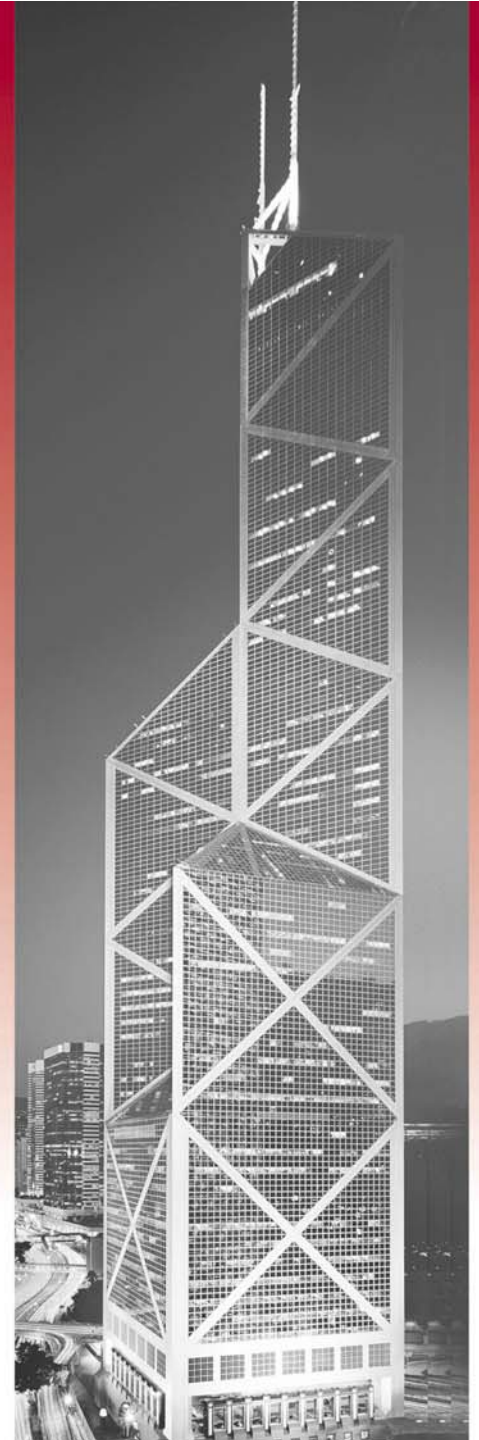


2004 Interim Results

19 August 2004



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

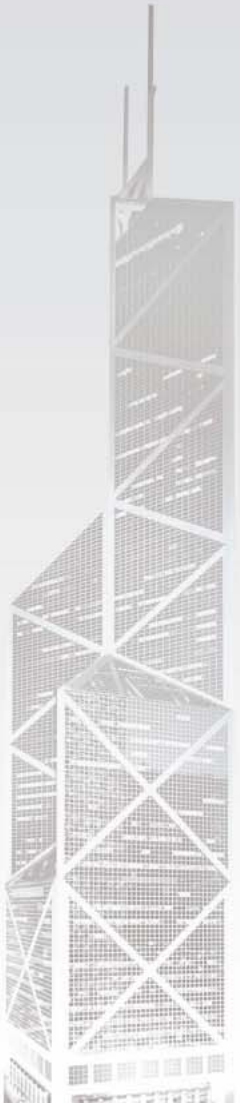


Forward-Looking Statement Disclaimer

This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or may be expressed to be results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which reflect our belief only as of the date of this presentation. These forward-looking statements are based on our own information and on information from other sources we believe to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements which could depress the market price of our Level 1 ADSs and local shares.

