

Step-Up Callable GBP

Application period:
6 May 2011-26 May 2011



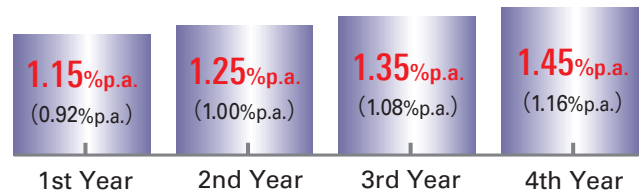
HSBC Premier

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<The interest rates and conditions on this application >

Application period:	6 May 2011-26 May 2011 (9am) (10am)
Deposit currency :	Pound Sterling
Minimum deposit amount :	GBP 10,000
Deposit period :	Within 4 years*
Date for establishment of conditions :	26 May 2011
Starting date :	31 May 2011
Maturity date :	29 May 2015
Applicable interest rates :	Please refer to the chart on the right.

With the maximum deposit term 4 years
() : after tax rate



Depending on the market conditions and the application status, etc. during the Application Period, the Bank may determine that the Deposit will not be established.

※“Step-Up Callable GBP” (GBP denominated Structured Deposit with an Early Redemption Clause) (the “Deposit”) is a deposit in Pound Sterling (“GBP”), with a special clause (the “Early Redemption Clause”) under which the Bank will determine whether or not to early redeem it before maturity depending on GBP interest rates at the time. If the Bank determines to employ the Early Redemption Clause, the Deposit will be redeemed on the next Early Redemption Date and interest on the Deposit will not be paid thereafter. ◆ Interest will be paid semi-annually on the respective Interest Payment Dates. ◆ Redemption proceeds will be credited to the Savings Account of the Deposit currency and the interest will accrue thereafter at the interest rate applicable to this Savings Account.

Important notice

[Early Redemption Clause and Investment Yield] ◆ With regard to the Deposit, the Bank will determine whether or not to employ the Early Redemption Clause on each Early Redemption Evaluation Date which is set at five business days prior to each Interest Payment Date (that is set semi-annually from the Deposit Start Date (Deposit Date)). If the Bank determines to employ the Early Redemption Clause, the Deposit will be early redeemed on the immediately subsequent Early Redemption Date. In that event, the interest on the Deposit will not be paid thereafter. ◆ Early Redemption Clause tends to be employed at the time when the market interest rate would generally be lower than the Interest Rate of the Deposit. Therefore, depending on the interest rates as at the time of early redemption of the Deposit, there is a risk that the aggregate of the return on the Deposit and the return on reinvestment may be less than the return on the time deposit of the same duration which can be established as at the time of establishment of the Deposit. ◆ In the event of Early Redemption Clause being not employed, the Interest Rate, which is determined at the time of establishment of the Deposit and which will change as scheduled, will be applied until the maturity. Therefore, the customer could miss the opportunity to invest his/her funds with a higher interest rate if the interest rate in the market becomes higher after the establishment of the Deposit. **[Foreign Exchange Risk]** ◆ The Deposit carries a foreign exchange fluctuation risk. Due to possible fluctuations, the Yen equivalent amount of the amount actually received in GBP could be smaller than the original amount in JPY at the time of deposit contract. (or, in case if the Deposit is established with the GBP funds, smaller than the Yen equivalent amount of such GBP funds converted at the foreign exchange rate prevailing at the time of deposit contract) (i.e., there is a risk of loss of principal on a JPY basis). **[Cancellation]** ◆ In principle, the Deposit may not be cancelled by the customer after the establishment. Customer can not withdraw the deposit for 4 years maximum. Please be sure that the fund is for long-term investment. ◆ If the Bank considers and accepts it unavoidable and agrees to the cancellation before maturity, the interest rate on the Deposit will be reduced to zero percent (0%). Further, the customer may be required to pay the Cancellation Damages calculated as per the Bank's prescribed formula at anytime once the Application Period has finished, even before the Deposit Start Date (Deposit Date). The amount of the Cancellation Damages tends to become greater if the interest rate in the market becomes higher and the period from the establishment of the Deposit is shorter (the Remaining Period is longer). Even when the markets do not change at all, the Cancellation Damages equivalent to 2-6 % of the principal may be incurred, and depending on the market conditions, the Cancellation Damages may be beyond the assumption. As a result, the cancellation proceeds may fall substantially short of the principal amount of the Deposit. **[Fees]** ◆ No transaction fees will be charged for the establishment of the Deposit; however, if the customer elects to exchange the JPY funds into GBP when applying for the Deposit and/or to exchange the GBP funds received upon early redemption or maturity redemption of the Deposit into JPY, the foreign exchange fees (up to JPY 4.00 per GBP 1.00) as prescribed by the Bank will be charged. ● This product is only available for customers who have an HSBC Premier Account in Japan and whose registered address is in Japan. Please contact your Relationship Manager for any enquiries about the product. This product is not available at HSBC Call Centre and at HSBC Internet Banking. ● Relationship Managers conduct consultations for the purpose of suggesting products that match each customer's needs. As a result, the Bank may not be able to offer the product that do not meet your risk profile or objective. ● Before applying for this product, please be sure to read and understand the full product features and the terms and conditions that apply. The product fact sheet is available at HSBC Premier Branches and HSBC website. ● Deposits in HSBC are not covered by Japan's Deposit Insurance scheme. ● To qualify for HSBC Premier, you need to maintain a Monthly Average Balance with HSBC Premier in Japan of 10 million yen or equivalent in combined deposits / investments / insurance. In principle, if the Monthly Average Balance requirements are not met in the previous month, a Monthly Below Balance Fee of 5,000 yen inclusive of tax will be charged and services offerings may be restricted.

The Hongkong and Shanghai Banking Corporation Limited

As of 6 May 2011

Please feel free to contact us for any enquiries.

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