

IMPORTANT INFORMATION

Dear HSBC Credit Cardholder,

HSBC has a long history of providing new and innovative banking facilities to customers and we are pleased to advise you that we are migrating to a new and improved card system.

This new system will offer you a range of new product features, enhanced services and faster processing which will be available from 24th November 2008.

There will be some changes to your credit card account which you need to be aware of and we have summarised these below. Please take the time to familiarise yourself with these important changes and if you require further information about these changes, please refer to our website at www.hsbc.co.in. You may also refer to the modified Services Guide on our website.

We thank you for choosing HSBC as your credit card provider and look forward to your continued patronage.

**Yours sincerely,
HSBC Card Products Division**



The world's local bank

CHANGES IN CREDIT CARD FEATURES AND COMPUTATIONS

1) Reward Point Expiry

Reward point expiry will now follow a rolling expiry system. To elucidate with an example-

If your Reward point validity is 2 years, then the Reward points earned by you during the first year will expire at the beginning of the third year of card membership, while those earned during the second year will expire at the beginning of the fourth year and so on.

2) Extended Period for Balance Transfers and Loan on Phone

Your Balance Transfer programmes will now expire on the billing date after your Balance Transfer tenure is complete. In effect, you get to avail of the lower interest rate for a longer period of time. Similarly, your Loan on Phone instalments will now get billed on the day your statement gets generated. As a result, you get to avail of an interest-free period for a longer period of time.

For example, if your statement date is the 27th of the month and you avail of a 3-month Balance Transfer (BT) on your card on 10th June, then you will continue to enjoy the lower interest rate on your BT transaction until 27th September.

3) Alignment of Annual Fee Dates for Primary and Add-on Credit Cards

Your primary and add-on credit card annual fees will now be charged on the same day. In order to align the credit card fee dates, the highest (occurring later in the year) card fee date will be selected for the billing of fees for all your credit cards (primary and add-ons), and the fee for the adjusted period will be charged on a prorated basis on the fee date for the earlier card(s). The net outcome will be that the membership fees for your primary and additional card(s) for a year will be billed together on the new card fee date.

For example, if the next annual fee date for your primary card is Jan '09, and the next annual fee date for your add-on card is May '09, the annual fee dates for both the credit cards will be aligned to May '09. As a one time activity, the fee for the primary card for the period Jan '09 to May '09 will be charged in Jan '09 for the primary card on a prorated basis.



The world's local bank

4) Revised Minimum Payment Due (MPD) Computation

This is the minimum payment you need to make before the payment due date in order to avoid any late payment fees. This is the sum of 5% of your Outstanding balance and the greater of your Past Due amount and Overlimit amount i.e. $MPD = 5\%$ of Outstanding balance + greater of (Past Due, Overlimit amount).

In effect, the MPD calculation remains unchanged for normal accounts (i.e. accounts which are not overlimit and have no past dues). This is further elucidated through two examples below:

Example 1: Non-overlimit card with no Past Due	Example 2: Overlimit card with Past Due
<i>Credit limit</i> Rs. 50,000 <i>Past Due</i> Rs. 0 <i>Outstanding</i> Rs. 10,000 <i>MPD</i> = 5% of 10,000 = Rs. 500	<i>Credit limit</i> Rs. 50,000 <i>Past Due</i> Rs. 400 <i>Outstanding</i> Rs. 70,000 <i>MPD</i> = 5% of 70,000 + greater of (400 & 20,000) = Rs. 23,500

5) Refunds, Reversals and Returns

Any refunds, reversals or returns will not be treated as payments, and therefore will not affect the Minimum Payment Due (MPD) calculation. They will however reduce the Outstanding Amount on your credit card.

For example, say the MPD on your statement appears as Rs. 100 on the 5th of a month, and you receive a reversal of Rs. 500 in your credit card account on the 7th, your total outstanding will now be less by Rs. 500. However you will still have to pay the MPD of Rs. 100 to avoid any late payment charges.



The world's local bank

6) Insurance Premium, Instalment EMIs and Standing Instruction Fail Fee

Insurance premiums and all EMI payments will be charged to your credit card account on your credit card statement date. Similarly, in case you have a standing instruction (SI) on your card and the SI is dishonoured for some reason, then the SI Fail Fee will be levied on the next statement date and not on the date the SI fails.

For example, if you have an SI which gets rejected on the 5th of a month, and your statement date is the 20th of the month, the SI Fail Fee will be charged on the 20th, and not on the 5th.

7) Payments on Internet Banking and PhoneBanking

All payments, including Internet Banking transfers and payments through PhoneBanking automated system will be effective the next working day and not on the same day. Similarly any waivers (monetary reversals) will also be effective the next day.

8) Address for Add-on Cards

In case you are issued an add-on card in the future, the address given for the new card will be taken as the mailing address for all your cards.

9) Corporate Card Payments

Corporate Card payments are to be done only to the Corporate Sweep account and not the individual Corporate account. This will also be communicated through the Statement copies being dispatched to you and your Corporate office. Payments made against the November 2008 statement outstanding should not be made using the Corporate Subsidiary account. The payments should be made by quoting the new Corporate Billing Account number. This number will be advised by the Corporate Relationship Manager to your Corporate Authorised Signatory. Please contact the Authorised Signatory of your company or your Corporate Relationship Manager for details.



The world's local bank

10) Payment Hierarchy

The payment hierarchy lists the order in which your payments will be allocated to the various items on your credit card statement. The hierarchy is as follows-

1. Cash transaction service charges*
2. Retail transaction service charges*
3. Annual fee
4. Late payment fee
5. Overlimit fee
6. Instalment handling fee
7. Instalment processing fee
8. Return cheque charges
9. Insurance premium
10. Interest charges
 - a. Balance Transfer Interest
 - b. Cash Transaction Interest
 - c. Purchase Transaction Interest
11. Principal Amount
 - a. Balance Transfer Principal
 - b. Cash Transaction Principal
 - c. Purchase Transaction Principal

In addition, the allocation of the payment will be such that the transactions/fees billed in your last statement but not yet paid, will get paid off before any charges/fees incurred after your last statement and are yet to be reflected on your statement.

*Service charges include the following:

- Cash Service Charges
 - Cash Advance Fee
 - Service Tax
- Retail Service Charges
 - Card Replacement Fee
 - Statement Reprint Fee
 - Balance Transfer Processing Fee
 - Standing Instruction (SI) Failed Fee
 - Standing Instruction (SI) Fee
 - PIN Change Fee
 - Card Blocking Fee



The world's local bank

As a result of the system upgrade, there will also be some changes to your credit card statement format. Your first statement in the new format will include a guide to help you interpret the statement.

Terms and Conditions

1. This communication is addressed to all HSBC Credit Cardholders (hereinafter referred to as "Cardholder") and is intended to inform the Cardholders about the change of the existing Information Technology Platform (I.T. Platform) to another I.T. Platform which will be effective from 24th Nov, 2008.
2. This document lists out the important changes that will affect the operation of the Cardholders' account with the bank as a result of the change in I.T. Platform. Cardholders are requested to read the contents of this document carefully.
3. Any dispute arising out of or in connection with this communication or as a result of the change in I.T. Platform shall be subject to the exclusive jurisdiction of the courts in Mumbai only.

