



Connecting customers to opportunities

HSBC aims to be where the growth is, enabling businesses to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and realise their ambitions.

Group long-term strategy

Our strategy enables us to connect customers to opportunities. It is supported by our distinct combination of strategic advantages:

- ◆ Leading international bank
- ◆ Exceptional access to high-growth markets
- ◆ Balance sheet strength

Group FY18

Adjusted Profit before tax ◆

(FY17: \$21.1bn)

\$21.7bn

Adjusted Revenue ◆

(FY17: \$51.7bn)

\$53.9bn

RoTE

(FY17: 6.8%)

8.6%

DPS¹

(FY17: \$0.51)

\$0.51

HSBC Life

Who we are

- ◆ A leading global integrated bancassurer
- ◆ Operating in 9 manufacturing markets in Asia, Europe and Latin America and offering complementary products from strategic partnerships in 31 markets
- ◆ Leveraging the investment expertise and capabilities of HSBC

Our long-term strategy

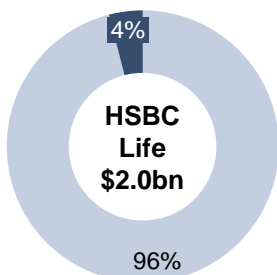
- ◆ Increase penetration of retail, private and business banking customer base
- ◆ Selectively grow distribution through alternative channels
- ◆ Leverage HSBC's digital customer engagement and analytics platform

FY18 reported performance highlights

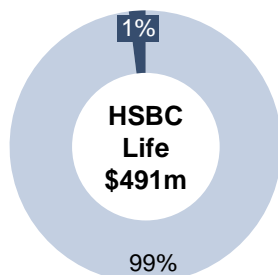
Profit before tax	Revenue	Operating expenses	Value of new business	Embedded value ²	Total assets
(FY17: \$1,776m)	(FY17: \$2,219m)	(FY17: \$440m)	(FY17: \$919m)	(FY17: \$12.2bn)	(FY17: \$108.1bn)
\$1,578m	\$2,040m	\$491m	\$1,117m	\$12.2bn	\$109.9bn

