

HSBC Holdings plc

1H22 Insurance factbook

30 June 2022

Who we are

- ◆ A leading **global integrated bancassurer**
- ◆ Presence in **9 markets (4 in Asia¹)**
- ◆ Serving customers across **retail, wealth, corporate/SME and private bank**
- ◆ Offering products that meet **protection, health, savings, investment, retirement and legacy planning** needs
- ◆ Complementary products from **strategic partners** in **30 markets**
- ◆ **Key pillar** of our **Asian Wealth** strategy

Our purpose

Opening up a world of opportunity

HSBC Life mission

To offer “a promise of Health, Protection and Prosperity” to our customers

Our strategy

Focus on our strengths

Digitise at scale

Energise for growth

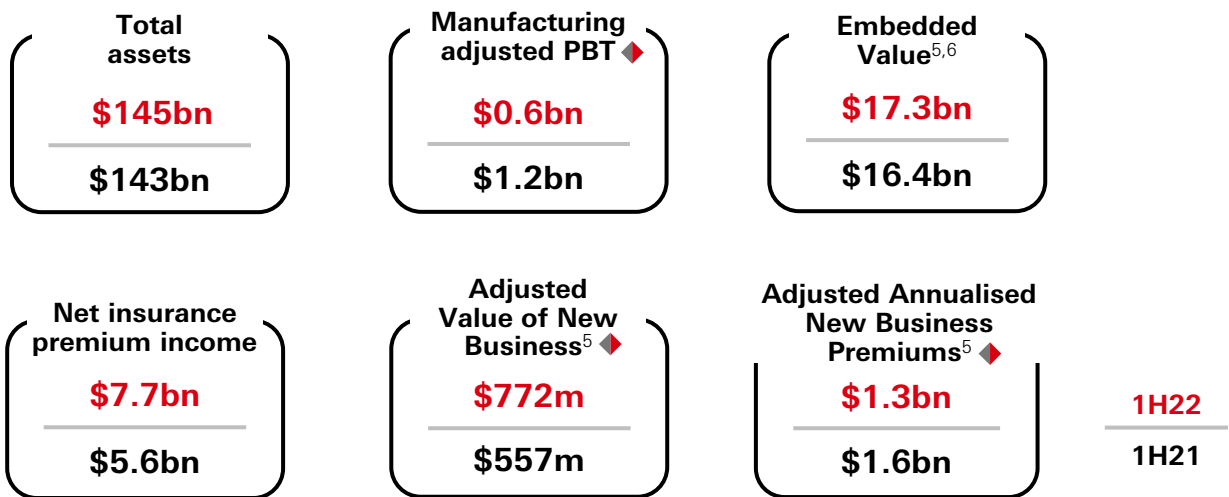
Transition to net zero

1H22 business highlights

- ◆ Completed the acquisition of **AXA Singapore** for \$0.5bn
- ◆ Completed the **acquisition of remaining 50% equity interest in HSBC Life China**
- ◆ Renewed our exclusive distribution agreement with Allianz for life and non-life insurance in six key Asia markets² for 15 years
- ◆ **Market leadership** in HK³, #1 ranked with a market share of 23.6% for 1H22
- ◆ **Expanded Pinnacle Venture** to **6 major cities⁴ in mainland China** with **over 1,000 Personal Wealth Planners** and c.360k registered users of the HSBC River app
- ◆ Over c.115k member registrations⁵ on our **digital health and wellness platforms** in Hong Kong

