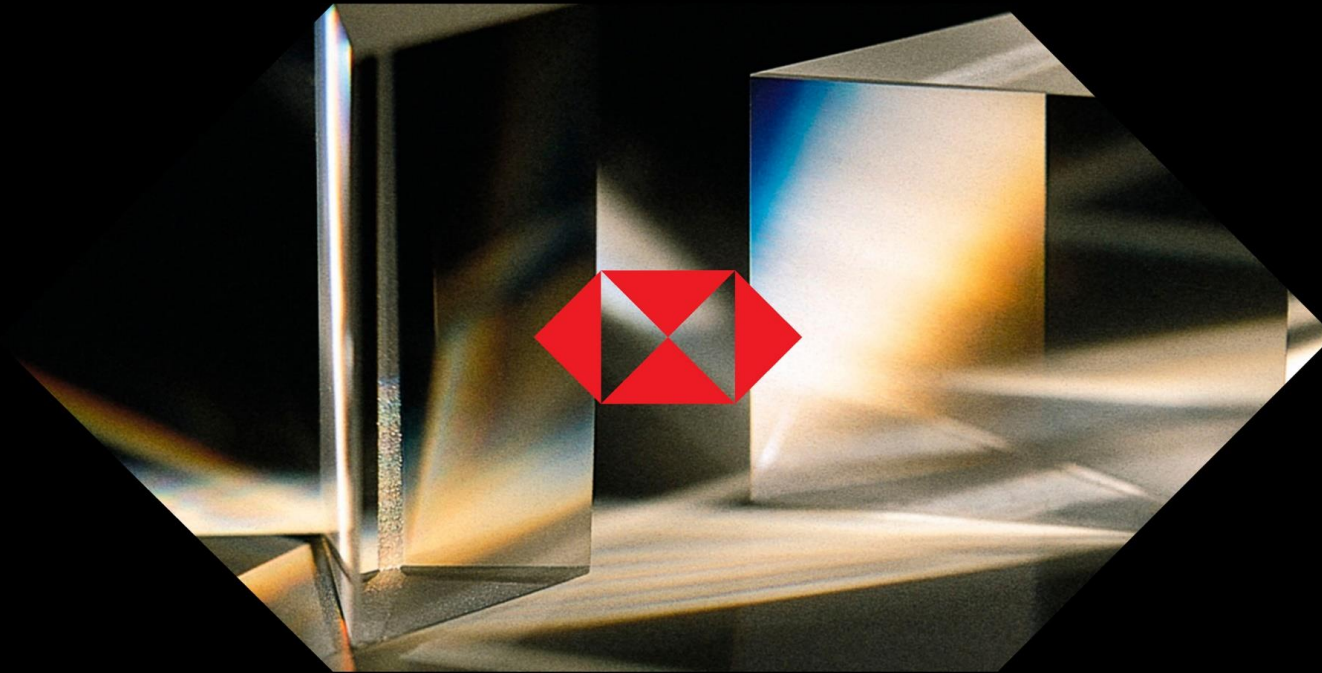


Capital Solutions Group ("CSG") Insurance Companies

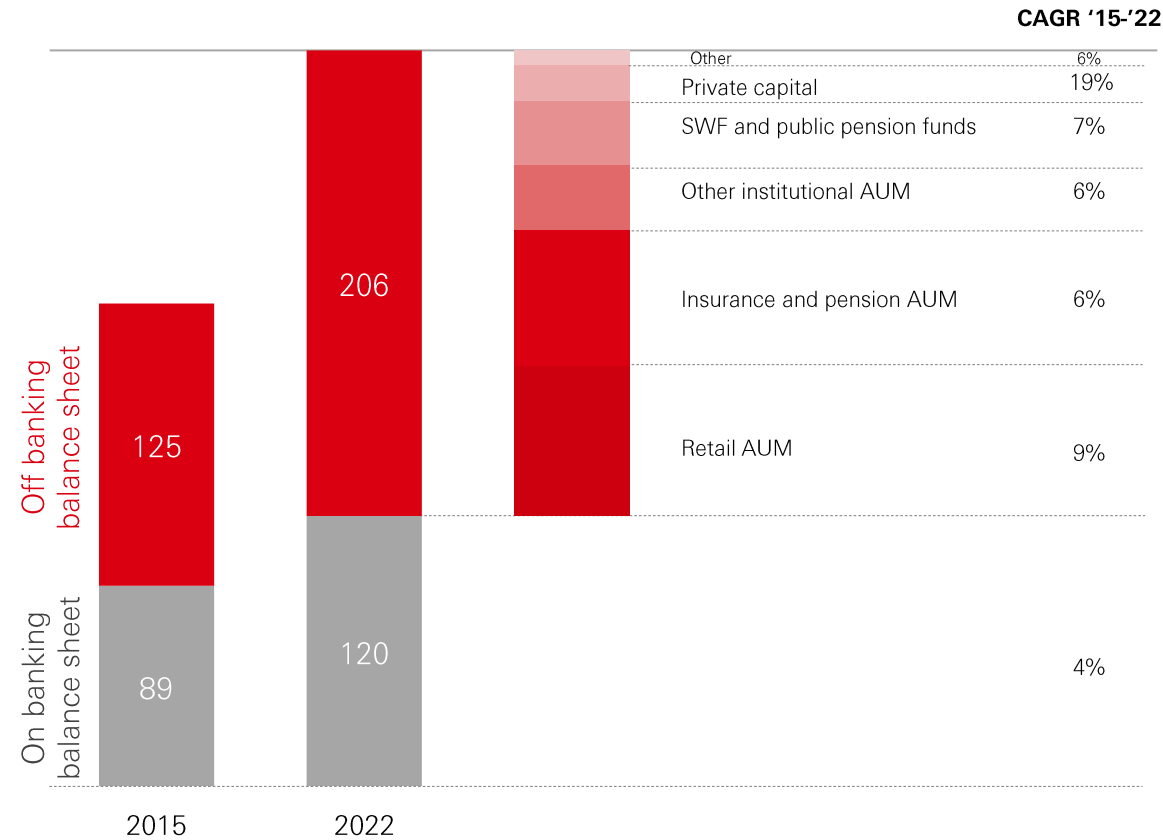
May 2024



