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HSBC INNOVATES HONG KONG WEALTH PRODUCT OFFERINGS WITH AI-POWERED EQUITY INDEX STRUCTURED PRODUCT

** First structured product in Hong Kong using artificial intelligence for equity selection and investing **

** Available to HSBC Jade clients with professional investor status **

HSBC further enriches its innovative and comprehensive wealth product offerings in Hong Kong, with the launch of a new structured product linked to AI Powered US Equity Index 5 (AiPEX5). Harnessing the power of artificial intelligence (AI) and big data in equity selection and investing, AiPEX5 aims to help investors capture growth opportunities in varied market conditions.

The new addition also marks another step forward in the Bank's ongoing acceleration of its Asia wealth business.

The AiPEX family of indices, which AiPEX5 is a part of, was developed by HSBC and EquBot featuring IBM Watson™. The AiPEX indices are first and only rules-based equity strategies that use IBM Watson to analyse millions of data points and turn them into investment insights.

It objectively evaluates each of the 1,000 largest U.S. publicly traded companies and selects those whose stock prices are poised for growth. It operates by ingesting and learning from publicly available and continuously generated data points, examples of which include a company announcement, a tweet, a satellite image of a shop parking lot, or even the tone of language a CEO uses during an earnings presentation.

Justin Chan, Head of Greater China, Global Markets, Asia-Pacific, HSBC, said, "In an increasingly complex investment landscape where each data point could represent a potential market trend, the ability to process real-time big data has become a differentiator at times of market volatility. AiPEX5 simulates a team of thousands of analysts and traders working around the clock to analyse millions of information pieces and identify potential investment opportunities. As part of the Global Markets business' continuous investments in product manufacturing capabilities, the new Index enables us to offer clients solutions that respond effectively to evolving global market conditions."

Sami Abouzahr, Head of Customer Wealth, Wealth and Personal Banking, Hong Kong, HSBC, said, "We're always looking for innovative ways to help our customers protect and grow their wealth. Stock markets are hard to predict but technology is creating new approaches to investing, using AI and the power of big data to deliver risk-adjusted returns is an example. The new AI-powered

index-linked structured product exemplifies our commitment to help customers achieve their financial ambitions by identifying growth opportunities in a volatile investment environment.”

Under its daily volatility control mechanism, the AiPEX5 can reduce the risk exposure for investors. AiPEX5 targets a 5 per cent daily volatility by assigning portfolio weights to selected equities, with the largest weights going to the equities with the highest combined scores and vice versa.

HSBC Group is the exclusive licensee of AiPEX5, and is offering a variety of investment solutions based on the indices to its clients globally. Products linked to the AiPEX family indices have also been launched by HSBC in other markets of Asia Pacific.

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Disclaimer: Structured investment product involves derivatives and is a complex product. Investments involves risk. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives if so provided by you.

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Note to editors:

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