Agenda

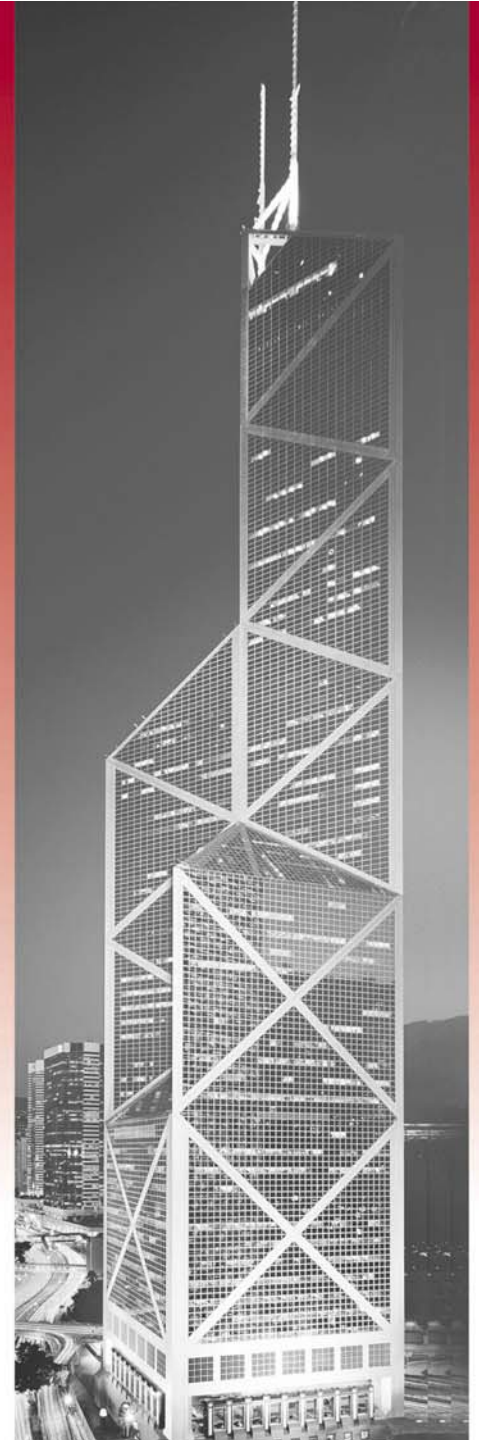
- **Market Analysis & Key Performance Highlights**
- **Financial Results and Operating Performance**
- **Strategic Focus and Outlook in 2004**



Market Analysis & Key Performance Highlights



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

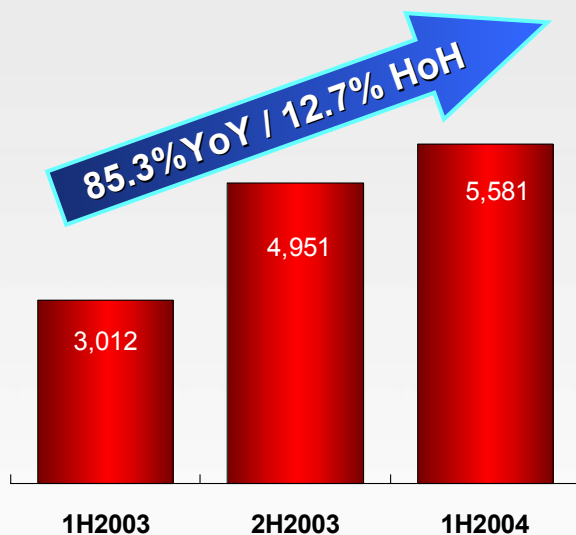


Operating Results

Profit Attributable to Shareholders increased by 85.3%
Dividend per Share increased by 64.1%

