

## MEDIA RELEASE

### **High Net Worth Individuals optimistic about China market Julius Baer – Bank of China Wealth Report: Asia launched**

Zurich/Beijing/Hong Kong/Singapore, 14 October 2014 – In a landmark research collaboration, Julius Baer and Bank of China Limited today jointly launched the 2014 annual report on wealth trends in Asia. The report finds domestic investors, High Net Worth Individuals (HNWI) in China have a positive stance on risky assets and are turning increasingly to private banks to meet their financial service needs.

This year's Julius Baer – Bank of China Wealth Report: Asia provides a focused China Lifestyle Index of 12 mainland China cities. The report also examines pivotal shifts in the world's second largest economy and how HNWI in China see private banking as well as the education for their next generation.

Shumin Zhu, Executive Vice President of Bank of China Limited commented:

“Internationalisation of the renminbi is a key element in China's wider economic reform process and Bank of China is at the forefront of this development. As a bank, we are committed to contributing to supporting China's businesses and entrepreneurs, who strive to further develop the country's economy and contribute to the China Dream. We are very pleased to cooperate with Julius Baer in producing this landmark report. The findings confirmed that our clients, many of whom are entrepreneurs, are confident about the future of the Chinese economy and investment environment. As the leading wealth manager in China, sharing expertise with Julius Baer as new opportunities emerge in global private banking, is an exciting proposition for Bank of China.”

Boris F.J. Collardi, Chief Executive Officer of Julius Baer Group Ltd, said: “Our strategic partnership with Bank of China comes as the economies in the region are becoming increasingly synchronised and financially integrated. It is clear to us that the combination of these factors, together with the internationalisation of the renminbi, Asia's growth drivers are evolving rapidly. These are important issues, and our partnership with Bank of China places Julius Baer in a prime, unique and privileged position to engage with our international clients on these matters.”

The Julius Baer – Bank of China Wealth Report: Asia features a unique survey of a representative sample of Bank of China's onshore private banking clients across the nation. On the forefront of China's economic transition, Bank of China's private banking client base represents mostly entrepreneurs who cherish the services that Bank of China offers.

Internationalisation is a key theme that echoes throughout the report. Be it from the perspective of High Net Worth Individuals (HNWI) as parents or investors, respondents to the surveys on private banking service and education planning for their next generation expressed clear interests in broadening horizons. This parallels with the joint Julius Baer and Bank of China stance on what is happening in China's economy and broader policy making arena today.

Key highlights of the 2014 Julius Baer – Bank of China Wealth Report: Asia:

### **Macro landscape**

- Worries over ‘hard landings’ in China are unfounded in our view, as these ignore the important progress already made in the context of evolving the economic model.
- The Bank of China proprietary Cross-Border RMB Index (CRI) points to the continual internationalisation of the currency, echoing the shared view that reserve currency status is attainable in the medium term.

### **Private banking clients in China**

- In a landmark research enterprise, Bank of China has surveyed over 200 of its private banking clients in 30 branches across the country. The face-to-face interviews took place in mid-June 2014, gauging client preferences with regard to private banking products and services and their outlook on financial markets.
- Structured products that offer capital protection remain the preferred investment vehicle, but foreign exchange-linked products, bonds and overseas equities were listed as being of interest over the coming 12 months.
- In terms of cross-border investing, the top two interests over the next 12 months are to invest overseas financially (44%) and buy properties (40%). In terms of investment destination, the United States and Canada (61%) took the top spot, followed by Hong Kong (34%), Australia (21%), continental Europe (15%) and the United Kingdom (11%) tying with Singapore (11%) in fifth place.
- The preferred long-term investment is real estate (53%). In terms of gold, survey respondents see the longer term value of holding gold (35%) in their portfolios, but have limited return expectations in the shorter term. Equities (14%) ranked last as a ‘long-term investment’.

### **The Julius Baer – Bank of China Lifestyle Index**

- 2014 marks the launch of the Julius Baer – Bank of China Lifestyle Index, covering the cost of luxury goods and services as relevant to HNWI entrepreneurs across China. The data will be collected on an annual basis, in tandem with the enhanced Julius Baer Lifestyle Index.
- There are twelve cities grouped into four regions. Bohai Economic Rim (Beijing, Tianjin, Dalian), Yangtze River Delta Zone (Nanjing, Shanghai, Wuxi), Pearl River Delta Zone (Guangzhou, Jiangmen, Huizhou) and the Western China Emerging Zone (Chongqing, Chengdu, Xian).
- The items covered are: business registration fees, dental implants, first class domestic air travel, golf club memberships, hospital, hotel suites, luxury property and wedding banquets.
- The highest average costs are found in the Bohai Economic Rim, with a significant gap between Beijing and the other two member cities (Tianjin and Dalian). The lowest costs can be found in the Western China Emerging Zone – as well as the gaps between the three cities (Chongqing, Chengdu and Xian) are the smallest.

