



23 March 2009

HSBC BANK CANADA ANNOUNCES NEW ISSUE OF PREFERRED SHARES

HSBC Bank Canada has entered into an agreement with a syndicate of underwriters led by HSBC Securities (Canada) Inc. and Scotia Capital Inc. to issue 5 million Non-Cumulative 5-Year Rate Reset Class 1 Preferred Shares Series E (the “Preferred Shares Series E”) at a price of C\$25.00 per share. The offering will be underwritten on a bought deal basis.

HSBC Bank Canada has also granted the underwriters the option, exercisable in whole or in part at any time up to two business days prior to closing, to purchase up to an additional 3 million Preferred Shares Series E at the issue price. Should the underwriters’ option be fully exercised, the total gross proceeds of the financing will be C\$200 million.

The Preferred Shares Series E will entitle the holders to receive non-cumulative preferential fixed quarterly dividends if, as and when declared by the Board of Directors of the Bank, of C\$0.4125 per Preferred Share Series E share, to yield 6.60 per cent annually for the initial period ending June 30, 2014. Thereafter, the dividend rate will reset every five years at a rate equal to 4.85 per cent over the then five-year Government of Canada Bond Yield. Subject to regulatory approval, on 30 June 2014, and on 30 June every five years thereafter, the Bank may redeem the Preferred Shares Series E in whole or in part at par.

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Holder of the Preferred Shares Series E will, subject to certain conditions, have the right to convert all, or any part of, their shares into Non-Cumulative 5-Year Rate Reset Class 1 Preferred Shares Series F (the "Preferred Shares Series F") on 30 June 2014, and on 30 June every five years thereafter. Holders of the Preferred Shares Series F will be entitled to receive non-cumulative preferential floating rate quarterly dividends if, as and when declared by the Board of Directors of the Bank, equal to the then three-month Government of Canada Treasury bill yield plus 4.85 per cent.

The transaction is subject to regulatory approval and is expected to close on or about 31 March 2009. The net proceeds from the offering will be used for general corporate purposes and are expected to qualify as Tier 1 Capital of HSBC Bank Canada.

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, has more than 290 offices, including over 140 bank branches, and is the leading international bank in Canada. With around 9,500 offices in 86 countries and territories and assets of US\$2,527 billion at 31 December 2008, the HSBC Group is one of the world's largest banking and financial services organizations.

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