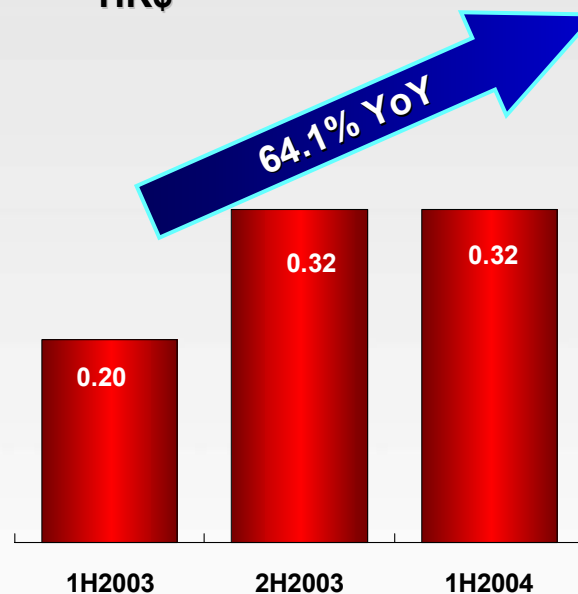
Profit Attributable to Shareholders

HK\$ mm

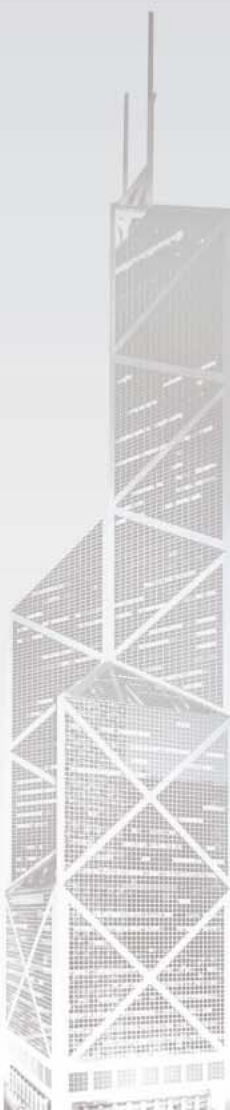


Dividend per Share

HK\$



Operating Environment in 1H2004



Improved credit environment

- Broad-based economic recovery
- Rebound in property market
- Employment situation improved

Persistently low HIBOR

- Ample interbank liquidity
- Average 1-month HIBOR fell to 0.11% in 1H2004 from 1.36% in 1H2003

Strong demand for higher-yielding investments

- Low deposit rates
- Buoyant stock market
- Volatile currency and bullion markets

Stronger Foundations - Key Achievements



Corporate Governance

- 60% of Special Committee's recommendations completed
- Appointment of Chief Operating Officer

Business Structure

- Increased contribution from non-interest income
- Captured new growth potential outside Hong Kong

Retail Banking and RMB Business

- 134% growth in wealth management income
- 5% growth in residential mortgage*
- 2% growth in card receivables
- Pioneer of RMB card services and achieved leading position in RMB deposit business

* Excluding government-sponsored home purchasing schemes

Stronger Foundations - Key Achievements (Cont'd)



Corporate Banking

- Maintained leading position in local syndicated lending
 - Continued de-risking strategy
 - Improved loan quality, strong collection and recovery
 - Gradual enhancement of SME portfolio
-

Treasury Business

- Maximized opportunity from interest rate hike
 - 22% growth in net gain from foreign exchange
 - Enhanced the product manufacturing capability
-

China Business

- 46% growth in loan portfolio of Mainland branches
- New China business model bearing fruit
- Shenzhen and Shanghai branches were approved to extend RMB services

Higher ROE & ROA

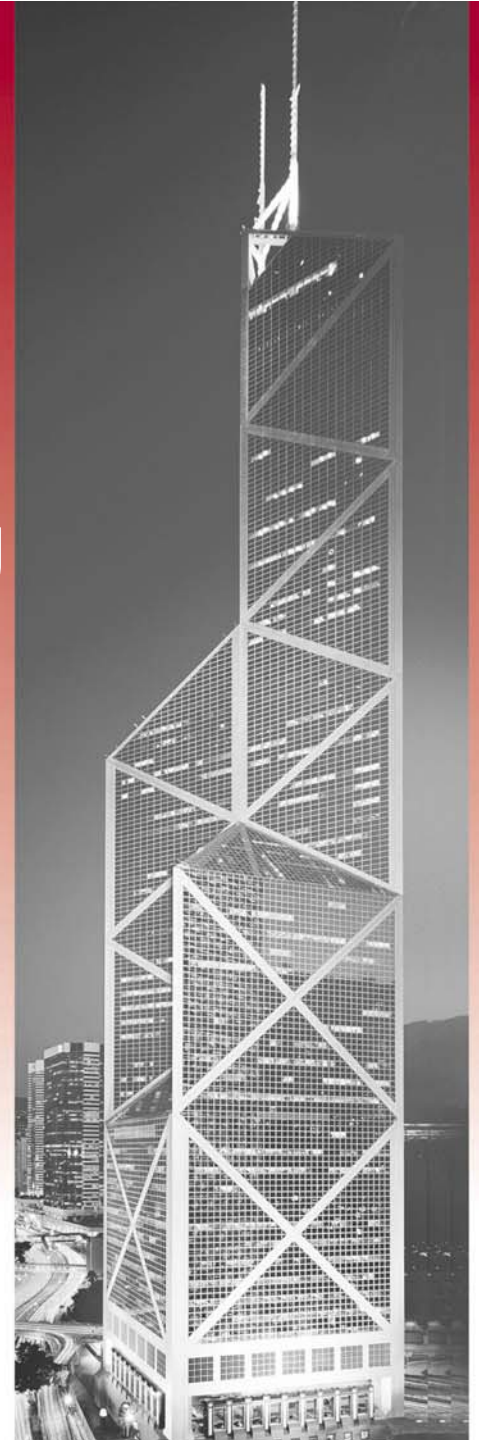
	1H2004	2H2003	1H2003
%			
ROA	1.48	1.32	0.82
ROE	18.19	16.70	10.56
NIM	1.56	1.75	1.89
Non-interest income ratio	31.33	25.27	25.49
Cost to income ratio	33.24	35.18	30.52
NPL ratio	4.11	5.78	7.80
Loan to deposit ratio	54.69	51.38	54.89
Average liquidity ratio	34.64	37.76*	37.93
Capital adequacy ratio	16.52	15.11	14.66

