Bank of China International

Private Banking Products
Overview of Bank of China

Major Holdings Companies in BOC Group in H.K.

Commercial Banking (owned 66.06%)

Investment Banking & Wealth Management (100% wholly-owned)

Insurance (100% wholly-owned)
Your Needs...

- Onshore
- Offshore

- Risk Management
- Investment
- Property Financing

- Education

- Risk Management
- FX Risk
- Commercial Risk
- Default Risk
- Interest Rate Risk

- Insurance
- Asset Allocation
- Tax Advisory
- Confidentiality

UHNW clients

Investment

Properties

Corporate

Children

Parents

Spouse
<table>
<thead>
<tr>
<th>Products</th>
<th>BOCI Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELN</td>
<td>Medium to high^</td>
</tr>
<tr>
<td>Accumulator/Decumulator</td>
<td>Very high^</td>
</tr>
<tr>
<td>Worst/Best of Basket</td>
<td>High to very high^</td>
</tr>
<tr>
<td>Options</td>
<td>Medium to high</td>
</tr>
<tr>
<td>Futures</td>
<td>Medium to high</td>
</tr>
<tr>
<td>CLD</td>
<td>Medium to high*</td>
</tr>
<tr>
<td>FX Forward</td>
<td>Low to very high*</td>
</tr>
<tr>
<td>FX Options</td>
<td>Medium to high</td>
</tr>
<tr>
<td>Credit/FX/Equity Index/Commodity/Interest Rate Linked Products</td>
<td>Medium to high</td>
</tr>
<tr>
<td>100% Protected Structured Product</td>
<td>Low to very high^</td>
</tr>
<tr>
<td>Bonds</td>
<td>Low to very high*</td>
</tr>
<tr>
<td>Funds</td>
<td>Low to very high</td>
</tr>
</tbody>
</table>

^depends on maturity  *depends on currency  *depends on rating (such as Moody’s, S&P, etc.)
Product Types

- Stocks and Related Products
  - Stocks
  - Futures
  - Bull ELN***
  - Bear ELN***
  - Covered Call***
  - Accumulator ***
  - Decumulator ***
  - Best/Worst of Basket
  - Stocks Borrowing and Lending (Short selling) ***

- FX and Related Products

- Fixed Income Products

- Fund

- Insurance

*** further description in the following slides
**Stocks and Related Products**

- **Up**
  - Buy Stocks
  - Buy Futures
  - No stocks; hold cash

- **Down**
  - Sell Stocks
  - Short Selling
  - Sell Futures

- **NARROW FLUCTUATION**
  - Hold Stocks; want to sell at lower than cost/higher than spot

- **Bull ELN**
  - Accumulator
  - Worst of /best of basket
  - Tailor made structure products
  - Covered call

- **Bear ELN**
  - Decumulator
Global Stock Market

*Clients can invest in more than one stock market via one account at BOCI*

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Exchange</th>
</tr>
</thead>
</table>
| China B Shares | Shanghai B Shares: Shanghai Stock Exchange  
Shenzhen B Shares: Shenzhen Stock Exchange |
| Japan          | Osaka Stock Exchange  
Tokyo Stock Exchange |
| Taiwan         | Taiwan Stock Exchange |
| Thailand       | Stock Exchange of Thailand |
| Singapore      | Singapore Exchange |
| Malaysia       | Kuala Lumpur Stock Exchange |
| Australia      | Australian Stock Exchange |
| Germany        | Frankfurt Stock Exchange |
| UK             | London Stock Exchange |
| France         | Paris Stock Exchange |
| Sweden         | Stockholm Stock Exchange |
| Canada         | Toronto Stock Exchange |
| US             | Nasdaq Stock Exchange  
New York Stock Exchange  
American Stock Exchange |
Online Stock Trading System

Safe, Reliable, Efficient
Tradeable Futures Contract

Clients can invest in more than one futures market via one account at BOCI

<table>
<thead>
<tr>
<th></th>
<th>HK*</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Futures</td>
<td>Online/phone</td>
<td>Online**/phone</td>
</tr>
<tr>
<td>Options-Exchange</td>
<td>Phone</td>
<td>Coming soon</td>
</tr>
<tr>
<td>Options-OTC</td>
<td>Phone</td>
<td>Phone</td>
</tr>
</tbody>
</table>

*Hong Kong Futures Contract: (mini) HSI options/futures, (mini) H-shares index options/futures, stock options/futures, HKD interest rate futures, 3 year FX fund bond futures, gold futures, HSI dividend futures, HSCEI dividend futures, HKI volatility futures, China trading service 120 index futures, BRICS futures, RMB currency futures

