

## Dual Currency Investment (DCI) – FAQ

### 1. What is this product about? Who is this product suitable for?

This is a short-term currency linked structured investment issued by HSBC Bank Malaysia Berhad (who is also the Calculation Agent and Payment Agent). This is a structured product with an embedded derivative linked to the performance of the Base Currency in relation to the Linked Currency. The return objective of this Investment is income generation. This Investment aims to pay the Investor a fixed interest based on the possibility that at maturity, the Investor may receive back the original sum invested (plus interest) in a different currency.

#### Possible Outcomes

At the time of Investment, the Investor will know the indicative amount that will be received at maturity in the Base Currency and in the Linked Currency. What is not known is in which of these two currencies the Investor is expected to be paid. This Investment is suitable for Investors with requirements for both the Base Currency and Linked Currency, and is able to receive the Principal and Investment Return in either currency.

This structured investment is not protected by Perbadanan Insurans Deposit Malaysia. This Investment should be regarded as a hold-to-maturity investment.

### 2. What do I get from this product? What are the key product features?

Example Product Illustration:-

Note: Figures used in the scenario below are for illustrative purposes only.

Minimum investment amount:	MYR 50,000.00, or approximate equivalent in foreign currencies (on account of fluctuations in exchange rates)
Investment tenure / day count convention:	7 / 365 days
Principal protection:	Non Principal Guaranteed
Base Currency & Size:	MYR 200,000.00 ('Investment Amount')
Linked Currency:	AUD
Investment Return:	6.00 % per annum  Please note the Investment Return above is only indicative. Rates of return fluctuate frequently throughout the day as they are determined by reference to market factors, thus the actual Investment Return can only be finalised at the time you proceed to place the Investment.

Investment Return Payment Frequency:	Once, at Maturity
Strike or Conversion rate:	2.9270
Principal + Investment Return calculation (in Base Currency):	Base Currency Investment Amount + (Base Currency Investment Amount x Investment Return (p.a.) x no. of days/day count convention) = 200,230.14
Principal + Investment Return calculation (in Linked Currency):	Base Currency Redemption Amount / Strike or Conversion Rate = 68,407.97
<b>Possible Outcome 1</b>	
If the Base Currency trades weaker than the Linked Currency in comparison to the Strike or Conversion rate at or about the Decision Time on Decision Date (being 3pm Tokyo time on the date the Bank makes the determination, such date to be advised in the actual terms of the Investment), the Bank will pay:	
Principal and Investment Return / interest	MYR 200,230.14
<b>Possible Outcome 2</b>	
If the Base Currency trades equal to or strengthens against the Linked Currency in comparison to the Strike/Conversion rate at or about the Decision Time on Decision Date, the Bank will pay:	
Principal and Investment Return / interest	AUD 68,407.97
For DCI Gold Linked (XAU-linked) trades, the Redemption Amount (if payable in XAU), will be paid into the Investor's gold account which is maintained as a GLD unit account (GLD is the proprietary value unit of the Bank for gold); please note that 1.000 XAU represents 1.000 troy ounce of gold, where 1.000 XAU = 10.00 GLD (calculated to two decimal places, after the second shall be rounded off).	
Underlying asset(s):	Currency
Illustration of past performance based on the best and worst case scenario:	Not relevant as the Investment Return is fixed at an agreed rate upfront.

### 3. What are the key terms and conditions of this product that I should know?

- Redemption at maturity – Investor will receive the Principal and Investment Return either in the Base or Linked Currency, depending on how the Base Currency trades against the Linked Currency in comparison to the Strike/Conversion rate at or about the Decision Time on Decision Date, as per the Terms and Conditions of this Investment.
- Early withdrawal – Due to the short dated nature of this product, the Investor is not entitled to terminate all or part of the Investment prior to the Maturity Date without the Bank's prior consent (which, if granted, may be subject to such conditions and terms as the Bank may require).
- Penalty for early withdrawal – There is no early withdrawal penalty (if early withdrawal is granted by the Bank); however, Investors will early redeem their Investment at the market value adjusted for the Bank's unwinding costs, if any, and this may translate to a loss on the original amount invested.

- Investment Return is fixed according to the conditions stipulated in the Final Term Sheet.
- All outstanding Dual Currency Investment will be reflected in the monthly composite statement sent to investors. However, due to the short-dated nature of the product, no valuations are published.
- Cooling-off period is not applicable for this short-dated product
- **Eligible Investor** - This Investment can only be offered to an “eligible investor” within the meaning of Schedule 6 item 13, Section 229 of the Capital Markets and Services Act 2007 (as amended from time to time), where to qualify as an “eligible investor”, at least one of the following below must be true as at the investment date :
  - An individual whose total net personal assets, not inclusive of the value of his or her primary residence, exceeds Three Million Ringgit (MYR3,000,000) or its equivalent in foreign currencies; OR
  - An individual whose total net joint assets with his or her spouse, not inclusive of the value of their primary residence, exceeds Three Million Ringgit (MYR3,000,000) or its equivalent in foreign currencies; OR
  - An individual who has a gross annual income exceeding MYR300,000 or its equivalent in foreign currencies per annum in the last 12 months; OR
  - An individual who, jointly with his or her spouse has a gross annual income exceeding MYR400,000 or its equivalent in foreign currencies per annum in the last 12 months
- Selling restrictions / tradability – not intended for distribution in the United States of America and Canada or for sales to US citizens and residents (which, for purposes of this Investment, shall include US taxpayers) and Canadian citizens and residents. This investment is (i) non-tradeable/non-assignable and (ii) non-chargeable by the Investor, except to the Bank itself. Any purported third-party rights sought to be conferred by the Investor by agreement or transfer without the prior concurrence of the Bank of any kind shall not be recognised.

#### **4. What are the fees and charges I have to pay?**

Management fees and other sales charges

a) Management fees and other sales charges have already been taken into account within the investment’s ‘Investment Return’.

b) Penalties for early withdrawal: there is no penalty for early withdrawal if early withdrawal is granted by the Bank. However, you may receive a sum less than your initial investment, depending on the market value of the investment at the time of withdrawal, adjusted for the Bank’s unwinding costs, if any.

## **5. What are the risks involved?**

You will be exposed to the following risks:

- Principal Risk
- Credit Risk
- Legal Risk
- Currency Risk and Return Risk
- Market Risk and Liquidity Risk
- Operational Risk
- Early Redemption by the Investor Risk
- Early Redemption by the Bank Risk
- Options Risk
- Tax Risk
- Re-investment Risk and Settlement Risk
- Counterparty Risk
- Compound of Risks

**You are advised to carefully consider all risk factors before making an investment decision.**