14 November, 2011

Product Fact Sheet (Pre-Contract Explanation Sheet) "Dual Currency Deposit" (Structured Deposit Redeemable in Alternative Currency)

(This is a "Pre-Contract Explanation Sheet" that is required to be delivered pursuant to applicable laws and regulations.)

PLEASE READ THIS DOCUMENT CAREFULLY.

- "Dual Currency Deposit" (Structured Deposit Redeemable in Alternative Currency) (the "Deposit") is a deposit in which the principal may be repaid after being converted into the Alternative Currency (also referred to as the "Linked Currency") at the Strike Rate (also referred to as the "Conversion Rate"), but not at the prevailing foreign exchange rate (the "Spot Rate"), upon the maturity date of the Deposit (the "Maturity Date"), depending on the Spot Rate on the Fixing Date.
- In principle, the Deposit cannot be cancelled before maturity. If the Deposit is cancelled before the Maturity Date for a reason that The Hongkong and Shanghai Banking Corporation Limited (the "Bank") considers unavoidable, not only the interest of the Deposit will be reduced to zero, but also the Bank may require the customer to immediately pay the Cancellation Damages that is calculated according to the Bank's prescribed formula. Accordingly, the cancellation before maturity may result in the cancellation proceeds which are substantially less than the original principal amount.
- If the principal is repaid in the Alterative Currency and the repaid principal amount is immediately converted into an amount in the Deposit Currency at the Spot Rate on the Maturity Date, such amount in the Deposit Currency may be smaller than the amount of the original deposit. Further, in case of redemption in any foreign currency, depending on the level of the foreign exchange rate against Japanese yen ("JPY"), there is a possibility that the maturity proceeds converted to JPY at the Spot Rate on the Maturity Date is smaller than the initial deposit amount in JPY or the JPY equivalent of the initial deposit amount (a risk of principal loss in terms of JPY) even considering the interests.

【Foreign Exchange Risk】

<In Case Deposit Currency is JPY and Alternative Currency is Foreign Currency>

- The principal may be repaid after being converted into the Alternative Currency (a foreign currency) at the Strike Rate determined at the time of the establishment of the Deposit. Usually, this case gives disadvantage to the customer compared to converting at the Spot Rate on the Maturity Date. There is a possibility that, if the principal amount repaid in the Alternative Currency is converted to a JPY amount at the Spot Rate on the Maturity Date, the aggregate of such JPY amount and the interest is lower than the initial deposit amount (a risk of principal loss in terms of JPY).
- When the principal is repaid in the Deposit Currency (JPY), the principal amount in JPY is maintained. However, the customer will not be able to obtain the foreign exchange gains which can be enjoyed if the customer had established a deposit in the Alternative Currency at the time of the establishment of the Deposit.

<In Case Deposit Currency is Foreign Currency and Alternative Currency is JPY>

- When the principal is repaid in the Deposit Currency (a foreign currency), the principal amount in the Deposit Currency (a foreign currency) is maintained. However, there is a possibility that, if the aggregate amount in the Deposit Currency (a foreign currency) of the principal and the interest is converted to a JPY amount at the Spot Rate on the Maturity Date, such converted amount in JPY is lower than the JPY equivalent amount of the initial deposit amount (a risk of principal loss in terms of JPY).
- In the event that the principal is repaid after being converted into the Alternative Currency (JPY), the Strike Rate determined at the time of the establishment of the Deposit will be applied for such conversion. Usually, this case gives disadvantage to the customer compared to converting at the Spot Rate on the Maturity Date.

<In Case Deposit Currency is Foreign Currency #1 and Alternative Currency is Foreign Currency #2>

- When the principal is repaid in the Deposit Currency (Foreign Currency #1), the principal amount in the Deposit Currency (Foreign Currency #1) is maintained. However, there is a possibility that, if the aggregate amount in the Deposit Currency (Foreign Currency #1) of the principal and the interest is converted to an amount in the Alternative Currency (Foreign Currency #2) at the Spot Rate on the Maturity Date, such converted amount in the Alternative Currency (Foreign Currency #2) is lower than the Foreign Currency #2 equivalent amount of the initial deposit amount.
- In the event that the principal is repaid after being converted into the Alternative Currency (Foreign Currency #2), the Strike Rate determined at the time of the establishment of the Deposit will be applied for such conversion. Usually, this case gives disadvantage to the customer compared to converting at the Spot Rate on the Maturity Date.
- Regardless of whether the currency conversion is made or not, there is a possibility that, if the value of JPY rises against the foreign currency which is the Deposit Currency or the Alternative Currency and the principal amount repaid in such foreign currency is converted to JPY at the Spot Rate on the Maturity Date, the aggregate amount in JPY of such converted amount and the JPY equivalent amount of the interest is lower than the JPY equivalent amount of the initial deposit amount in the Deposit Currency (Foreign Currency #1) (a risk of principal loss in terms of JPY).

【Cancellation】

- In principle, the Deposit may not be cancelled by the customer after its establishment.
- If the Bank considers and accepts it unavoidable and agrees to the cancellation before maturity, the interest will be reduced to zero percent (0%). Further, the customer may be required to immediately pay the Cancellation Damages calculated as per the Bank’s prescribed formula. As a result, the cancellation proceeds may fall substantially short of the principal amount of the Deposit.