HSBC Life: an integral part of the HSBC group³

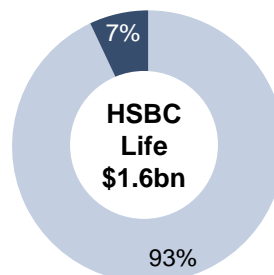
Adjusted revenue ◆



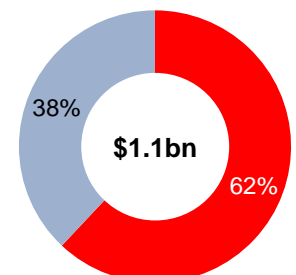
Operating expenses ◆



Profit before tax ◆



Distribution revenue



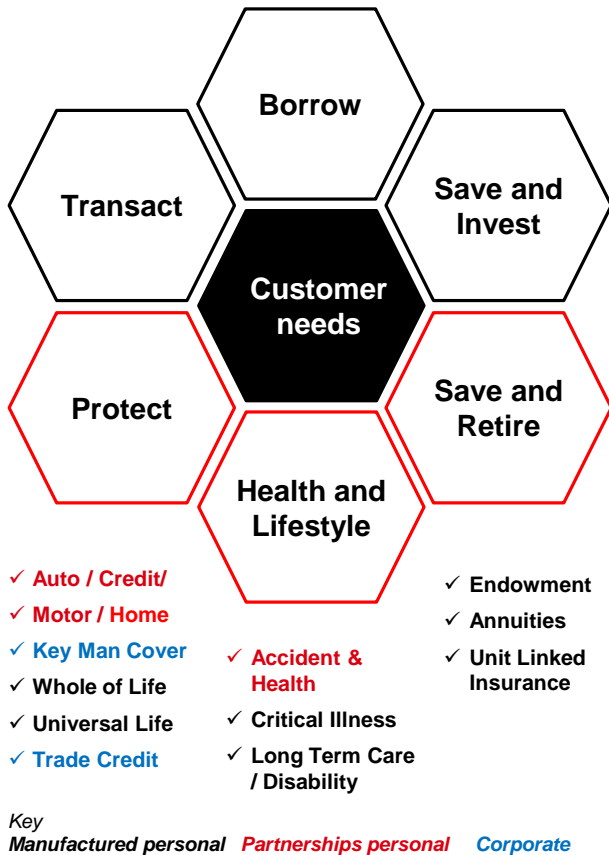
◆ Rest of the Group ■ Insurance

■ HSBC ■ Partnerships

◆ Denotes an alternative performance measure

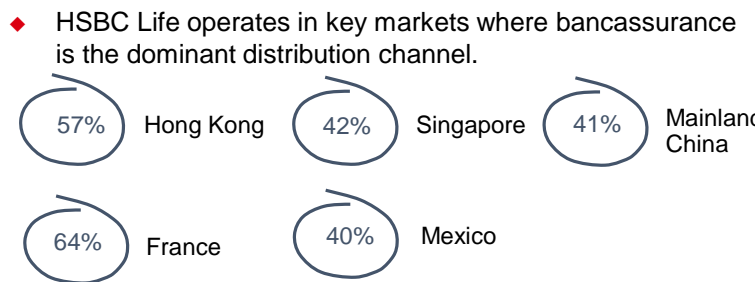
HSBC Life: Integrated bancassurance model

Diversified product offering

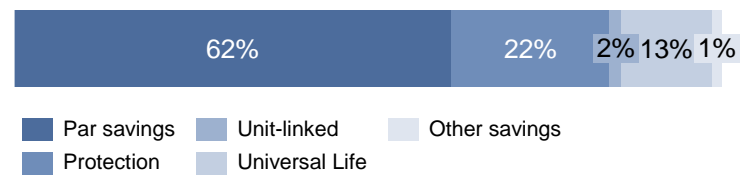


Operating in key bancassurance markets

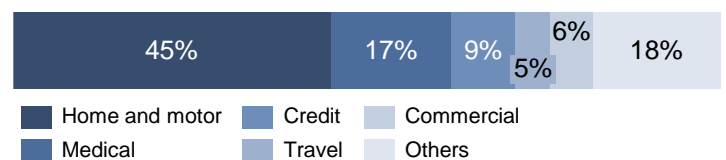
% life premiums from bancassurance channel⁴