### **Investing in future generations**

- Within the Julius Baer Lifestyle Index, the education-related components (university tuition and boarding school fees) have shown the most consistent increases, double-digit increases since 2011. Taking this as a starting point, Julius Baer commissioned a survey of over affluent 800 parents across Beijing, Shanghai, Hong Kong, Mumbai and Singapore, to ascertain their attitudes, preferences and expectations in terms of investing for their children’s futures.
- Parents in Beijing and Shanghai (98%) have the highest expectations that their children will achieve advanced degrees (Bachelor degree or above).
- Singapore (64%) stands out for the strongest preference for local universities. Parents in China (66%) have the clearest preference for overseas education, in particular the United

States and United Kingdom. Interestingly, this echoes the results of the Bank of China private banking survey in terms of desired overseas investment destinations.

- Parents in Mumbai (91%), Beijing and Shanghai (88%) have the strongest expectation that their children will enjoy higher incomes than themselves.
- In terms of generational transfers, parents in Beijing and Shanghai (62%) feel that passing on personal values to their children is simultaneously the most important and challenging aspect of being an affluent household. By contrast, for parents in Mumbai (39%), the most important qualitative aspect of generational transfer cited was 'skill'.

Thomas R. Meier, Region Head Asia Pacific of Julius Baer said: "Julius Baer and Bank of China have been working together to promote the exchange of wealth management experience and knowledge, as well as to enhance the understanding and confidence in the strong fundamentals of the Chinese economy and investment space for our international clientele."

The 2014 Julius Baer – Bank of China Wealth Report: Asia is available in English and simplified Chinese on: [www.juliusbaer.asia](http://www.juliusbaer.asia)

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## **About Julius Baer**

Julius Baer is the leading Swiss private banking group, with a focus on servicing and advising sophisticated private clients and a premium brand in global wealth management. Julius Baer's total client assets amounted to CHF 372 billion at the end of June 2014, including CHF 274 billion of assets under management. Bank Julius Baer & Co. Ltd., the renowned Swiss private bank with origins dating back to 1890, is the principal operating company of Julius Baer Group Ltd., whose shares are listed on the SIX Swiss Exchange (ticker symbol: BAER) and form part of the Swiss Market Index (SMI), comprising the 20 largest and most liquid Swiss stocks.

Julius Baer is currently in the final phase of integrating Merrill Lynch's International Wealth Management business outside the US. This will increase the Group's presence to more than 25 countries and 50 locations. Headquartered in Zurich, we have offices in key locations including Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Monaco, Montevideo, Moscow, Shanghai, Singapore and Tokyo.

For more information visit our website at [www.juliusbaer.asia](http://www.juliusbaer.asia)

## **About Bank of China**

Bank of China was formally established in February 1912 following the approval of Dr. Sun Yat-sen. From 1912 to 1949, the Bank served consecutively as the country's central bank, international exchange bank and specialised international trade bank. Fulfilling its commitment to serving the public and developing China's financial services sector, the Bank rose to a leading position in the Chinese financial industry and developed a good standing in the international financial community, despite many hardships and setbacks. After 1949, with a long history as the state-designated specialised foreign exchange and trade bank, the Bank became responsible for managing China's foreign exchange operations and provided vital support to the nation's foreign trade development and economic infrastructure through its offering of international trade settlement, overseas fund transfer and other non-trade foreign exchange services.

During China's reform and opening up period, the Bank seized the historic opportunity presented by the government's strategy of capitalising on foreign funds and advanced technologies to boost economic development, and became the country's key foreign financing channel by building up its competitive advantages in foreign exchange business. In 1994, the Bank was transformed into a wholly state-owned commercial bank. In August 2004, Bank of China Limited was incorporated. The Bank was listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange in June and July 2006 respectively, becoming the first Chinese commercial bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets. In 2013, Bank of China was enrolled again as a Global Systemically Important Bank, becoming the sole financial institution from emerging economies to be enrolled for three consecutive years.

As China's most international and diversified bank, the Bank provides a comprehensive range of financial services to customers across the Chinese mainland, Hong Kong, Macau, Taiwan and 37 countries. The Bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. BOC International Holdings Limited, a wholly owned subsidiary, is the Bank's investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited, both wholly owned subsidiaries, run the Bank's insurance business. Bank of China Group Investment Limited, a wholly owned subsidiary, undertakes the Bank's direct investment and investment management business. Bank of China Investment Management Co., Ltd., a controlled subsidiary, operates the Bank's fund management business. BOC Aviation Pte. Ltd., a wholly owned subsidiary, is in charge of the Bank's aircraft leasing business.

Bank of China has upheld the spirit of 'pursuing excellence' throughout its hundred-year history. With adoration of the nation in its soul, integrity as its backbone, reform and innovation as its path forward and 'people first' as its guiding principle, the Bank has built up an excellent brand image that is widely recognised within the industry and by its customers. Faced with new historic opportunities, the Bank will meet its social responsibilities, strive for excellence, and make further contributions to achieving the China Dream and the great rejuvenation of the Chinese nation.

For more information visit [www.boc.cn](http://www.boc.cn)