The new normal: emergence of alternative financing providers

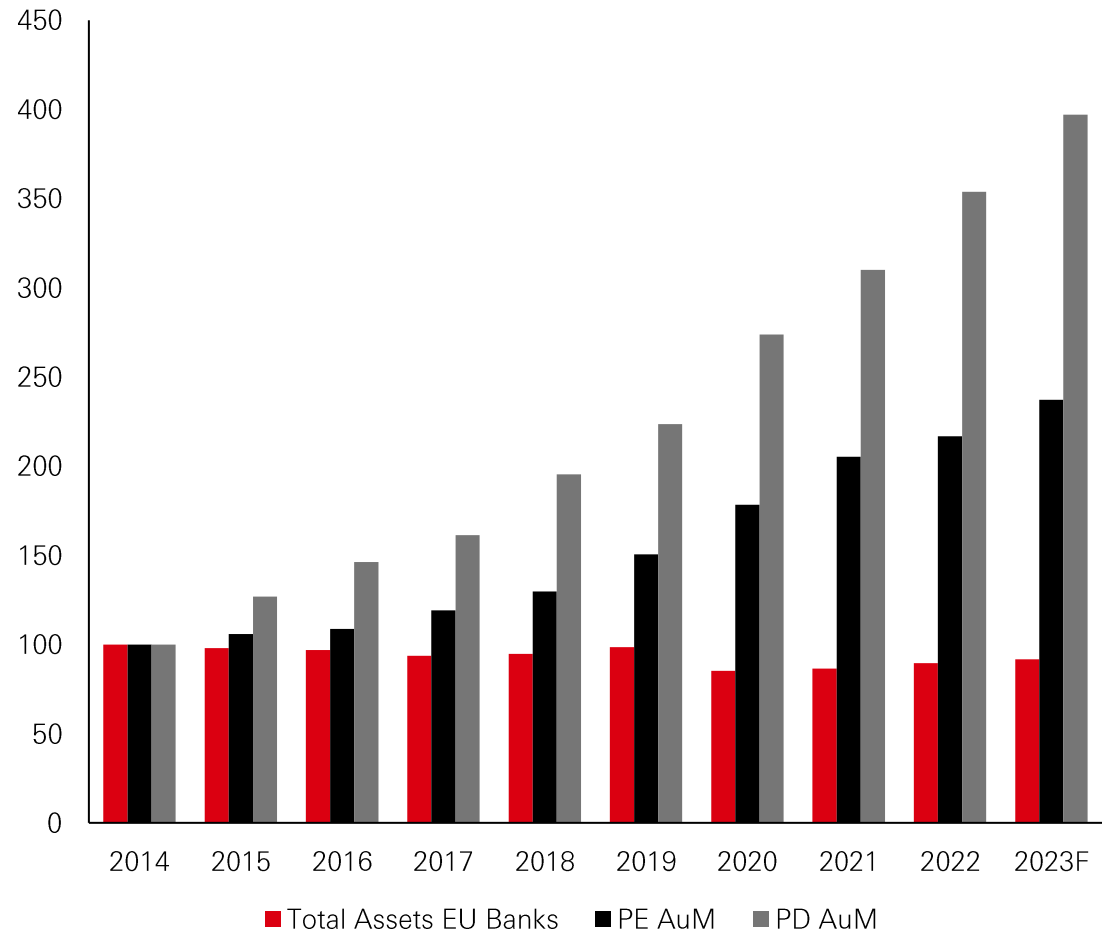
Increased prevalence on Non-Bank Financial Institutions...