【Fees】

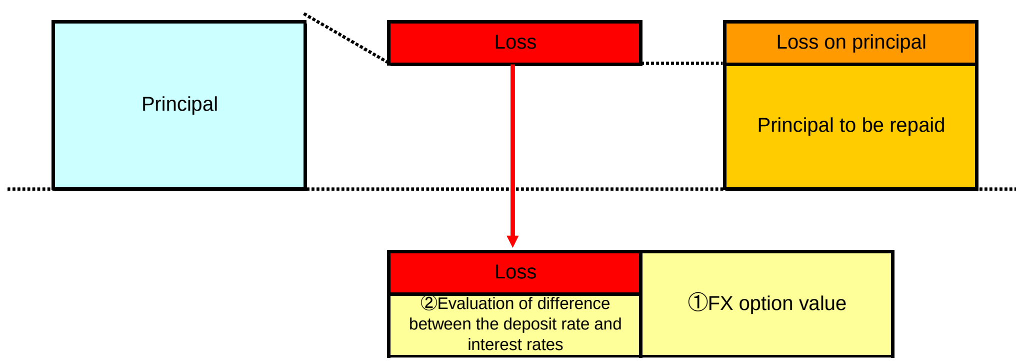
- If the customer converts the principal repaid in the Alternative Currency into the Deposit Currency, such conversion will be conducted at the exchange rate which includes the foreign exchange fees as prescribed by the Bank (to be described below). (When converting a foreign currency into another foreign currency, exchange fees for both currencies will be incurred since the foreign currency is first converted to JPY and then converted to the other foreign currency.) As a result, the amount after such conversion may fall short of the initial deposit amount in the Deposit Currency even if there is no foreign exchange movement.

【Business name/Address】The Hongkong and Shanghai Banking Corporation Limited (the “Bank”)
HSBC building, 11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo
For inquiries, please contact our branches or HSBC Premier Call Centre (English 0120-777-268).

Product Name	"Dual Currency Deposit" (Structured Deposit Redeemable in Alternative Currency)	
Eligible Customer	An individual HSBC Premier customer (Limited only to those customers to whom the Bank considers the Deposit is suitable in perspective of investment risk.)	
Brief Description of Product	The Deposit is a structured deposit that contains a currency conversion clause. The currency of the principal repaid at maturity will be determined based on the following conditions. <In case of no currency conversion> The principal and the interest will be repaid in the Deposit Currency, if the Bank, in its sole but reasonable discretion, determines that the Spot Rate between the Deposit Currency and the Alternative Currency at 3:00 p.m. Tokyo time on the Fixing Date is at a level where the Deposit Currency is weaker in comparison to the Strike Rate which the customer has previously designated. <In case of currency conversion> The principal will be repaid after being converted to the Alternative Currency (not at the Spot Rate on the Maturity Date but at the Strike Rate), if the Bank, in its sole but reasonable discretion, determines that the Spot Rate between the Deposit Currency and the Alternative Currency at 3:00 p.m. Tokyo time on the Fixing Date is equal to, or at a level where the Deposit Currency is stronger in comparison to, the Strike Rate which the customer has previously designated. It should be noted that interest will be repaid in the Deposit Currency.	
Deposit Currency	Deposit Currency can be chosen among the following 10 currencies: Japanese yen (JPY), Euro (EUR), Sterling pound (GBP), Australian dollar (AUD), New Zealand dollar (NZD), US dollar (USD), Swiss franc (CHF), Canadian dollar (CAD), Hong Kong dollar (HKD) and Chinese yuan (CNY)	
Alternative Currency (Linked Currency)	Alternative Currency can be chosen among the following 10 currencies: EUR, GBP, AUD, NZD, USD, CHF, CAD, HKD, JPY and CNY *Please note that the combination of USD/HKD, USD/CNY and HKD/CNY are not available for the Deposit Currency and Alternative Currency or vice versa. *"Alternative Currency" is referred to as "Linked Currency" on Internet Banking.	
Deposit	(i) Minimum Deposit Amount	JPY 800,000 for deposits in JPY; and USD 7,500 or its equivalent for deposits in the foreign currencies
	(ii) Deposit Unit	In units of JPY 1 for deposits in JPY; and in units of 1 auxiliary currency for deposits in the foreign currencies
	(iii) Deposit Method	A lump sum deposit. Only by means of transfer from the customer's savings account in the Deposit Currency.
	(iv) Deposit Period	The customer may determine any deposit period from one week up to one year.

Fee	No fee will be charged for establishing the Deposit. However, if the customer converts the principal repaid upon maturity in the Alternative Currency into the Deposit currency, such conversion will be done at the exchange rate which includes the foreign exchange fees as prescribed by the Bank. TTB rate will be applied in case of converting a foreign currency into JPY. TTS rate will be applied in case of converting JPY into a foreign currency. When converting a foreign currency into another foreign currency, the exchange fees for both foreign currencies will be incurred since the foreign currency is first converted to JPY at TTB rate and then converted to the other currency at TTS rate. Please see the Foreign Exchange Fee Schedule below for details.	
Interest	(i) Applicable Interest Rate	The interest rate agreed at the time of establishment of the deposit will be applied until the Maturity Date.
	(ii) Interest Payment Method	Interest will be credited to the customer's savings account in the Deposit Currency on the Maturity Date in a lump sum.
	(iii) Interest Calculation Method	Interest will be calculated on units of JPY 1 for the deposits in JPY and on units of one auxiliary currency for the deposit in foreign currencies, on a per diem basis using a 365-day year (a 360-day year when the Deposit Currency is CNY). In case the deposit term is 366 days due to a leap year, the interest calculation method for Internet Banking transactions will differ from the method applied for those concluded through other channels. (Normally a simple interest calculation method is applied, while in case of such Internet Banking transactions, a compound calculation method as prescribed by the Bank will be used for the last day of the deposit period, which will result in a slightly higher interest amount.)
Currency Conversion Clause	Contents of the Clause	➢ If the Bank, in its sole but reasonable discretion, determines that the Spot Rate between the Deposit Currency and the Alternative Currency at 3:00 p.m. Tokyo time on the Fixing Date is at a level where the Deposit Currency is weaker in comparison to the Strike Rate, the principal and the interest at maturity will be repaid in the Deposit Currency. ➢ If the Bank, in its sole but reasonable discretion, determines that the Spot Rate between the Deposit Currency and the Alternative Currency at 3:00 p.m. Tokyo time on the Fixing Date is equal to, or at a level where the Deposit Currency is stronger in comparison to, the Strike Rate, the principal at maturity will be repaid in the Alternative Currency. The interest will be paid in Deposit Currency.
	Strike Rate (Conversion Rate)	The Strike Rate is the rate to be used in determining whether the currency conversion is made or not and also is the conversion rate to be applied if the principal is converted to the Alternative Currency on the Maturity Date. The customer will set the Strike Rate at the time