**Online Tradable Global Futures Contract: Index Futures, Commodity Futures, FX Futures
Futures Online Trading System

Safe, Reliable, Efficient
Bull ELN

Higher return than normal deposit rate

- Investor view on market: Narrow fluctuation with limited downward possibility
- Risk: Not principal protected, medium to high risk
- Investment horizon: 1 month to 1 year
- Target: Short term yield enhancement, buy at discount

Spot Price: $100
KO Price: $110
Strike Price: $95

- Spot > KO (Spot > $110): Have one month interest in advance
- Strike < Spot < KO ($95 < Spot < $110): Have one month interest at maturity
- Spot < Strike (Spot < $95): Buy underlying stocks with strike price
Bear ELN

Higher return than normal deposit rate

- Investor view on market: Narrow fluctuation with limited upward possibility
- Risk: Not principal protected, medium to high risk
- Investment horizon: 1 month to 1 year
- Target: Short term yield enhancement, sell at premium
Covered Call

*Hold stocks for long term investment, stable income every month*

- **Investors view on market:** Downward in short term, but upward in long term
- **Risk:** Not principal protected; medium to high risk
- **Investment horizon:** Around 1 month
- **Target:** Hold the asset long and simultaneously have a short position via the option to generate income from the option premium

---

**Buy stocks:** -$98
**Sell next month $100 Call Option:** +$1.75

- **Maturity: Spot <$100**
  - Hold the stocks; get Option Premium (+$1.75)
- **Maturity: Spot > $100**
  - Sell Stocks at $100; get Option Premium (+$1.75)
Accumulator

Buy underlying stocks with discounted price everyday

- Investors view on market: Narrow fluctuation with upward possibility
- Risk: Not principal protected; very high risk
- Investment horizon: 6 months to 1 year
- Target: Buy underlying stocks with discounted price (strike price) everyday

Spot price: $100
KO price: $110
Strike price: $95

- Spot > KO (Spot > $110)
- Strike < Spot < KO ($95 < Spot < $110)
- Spot < Strike (Spot < $95)

Guaranteed
Non Guaranteed
Normal
Leverage
Guaranteed one month
Acquired accumulated stocks
Decumulator

Sell underlying stocks with premium price everyday

- Investors view on market: Holding 25-100% underlying stocks; narrow fluctuation with downward possibility
- Risk: Not principal protected; very high risk
- Investment horizon: 6 months to 1 year
- target: Sell underlying stocks with premium price everyday
Stock Borrowing and Lending (Short Selling)

*Achieve satisfactory return during down market*

- Investor view on market: Market will drop continuously
- Borrow stocks and then sell it at spot price; buy back and return the stocks when stock price drops → Spread profit

<table>
<thead>
<tr>
<th></th>
<th><strong>Buy Put Warrant</strong></th>
<th><strong>Short Selling</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquidity</strong></td>
<td>Issuer set a single liquidity provider / AMS</td>
<td>AMS</td>
</tr>
<tr>
<td><strong>Bid-Ask Spread</strong></td>
<td>Depends on liquidity/liquidity provider</td>
<td>Normally very</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Both Strike Level and Maturity Date set by issuer</td>
<td>No Maturity Date (but may be called back at any time by borrower)</td>
</tr>
<tr>
<td><strong>Profit/Loss</strong></td>
<td>Stock price, volatility, outstanding volume</td>
<td>Stock price</td>
</tr>
</tbody>
</table>
Product Types

➢ Stocks and Related Products

➢ FX and Related Products
  • FX Spot
  • FX PAR Forward
  • Forward / NDF
  • FX Option
  • Currency Linked Deposit ***
  • Range Bonus Deposit
  • FX Margin
  • FX Accumulator

➢ Fixed Income Products

➢ Fund

➢ Insurance

*** further description in the following slides
Currency Linked Deposit (CLD)

The Best Market Condition

• CLD achieves yield enhancement when the currency is trading within a range, especially good for investing in a currency which is expected to be in a narrow trading range

Most Suitable Clients Group

• For those clients who have demand on particular foreign currency (AUD, CAD, GBP), they can achieve higher yield while no need to hold the currency
Product Types

- Stocks and Related Products
- FX and Related Products
- Fixed Income Products
  - Bond (IPO Subscription, Carry Trade) ***
  - Certificate of Deposit
  - Short term Note
- Fund
- Insurance

*** further description in the following slides
Advantages of Bond Investment

- Fixed term and stable return
- Benefit from the appreciation of the denominated currency (e.g. RMB, IDR)
- Different tenor
- High liquidity
- Leveraged carry trade
Bond IPO Subscription