Source of global financial stock, except China (USDbn)



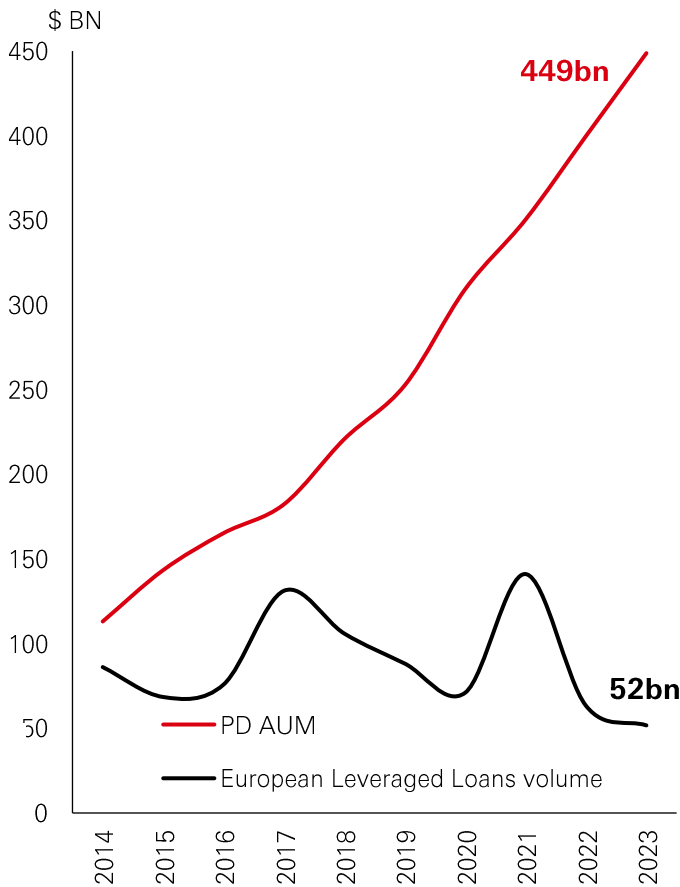
...as demand for lending outstrips Bank financing capacity

Evolution of European Banks Balance Sheet, Private Equity AuM and Private Debt AuM in Europe

