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HSBC SEES GROWTH OPPORTUNITIES IN AUSTRALIA AS ASIA'S AFFLUENT EXPAND THEIR WEALTH AND LOOK ABROAD

Asia's affluent are growing and diversifying their assets and increasingly looking to live abroad, according to HSBC research, and for HSBC, it provides an opportunity that will position the global Bank for growth in Australia in the coming years.

The HSBC Affluent Asian Tracker research, conducted by Nielsen for HSBC, surveys some 1,700 affluent individuals in the top 10 per cent of the population by income or liquid assets in eight markets.*

Commenting on the survey findings, Graham Heunis, head of personal financial services for HSBC Bank Australia, said: "This research shows wealthy Asian investors came through the global financial crisis relatively unscathed. In the past six months the number of Asia's affluent reporting an increase in wealth nearly doubled.

"As Asia's affluence grows, an Asian diaspora will emerge, led by the wealthy, who not only work and study abroad but who now explore new wealth opportunities offshore. Australia will be a key beneficiary of this movement due to anticipated population growth through immigration – expected to reach around 35 million by 2051. Indeed, new statistics released by the Australian Bureau of Statistics show that in the four months to October, China was Australia's top source of immigrants, for the first time eclipsing the United Kingdom and India.

"As the world's leading international bank with a strategy focused on Asia and emerging markets, HSBC is uniquely positioned to capture this new market. HSBC has operations on the ground in 22 countries and territories in the Asia-Pacific, providing the most comprehensive level of international connectivity of any bank in the region. And with HSBC Premier, we have a truly global platform to support the growing international needs of Asia's affluent," Heunis said.

Australia and New Zealand the top destinations for affluent Asians planning to live abroad

Australia and New Zealand are the top destinations in the world for wealthy Chinese, Singaporeans and Malaysians looking to live overseas. Almost a third of rich Malaysians (30%) and Chinese (28%) plan to move here within the next 10 years along with one in five (21%) of wealthy Singaporeans. Wealthy Indians tended to look to the US as their top destination but 13 per cent of them are planning to make Australia their home in the next 10 years as well. More than a quarter of China's affluent (27%) and almost half of Malaysia's affluent (47%) already have family living in Australia, as do Singapore (30%) and Japan (29%).

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The affluent in Asia reporting an increase in wealth in the past six months nearly doubled.

Leading Asia's affluent are 70 per cent of mainland Chinese respondents who reported a rise in net worth compared to only 46 per cent six months ago, followed closely by India with 68 per cent increasing their net worth in the period. Taiwan placed third with 61 per cent. Forty-two per cent of affluent Australians increased their net worth during the period (compared to 19% in the six months prior) however some 35 per cent saw their net worth decline.

The region's affluent plan to increase their investing over the next six months, including Australia

Over half of the affluent Asians surveyed plan to increase their investing in the next six months, led by India (60%), Singapore (52%), Indonesia (51%), Malaysia and China (both 50%). Diversification of investments is a key driver of investment intentions in Singapore (34%) and India (31%) as well as other markets.

A third (33%) of affluent Australians plan to increase their investments in the next six months, with 14 per cent planning to diversify their investments. But many are content with their portfolio profile – 38 per cent plan no change – the highest in the region.

Australian investment flows into the Asia Pacific and equities are the top investment choice

The top international destination for affluent Australian investment flows is the Asia-Pacific region, with 37 per cent planning to invest there in the next six months. Singaporeans and Malaysians share the same view, with 62 per cent and 47 per cent respectively planning Asia-Pacific investments. China and Taiwan are investing in Greater China (77% and 70% respectively). The top investment area for Japan and India is the emerging markets more generally, with 22 per cent and 36 per cent planning to invest in the next six months.

Direct equities/stock market is the top investment choice in every market, except Indonesia, where two thirds will invest in local or foreign currency deposits and almost half invest in life insurance.

According to Heunis: "The region's growing affluence is a key driver for investment activity and the diversification of asset holdings, and with the accelerating shift of economic focus from West to East, Australia is ever more a key part of the Asian emerging markets story.

"The emerging Asian diaspora will be led by those buying a second home abroad, expanding their business internationally or investing offshore in multiple locations. International connectivity will become increasingly important as they integrate and manage their wealth across multiple borders.

"This represents a strong growth opportunity for HSBC in Australia as we are the only international bank in the region to have the footprint and on-the-ground capability to meet the needs of the affluent in Asia," Heunis added.

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Notes to editors

Footnotes

*The survey was conducted from September to October 2009 in Australia, India, Indonesia, Japan, mainland China, Malaysia, Singapore and Taiwan.

HSBC Bank Australia

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