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HSBC Amanah Introduces First-in-the-Market ESG Islamic Structured Product in Malaysia

This ESG-related investment product reflects HSBC Group's aspiration in sustainable investment and is in line with Bank Negara Malaysia's Value-based Intermediation ("VBI") initiative

HSBC in Malaysia once again takes the lead in sustainable investment by launching the FIRST-ever Environmental, Social and Governance ("ESG") Islamic Structured Product in the Malaysian market which is in line with Bank Negara Malaysia's Value-based Intermediation ("VBI") initiative.

The landmark **MYR Principal Protected Participation Floating Rate Islamic Negotiable Instruments ("FRINI") linked to Hang Seng Corporate Sustainability Index** is an ESG-related Islamic Structured Product which is 100% principal protected if held to maturity.

It pays fixed coupon of 3.90% per annum (3 Years tenor) and 4.50% per annum (4 Years tenor) in the first two years of the investment. Payout at the end of third and fourth year is subject to Hang Seng Corporate Sustainability Index performance and subject to cap of 5.90% and USD-MYR adjustment. Hang Seng Corporate Sustainability Index tracks the performances of Hong Kong listed companies that excel in corporate sustainability.

ESG refers to the three key factors in measuring the sustainability and ethical impact of a company or business. ESG investing is the concept of incorporating Environmental, Social and Governance factors alongside traditional financial factors in investment process. ESG investing generally aims to generate long-term financial returns whilst contributing positively to society.

Some of the common topics examined under ESG investing process are climate change impact, energy efficiency, human rights, consumer privacy, gender equality, health and safety, corporate governance, business ethics and more.

Essentially, the ESG-related Islamic Structured Product offered by HSBC Amanah provides customers the opportunity to invest in a product that matches their values when it comes to environmental and social causes.

Tara Latini, Country Head, Retail Banking and Wealth Management, HSBC Bank Malaysia said: "Investment strategies incorporating ESG have seen rapid global growth in recent years. The main factors driving ESG asset growth, among others, include the demand from asset owners and risk mitigation whereby ESG factors can be financially material."

"The launch of the ESG Islamic Structured Product is indeed in line with HSBC Group's aspiration in sustainable investment and reflects the Group's overarching commitment to global sustainable development. We at HSBC believe that ESG factors can be used to drive portfolio outperformance and investors should consider these factors when making investment decisions. In fact, here in Malaysia as well as worldwide, we see more asset owners embracing the notion that long-term sustainability needs to be embedded in their investment processes," Tara added.

There have been increasing focus on ESG theme in the global investment space which may contribute to higher demand in ESG-related asset. According to the latest data by Global Sustainable Investment Alliance (GSIA) published in April 2019, global sustainable-investing assets grew 34% to USD30.7t in 2018 from USD22.9t in 2016.

Arsalaan Ahmed, Chief Executive Officer, HSBC Amanah Malaysia shared that HSBC in Malaysia has always been at the forefront of innovation in Islamic banking and the introduction of the ESG Islamic Structured Product clearly demonstrates HSBC's pioneering strength in Islamic finance, particularly with regard to product innovation.

"Following the successful launch of the world's FIRST United Nations Sustainable Development Goals sukuk in October last year, the launch of the ESG Islamic Structured Product clearly demonstrates our continued commitment to the Government of Malaysia's efforts to promote Malaysia as an Islamic finance hub and is a strong testament to HSBC's leadership in sustainable financing and investments" said Arsalaan. "Additionally, the ESG Islamic Structured Product is also in line with Bank Negara Malaysia's VBI initiative that seeks to shift the focus of the Islamic finance industry to integrate environmental and social tenets into banking activities."

Alvin Kong, Head of Global Markets, HSBC Bank Malaysia said: "HSBC has been one of the market leaders in offering structured products to our customers in this country while the Group is at the forefront of driving ESG Sustainable investments. Leveraging on these strengths and also our Amanah proposition in Malaysia, we are pleased to offer the first ESG Islamic structured product in Malaysia. As thematic ESG investments grow, we are confident that we can build on our global reach and in-house capabilities to provide more alternative ESG solutions to cater to our customers' needs."

The ESG Islamic Structured Product is open for subscription to HSBC / HSBC Amanah Premier customers from June 10 to June 21, 2019.

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Notes to Editor:

About HSBC Malaysia

HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited (a company under the HSBC Group) established its first office in the country, on the island of Penang, with permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. In 2007,

HSBC Bank Malaysia was the first locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, HSBC Amanah Malaysia Berhad. Today, HSBC in Malaysia has a network of 68 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Bank Malaysia offers a comprehensive range of banking and financial services including Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Islamic financial solutions. HSBC Bank Malaysia has also led innovation in Malaysia by introducing Malaysia's first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Bank Malaysia has launched innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves our customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide in 66 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,659bn at 31 March 2019, HSBC is one of the world's largest banking and financial services organisations.

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