

Client FAQs - HSBC 100+ Series International Equity Investment

Following are answers to some questions you may have about the HSBC 100+ Series International Equity Investment. For more details on the Investment please refer to the Product Disclosure Statement (PDS). A copy of the PDS is available at www.hsbc.com.au, by visiting a branch or by calling us on 1300 308 008. Alternatively if you have any further questions please contact your adviser.

What is the HSBC 100+ Series International Equity Investment?

The HSBC 100+ Series International Equity Investment provides a return linked to the growth of four international equity indices over five years with 100% capital protection at maturity*.

Why would I want to invest in these international equity markets?

Recent market volatility has seen equity markets fall around the globe. Earnings in these countries remain attractive and we believe these equity markets could offer a good entry point.

Why would I want to invest in this Investment?

You should consider this Investment if you believe that parts of these international equity markets offer an exciting investment opportunity, but you have concerns with investing directly into these markets and don't want to be exposed to foreign exchange risk associated with investing in a foreign market. This Investment provides:

- ▶ Exposure to four major equity market indices:
 - ▶ SMI® Index (Switzerland)[†],
 - ▶ Taiwan TAIEX Index,
 - ▶ MSCI Singapore Free Index[‡] and
 - ▶ S&P/ASX 200 Index (Australia).
- ▶ 100% capital protection at maturity* limiting the downside.
- ▶ Choice of receiving potential returns[^] as a single amount at maturity in 5 years (Growth Investment) or annually (Income Investment), or a combination of both.
- ▶ The return is linked to the four international equity indices denominated in the domestic currencies of the respective markets. The return on the Investment is calculated and paid in Australian dollars. As a result, the return is not exposed to foreign exchange risk between the Australian dollar and the currencies of these four overseas equity indices.

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 four equity indices (SMI® Index, Taiwan TAIEX Index, MSCI Singapore Free Index and S&P/ASX 200 Index) not growing above their respective initial levels resulting in a zero return over the Investment Term.

Why would I want to invest in this product rather than directly into the four international equity markets?

Consideration for investing directly would be given if in your view these equity markets will increase significantly over the next five years, and you have no concerns about how changes in foreign exchange rates may affect the value of these investments. Otherwise you may like to consider the HSBC 100+ Series International Equity Investment.

Why invest with HSBC?

HSBC Bank Australia Limited is a member of the HSBC Group one of the largest banking and financial services organisations in the world. With assets of US\$2,691 billion as at 30 June 2011, HSBC Group is one of the most strongly capitalised and liquid banks in the world.

HSBC Bank Australia Limited started operations in Australia in 1965 and was granted a commercial banking licence in 1986.

How does the capital protection work?

The HSBC 100+ Series International Equity Investment has 100% capital protection at maturity*. This means that at maturity you will receive back from HSBC at least 100% of your initial investment amount.[^]

What happens if I want to redeem before maturity?

This investment is a five year investment and you should only invest if you intend to remain

[†] SMI® is a registered trademark of the Swiss Exchange SWX.

[‡] The financial products described herein are indexed to an MSCI index

invested for the full five years.

You may redeem early at HSBC's discretion and will receive the fair economic value of the investment on the date of redemption. If you withdraw from your investment before the maturity date, capital protection will not apply and you may receive less than you initially invested.

Why is there a Cap placed on the returns?

Compared with a direct investment in equities, HSBC 100+ Series International Equity Investment provides 100% capital protection at maturity. The cost of capital protection is a reduced upside potential, in this case imposing a cap on the returns that can be earned.

What factors influence the levels of the Income Cap and Growth Cap?

The Income Cap² and Growth Cap¹ are influenced by prevailing market conditions, such as Australian interest rates and the volatility of the four international equity indices. Increasing Australian interest rates tend to increase the caps and increasing volatility tends to decrease the caps.

How would this Investment fit into my portfolio?

If you are looking for an investment that offers you exposure to four international equity markets with reduced risk compared to a direct investment, then the HSBC 100+ Series International Equity Investment may be suitable for you.

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, and this loss may be significant.

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.

The minimum investment is \$30,000 which may be split in increments of \$1,000 between the Income and Growth Investment.

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, 28 March 2012 and matures on 28 March 2017.

Act now – offer is open between 23 January and 16 March 2012

For more information on the HSBC 100+ Series International Equity Investment and whether it may be a suitable investment for you:

- ▶ **Speak** to an HSBC Premier Investment Relationship Manager or an HSBC Financial Planner
- ▶ **Call** HSBC on 1300 308 008
- ▶ **Visit** www.hsbc.com.au/100plus

Disclaimer

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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 www.hsbc.com.au, by visiting a branch or by calling us on 1300 308 008.

¹ The Growth Cap will be determined by the Issuer based on prevailing market conditions at the start of the Investment. If the Investment started at the date of the PDS (10 November 2011), the Growth Cap would be at \$2.00 per \$1 invested (200%). If a minimum Growth Cap of A\$1.00 per A\$1 (100%) invested is not achievable on the Issue Date, the Growth Investment will not proceed and your Growth Application Amount will be returned to you without interest.

² The Income Cap will be determined by the Issuer at the start of the Investment. If the Investment started at the date of the PDS (10 November 2011), the Income Cap would be at \$0.118 p.a. per \$1 invested (11.8% p.a.) If a minimum Income Cap of A\$0.09 p.a. per A\$1 invested (9% p.a.) is not achievable on the Issue Date, the Income Investment will not proceed and your Income Application Amount will be returned to you without interest.

* 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.

^ The investment returns are not guaranteed. It is possible that this investment will have no return. For the income investment this could be for each annual payment and for the growth investment the return at maturity.

Index Disclaimers

SMI® Index

The Investment is not sponsored, endorsed, sold or promoted by SIX Swiss Exchange Ltd and SIX Swiss Exchange Ltd makes no representation regarding the advisability of investing in the Investment. The SMI® Index is a registered trademark of SIX Swiss Exchange Ltd, and any use thereof requires a license.

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MSCI Singapore Free Index

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S&P/ASX 200 Index

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