



**International Bank of Taipei and SinoPac Financial Holdings Company
Announce Plan to Merge Creating a New Leader
in the Taiwanese Financial Services Industry**

Taiwan - June 30, 2005 - The Board of Directors of International Bank of Taipei ("IBT") and the Board of Directors of SinoPac Financial Holdings Company ("SinoPac Holdings") passed resolutions today approving a plan to merge the two companies. The combination will be structured as a merger of equals ("MOE") and executed by means of a share for share exchange after which IBT will become a wholly owned subsidiary of SinoPac Holdings. Under the proposed terms, the exchange ratio has been set at 1.42 SinoPac Holdings shares for every IBT share. Taking into account the IBT cash dividend of NT\$0.90 per share that becomes ex-dividend today, the exchange ratio will be adjusted to 1.36. Post transaction, IBT and SinoPac Holdings shareholders will own 42.3% and 57.7% of the Combined Company respectively.

The merger will create a new leader in the Taiwanese and regional financial services industry with key competitive advantages across a broad spectrum of product areas. The Combined Company will have total loans of NT\$597 bn and total deposits of NT\$691 bn, representing a market share of 3.6% and ranking 4th among private-owned banks. It will also rank number 1 in SME loans, 3rd in custodian banking and 4th in mortgage lending. The Combined Company will also have more than 2.5 million customers, including more than 60,000 high net worth asset management clients and 2.0 million credit card customers.

S.C. Ho, the Chairman of IBT, said, "This transaction creates a new powerhouse in the Taiwanese financial services industry. The complementary capabilities of IBT and SinoPac will result in significant value creation for all shareholders involved."

Chairman Chien of SinoPac Holdings commented, "The Combined Company will have significant scale, a powerful distribution network and substantial opportunities to realize synergies. In addition, we will have a unique regional business and customer base which will enable us to be a significant player in the Asia Pacific region, including Mainland China, as opportunities become available."

Key highlights of the transaction include:

- Creates the 8th largest Financial Holding Company (“FHC”) and the 4th largest private bank in Taiwan, after Chinatrust Commercial, Fubon Taipei bank and Cathay United. The Combined Company will have total assets of NT\$1,002bn (US\$31.8bn) as of March 31, 2005, and a combined market capitalization of approximately NT\$115.6bn (US\$3.7bn) based on closing prices as of today
- Combines IBT’s strong banking presence with Taipei-based SME customers with SinoPac Holdings’ leading position in consumer banking and #4 position in securities brokerage (a market share of 4.8% in 2004) to create a broad-based, diversified financial services group
- Creates an extensive domestic and regional distribution platform. The Combined Company will have the largest branch network in Greater Taipei with 93 branches, and a total of 129 branches throughout Taiwan (excluding the 48 branches of SinoPac Securities), the largest among private banks in Taiwan
- Extensive overseas network, with 32 branches in the U.S., Hong Kong, Macau, Vietnam, China and London, to provide clients with the best international financial services
- Reinforces strong credit culture and balance sheets of both Companies. The Combined Company will have a broad-based NPL ratio of 1.4%, and a combined bank capital adequacy ratio of 12.2%
- Brings together two management teams with significant depth and industry experience

It is expected that the Combined Company will be able to realize significant synergies from the combination. Among others, the Combined Company will be able to derive incremental revenues with a more diversified product mix and expanded product offering over an enlarged distribution network, both domestically and overseas. The Combined Company will also be able to accelerate the development of its wealth management and consumer finance businesses with a more scalable platform. In addition, the Combined Company expects to be able to enhance its cross-selling efforts by selling securities and mutual fund products to IBT’s affluent and loyal customer base as well as factoring and treasury products to the SME clientele. Significant cost savings can also be achieved through the integration of information technology systems and overlapping branches, as well as lowered cost of funding resulting from an improved credit rating.



The transaction is expected to be earnings accretive with estimated pre-tax synergies of approximately NT\$2 bn to NT\$3 bn per year, estimated to be fully realized by 2008. An integration steering committee will be formed immediately, and, with the assistance of a team of management consultants, will work to establish the strategic direction and overall framework as well as to ensure smooth transition and integration.

The transaction is structured as an MOE, with SinoPac Holdings' listing on the Taiwan Stock Exchange to be utilized as the Combined Company's listing after the merger. An MOE typically involves companies of similar size and their respective management and shareholders would agree to share influence in the Combined Company.

Completion of the merger transaction is subject to certain conditions, including shareholders' approval and regulatory approvals. The companies currently plan to seek shareholders' approval at their extraordinary general shareholders' meetings on August 26, 2005 and expect the transaction will close by the end of this year.

SinoPac Holdings was advised by UBS Investment Bank in this transaction while IBT was advised by Morgan Stanley.

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Note: IBT and SinoPac Holdings would like to remind investors and prospective investors that any person or a group of related persons who intend to hold more than 10% outstanding shares of either company should note the relevant rules under Articles 4, 5 and 16 of the



Financial Holding Company Act and must submit an application to the relevant regulatory authority for approval. The application form can be downloaded from the websites of the companies or Bureau of Monetary Affairs.