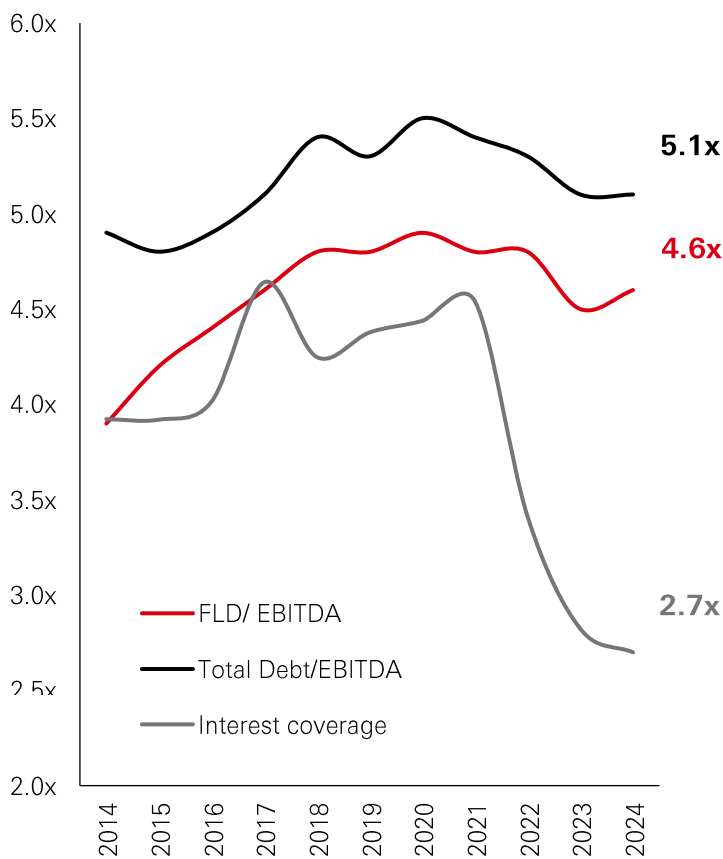


Source: McKinsey Panorama, October 2023; Preqin, 2023; ECB dataset TOTAL ASSETS, EU (Member States and Institutions of the European Union) changing composition, Quarterly.
The data figures displayed relate to the past and are provided for illustrative purposes only, as past figures are not an indication of future results. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way.

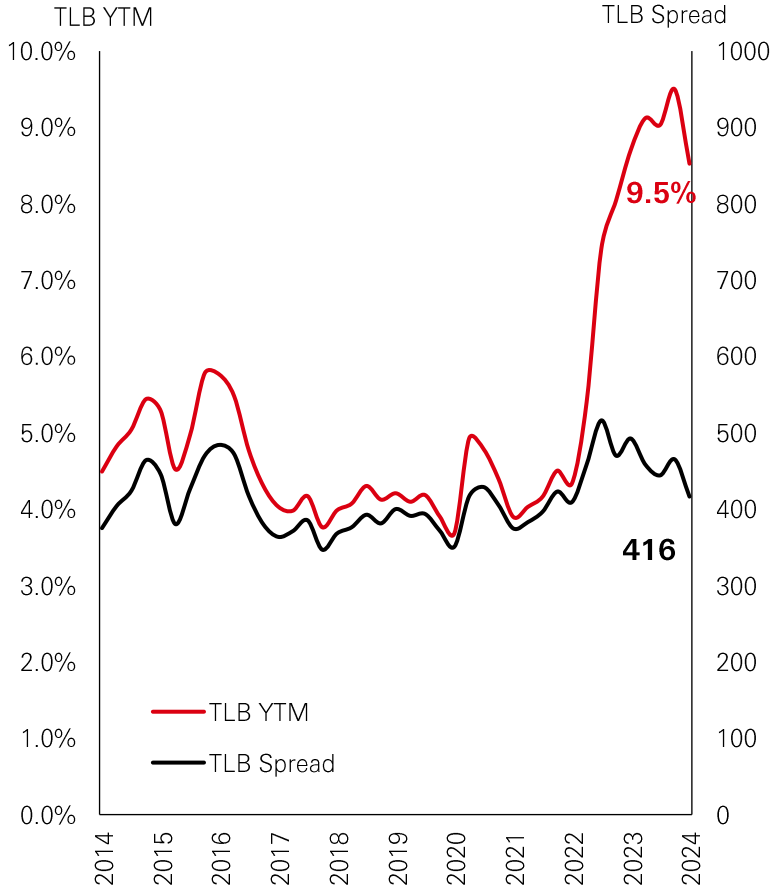
Significant inflow into Private Debt, but Leveraged Loan marked remains soft



