

## Fulfilment Ratio for Participating Products

To provide you an overview of the Company's dividend declaration history, the following tables show the fulfilment ratio for each of our participating products which have new policies issued in the previous five years prior to the reporting year 2018. These results are intended for reference purpose only and should not be taken as indicator of future dividend declaration and special bonus of the participating products. The actual fulfilment ratios in future may be lower or higher than the historical fulfilment ratios as illustrated.

### 1. Fulfilment ratios for annual dividends

#### Open to sales participating products

##### HKD policies

Name of Participating Products	Types	Fulfilment ratios for annual dividends for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
EarlyIncome Annuity Plan	Annuity	N/A	83%	93%	100%	100%	100%	100%	100%
HSBC Comprehensive Critical Illness Protection Plan	Whole Life	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%
Income Goal Insurance Plan	Annuity	N/A	N/A	N/A	N/A	100%	100%	100%	100%
WholeLife Protection Plan	Whole Life	76%	76%	93%	100%	100%	100%	100%	100%

##### USD policies

Name of Participating Products	Types	Fulfilment ratios for annual dividends for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
EarlyIncome Annuity Plan	Annuity	N/A	86%	95%	100%	100%	100%	100%	100%
HSBC Comprehensive Critical Illness Protection Plan	Whole Life	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%
Income Goal Insurance Plan	Annuity	N/A	N/A	N/A	N/A	100%	100%	100%	100%
WholeLife Protection Plan	Whole Life	76%	77%	94%	100%	100%	100%	100%	100%

## Closed to sales participating products

### HKD policies

Name of Participating Products	Types	Fulfillment ratios for annual dividends for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
Capital Protection Plan	Endowment	64%	61%	N/A	100%	100%	100%	N/A	N/A
Lifestyle Education Protection Plus	Whole Life	72%	76%	97%	100%	100%	N/A	N/A	N/A
Lifestyle Retirement Protection Plus	Whole Life	65%	64%	90%	96%	N/A	N/A	N/A	N/A
Lifestyle Wealth Protection Plus	Whole Life	72%	76%	95%	100%	100%	100%	100%	100%
LifeSave Protection Plan (Lifetime Medical)	Whole Life	69%	64%	88%	100%	N/A	N/A	N/A	N/A
RetireIncome Annuity Plan	Annuity	90%	90%	97%	100%	100%	100%	N/A	N/A
Target Protection Plus	Endowment	64%	58%	90%	100%	100%	100%	100%	100%

### USD policies

Name of Participating Products	Types	Fulfillment ratios for annual dividends for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
Capital Protection Plan	Endowment	62%	62%	91%	N/A	100%	100%	100%	100%
Lifestyle Education Protection Plus	Whole Life	69%	77%	97%	100%	100%	N/A	N/A	N/A
Lifestyle Retirement Protection Plus	Whole Life	N/A	N/A	N/A	100%	N/A	N/A	N/A	N/A
Lifestyle Wealth Protection Plus	Whole Life	74%	79%	96%	100%	100%	100%	100%	100%
RetireIncome Annuity Plan	Annuity	90%	90%	97%	100%	100%	100%	N/A	N/A
Target Protection Plus	Endowment	61%	57%	90%	100%	100%	100%	100%	100%

### CNY policies

Name of Participating Products	Types	Fulfillment ratios for annual dividends for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
WealthSave (Renminbi) Protection Plan	Endowment	100%	100%	100%	100%	N/A	N/A	N/A	N/A

### Remarks

Some of the above results are shown as "N/A" because:

- there are no relevant in-force policies in the respective policy year for some products; or
- the dividend amount illustrated at point of sale is zero and hence fulfillment ratio is undetermined

## 2. Fulfilment ratios for special bonuses

### Open to sales participating products

#### HKD policies

Name of Participating Products	Types	Fulfilment ratios for special bonuses for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
Income Goal Insurance Plan	Annuity	N/A	N/A	N/A	N/A	100%	100%	N/A	N/A

#### USD policies

Name of Participating Products	Types	Fulfilment ratios for special bonuses for reporting year 2018							
		Policy effective in 2010 (Policy year 8)	Policy effective in 2011 (Policy year 7)	Policy effective in 2012 (Policy year 6)	Policy effective in 2013 (Policy year 5)	Policy effective in 2014 (Policy year 4)	Policy effective in 2015 (Policy year 3)	Policy effective in 2016 (Policy year 2)	Policy effective in 2017 (Policy year 1)
HSBC Wealth Goal Insurance Plan	Whole Life	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%
Income Goal Insurance Plan	Annuity	N/A	N/A	N/A	N/A	100%	100%	N/A	N/A

### Remarks

i) The above results are shown as "N/A" because:

