

HSBC Holdings plc

FY21 Insurance factbook

31 December 2021

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

Our ambition

To build the pre-eminent Health & Wealth Insurance Platform in Asia

Our strategy

Focus on
our strengths

Digitise at scale

Energise for
growth

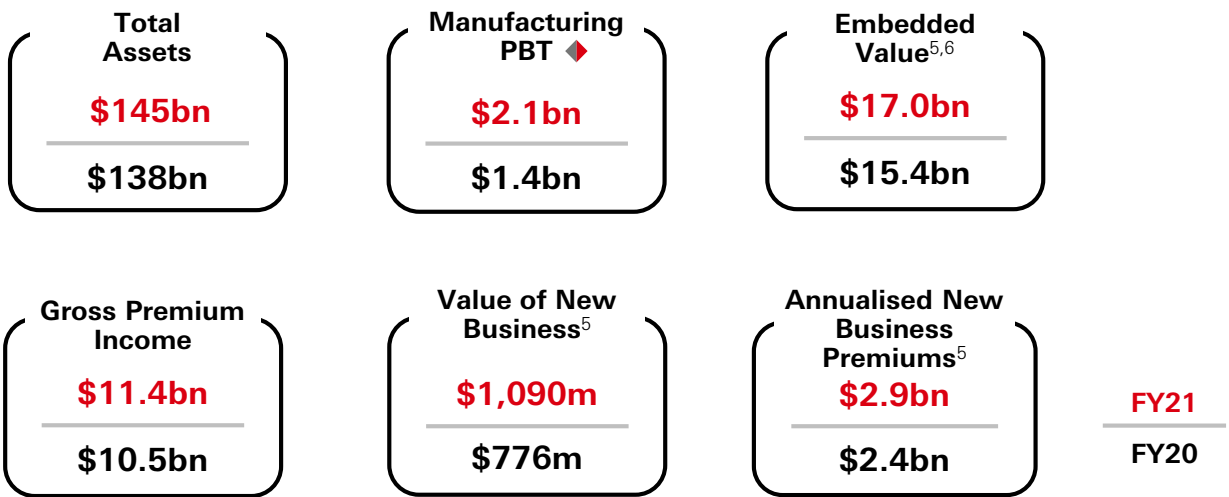
Transition to
net zero

FY21 Business highlights

- ◆ Completed acquisition of **AXA Singapore** in Feb 2022
- ◆ Received regulatory approval for **100% ownership in HSBC Life China**
- ◆ **Market leadership** in HK²
- ◆ **Market share gains** in other key markets (China, Singapore, India, UK and Mexico)³
- ◆ Scaled up our flagship **health and wellness platforms** in HK: **Well+, Benefits+, Hang Seng Olive**
- ◆ **Expanded Pinnacle Venture** to **5 cities in mainland China** with **c. 700 Personal Wealth Planners⁴**
- ◆ Increased **remote advice** and **digital fulfillment** capabilities

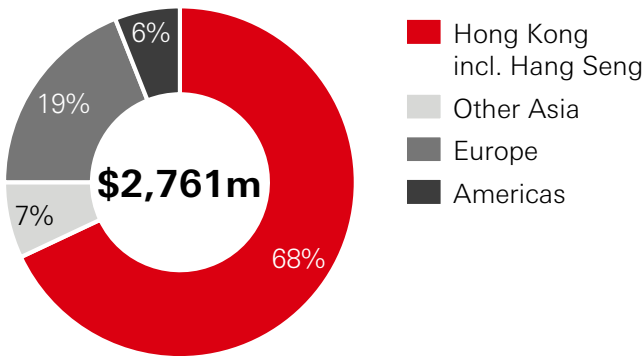
FY21 key financials

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

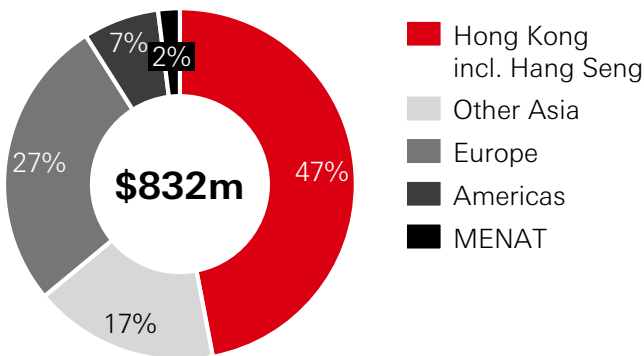
FY21 manufacturing revenue by region, \$m



