

11 May 2010

HSBC BANK (VIETNAM) LTD. LAUNCHED DUAL CURRENCY DEPOSITS

On 11 May 2010, HSBC Bank (Vietnam) Ltd. (“HSBC Vietnam”) launched a new tranche of Dual Currency Deposits (DCDs) – foreign currency linked deposits that offer potentially higher interest rates in comparison to traditional foreign currency time deposits. HSBC is the first bank to offer this product in Vietnam.

DCDs are the ideal deposit accounts for customers who seek to earn potentially higher interest by taking advantage of exchange rate movements. In exchange for enhanced returns, customers agree to give HSBC the right to pay the initial deposit in either the base currency or linked currency at maturity.

For this tranche, dual currencies are US dollar (USD) and Australian dollar (AUD) respectively. If, on the fixing day, the AUD/USD exchange rate is at or above the conversion rate on the start day, the principal and interest will be paid in USD. Otherwise, the principal will be paid in AUD and the interest in USD .

“DCDs benefit customers who are happy to accept a medium level of investment risk to potentially earn higher returns on their deposits,” said Lyndsay Rajah, Head of Personal Financial Services for HSBC. “DCDs can also be used as an allocation tool for customers who want to diversify their currency portfolio; for instance, if they have children studying overseas in the linked currency country.”

DCDs require a minimum deposit of US\$5,000 for a three month tenor, with no premature withdrawal allowed. When applying for DCDs, customers first agree upon a deposit amount; base currency and linked currency (non-VND); tenor, including start, fixing and maturity date; conversion rate; minimum rate of return; and related terms and conditions with HSBC.

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HSBC launches new Dual Currency Deposit tranche

HSBC's USD/AUD DCD will be the latest addition to HSBC Vietnam's current diverse range of products for retail customers, including Accounts and Deposits, Loans, Cards, Insurance and Investments.

Each tranche is a limited time offer.

Visit www.hsbc.com.vn for more information.

DCD tranche for this launch:

Minimum deposit: USD5,000. No maximum.

Selling period: 11 May – 31 May 2010.

Base currency: USD.

Linked currency: AUD.

Tenor: three months.

Interest rate: 5.65% p.a. (calculated on 360-days-per-year basis and accrued daily).

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Notes to editors:

1. HSBC in Vietnam

HSBC has been in Vietnam for 140 years - the Bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch a fully locally incorporated entity, HSBC Bank (Vietnam) Ltd., on 1 January 2009. The Bank's current network includes one branch and four transaction offices in Ho Chi Minh City, one branch and three transaction offices in Hanoi, and one branch in Binh Duong. HSBC is the largest foreign bank in the country in terms of investment capital, network, product range, staff and customer base.

2. An example tranche

The following scenarios are purely for illustration purposes and are designed to indicate possible outcomes based on assumed movements in currencies.

Assumptions:

Deposit amount	USD50,000
Base currency	USD
Linked currency	AUD
Tenor	three months

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HSBC Bank (Vietnam) Ltd

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HSBC launches new Dual Currency Deposit tranche

Start date	3 June 2010
Fixing date	1 September 2010
Maturity date	3 September 2010
Conversion rate	0.9253 (1.00 AUD = 0.9253 USD)
Interest rate	5.65 % per year (calculated on 360-day per year basis and accrued daily)
Redemption maturity	upon <ul style="list-style-type: none"> ▪ If the AUD/USD exchange rate is at or above the conversion rate 0.9253 on fixing date, the principal and interest will be paid in USD. ▪ If the AUD/USD exchange rate is below the conversion rate 0.9253 on fixing date, the principal will be paid in AUD while the interest will be paid in USD.

Scenarios 1 and 2: Proceeds returned in base currency (USD)

	Scenario 1	Scenario 2
FX situation on Fixing date	AUD strengthens against USD when compared to the conversion rate on fixing date	AUD remains constant against USD when compared to the conversion rate on fixing date
AUD/USD on Fixing date	0.9350	0.9253
Principal	USD50,000	
Interest payment	USD706.25 (USD50,000 x 5.65 % x 90/360)	

Scenarios 3 and 4: Proceeds returned in linked currency (AUD)

	Scenario 3	Scenario 4
FX situation on Fixing date	AUD weakens slightly against USD when compared to the conversion rate on fixing date	AUD weakens considerably against USD when compared to the conversion rate on fixing date
AUD/USD on Fixing date	0.9200	0.9000
Principal	AUD54,036.53 (USD50,000 at conversion rate 0.9253)	
Interest payment	USD 706.25 (USD50,000 x 5.65% x 90 / 360)	

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