* 2003 average

Financial Results and Operating Performance



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED



Profit and Loss Account

Increase in non-interest income and provision write-back offset the fall in net interest income, resulting in a significant increase in operating profit

	1H2004	2H2003	1H2003	HoH	YoY
HK\$ mm				%	%
Operating income	8,023	8,417	8,836	(4.7)	(9.2)
Operating expenses	2,667	2,961	2,697	(9.9)	(1.1)
Operating profit before provisions	5,356	5,456	6,139	(1.8)	(12.8)
Write-back of/(charge for) bad and doubtful debts	1,240	(2)	(1,669)	-	-
Operating profit	6,596	5,454	4,470	20.9	47.6
Non-operating items	180	(8)	(1,225)	-	-
Profit attributable to shareholders	5,581	4,951	3,012	12.7	85.3
- Excluding exceptional items*	5,581	4,839	3,486	15.3	60.1

* Exceptional items in 1H2003 included revaluation losses of HK\$1,223 million, its related deferred tax impact of HK\$31 million and HK\$718 million write-back of tax provisions after finalisation of tax losses arising from predecessor merging branches and tax positions of BOCHK. Exceptional item in 2H2003 included revaluation gain of investment properties of HK\$112 million.

Balance Sheet

Managed balance sheet to position for rising interest rates

	30.6.2004	31.12.2003	% change
HK\$ mm			
Total assets	752,017	762,587	-1.4%
Cash and short-term funds	126,705	134,106	-5.5%
Inter-bank placements	78,753	78,240	0.7%
CDs held	18,837	18,776	0.3%
Investments in securities	164,946	172,518	-4.4%
Advances to customers	308,513	308,582	0.0%
Fixed assets	17,144	17,582	-2.5%
Total liabilities	688,384	701,170	-1.8%
Inter-bank deposits taken	64,156	41,347	55.2%
Deposits from customers	564,149	600,642	-6.1%
CDs issued	2,423	2,432	-0.4%
Shareholders' funds	62,456	60,261	3.6%

Narrowing Net Interest Margin

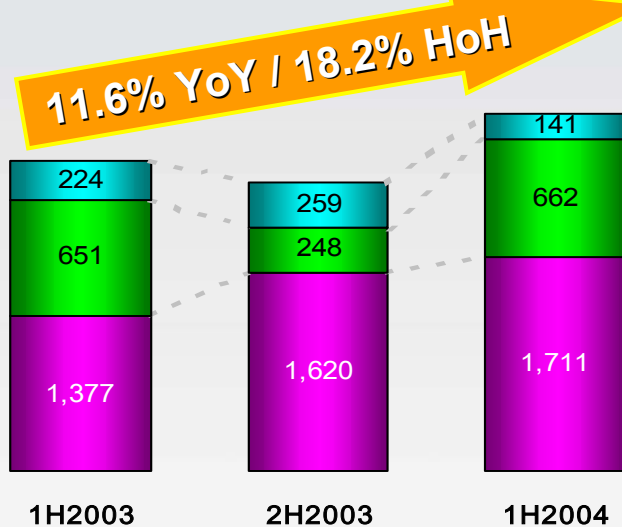
Challenging environment with low interest rate, intense competition and weak loan demand

	1H2004	2H2003	1H2003	Challenges
HK\$ mm				
Interest income	7,304	8,401	9,358	<ul style="list-style-type: none"> ■ Significant fall in HIBOR (1H04: 0.11%; 1H03: 1.36%) ■ Decline of yields from interbank placements, loans and debt securities
Interest expense	1,795	2,111	2,774	
Net interest income	5,509	6,290	6,584	
Net interest spread	1.49%	1.67%	1.79%	
Net interest margin	1.56%	1.75%	1.89%	