New transactions factor in higher rates but historical stock exhibit a higher risk profile



Spreads are under pressure and normalising, but financing costs remain elevated for borrowers

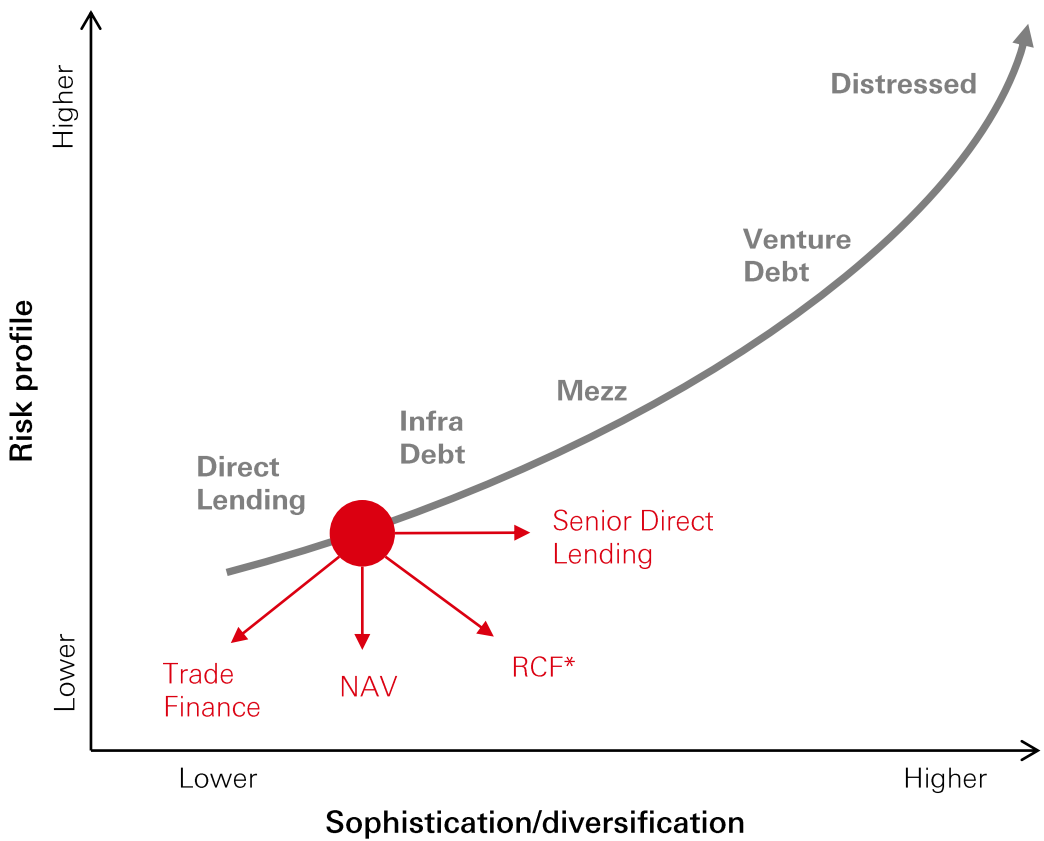


Ability to source and differentiate is in our view becoming increasingly important to generate attractive risk

Source: LCD Pitchbook as of May-24, Preqin (2023). New issue yields presented on a rolling 3-months basis. Leverage ratios presented on a LTM average basis. The data figures displayed relate to the past and are provided for illustrative purposes only, as past figures are not an indication of future results.