2013年度中国国际投资级别公司债券市场排名
Chinese International Corporate IS DCM-FY 2013

<table>
<thead>
<tr>
<th>級别</th>
<th>排行</th>
<th>简记行</th>
<th>金额 (百万美元)</th>
<th>数量</th>
<th>百分比</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>中国银行</td>
<td>Bank of China</td>
<td>4,311</td>
<td>22</td>
<td>11.6</td>
</tr>
<tr>
<td>2</td>
<td>汇丰银行</td>
<td>HSBC</td>
<td>3,855</td>
<td>32</td>
<td>10.3</td>
</tr>
<tr>
<td>3</td>
<td>摩根大通</td>
<td>JP Morgan</td>
<td>3,700</td>
<td>21</td>
<td>9.9</td>
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<tr>
<td>4</td>
<td>高盛</td>
<td>Goldman Sachs</td>
<td>2,870</td>
<td>16</td>
<td>7.7</td>
</tr>
<tr>
<td>5</td>
<td>德意志银行</td>
<td>Deutsche Bank</td>
<td>2,576</td>
<td>21</td>
<td>6.9</td>
</tr>
<tr>
<td>6</td>
<td>瑞银</td>
<td>UBS</td>
<td>2,299</td>
<td>17</td>
<td>6.2</td>
</tr>
<tr>
<td>7</td>
<td>花旗银行</td>
<td>Citi</td>
<td>2,267</td>
<td>13</td>
<td>6.1</td>
</tr>
<tr>
<td>8</td>
<td>美国银行</td>
<td>Bank of America Merrill Lynch</td>
<td>2,230</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>工商银行</td>
<td>Industrial &amp; Commercial Bank of China</td>
<td>1,953</td>
<td>17</td>
<td>5.2</td>
</tr>
<tr>
<td>10</td>
<td>摩根士丹利</td>
<td>Morgan Stanley</td>
<td>1,564</td>
<td>13</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Source: Bloomberg as of December 31, 2013
资料来源：彭博资讯，截至2013年12月31日
Leveraged Bond Investment

Downpayment: $150,000; Choose the bond with 85% Loan Value

Loan arrangement ($850,000)

Total Investment amount: ($850,000 + $150,000 = $1,000,000)

Buy: China ZhengTong Auto USD Bond 4.5 2018; Client can hold to maturity or clear the position anytime

Above 10% annualized return
Product Types

- Stocks and Related Products
- FX and Related Products
- Fixed Income Products
- Fund
  - Mutual Fund ***
  - Hedge Fund ***
- Insurance

*** further description in the following slides
Mutual Funds

We offer access to more than 1,200 funds covering different regions, industries, asset classes and risk levels:

- Guaranteed Fund
- Bond Fund and Fixed Income Fund
- Money Market Fund (MMF)
- Diversified Fund
- Index Fund
- Global Market Fund
- Regional Equity Fund
- Others Specialized Fund

Low risk
High risk
Mutual Funds

Allianz Investors Group
Aberdeen Asset Management
Amundi Asset Management
Barings Asset Management
Blackrock Asset Management
BNP Paribas Investment Partners
BOCI-Prudential Asset Management (incl unauthorized funds)
First State Asset Management
MAN Investments
Invesco Asset Management
Investec Asset Management
JPMorgan Asset Management (incl JF Funds)
Morgan Stanley Asset Management
Macquarie Asset Management
Schroders Asset Management
Franklin Templeton Asset Management
Value Partners Asset Management
China Asset Management (HK) Ltd (for RQFII & unauthorized funds)
GAM Asset Management (for authorized & unauthorized funds)
Galaxy Asset Management (for unauthorized funds)
Permal Asset Management (for authorized & unauthorized funds)
BOCHK Asset Management (for unauthorized funds)
China Angel Fund (for unauthorized funds)
CITIC Securities International Investment Management HK (RQFII funds only)
CICC Asset Management (RQFII funds only)
Shenyin Wanguo Asset Management (RQFII funds only)
GF Asset Management (RQFII funds only)
PIMCO Funds: Global Investor Series plc
Shanghai International Asset Management (unauthorized funds only)
Hedge Fund (Alternative Investment)

Strategies:

• Global macro
• Directional
• Event-driven
• Relative value (arbitrage)
Product Types

- Stocks and Related Products
- FX and Related Products
- Fixed Income Products
- Fund
- Insurance
  - Premium financing ***

*** further description in the following slides
Premium Financing

**Advantages**

- Purchase insurance without cash
- Use security as collateral
- Profit from insurance dividend
- Insurance policy has high cash value
- Use insurance policy to finance other investments
Premium Financing

*Enjoy considerable coverage with minimum collateral injection*

Day 1 Cash Value

Collateral Value (Bond or Security)

Premium of the Policy

Interest Outflow from...

- Day 1 Cash
- Income Generator
- Collateral

Coupon Inflow from...

- Income Generator
- Collateral
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