

23 December 2021

## **HSBC TO ACQUIRE L&T INVESTMENT MANAGEMENT**

*\*\*\* HSBC further strengthening its wealth franchise in Asia \*\*\**

*\*\*\* Accelerating HSBC's access to India's fast growing wealth opportunities \*\*\**

HSBC Asset Management (India) Private Ltd, an indirect wholly-owned subsidiary of HSBC Holdings plc (HSBC), has entered into an agreement with L&T Finance Holdings Limited (LTFH) to fully acquire L&T Investment Management Limited (LTIM) for US\$425 million. LTIM is a wholly-owned subsidiary of LTFH and the investment manager of the L&T Mutual Fund.

The proposed acquisition, subject to regulatory approval, will be another milestone as HSBC delivers on its strategy of becoming a leading wealth manager in Asia. Strengthening HSBC's asset management business in India will add to its ability to serve the wealth needs of its customers in India as well as those of its growing non-resident Indian customer base across the world.

With assets under management (AUM) of INR803bn<sup>1</sup> (US\$10.8bn) and over 2.4m active folios as of September 2021, LTIM is currently ranked as the 12th largest mutual fund management company in India<sup>2</sup>. LTIM reported a pre-tax profit of INR1.85bn (US\$25.0m), income of INR3.48bn (US\$46.9m) and costs of INR1.63bn (US\$21.9m) for the financial year ended March 2021. LTIM offers a distribution platform, encompassing leading banks, regional distributors, 50,000+ independent financial advisers, established digital platforms and a footprint across 65 locations throughout India.

Following the completion of the acquisition, and subject to regulatory approvals, HSBC intends to merge the operations of LTIM with that of its existing asset management business in India, which had AUM of INR117bn (US\$1.6bn) as of September 2021.

Noel Quinn, HSBC's Group CEO, commented: "This transaction enhances the strength of our business in India and reinforces our status as one of Asia's leading wealth managers. Combining LTIM with our existing Indian asset management business gives us the scale, reach and capabilities to capture some of the 15-20% annual asset management market growth expected in India over the next five years<sup>3</sup>. It also boosts our ability to serve India's growing wealth needs, along with those of the 18 million non-resident Indians around the world. Together with our recent announcement to acquire AXA Singapore, this demonstrates our commitment to capturing the Asia wealth opportunity. We will continue to invest significantly to achieve that goal."

Surendra Rosha, HSBC's Co-Chief Executive Asia Pacific, added: "LTIM's customer base and wide footprint in India will provide HSBC with much deeper access to a high-growth wealth management market. India's rising income levels and higher life expectancy are driving an expanding and yet under-penetrated sector."

The proposed acquisition will be funded from existing resources and will have a minimal (c.5bps) impact on HSBC's Common Equity Tier 1 ratio. HSBC expects the acquisition to be immediately accretive to the earnings of the Group upon completion and to achieve a return on investment of greater than 10% in the medium term.

## HSBC to acquire L&T Investment Management / 2

In February 2020, HSBC combined its retail banking and wealth management, asset management, insurance and private banking businesses to create Wealth and Personal Banking which serves over 39 million customers globally. HSBC's ambition is to be Asia's leading wealth manager by 2025, opening up a world of opportunities for Asian, international and HSBC-connected clients, wherever their wealth is created, invested and managed. Asia generates around half of HSBC's US\$1.6trn global wealth balances and nearly 65% of the Group's wealth revenues.

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### Note to editors:

#### HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,969bn at 30 September 2021, HSBC is one of the world's largest banking and financial services organisations.

#### HSBC Bank India

The Hongkong and Shanghai Banking Corporation Limited in India offers a full range of banking and financial services through 26 branches across 14 cities. HSBC is one of India's leading financial services groups, with around 39,000 employees in its banking, investment banking and capital markets, asset management, insurance, software development and global resourcing operations in the country. It is a leading custodian in India. The Bank is at the forefront in arranging deals for Indian companies investing overseas and foreign investments into the country.

#### HSBC Asset Management

HSBC Asset Management, the investment management business of the HSBC Group, invests on behalf of HSBC's worldwide customer base of retail and private clients, intermediaries, corporates and institutions through both segregated accounts and pooled funds. HSBC Asset Management connects HSBC's clients with investment opportunities around the world through an international network of offices in 25 countries and territories, delivering global capabilities with local market insight. As at 30 September 2021, HSBC Asset Management managed assets totaling US\$619bn on behalf of its clients.

1. *LTIM's AUM as at September 2021 comprised 43% Equity, 32% Fixed Income, 16% Hybrid, 9% Liquid*
2. *Source: Association of Mutual Funds in India (Average AUM as of 30 September 2021)*
3. *Unlocking the INR100 trillion opportunity: Asset management industry in India, Boston Consulting Group (August 2019)*

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