

## **Application of Deposit Insurance**

The Tokyo Branch of The Hongkong and Shanghai Banking Corporation Limited (a bank incorporated under the laws of Hong Kong SAR, the "Bank") is a branch office in Japan of a foreign bank. Deposits held with the Bank's Tokyo Branch are not covered by the Deposit Insurance System of Japan. In case of failure of the Bank, there is a possibility that the depositors might not be able to withdraw the deposits promptly. In addition, the deposits are not covered by the Deposit Protection Scheme in Hong Kong where the Bank is headquartered. Ultimate sources of foreign bank's capabilities lie in the foreign bank as a whole and the Bank's soundness is supervised by the regulatory authorities in Hong Kong.