

Client FAQs –

HSBC 100+series S&P/ASX 200 Linked Investment

Following are answers to some questions you may have about the HSBC 100+series S&P/ASX 200 Linked Investment. For more details on the Investment please refer to the PDS. Alternatively if you have any further questions please contact your adviser.



What does the S&P/ASX 200 Index represent?

The S&P/ASX 200 Index measures the performance of the 200 largest index-eligible stocks listed on the ASX by market capitalisation. It is widely considered Australia's preeminent benchmark index.

Why invest with HSBC?

HSBC Bank Australia Limited is the issuer of the HSBC 100+series S&P/ASX 200 Linked Investment and a member of the HSBC Group one of the largest banking and financial services organisations in the world. The recent turbulent times have placed an unwanted spotlight on many large financial institutions. HSBC Group's global strength and diversity continue to be our key competitive advantages that help maintain our leading position in the market.

HSBC Bank Australia Limited started operations in Australia in 1965 and was granted a commercial banking licence in 1986. HSBC Bank Australia Limited rating is AA (S&P) and Aa3 (Moody's).

What is the HSBC 100+series S&P/ASX 200 Linked Investment?

The HSBC 100+series S&P/ASX 200 Linked Investment provides a return linked to the growth of the S&P/ASX 200 Index over four and a half years, averaged over the last six months.

How is the return calculated?

The HSBC 100+series S&P/ASX 200 Linked Investment return is calculated by measuring the gain of the S&P/ASX 200 Index from its starting index level to the monthly average over the final six months. The averaging over the final six months reduces the exposure to adverse market movements on the last day of the investment term.

The return is capped for the HSBC 100+series S&P/ASX 200 Investment. In December, when the HSBC 100+series S&P/ASX Linked Investment commences, the Return Cap will be set and will depend upon the prevailing market rates at that time. If the Investment was to be issued on the date of the PDS, the Return Cap will be \$0.70 per \$1 invested*.

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How does the capital protection[^] work?

The HSBC 100+series S&P/ASX Linked Investment has 100% capital protection at maturity. This means should the S&P/ASX Index fall significantly, you will receive back from HSBC at least 100% of your initial investment amount at maturity.

How would this Investment fit into my portfolio?

If you are looking for an investment that offers you exposure to the Australian equities market with less risk than a direct investment, then the HSBC 100+series S&P/ASX Linked Investment may be suitable for you.

What are the risks in this investment?

There are risks in this investment and you should read the PDS which explains the risks before you make an investment. One of the key risks is that of the S&P/ASX 200 Index not growing over the investment term.

What happens if I withdraw my investment early?

There is no early withdrawal fee, however if you do exit early, capital protection will not apply and you may receive less than the amount you initially invested.

How do I apply?

Please see your adviser for a PDS and application form. Your adviser will mail your completed application, with the application amount if you are paying by cheque (payable to "HSBC Bank Australia Limited"), to HSBC. Alternatively you can complete the Direct Debit Form and send that in with the application.

Why is there a time limit?

Capital protected investments provide capital protection at maturity, as such they require clear start and finish dates. The investment begins on the issue date, 16 December 2009 and matures on 17 June 2014.

What is my worst case scenario?

Provided you hold the Investment for the full term, in the worst case, you would receive the money you initially invested back in full. This is where the average level of the S&P/ASX 200 Index over the final six months of the Investment has not shown observable gains above the starting level.

Hurry - The investment offer is open between 19 October and 4 December 2009

For more information on the HSBC 100+series S&P/ASX 200 Linked Investment and whether it may be a suitable investment for you:

- ▶ **speak to your financial adviser**
- ▶ **call HSBC on 1300 308 008**
- ▶ **email investments@hsbc.com.au**
- ▶ **visit www.hsbc.com.au/100plus**

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[^]Capital protection only applies at maturity and provided no Early Termination Event has occurred. The capital protection is also subject to the creditworthiness of the Issuer. *HSBC will advise you of the Return Cap immediately after the Issue Date. If the Investment were to be issued on the date of the PDS, the Return Cap would be \$0.70 per \$1 invested. If a minimum Return Cap of \$0.60 per \$1 invested is not achievable on the Issue Date, the Investment will not proceed and your Investment Amount will be returned to you without interest. This brochure doesn't take into account what you currently have, want or need for your financial future. You should consider these matters and read the Product Disclosure Statement (PDS) before you make an investment decision. A copy of the PDS is available at our www.hsbc.com.au, by visiting a branch or by calling us on 1300 308 008

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