
Other gains or losses, net	1,040	(1,621)	(10)	-99%	(1,690)	(490)	-71%
Operating expense	(5,776)	(4,242)	(4,145)	-2%	(1,391)	(1,366)	-2%
Pre-provision income or loss	3,189	317	1,436	353%	(1,161)	(186)	-84%
Provision expense	(1,728)	(1,705)	(1,090)	-36%	(364)	(280)	-23%
Income tax (expense) benefit	(38)	(35)	(141)	301%	(100)	(11)	-89%
Net income	1,423	(1,423)	205	-114%	(1,626)	(477)	-71%

Balance Sheet Data	2007	9M 2007	9M 2008	9M 08/9M 07		Q3 08/Q3 07	
				% change	Q3 2007	Q3 2008	% change
Total assets	385,663	380,144	399,286	5%	380,144	399,286	5%
Total shareholders' equity	21,225	18,158	21,000	16%	18,158	21,000	16%
Total loans, net ⁽²⁾	275,867	255,565	281,517	10%	255,565	281,517	10%
Total deposits	326,012	317,274	336,429	6%	317,274	336,429	6%

Operating Metrics (cumulative)	2007	9M 2007	9M 2008	Q3 2007	Q3 2008
Fee income ratio	19%	27%	20%	193%	33%
Cost income ratio	64%	93%	76%	606%	131%
Loan/deposit ratio (excl. credit card)	85%	81%	84%	81%	84%
Loan/deposit ratio (incl. credit card)	86%	83%	85%	83%	85%
Net interest margin	1.92%	1.96%	1.69%	1.94%	1.69%
Net interest spread	2.38%	2.45%	2.01%	2.29%	1.96%
Pre-provision earnings/assets	0.87%	0.09%	0.37%	-0.32%	-0.05%
Pre-provision earnings/equity	15.51%	1.67%	6.80%	-6.10%	-0.88%

Note:

(1) Numbers reviewed by the auditors

(2) Exclude credit cards but include overdue receivables