Strong Growth in Income from Wealth Management

Other Operating Income

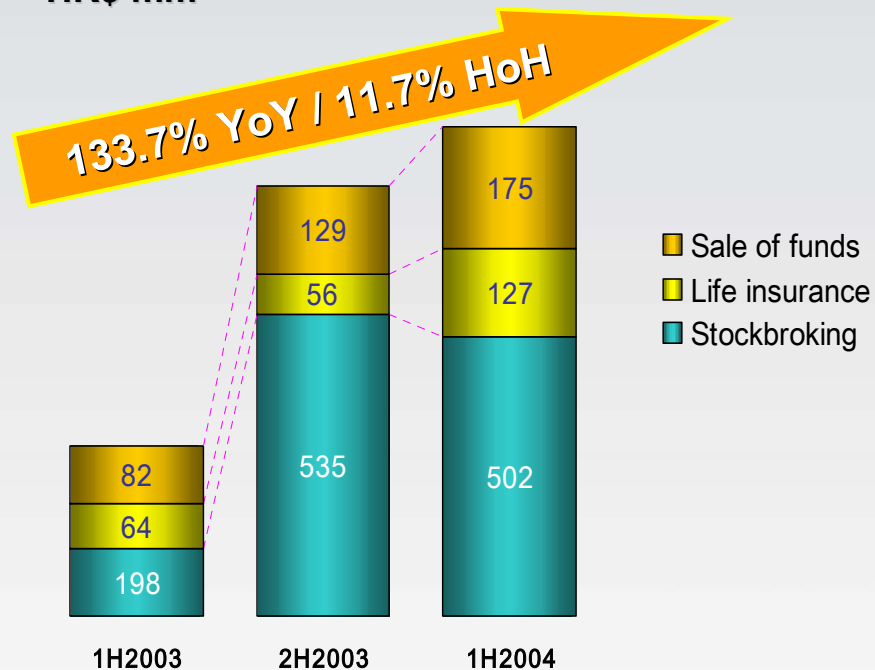
HK\$ mm



- Other income
- Treasury related income
- Net fees and commission income

Income from Wealth Management

HK\$ mm



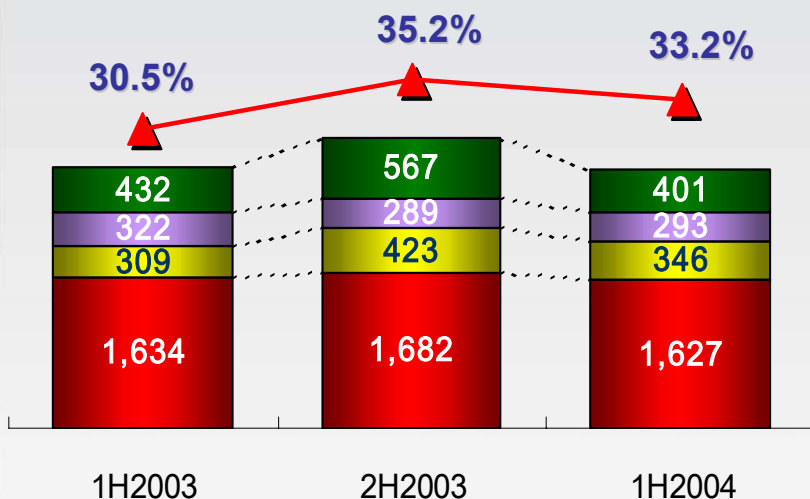
- Sale of funds
- Life insurance
- Stockbroking