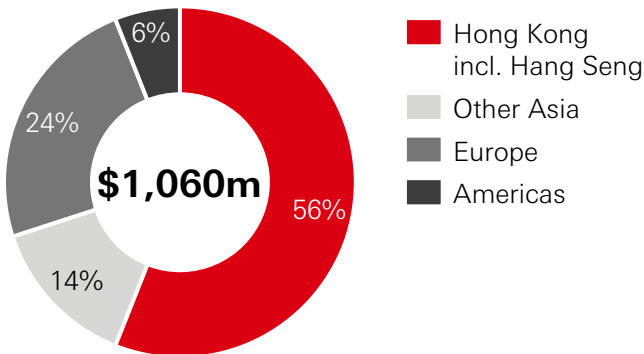
1H22 key financials

Financial results for the Insurance business are prepared on the current IFRS 4 basis and, as such, do not reflect any potential impacts of IFRS 17 'Insurance Contracts', which is effective from 1 January 2023



Denotes an alternative performance measure

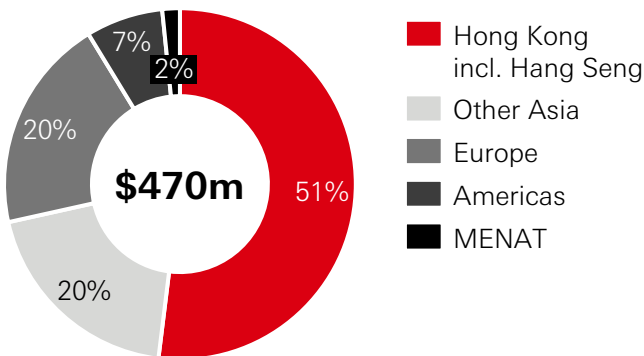
1H22 manufacturing adjusted revenue by region, \$m



9 Manufacturing markets + Bermuda Captive

Asia		Europe
HK: HSBC	HK: Hang Seng	France
Mainland China	Singapore	UK
India ⁷		Malta
Americas		
Argentina	Mexico	
Bermuda Captive		

1H22 distribution income⁸ by region, \$m



30 Distribution markets

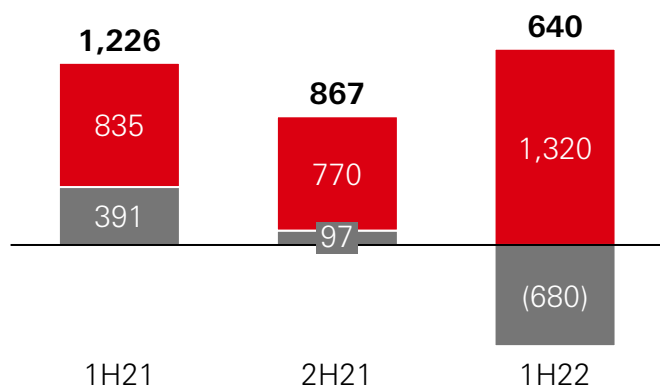
22 markets distributing only Partners' products

Strategic partnerships		
Allianz	Aviva	AXA
QBE	MetLife	Zurich

Financial highlights

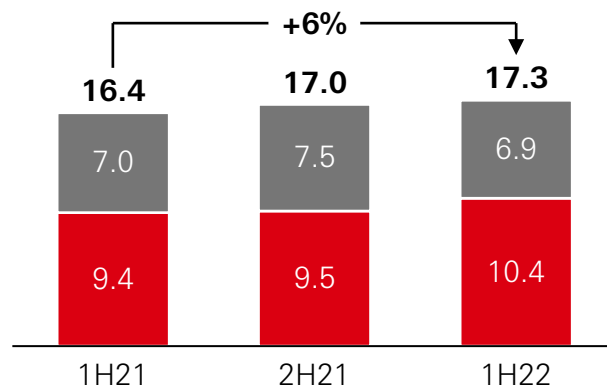
Financial results for the Insurance business are prepared on the current IFRS 4 basis and, as such, do not reflect any potential impacts of IFRS 17 'Insurance Contracts', which is effective from 1 January 2023