		of establishment of the Deposit. The Strike Rate must be set as a foreign exchange rate which is equal to, or at a level where the Deposit Currency is stronger (the Alternative Currency is weaker) in comparison to, the Base Rate. *"Strike Rate" is referred to as "Conversion Rate" on Internet Banking.
	Base Rate	The Base Rate is the rate determined by the Bank based on the Spot Rate at the time of establishment of the Deposit.
	Fixing Date	In principle, 2 business days prior to the Maturity Date. *In case of the combination of US dollar and Canadian dollar, it will be 1 business day prior to the Maturity Date. *Here, the term "business day" means a day which is a bank business day in all of Japan and the markets separately designated by the Bank as the primary market for the Deposit Currency and the Alternative Currency.
	Determination of Redemption Currency	The Bank will determine whether the currency (in which the principal at maturity will be repaid) will be either the Deposit Currency or the Alternative Currency, based on the Spot Rate between the Deposit Currency and the Alternative Currency at 3:00 p.m. Tokyo time on the Fixing Date. ➢ If the Spot Rate on the Fixing Date is equal to, or at a level where the Deposit Currency is stronger in comparison to, the Strike Rate, the principal will be repaid in the Alternative Currency. ➢ If the Spot Rate on the Fixing Date is at a level where the Deposit Currency is weaker in comparison to the Strike Rate, the principal will be repaid in the Deposit Currency.
Method of repayment of principal	Principal will be repaid on the Maturity Date in a lump sum. a) If the currency in which the principal will be repaid on the Maturity Date is determined as the Deposit Currency under the Currency Conversion Clause, the principal will be credited to the customer's savings account in the same currency as the Deposit Currency. b) If the currency in which the principal will be repaid on the Maturity Date is determined as the Alternative Currency under the Currency Conversion Clause, the principal will be converted into the Alternative Currency at the Strike Rate and then credited to the customer's savings account in the Alternative Currency. *After the maturity proceeds are credited to the savings account, the relevant savings account interest rate will be applied. *No automatic renewal is available for the Deposit.	
Deposit Insurance	Deposits with the Bank are not protected by the Deposit Insurance System in Japan.	

Cancellation	In principle, the Deposit may not be cancelled by the customer after its establishment. If the Bank considers and accepts it unavoidable and agrees to the cancellation before maturity, the interest 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 immediately. As a result, the cancellation proceeds may fall substantially short of the principal amount of the Deposit. Please confirm the amount of Cancellation Damages for a particular cancellation at the HSBC Premier Centre or with the Relationship Manager. *It will require a few business days to complete the cancellation procedure for the Deposit after the receipt of the cancellation request.
Cancellation Damages	➢ Cancellation Damages refers to the costs incurred by the Bank for restructuring the cancelled Deposit and its imbedded derivative transaction(s) in the financial markets including the foreign exchange, capital and currency options markets. ➢ Consequently, the amount of the Cancellation Damages cannot be fixed at the time the Deposit is established. The amount of the Cancellation Damages is subject to change depending on the market conditions. ➢ The amount of the Cancellation Damages fluctuates depending on the market conditions at the time of cancellation, such as the value of the currency option, the level of interest rates and the number of remaining days until the maturity as main factors. ➢ Even when the market conditions do not change at all, Cancellation Damages that amount to around 2-6% of the principal may be incurred. (The amount of such Cancellation Damages may vary depending on various factors, such as the amount of deposit and period.) ➢ Please confirm the amount of Cancellation Damages for a particular cancellation at the HSBC Premier Centre or with the Relationship Manager. **Illustration of loss at the time of cancellation before maturity**  <u>In general, the stronger JPY becomes and the sooner the cancellation is made, the higher the Cancellation Damages become.</u>
Tax	➢ Interest received is subject to the 20% withholding tax (national tax 15% and local tax 5%). The tax percentages might vary depending on the other factors such as the customer's residency or special tax treatment. Please note that the customer should consult with independent professionals, such as tax accountant, for advice. ➢ The tax-free small-sum savings system ("Maruyu") is not applicable for interest on