Maintained Low Cost to Income Ratio through Disciplined Cost Controls

Increased operational efficiency and disciplined cost management

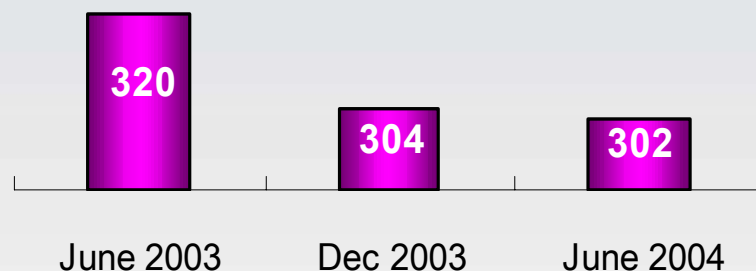
Operating Expenses

HK\$ mm

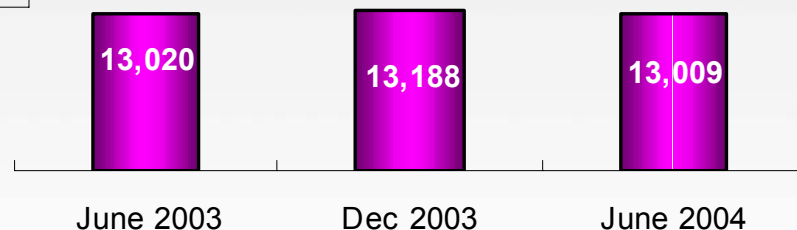


- Others
- Depreciation
- Premises and Equipment (including IT expenses)
- Staff Costs
- ▲ Cost-to-Income Ratio

Branch Number



Staff Number



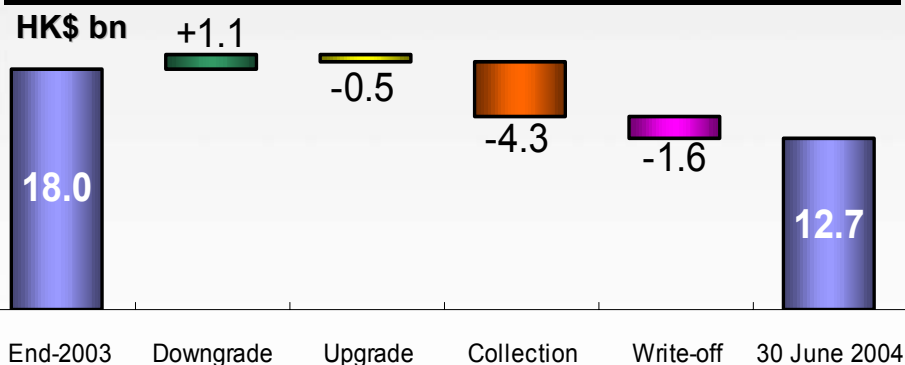
Write-Back of Provisions

Lower classified loan formation, strong collection and recovery reflecting continuous improvement in loan quality

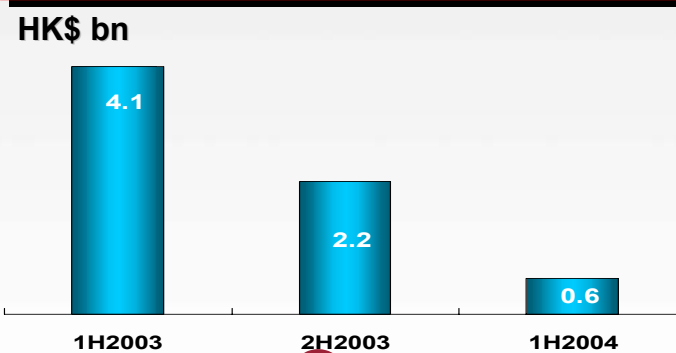
Credit charge and NPL ratio

HK\$ mm	1H2004	2H2003	1H2003
Specific provisions			
- new provisions	(811)	(1,297)	(2,537)
- releases	1,327	286	482
- recoveries	733	218	220
General provisions	(9)	791	166
Net credit/(charge)	1,240	(2)	(1,669)
NPL ratio	4.1%	5.8%	7.8%

Migration of classified loans for 1H2004



Net new formation of classified loans



Strong Growth in Mortgages and Overseas Lending

Strong growth in residential mortgage and overseas lending offset by large collections and write-offs

HK\$ mm	30.6.2004	31.12.2003	% change
Loans for use in HK - corporate	149,360	157,660	-5.3%
Loans for use in HK - individual	123,421	119,390	3.4%
Residential mortgages*	94,850	90,003	5.4%
Credit card advances	3,845	3,756	2.4%
Trade finance	9,460	9,851	-4.0%
Loans for use outside HK	26,272	21,681	21.2%
Total advances to customers (Gross)	308,513	308,582	0.0%
Total advances to customers (Net)**	305,103	303,075	0.7%

