

Total Payout Ratio for Participating Products

To provide you an overview of the overall historical performance of the Company's participating products reflecting both the guaranteed and non-guaranteed benefits, the following tables show the total payout ratio for each of our participating products which have new policies issued in the previous 5 years prior to the reporting year 2018. These results are intended for reference purpose only and should not be taken as indicator of future performance of the participating products. The actual payout ratios in future may be lower or higher than the historical payout ratios as illustrated.

Open to sales participating products

HKD policies

Name of Participating Products	Types	Total payout ratio 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	98%	99%	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	99%	99%	100%	100%	100%	100%	100%	100%

USD policies

Name of Participating Products	Types	Total payout ratio 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	98%	100%	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%
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%	100%	100%
WholeLife Protection Plan	Whole Life	99%	99%	100%	100%	100%	100%	100%	100%

Closed to sales participating products

HKD policies

Name of Participating Products	Types	Total payout ratio 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	95%	95%	N/A	100%	100%	100%	N/A	N/A
Lifestyle Education Protection Plus	Whole Life	95%	94%	99%	100%	100%	N/A	N/A	N/A
Lifestyle Retirement Protection Plus	Whole Life	86%	87%	97%	99%	N/A	N/A	N/A	N/A
Lifestyle Wealth Protection Plus	Whole Life	99%	99%	100%	100%	100%	100%	100%	100%
LifeSave Protection Plan (Lifetime Medical)	Whole Life	94%	86%	98%	100%	N/A	N/A	N/A	N/A
RetireIncome Annuity Plan	Annuity	99%	99%	100%	100%	100%	100%	N/A	N/A
Target Protection Plus	Endowment	97%	96%	99%	100%	100%	100%	100%	100%

USD policies

Name of Participating Products	Types	Total payout ratio 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	94%	94%	99%	N/A	100%	100%	100%	100%
Lifestyle Education Protection Plus	Whole Life	93%	94%	99%	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	99%	99%	100%	100%	100%	100%	100%	100%
RetireIncome Annuity Plan	Annuity	99%	99%	100%	100%	100%	100%	N/A	N/A
Target Protection Plus	Endowment	94%	94%	99%	100%	100%	100%	100%	100%

CNY policies

Name of Participating Products	Types	Total payout ratio 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

* Special Bonus has been included in the calculation of Total Payout Ratio for Income Goal Insurance Plan and HSBC Wealth Goal Insurance Plan.

Remarks

- i) 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 illustrated amount at point of sale was zero and hence total payout ratio is undetermined
- 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

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

Notes

What is the Total Payout Ratio?

The total payout ratio is calculated as the ratio of the aggregate actual total cash value against the aggregate illustrated amounts at the point of sale for all the relevant in-force participating policies at that policy year. The total cash value reflects both the guaranteed and non-guaranteed benefits which include guaranteed cash value, accumulated endowment coupons and interests (if applicable), accumulated annuities and interests (if applicable), accumulated dividends and interests, special bonus (if applicable) to be paid upon surrender etc.

Illustrative example

Assume Product A contains the following five HKD policies:

Policy	Policy Effective Date	Policy year	Guaranteed Benefits (HKD) (A)	Non-guaranteed Benefits		Total Cash Value	
				Illustrated (HKD) (B)	Actual (HKD) (C)	Illustrated (HKD) (A) + (B)	Actual (HKD) (A) + (C)
1	15 Jan 2012	4	20,000	5,500	3,000	25,500	23,000
2	20 Sep 2012	4	30,000	8,000	5,000	38,000	35,000
3	5 May 2013	3	70,000	5,000	4,000	75,000	74,000
4	30 Oct 2013	3	50,000	3,500	2,500	53,500	52,500
5	1 Apr 2014	2	50,000	500	500	50,500	50,500

The calculations of total payout ratio for HKD policies for reporting year 2016 are shown below:

Product	Total Payout Ratio for reporting year 2016		
	Policy(ies) effective in 2012 (Policy year 4) (HKD)	Policy(ies) effective in 2013 (Policy year 3) (HKD)	Policy(ies) effective in 2014 (Policy year 2) (HKD)
Product A	$\frac{23,000+35,000}{25,500+38,000} = 91\%$	$\frac{74,000+52,500}{75,000+53,500} = 98\%$	$\frac{50,500}{50,500} = 100\%$

Remark

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

How should I interpret the result?

The total payout ratio will be 100% when the actual total cash value matches with the illustrated amount at the point of sale. If it is above 100%, it means actual total cash value is larger as compared with the illustrated amount and if it is below 100%, it means the opposite. However, it should be noted that the total payout ratio can only reflect the performance for a certain past period of the policies issued and it cannot represent any future dividend plan and strategy over a longer term for the remaining policy years. As such, it is not suggested taking the total payout ratio result as an indicator of future performance 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.