Manufactured product mix: VNB FY18

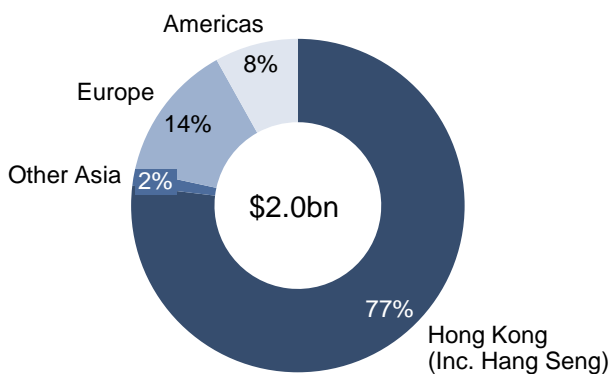


Partnerships product mix: GWP FY18

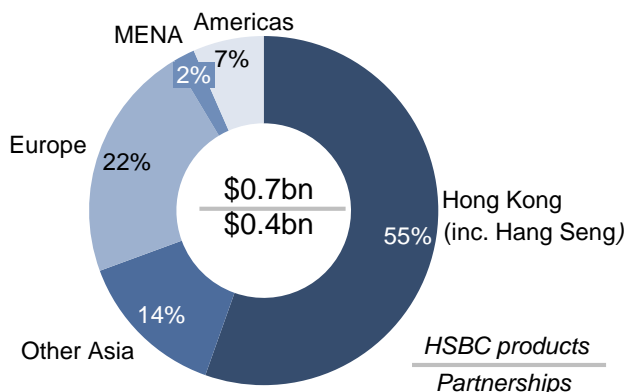


Footprint overview

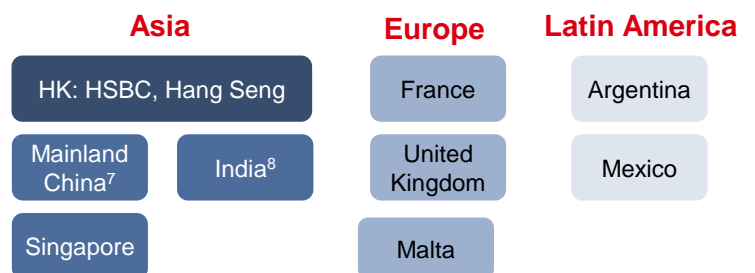
Manufacturing revenue⁵: FY18



Distribution revenue⁶: FY18



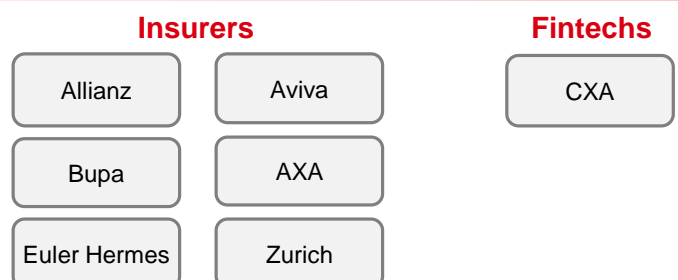
9 Manufacturing markets



31 Distribution markets

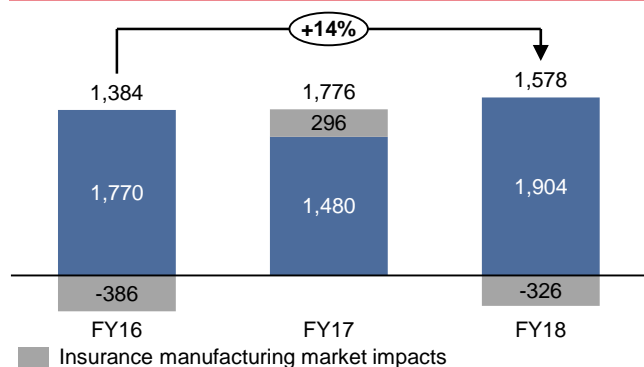
◆ 22 markets distribute only partners' (i.e. third parties) products

Strategic partnerships

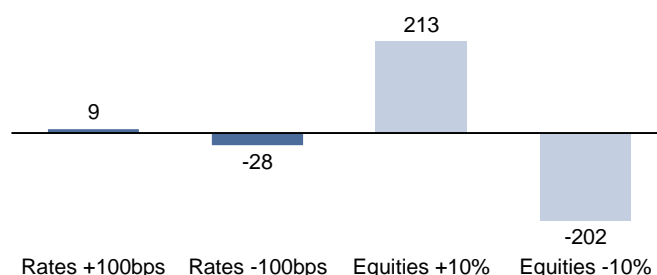


Reported Financial highlights

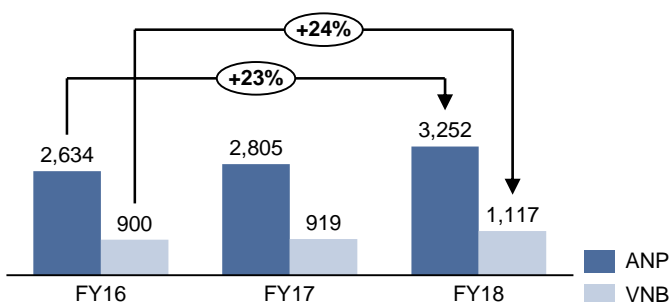
Profit before tax (\$m)



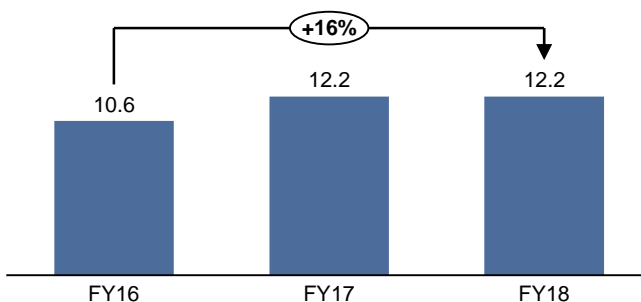
Economic sensitivities PBT FY18⁹ (\$m)



ANP¹ and VNB¹⁰ (\$m)



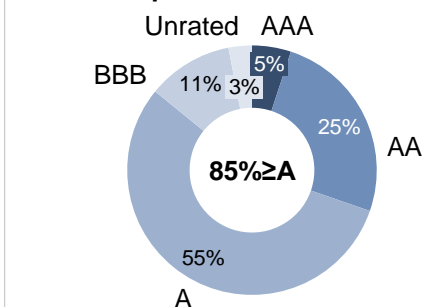
Embedded value² (\$bn)



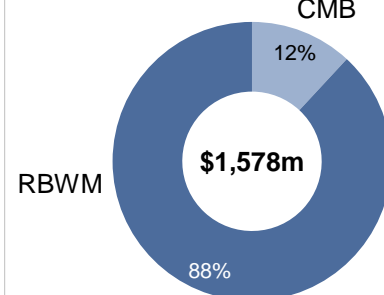
Adjusted income statement¹¹

\$m	FY18	FY17	FY18 vs FY17
Net interest income	2,227	2,193	34
Net fee expense	(567)	(485)	(82)
- fee income	275	330	(55)
- fee expense	(842)	(815)	(27)
Net income from Financial instruments held for trading or managed on a fair value basis	204	13	191
Net income/(expense) from assets & liabilities of insurance business	(1,578)	2,837	(4,415)
Gains less losses from financial instruments	58	31	27
Net insurance premium income	10,716	9,895	821
Other operating income	766	97	669
- of which: movement PVIF	681	21	660
Total operating income	11,826	14,581	(2,755)
Net insurance claims and benefits paid & movement in policy liabilities	(9,786)	(12,391)	2,605
ECL/LICs	(2)	-	(2)
Net operating income	2,038	2,190	(152)
Operating expenses	(491)	(434)	(57)
Operating profit	1,547	1,756	(209)
Share of profit in associates and joint ventures	31	10	21
Profit before tax	1,578	1,766	(188)

Credit risk profile¹²



FY18 Profit before tax



Insurance results together with performance commentary are presented on page 54 of the HSBC Holdings plc Annual Report and Accounts 2018.