Private Credit strategies: Bank related deal flow can provide diversification and potentially attractive returns

Bank originated strategies provide diversification to Institutions already allocated into core traditional Private Credit strategies

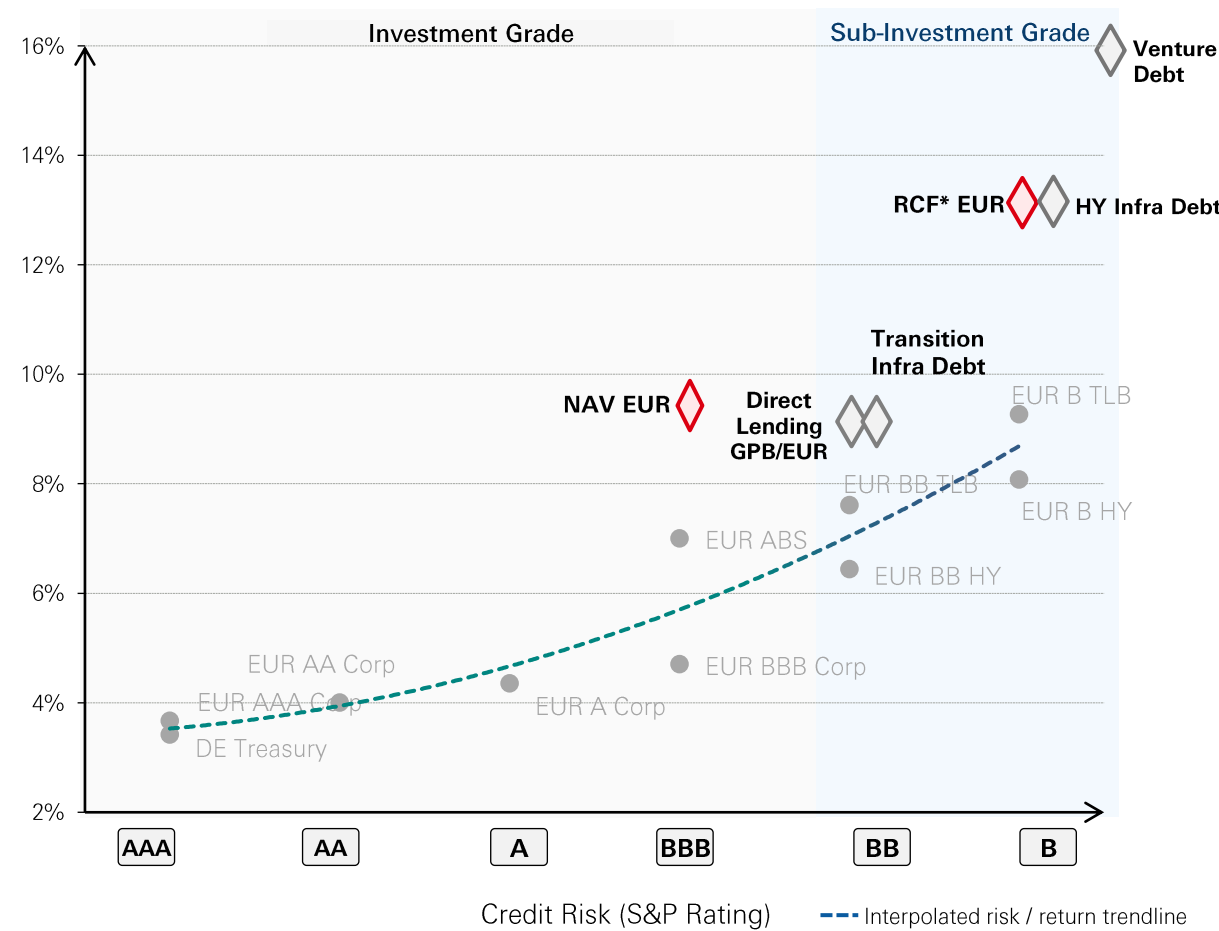


*RCF: Revolving Credit Facilities

Source: Bloomberg as of April 2024, HSBC Asset Management estimates

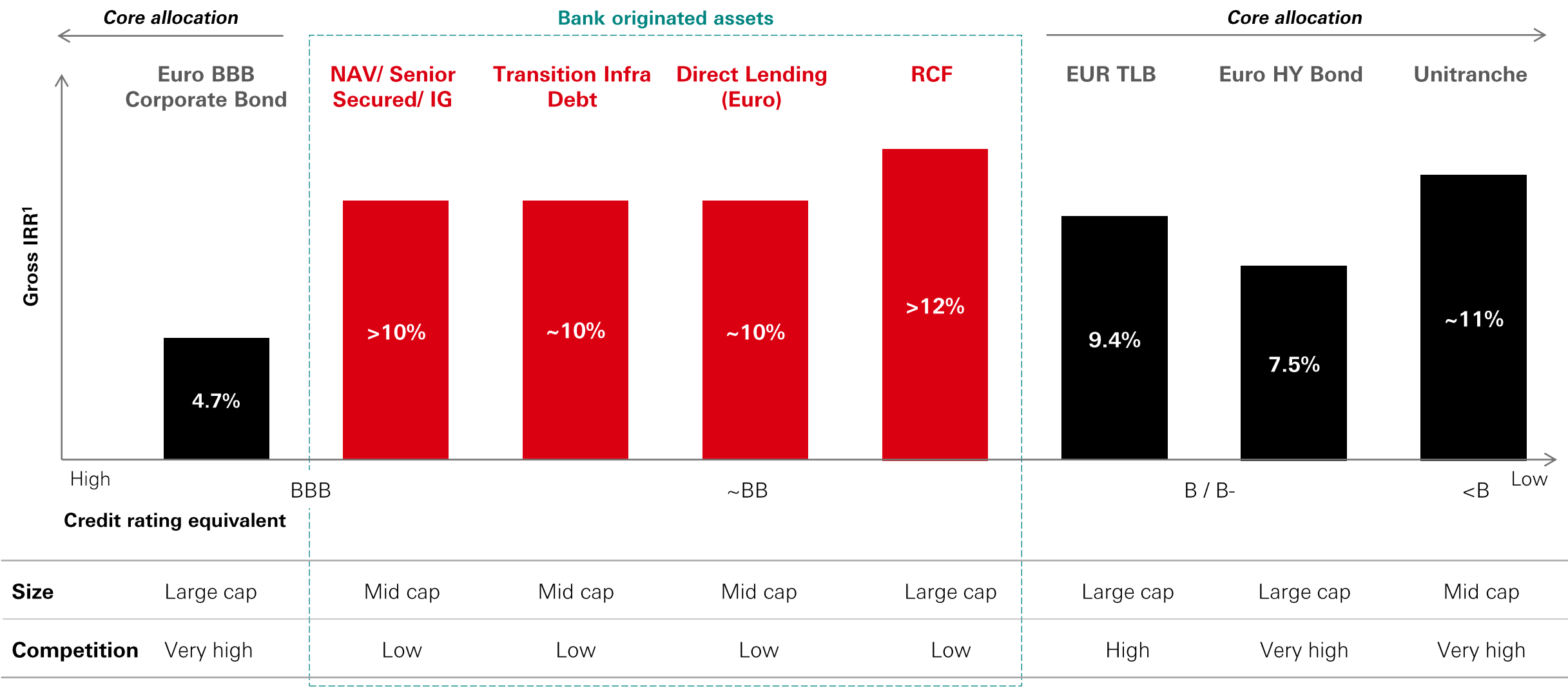
Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the manager’s skill, the capability’s risk level and management costs and, when applicable, subscription and redemption costs. The return can become negative as a result of price losses and currency fluctuations. There is no guarantee that the invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account. Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. For illustrative purposes only. Diversification does not ensure a profit or protection from loss.

Private Credit can still generate potentially attractive returns through illiquidity premium on segments of the markets with lower competition



Bank originated assets can provide potentially attractive diversification and risk adjusted return complementary other core traditional private credit allocation

5



¹Source: Gross IRR for comparable credit investments as per Bloomberg indexes and LCD ELLI index as of Nov-23, HSBC Asset Management as at Dec'23. Returns for illustrative purposes only.

*RCF: Revolving Credit Facilities

Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the manager's skill, the capability's risk level and management costs and, when applicable, subscription and redemption costs. The return can become negative as a result of price losses and currency fluctuations. There is no guarantee that the invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account. The performances are displayed gross of fees. The application of the fees will have the effect of reducing the performances presented. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. Diversification does not ensure a profit or protection from loss.

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