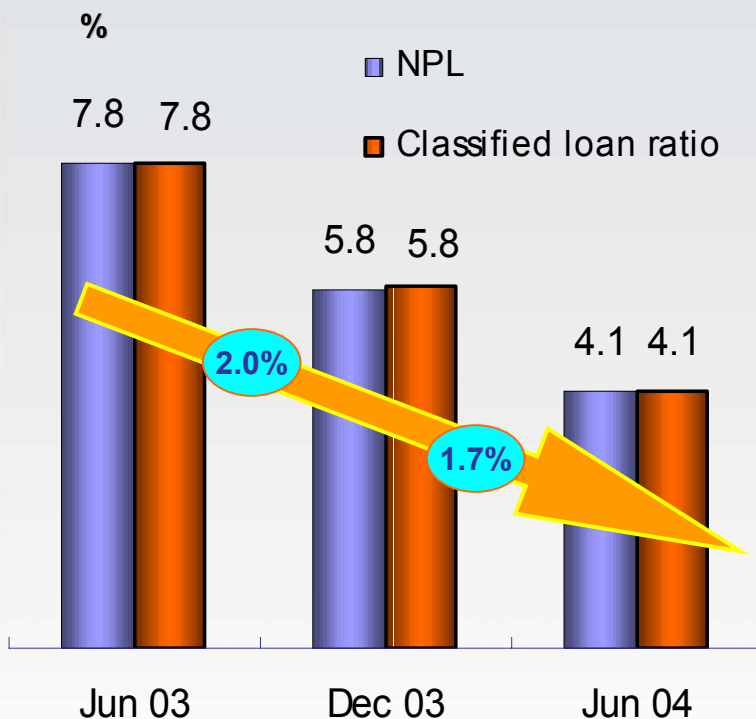
* Excluding government-sponsored home purchasing schemes

** Net of specific provisions

Significant Improvement in Asset Quality

NPL ratio further declined to 4.1%

NPL / Classified Loans Ratio



Asset Quality

HK\$ mm	30.6.2004	31.12.2003
General Provisions	5,415	5,406
Specific Provisions	3,410	5,507
NPLs	12,673	17,832
SP/NPLs	26.5%	30.7%
GP/Total Loans	1.8%	1.8%
LLR/NPLs	69.6%	61.2%
SP + Collateral Coverage	93.7%	91.0%

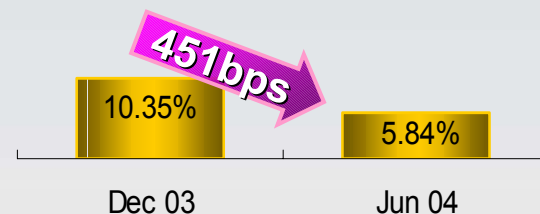
Satisfactory Performance in Mainland Branches

Organic growth driven by significant increase in loans

Combined profit and loss account of 14 Mainland branches

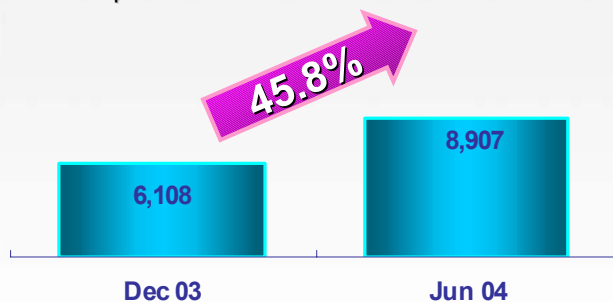
Classified loan ratio

	1H04	2H03	1H03	HoH	YoY
HK\$ mm				%	%
Operating income	127	133	113	-5%	12%
Operating expenses	54	69	56	-22%	-4%
Operating profit before provisions	73	64	57	14%	28%
Provisions write-back/(charge)	27	-29	78	-	-65%
Profit before taxation	100	35	135	186%	-26%