- there are no relevant in-force policies in the respective policy year for some products; or
- the special bonus amount illustrated at point of sales was zero and hence fulfillment ratio is undetermined; or
- the special bonus amount illustrated at point of sales was non-zero, but there were no relevant policies actually terminated in the reporting year and therefore there is no reportable statistics

- ii) With effect from 1 July 2017, the following insurance terminology shown have been updated for the purpose of reading the policy provisions and other documents related to your policy. Please note that the change will not impact the original meanings and definitions of the insurance terminology for your policy concerned. For details, please visit [www.personal.hsbc.com.hk/1/2/hk/insurance/info](http://www.personal.hsbc.com.hk/1/2/hk/insurance/info)

Terminology used before 1 July 2017	New terminology (with effect from 1 July 2017)
Terminal Bonus	Special Bonus

## Notes

### What is the fulfillment ratio for annual dividends?

The fulfillment ratio for annual dividends shows the extent to which the actual accumulated annual dividends and interest (excluding special bonus, if applicable) meets, underperforms or outperforms the illustrated amount at the point of sale for all relevant in-force participating policies at that policy year. In respect of each product and currency, fulfillment ratio for annual dividends for a policy year is calculated across all relevant in-force policies as:

$$\frac{\text{Aggregate amount of actual accumulated non-guaranteed annual dividends and interest}}{\text{Aggregate amount of accumulated non-guaranteed annual dividends and interest illustrated at point of sale}}$$

The non-guaranteed interests, if any, earned on accumulated dividends and its interest as well as accumulated guaranteed coupons and/or annuities (if applicable) are also included and aggregated with the amount of annual dividends in the calculation of fulfillment ratio.

## Illustrative example

Assume Product A contains the following four HKD policies:

Policy	Policy Effective Date	Policy year	Illustrated accumulated dividends and interest (HKD)	Actual accumulated dividends and interest (HKD)
1	13 Mar 2012	3	4,000	3,190
2	27 Nov 2012	3	1,000	810
3	18 Feb 2013	2	2,500	2,400
4	1 Jan 2014	1	500	500

The calculations of fulfilment ratios for HKD policies for reporting year 2015 are shown below:

Product	Fulfilment Ratio for annual dividends for reporting year 2015		
	Policy(ies) effective in 2012 (Policy year 3) (HKD)	Policy(ies) effective in 2013 (Policy year 2) (HKD)	Policy(ies) effective in 2014 (Policy year 1) (HKD)
Product A	$\frac{(3,190+810)}{(4,000+1,000)} = 80\%$	$\frac{2,400}{2,500} = 96\%$	$\frac{500}{500} = 100\%$

## Remark

The figures shown in the above example are for illustrative purpose only.

### What is the fulfillment ratio for special bonuses?

The fulfillment ratio for special bonuses shows the extent to which the actual payout of special bonus meets, outperforms or underperforms the illustrated amount at the point of sale for all the relevant participating policies which were actually terminated in the reporting year. In respect of each product and currency, fulfillment ratio for special bonuses for a policy year is calculated across all relevant policies which were actually terminated in the reporting year as:

$$\frac{\text{Aggregate amount of actual payout of special bonus}}{\text{Aggregate amount of special bonus illustrated at point of sale}}$$

### How should I interpret the result?

The fulfillment ratio will be 100% when the non-guaranteed benefits (i.e. accumulated dividends and interest or special bonus) declared matches with the illustrated non-guaranteed benefits amount at the point of sale. If it is above 100%, it means larger amount of non-guaranteed benefits was declared as compared with the illustrated amount and if it is below 100%, it means the opposite. However, it should be noted that the fulfillment ratio can only reflect the non-guaranteed benefits declaration result for a certain past period of the policies issued and it cannot represent any future declaration plan and strategy over a longer term for the remaining policy years. For example, lower ratios can be observed for policies issued in 2010 & 2011 because they experienced through the decreasing interest rate environment and difficult market conditions in 2011 & 2012 caused by incident such as Eurozone debt crisis. As such, it is not suggested taking the fulfillment ratio result as an indicator of future non-guaranteed benefits declaration of the participating products.

### Important Note

The products shown in this document are underwritten by HSBC Life (International) Limited (“the Company”), an HSBC Group insurance underwriting subsidiary. The Company is incorporated in Bermuda with limited liability and is authorised and regulated by the Hong Kong Insurance Authority to carry on long-term insurance business in the Hong Kong SAR. You are subject to the credit risk of the Company. Your premiums paid will form part of the Company’s assets. You do not have any rights or ownership over any of those assets. Your recourse is against the Company only. The above insurance products are long-term life insurance protection. They are not equivalent or similar to any kind of deposit. The proceeds received upon policy surrender, whether partial or full, may be less than the total premiums paid.