	the Deposit. ➢ In case a foreign exchange gain is realised, there is a possibility that other-income tax (*zatsu-shotoku*) is imposed. For details, the customer should consult with independent professionals, such as tax accountant.
Other Special Conditions that may be added	None
Authorized investor protection body which the Bank is subject to	None
Designated Dispute Resolution Body which the Bank has concluded an agreement with	一般社団法人全国銀行協会 (Japanese Bankers Association) Contact information JBA Customer Relations Center Phone 0570-017109 or 03-5252-3772
Notice	➢ In case the Maturity Date falls on a Saturday, Sunday, Holiday or a day otherwise set as a non-business day for the banks in Japan; or a day which is set as a non-business day for the banks in the market separately designated by the Bank as the primary market for the Deposit Currency or the Alternative Currency; then the Maturity Date shall be the immediately following business day thereof (or the immediately preceding business day thereof, if such immediately following business day falls in the next calendar month or if such immediately following business day falls in the next calendar year in case of the deposit period of 1 year). ➢ CNY is a currency under the currency/foreign exchange control by the Chinese government. The transaction in CNY involves the risks of substantial fluctuation in exchange rates, or even the impracticability of foreign exchange transaction with other currencies, due to the currency policy of the Chinese government, the economic or market conditions, the political situations in China or other factors. In addition, there are other restrictions such as the remittance to Mainland China not available etc. ➢ The Spot Rate referred to for CNY is the foreign exchange rate between the offshore Chinese yuan (to be settled in Hong Kong; sometimes referred to as "CNH") and JPY. Such rate may differ from the one between the onshore Chinese yuan (to be settled in Mainland China) and JPY. ➢ The Deposit is subject to Section 5 of the HSBC Premier Terms and Conditions (Terms and Conditions for Structured Deposit). ➢ The Japanese version of the documents pertaining to the Deposit shall be the legally controlling version. Should there be any discrepancy between the Japanese version and the English version, the Japanese version shall always prevail. ➢ Prior to applying for the Deposit, please read this document carefully, and should the customer have any question, please enquire it with the Relationship Manager; please apply for the Deposit with full understanding of the contents of this document.

Foreign Exchange Fees Schedule

Currency	One-way
USD US dollar	1.00
EUR Euro	1.20
GBP Sterling pound	4.00
AUD Australian dollar	2.00
NZD New Zealand dollar	2.00
CHF Swiss franc	0.80
CAD Canadian dollar	1.60
HKD Hong Kong dollar	0.30
CNY Chinese yuan	0.40

Fee in YEN per Foreign Currency Unit

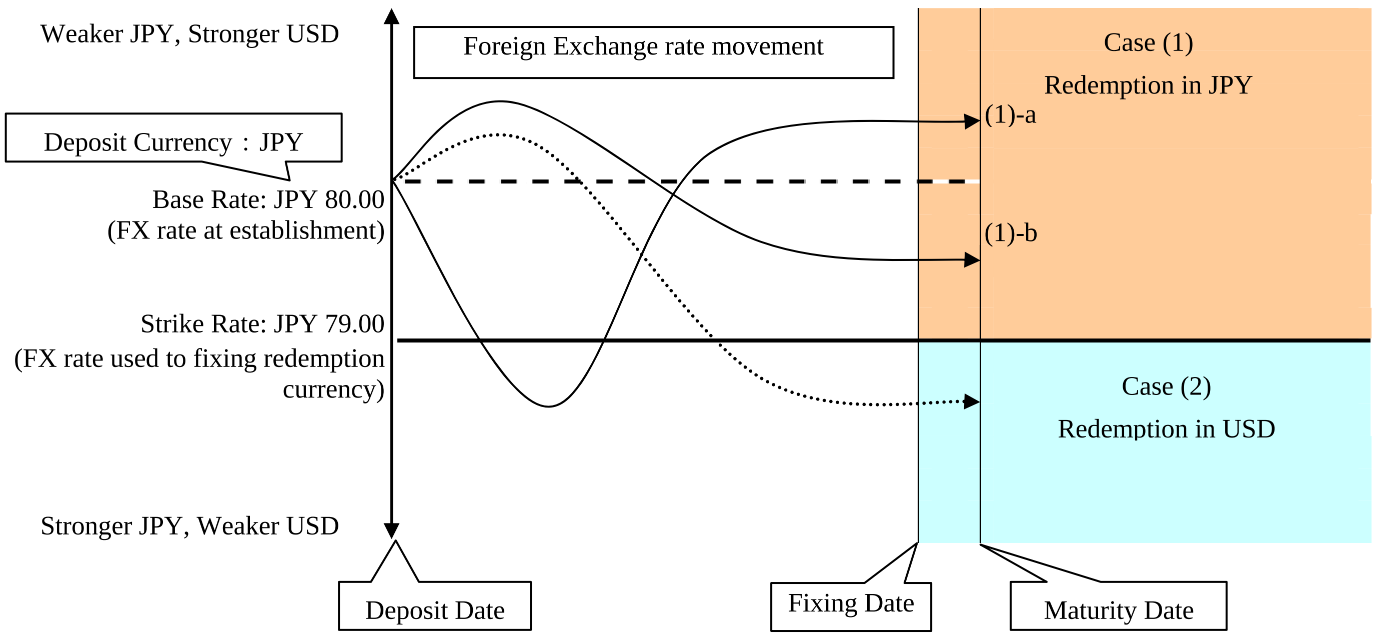
Depending on the transaction amount and channels, preferential foreign currency exchange fees may apply.

Simulation

Note: The exchange rates, interest rates and other data used in this simulation are illustrative. The conditions for the actual Deposits will be different from those in this simulation.

(a) Deposit Currency : JPY , Alternative Currency : Foreign Currency

Deposit Currency :	Japanese yen	Deposit amount :	JPY 10,000,000
Alternative Currency :	US dollar		
Base Rate :	USD 1.00 = JPY 80.00	Spread :	JPY 1.00
Strike Rate :	USD 1.00 = JPY 79.00		
Deposit period:	30 days	Interest rate :	3.00 % (p.a. before tax)
Interest :	JPY 24,658 (before tax), JPY 19,728 (after tax)		



Case (1) Principal will be repaid in Japanese yen (JPY 10,000,000)

- In case of (1)-a, where the foreign exchange rate moves against JPY (weaker JPY on the Maturity Date compared to the Base Rate), the customer will not be able to obtain the foreign exchange gains which can be enjoyed, had the customer established a USD deposit at the time of the establishment of the Deposit.
- In case of (1)-b, where the foreign exchange rate moves in favour of JPY (weaker USD on the Maturity Date compared to the Base Rate), the customer will not suffer from the foreign exchange losses which can be occurred, had the customer established a USD deposit at the time of the establishment of the Deposit. (However, this case of (1)-b will not happen if the Strike Rate is set as the same rate with the Base Rate. In such case, it will be the same scenario as the case (2) if the foreign exchange rate as of the Maturity Date is in favour of JPY (weaker USD) compared to the Base Rate.)