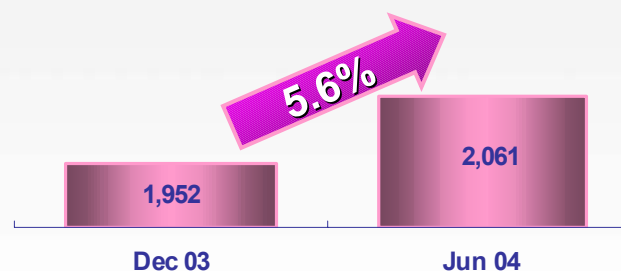
Gross advances to customers

HK\$ mm



Deposits from customers

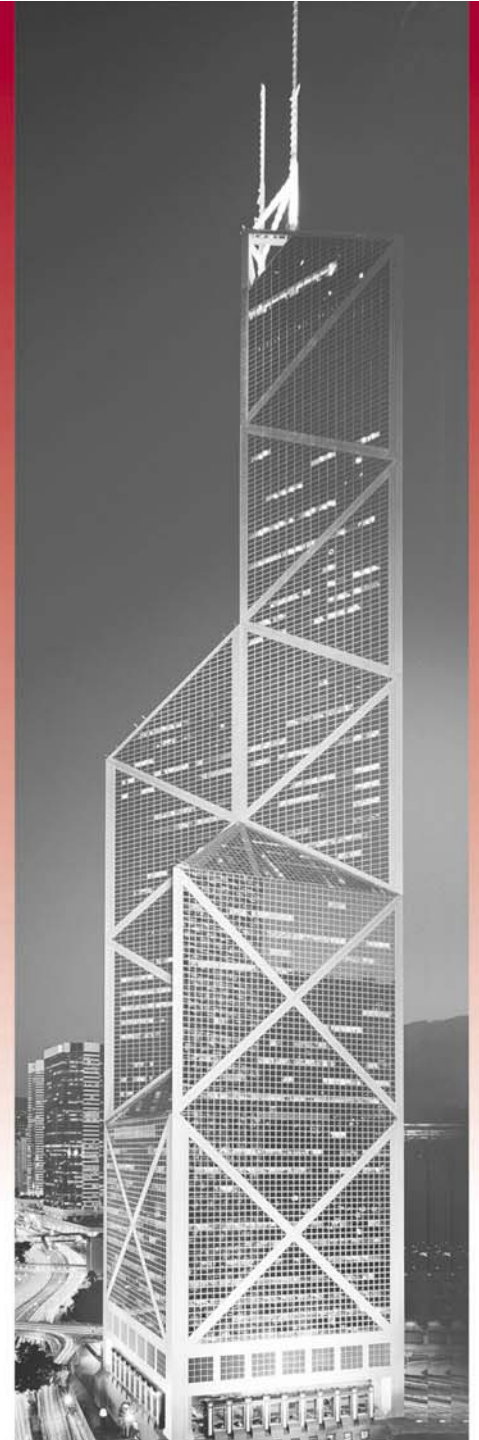
HK\$ mm



Strategic Focus and Outlook



中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED



Our Vision, Mission and Values

We have set out clear vision and key strategies

Vision

To be customer's premier bank

Mission

Customers

Build customer satisfaction and provide quality and professional services

Staff

Offer rewarding career opportunities and develop staff commitment

Shareholders

Create value and deliver superior return

Value

We are guided by our six core values - SPIRIT

Strategies Remain Intact Targeting on Revenue Growth

Grow consumer credit and wealth management

Target SMEs and trade finance

Unleash China business potential

Solidify our leading market positions in traditional retail and corporate banking businesses

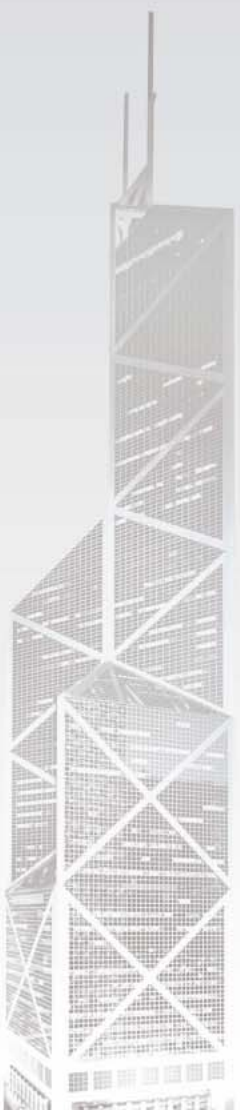
Optimise asset and liability structure in a rising interest rate environment

HR reform and focus on enhancing information technology to support business growth

Improve corporate governance and risk management
Open, competitive and global recruitment of senior positions

Outlook – 2H2004

- **Challenging operating environment**
- **Strive to resume top-line growth**
- **Credit environment remains good**



2004 Interim Results

19 August 2004



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