Adjusted profit before tax, \$m



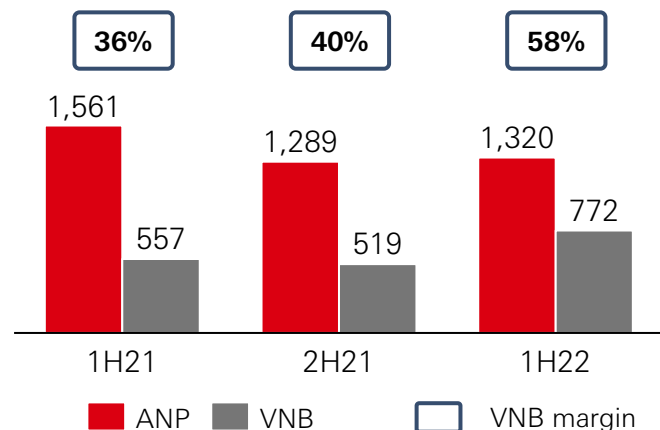
■ Insurance manufacturing market impacts (MCU)

Reported Embedded Value^{5,6}, \$bn



■ Other net assets ■ PVIF⁹

Adjusted ANP and VNB⁵, \$m



■ ANP ■ VNB □ VNB margin

Insurance manufacturing sensitivities

1H22 sensitivity to market risk factors	Effect on profit after tax, \$m
+100 basis point parallel shift in yield curves	(136)
-100 basis point parallel shift in yield curves	(47)
10% increase in equity prices	373
10% decrease in equity prices	(388)

1H22 VNB by region



Adjusted income statement, \$m

	1H22	1H21	2H21
Revenue	1,060	1,509	1,190
Of which: NII	1,254	1,205	1,244
Of which: market impacts	(680)	391	97
Of which: Funds on deposit	294	—	—
ECL	(8)	(19)	(1)
Operating expenses	(416)	(271)	(332)
Share of profit in associates and JVs	4	7	10
Profit before tax	640	1,226	867
Memo: distribution income ⁸	470	430	378

Important notice

The information, statements and opinions set out in this presentation and accompanying discussion (“this Presentation”) are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

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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”, “plan”, “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 and any ESG related targets, commitments and ambitions 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. 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, regulatory changes, the impact of the Covid-19 outbreak or as a result of data limitations and changes in applicable methodologies in relation to ESG related matters). 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 our Annual Report and Accounts for the fiscal year ended 31 December 2021 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 23 February 2022 (the “2021” Form 20-F”), our 1Q 2022 Earnings Release furnished to the SEC on Form 6-K on 26 April 2022 (the “1Q 2022 Earnings Release”), as well as our Interim Financial Report for the six months ended 30 June 2022 furnished to the SEC on Form 6-K on 1 August 2022 (the “2022 Interim Report”), available at www.hsbc.com.

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations (“Alternative Performance Measures”). The primary Alternative Performance 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 Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2021 Form 20-F, which is available at www.hsbc.com.

Information in this Presentation was prepared as at 4 October 2022, unless otherwise specified.

Footnotes:

1. Manufacturing markets include Hong Kong, China, Singapore, India, France, UK, Malta, Mexico and Argentina
2. China, Taiwan, Malaysia, Indonesia, Philippines and Sri Lanka
3. Hong Kong Insurance Authority. Market shares and ranking based on ANP, HSBC Life HK and Hang Seng Insurance combined.
4. Expanded to Foshan in May 2022, other presence including Shanghai, Guangzhou, Hangzhou, Shenzhen and Beijing
5. Metric excludes Canara HSBC OBC Life Insurance (“CHOICe”), 26% owned Indian associate
6. Embedded value is measured as the total IFRS equity of Insurance manufacturing operations.
7. India is a 26%-owned associate
8. Commission income for selling HSBC manufactured insurance products and insurance products manufactured by third parties
9. Present value of long-term in-force insurance contracts and investment contracts with discretionary participation features

Glossary

ANP	Annualised new business premiums
BAU revenue	Manufacturing revenue before market impacts
ECL	Expected credit losses
Distribution revenue	Commission income for selling HSBC manufactured insurance products and insurance products manufactured by third parties
VNB	Value of new business written

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