For footnotes, see page 4.

Important notice

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Forward-looking statements

This Presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of the Group which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "seek", "intend", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology (together, "forward-looking statements"), including the strategic priorities and any financial, investment and capital targets described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Certain of the assumptions and judgements upon which forward-looking statements regarding strategic priorities and targets are based are discussed under "Targeted Outcomes: Basis of Preparation", available separately from this Presentation at www.hsbc.com. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein.

Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in the HSBC Holdings plc Annual Report and Accounts for the year ended 31 December 2018 filed with the Securities and Exchange Commission (the "SEC") on Form 20-F on 20 February 2019 (the "2018 Form 20-F") and in our Interim Report for the six months ended 30 June 2019 furnished to the SEC on Form 6K on 5 August 2019 (the "2019 Interim Report").

Non-GAAP financial information

This Presentation contains non-GAAP financial information. The primary non-GAAP financial measures we use are presented on an 'adjusted performance' basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in the 2018 Form 20-F, our 1Q19 earnings release furnished to the SEC on Form 6 on 3 May 2019, the 2019 Interim Report, our 3Q19 earnings release furnished to the SEC on Form 6k on 28 October 2019 and the corresponding Reconciliations of Non-GAAP Financial Measures document, which are available at www.hsbc.com.

Information in this Presentation was prepared as at 04 November 2019.

Footnotes:

1. Dividend per share in respect of the period
2. Total equity including the present value of long-term in-force insurance contracts and investment contracts with discretionary participation features
3. HSBC Life serves our Retail Banking and Wealth Management (RBWM), Global Private Banking (GPB) and Commercial Banking (CMB) customers
4. Sources: Insurance Authority Hong Kong (1Q19) in ANP terms, Singapore Life Insurance Association (1Q19) in ANP terms, Federation Francaise de l'Assurance (2017) based on GWP; CBRIC China (2017) based on GWP; Mexican Association of Insurance Institutions (2018) premiums for individual life.
5. Manufacturing revenue: revenue generated from HSBC insurance underwriting.
6. Distribution revenue: commission income for selling HSBC manufactured insurance products and insurance products manufactured by third parties.
7. Mainland China business is a 50% owned joint venture, but consolidated as subsidiary for accounting purposes.
8. India business is a 26%-owned joint venture, accounted for as an associate.
9. Value of new business written in the period.
10. Economic sensitivities are based on a parallel shift on rates.
11. Adjusted results of insurance manufacturing operations and insurance distribution income earned by HSBC bank channels, as disclosed in the HSBC Holdings plc Annual Report and Accounts 2018. Adjusted net operating income of \$2,038m (2017: \$2,190m) compares to reported net operating income of \$2,038m (2017: \$2,218m); the differences arise from constant currency translation adjustments. Similarly, adjusted profit before tax of \$1,578m (2017:\$1,766m) compares to reported profit before tax of \$1,578m (2017: \$1,776m), with the differences also due to currency translation.
12. Comprising assets backing participating and shareholder business. Unrated assets principally comprise blue-chip listed companies with investment grade characteristics; assets backing participating business also include equities, investment property and other alternative investment classes

Glossary:

ANP	: Annualised new business premiums
CMB	: Commercial Banking, a global business
CBIRC	: China Banking and Insurance regulatory Commission
ECL	: Expected credit losses. The weighted average, with respect to the risk of default occurring, of the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received, discounted at the original effective interest rate.
GPB	: Global Private Banking, a global business
GWP	: Gross written premium
LIC	: Loan impairment charges and other credit risk provisions
NRC	: Non resident Chinese
PVIF	: Present value of in-force long-term insurance business and long-term investment contracts with discretionary participating features
RBWM	: Retail Banking and Wealth Management, a global business
RoTE	: Return on average tangible equity. Profit attributable to ordinary shareholders of the parent company, adjusted for movements in PVIF and impairments of goodwill divided by average ordinary shareholders' equity, adjusted for PVIF, goodwill and other intangibles (net of deferred tax).
SME	: Small and medium enterprises
VNB	: Value of new business. The incremental contribution to PVIF of new long-term insurance business written in the period