9 Manufacturing markets + Bermuda Captive

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

FY21 distribution income⁸ by region, \$m



30 Distribution markets

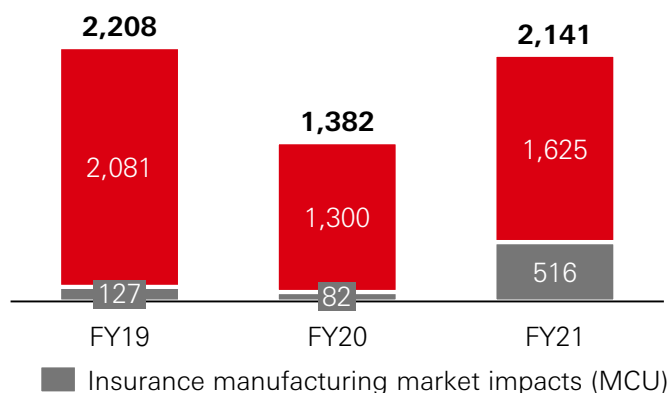
22 markets distributing only Partners' products

Strategic partnerships		
Allianz	Aviva	AXA
QBE	MetLife	Zurich

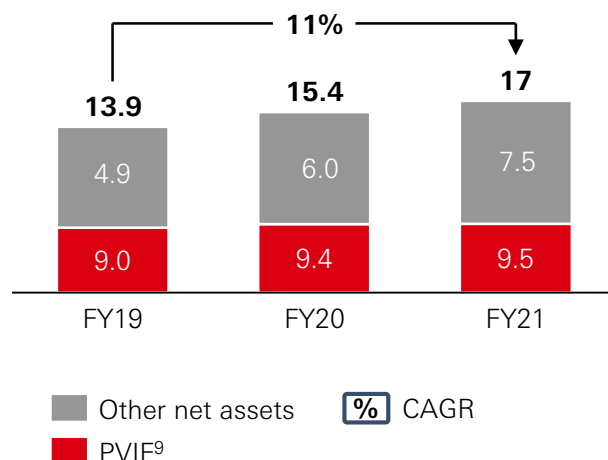
Financial highlights

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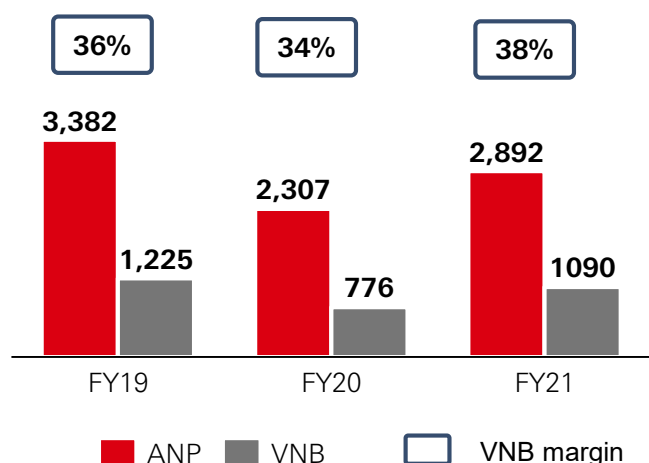
Adjusted profit before tax, \$m



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



Reported ANP and VNB⁵, \$m



Insurance manufacturing sensitivities

2021 Sensitivity to market risk factors	Effect on profit after tax, \$m
+100 basis point parallel shift in yield curves	(2)
-100 basis point parallel shift in yield curves	(154)
10% increase in equity prices	369
10% decrease in equity prices	(377)

Adjusted income statement, \$m

Adjusted income statement, \$m	FY21	FY20	FY19
Revenue	2,761	1,973	2,741
<i>Of which: Nil</i>	2,492	2,414	2,318
<i>Of which: market impacts</i>	516	82	127
ECL	(20)	(78)	(70)
Operating expenses	(618)	(514)	(506)
Share of profit in associates and JVs	18	1	43
Profit before tax	2,141	1,382	2,208
Memo: distribution income ⁸	832	816	1,057

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”) 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 28 March 2022, unless otherwise specified.

Footnotes:

1. Manufacturing markets include Hong Kong, China, Singapore, India, France, UK, Malta, Mexico and Argentina
2. Hong Kong Insurance Authority. Market shares and ranking based on ANP, HSBC Life HK and Hang Seng Insurance combined.
3. Market share gains are based off the following periods: FY21 vs FY20 in China (National Insurance Industry Communication Club. Ranking based on bancassurance ANP among 27 foreign JV players); FY21 vs FY20 in Singapore (Life Insurance Association of Singapore Statistics, ANP); April to December 2021 vs April to December 2020 in India (Insurance Regulatory and Development Authority of India; ANP Rank among private players only, Individual business only, relates to CHOICE, our 26% associate); 4Q21 vs 4Q20 in the UK (Association of British Insurers (ABI). Please note that not all Insurers are members of the ABI and the ANP ranking / market share based on data from ABI members); 4Q21 vs 4Q20 in Mexico based on Gross Written Premium (Comision Nacional de Seguros y Finanzas Mexico)
4. Data as of 31 December 2021
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. Mainland China is a 50% owned joint venture, but consolidated as subsidiary for accounting purposes. 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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