Case (2) Principal will be repaid in US dollar

Principal will be redeemed after being converted into US dollar at the Strike Rate (USD1 = JPY 79.00)
(Principal JPY 10,000,000 ÷ 79.00 = USD 126,582.28)

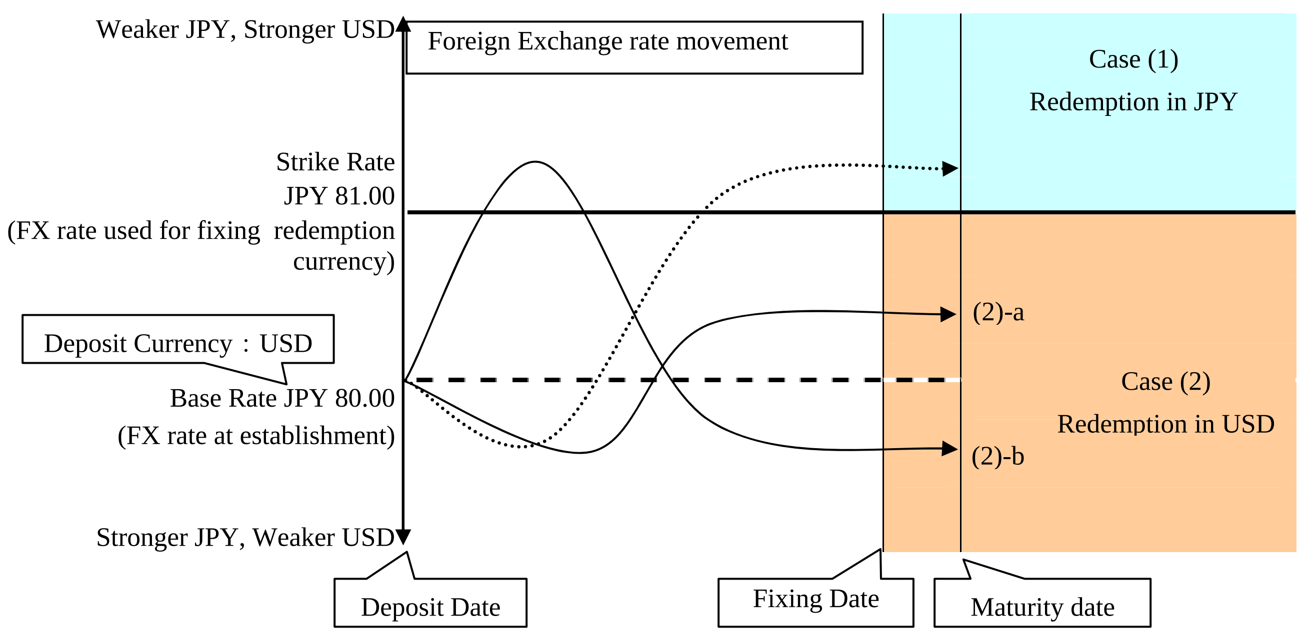
Note: The exchange rates, interest rates and other data used in this simulation are illustrative. The conditions for the actual Deposits will be different from those in this simulation.

- Just like the ordinary USD deposit, stronger JPY (weaker USD) will result in foreign exchange losses.

(E.g.) If the foreign exchange rate is USD 1.00 = JPY 78.50 on the Maturity Date, the principal would be, if converted into JPY, as follows:
USD 126,582.28 ×78.50 = JPY 9,936,709
=> Even including the after tax interest of JPY 19,728, JPY equivalent amount of the maturity proceeds will be JPY 9,956,437, which is smaller than the initial deposit amount (risk of principal loss in terms of JPY).

(b) Deposit Currency : Foreign Currency , Alternative Currency : JPY

Deposit Currency :	US dollar	Deposit amount :	USD 100,000
Alternative Currency :	Japanese yen		
Base Rate :	USD 1.00 = JPY 80.00	Spread :	JPY 1.00
Strike Rate :	USD 1.00 = JPY 81.00		
Deposit period:	30 days	Interest rate :	2.50 % (p.a. before tax)
Interest :	USD 205.48 (before tax), USD 164.39 (after tax)		



Case (1) Principal will be repaid in Japanese yen

Principal will be redeemed after being converted into Japanese yen at the Strike Rate (USD 1.00 = JPY 81.00) (Principal USD 100,000 × 81.00= JPY 8,100,000)

- In this case, the foreign exchange gains customers can enjoy with the appreciation of USD (the stronger USD) is limited up to the extent of the Strike Rate. (The foreign exchange gain is smaller compared to an ordinary USD deposit. Especially when the Base Rate and the Strike Rate are the same rate, no foreign exchange will be enjoyed.)

Note: The exchange rates, interest rates and other data used in this simulation are illustrative. The conditions for the actual Deposits will be different from those in this simulation.

