

press release

2 March 2009

Investors should buy into HSBC rights issue

- The Share Centre advises shareholders to take advantage of rights issue
 - Income seekers should reconsider as dividend is cut.

This morning HSBC confirmed it's seeking to raise £12.5bn from shareholders – the biggest rights issue in banking history. **Nick Raynor, investment adviser at retail stockbroker The Share Centre** comments on what this means for shareholders and what action they should take:

“The market has been waiting on confirmation of a rights issue by HSBC and so this morning's announcement was no surprise. The size of the rights issue is bigger than expected but investors shouldn't be worried. HSBC is in a good position, compared to others in the banking sector; it made £6.5bn profits and the extra cash will be used to boost the balance sheet.

“We are advising investors who can afford to take up the rights issue to do so. The City has fully underwritten and supported the rights issue so investors should be confident in joining them. Any shareholders who decide not to exercise their rights should be aware that their allocation will be sold into the market, which may dilute their initial holding.

“We would advise Investors looking to buy into HSBC for the first time to wait until the rights issue has passed and then reconsider investing. Those investing for income may find better value shares elsewhere as HSBC has cut its dividend.”

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Risk Warnings:

Investing in general, and the products and services mentioned above, may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors and individual shares, including all of the post-privatisation/demutualization companies, on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#).

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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