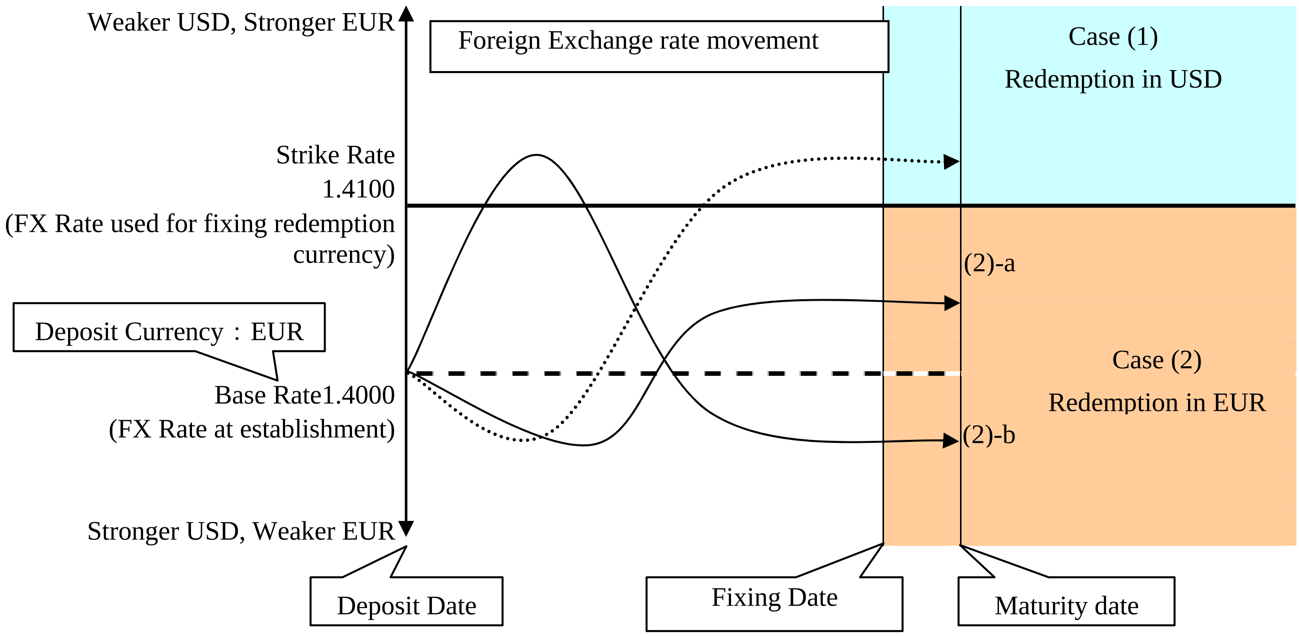
Case (2) Principal will be repaid in US dollar (USD 100,000)

- In case of (2)-a above, if the foreign exchange rate moves in favour of USD (weaker JPY on the Maturity Date compared to the Base Rate), the customer will be able to obtain the foreign exchange gains (unrealised), just like an ordinary USD deposit.
- In case of (2)-b above, if the foreign exchange rate moves against USD (weaker USD on the Maturity Date compared to the Base Rate), there will be foreign exchange losses (unrealised), just like an ordinary USD deposit.

(E.g.) If the foreign exchange rate is USD 1.00 = JPY 79.50 on the Maturity Date, the loss would be as follows:
JPY equivalent amount on the Deposit Date: USD 100,000 × 80.00 = JPY 8,000,000
JPY equivalent amount on the Maturity Date: USD 100,000 × 79.50 = JPY 7,950,000
=> Even including the after tax interest (USD 164.39, JPY 13,069 equivalent), the JPY equivalent amount of the maturity proceeds will be JPY 7,963,069, which is smaller than the JPY equivalent amount of the initial deposit amount (risk of principal loss in terms of JPY).

(c) Deposit Currency : Foreign Currency , Alternative Currency : Foreign Currency

Deposit Currency :	Euro	Deposit amount :	EUR 100,000
Alternative Currency :	US dollar		
Base Rate :	EUR 1.00 = USD 1.4000	Spread :	0.0100
Strike Rate :	EUR 1.00 = USD 1.4100		
Deposit period:	30 days	Interest rate :	5.00 % (p.a. before tax)
Interest :	EUR 410.96 (before tax), EUR 328.78 (after tax)		



Note: The exchange rates, interest rates and other data used in this simulation are illustrative. The conditions for the actual Deposits will be different from those in this simulation.

Case (1) Principal will be repaid in US dollar

Principal will be redeemed after being converted into US dollar at the Strike Rate (EUR1 = USD 1.4100)
(Principal EUR 100,000 × 1.4100= USD 141,000)

- In this case, the foreign exchange gains customers can enjoy with the appreciation of Euro (the stronger Euro) is limited up to the extent of the Strike Rate. (The foreign exchange gain is smaller compared to an ordinary EUR deposit. Especially when the Strike Rate and the Base Rate are the same rate, no foreign exchange will be enjoyed.)
- If the USD/JPY foreign exchange rate moves in favour of JPY (USD depreciates against JPY) between the Deposit Date and the Maturity Date and if the maturity proceeds (including the interest) in USD is converted to JPY upon maturity, such JPY amount may be smaller than the JPY equivalent amount of the initial deposit amount in EUR (risk of principal loss in terms of JPY).

Case (2) Principal will be repaid in Euro (EUR 100,000)

- In case of (2)-a above, if the foreign exchange rate moves in favour of Euro (weaker USD on the Maturity Date in comparison to the Base Rate), the USD equivalent amount of the maturity proceeds will be larger than the USD equivalent amount of the initial deposit amount.
- In case of (2)-b above, if the foreign exchange rate moves in favour of the USD (weaker Euro on the Maturity Date in comparison to the Base Rate), the USD equivalent amount of the maturity proceeds will be smaller than the USD equivalent amount of the initial deposit amount

(E.g.) If the foreign exchange rate at the Maturity Date is EUR 1.00 = USD 1.3950, the loss would be as follows:
USD equivalent amount on the Deposit Date: EUR 100,000 ×1.4000 = USD 140,000
USD equivalent amount on the Maturity Date: EUR 100,000×1.3950= USD 139,500
=> Even including the after tax interest (EUR 328.78, USD 458.64 equivalent), the USD equivalent amount of the maturity proceeds will be USD 139,958.64, which is smaller than the USD equivalent amount of the initial deposit amount.

- For both (2)-a and (2)-b above, if the EUR/JPY foreign exchange rate moves in favour of JPY (EUR depreciates against JPY) between the Deposit Date and the Maturity Date and if the maturity proceeds is converted to JPY upon maturity, such JPY amount may be smaller than the JPY equivalent amount of the initial deposit amount in EUR (risk of principal loss in terms of JPY).

<Appendix> Dual Currency Deposit (DCD) - Simulation of Loss

Estimated Loss observed by past performance data in case of Maturity Redemption

Based on the past performance data (*1), following cases are observed as the worst case scenarios. However, please note the past performance data shall in no way guarantee that the actual losses in the future will not go larger than such past cases.

(Unit : %)

	Deposit Currency	Alternative Currency	6M	12M		Deposit Currency	Alternative Currency	6M	12M		Deposit Currency	Alternative Currency	6M	12M
1	JPY	EUR	-31.7	-27.1	29	CAD	EUR	-18.8	-20.9	57	USD	NZD	-30.2	-37.9
2	JPY	GBP	-40.3	-41.7	30	HKD	EUR	-18.5	-16.9	58	CHF	NZD	-23.7	-30.4
3	JPY	AUD	-43.7	-39.4	31	GBP	AUD	-13.9	-8.2	59	CAD	NZD	-16.0	-22.4
4	JPY	NZD	-42.2	-45.1	32	GBP	NZD	-16.6	-15.1	60	HKD	NZD	-30.6	-38.1
5	JPY	USD	-17.3	-19.5	33	GBP	USD	-14.6	-14.5	61	USD	CHF	-13.5	-14.0
6	JPY	CHF	-25.0	-21.3	34	GBP	CHF	-13.8	-8.7	62	USD	CAD	-20.0	-22.2
7	JPY	CAD	-31.2	-35.0	35	GBP	CAD	-11.4	-12.8	63	CHF	USD	-15.1	-20.7
8	JPY	HKD	-16.7	-19.0	36	GBP	HKD	-14.4	-14.6	64	CAD	USD	-14.6	-18.8
9	EUR	JPY	-14.7	-17.2	37	AUD	GBP	-17.2	-26.2	65	CHF	CAD	-17.0	-23.9
10	GBP	JPY	-19.2	-15.0	38	NZD	GBP	-15.6	-22.1	66	CHF	HKD	-15.3	-20.0
11	AUD	JPY	-27.4	-28.7	39	USD	GBP	-27.8	-28.4	67	CAD	CHF	-14.0	-18.4
12	NZD	JPY	-27.1	-28.1	40	CHF	GBP	-23.9	-31.7	68	HKD	CHF	-13.6	-14.2
13	USD	JPY	-11.3	-13.8	41	CAD	GBP	-13.2	-17.5	69	CAD	HKD	-14.3	-18.9
14	CHF	JPY	-12.2	-16.5	42	HKD	GBP	-28.3	-28.7	70	HKD	CAD	-20.6	-22.5
15	CAD	JPY	-17.9	-18.5	43	AUD	NZD	-12.1	-13.3	71	CNY	JPY	-11.6	-15.9
16	HKD	JPY	-11.4	-14.1	44	AUD	USD	-23.5	-28.1	72	CNY	EUR	-19.7	-19.8
17	EUR	GBP	-18.1	-24.2	45	AUD	CHF	-17.4	-21.6	73	CNY	GBP	-27.6	-32.3
18	EUR	AUD	-19.3	-18.6	46	AUD	CAD	-13.2	-17.2	74	CNY	AUD	-32.5	-34.5
19	EUR	NZD	-17.0	-25.5	47	AUD	HKD	-23.4	-28.2	75	CNY	NZD	-30.8	-40.2
20	EUR	USD	-16.0	-20.7	48	NZD	AUD	-9.2	-12.7	76	CNY	CHF	-14.4	-16.2
21	EUR	CHF	-6.3	-7.3	49	USD	AUD	-31.9	-31.9	77	CNY	CAD	-21.4	-28.6
22	EUR	CAD	-12.3	-17.2	50	CHF	AUD	-25.1	-28.8	78	JPY	CNY	-17.5	-14.6
23	EUR	HKD	-16.1	-20.6	51	CAD	AUD	-18.1	-13.6	79	EUR	CNY	-16.1	-20.7
24	GBP	EUR	-11.9	-7.9	52	HKD	AUD	-32.4	-32.2	80	GBP	CNY	-14.6	-14.5
25	AUD	EUR	-14.9	-23.4	53	NZD	USD	-26.1	-27.5	81	AUD	CNY	-23.4	-28.0
26	NZD	EUR	-16.8	-22.2	54	NZD	CHF	-18.4	-21.0	82	NZD	CNY	-26.0	-27.2
27	USD	EUR	-18.4	-16.6	55	NZD	CAD	-17.0	-21.2	83	CHF	CNY	-13.0	-20.4
28	CHF	EUR	-10.5	-12.9	56	NZD	HKD	-26.1	-27.7	84	CAD	CNY	-14.3	-18.7

(*1) Based on the assumption that during the period from November 2000 to October 2010 (or to April 2011 for 6-month Deposit) 6-month Deposits and 12-month Deposits for each currency pair were established on each month-end day with the relevant month-end exchange rate as the Strike Rate, the largest unrealised loss percentage for each currency pair is calculated on a Deposit Currency basis by comparing the foreign exchange rate at the time of the deposit and the foreign exchange rate at maturity.

Estimated Loss in case of Cancellation before Maturity (Deposit Currency: JPY, Alternative Currency: AUD)

- Depending on the market conditions (*2), the Cancellation Damages can be as much as 58% of the Deposit Amount.
- However, the Cancellation Damages can be larger than 58% of the Deposit Amount, should the market conditions change beyond the assumption used for this simulation.
- There may be cases where the cancellation of the Deposit before its maturity is not allowed due to the changes in the market conditions.

(*2) Based on the assumption that JPY appreciates against AUD by 48% and the volatility of AUD/JPY exchange rate surges by 28%.

【Conditions precedent】

・Assuming JPY appreciates against AUD by the percentage of maximum fluctuation in November 2001 - October 2011 period.

・Assuming the Deposit starts with the lowest AUD/JPY exchange rate volatility and is cancelled with the highest in November 2001 - October 2011 period.

<Notes>

- The above simulations were conducted based on the simplified means.

- The actual losses might be larger than those shown in the above simulations, if the actual market conditions are different from the premises of such simulations.
- The cancellation of the Deposit before maturity is allowed only when the Bank considers and accepts it as unavoidable.

<Reference material> Simulation of Estimated Profit / Loss– in case of Maturity Redemption

<Estimated Loss in case of Maturity Redemption>

This is a simulation of loss in case that amount equivalent to the maturity proceeds of the Deposit redeemed in Alternative Currency is converted into JPY.

Case A
Deposit amount: JPY 10,000,000; Alternative Currency: USD; Spot rate/ Strike rate as of Deposit Start Date: USD/JPY=75.00

USD/JPY Rate as of Maturity Date	Maturity proceeds on Maturity Redemption（Strike Rate : 90.00）	JPY amount of the maturity proceeds if converted into JPY at the Spot Rate of Maturity Date (foreign exchange fees not considered)	Profit / Loss per Deposit Amount of JPY 10,000,000	Percentage of Profit / Loss per Deposit Amount
45.00	USD 133,333.33	6,000,000	(4,000,000)	-40.0%
50.00	USD 133,333.33	6,666,667	(3,333,333)	-33.3%
55.00	USD 133,333.33	7,333,333	(2,666,667)	-26.7%
60.00	USD 133,333.33	8,000,000	(2,000,000)	-20.0%
65.00	USD 133,333.33	8,666,667	(1,333,333)	-13.3%
70.00	USD 133,333.33	9,333,333	(666,667)	-6.7%
75.00	USD 133,333.33	10,000,000	-	0.0%
If JPY depreciates against USD and maturity proceeds are paid in JPY 10,000,000, no foreign exchange profit or loss will occur.				

Case B
Deposit amount: JPY 10,000,000; Alternative Currency: EUR; Spot rate/ Strike rate as of Deposit Start Date: EUR/JPY=105.00

EUR/JPY Rate as of Maturity Date	Maturity proceeds on Maturity Redemption（Strike Rate : 110.00）	JPY amount of the maturity proceeds if converted into JPY at the Spot Rate of Maturity Date (foreign exchange fees not considered)	Profit / Loss per Deposit Amount of JPY 10,000,000	Percentage of Profit / Loss per Deposit Amount
75.00	EUR 95,238.10	7,142,857	(2,857,143)	-28.6%
80.00	EUR 95,238.10	7,619,048	(2,380,952)	-23.8%
85.00	EUR 95,238.10	8,095,238	(1,904,762)	-19.0%
90.00	EUR 95,238.10	8,571,429	(1,428,571)	-14.3%
95.00	EUR 95,238.10	9,047,619	(952,381)	-9.5%
100.00	EUR 95,238.10	9,523,810	(476,190)	-4.8%
105.00	EUR 95,238.10	10,000,000	0	0.0%
If JPY depreciates against EUR and maturity proceeds are paid in JPY 10,000,000, no foreign exchange profit or loss will occur.				

Case C

Deposit amount: JPY 10,000,000; Alternative Currency: AUD; Spot rate/ Strike rate as of Deposit Start Date: AUD/JPY=80.00

AUD/JPY Rate as of Maturity Date	Maturity proceeds on Maturity Redemption （Strike Rate : 75.00）		JPY amount of the maturity proceeds if converted into JPY at the Spot Rate of Maturity Date (foreign exchange fees not considered)	Profit / Loss per Deposit Amount of JPY 10,000,000	Percentage of Profit / Loss per Deposit Amount
50.00	AUD	125,000.00	6,250,000	(3,750,000)	-37.5%
55.00	AUD	125,000.00	6,875,000	(3,125,000)	-31.3%
60.00	AUD	125,000.00	7,500,000	(2,500,000)	-25.0%
65.00	AUD	125,000.00	8,125,000	(1,875,000)	-18.8%
70.00	AUD	125,000.00	8,750,000	(1,250,000)	-12.5%
75.00	AUD	125,000.00	9,375,000	(625,000)	-6.3%
80.00	AUD	125,000.00	10,000,000	0	0.0%
If JPY depreciates against AUD and maturity proceeds are paid in JPY 10,000,000, no foreign exchange profit or loss will occur.					

- If the Deposit Currency is JPY and the Alternative Currency is a foreign currency, the unrealised loss (in terms of JPY) becomes larger when the exchange rate of the Alternative Currency / JPY as of Maturity becomes lower (i.e. JPY becomes stronger against the Alternative Currency). (Actual loss will not occur if the maturity proceeds are not converted into JPY.)
- If the Deposit Currency is a foreign currency and the Alternative Currency is JPY or another foreign currency, the unrealised loss (in terms of the Deposit Currency) becomes larger when the exchange rate of the Deposit Currency/ Alternative Currency as of Maturity becomes lower (i.e. the Deposit Currency becomes stronger against the Alternative Currency). (Actual loss will not occur if the maturity proceeds are not converted into the Deposit Currency.)

As of November 2011