October 9, 2018

HSBC Reaches Definitive Agreement
with US Department of Justice
to Resolve Legacy RMBS Claims

NEW YORK – HSBC today announced a definitive agreement with the US Department of Justice (DOJ) to resolve its multi-year investigation of its legacy securitization, issuance and underwriting of residential mortgage-backed securities (RMBS) issued between 2005 and 2007.

“We are pleased to put this investigation related to activity that occurred more than a decade ago behind us,” said Patrick J. Burke, President and Chief Executive Officer, HSBC USA. “Since the financial crisis, HSBC has been strengthening our culture, processes and internal controls to ensure fair outcomes for our clients. The US management team is focused on putting historical matters into the rear view mirror and completing the turn-around of HSBC’s US operations.”

Under the terms of the agreement, HSBC North America Holdings Inc. (HSBC North America), without admitting liability or wrongdoing, will pay to the DOJ a $765 million civil monetary penalty, of which $492 million will be paid by HSBC USA Inc., HSBC North America’s US-based public company. As previously disclosed, HSBC North America and HSBC USA Inc. were fully reserved for these amounts as of June 30, 2018.

The settlement releases HSBC from potential civil claims by the DOJ related to its securitization, issuance and underwriting of RMBS during the period from 2005 through 2007, and requires no additional remedial action.

Media enquiries to:
Rob Sherman +1 212 525 6901 robert.a.sherman@us.hsbc.com
Heidi Ashley +44 (0)207 992 2045 heidi.ashley@hsbc.com

Investor enquiries to:
Richard O’Connor +44 (0)207 991 6590 richard.j.oconnor@hsbc.com

Forward-looking statements:

Certain statements in this press release are “forward-looking statements” within the meaning of the rules and regulations of the U.S. Securities and Exchange Commission. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results and other financial conditions may differ materially from those included in these statements due to a variety of factors including those contained in HSBC USA Inc.’s filings with the U.S. Securities and Exchange Commission, including without limitation the “Risk Factors” section of HSBC USA Inc.’s 2017 Annual Report on Form 10-K. Precautionary statements included in such filings should be read in conjunction with this release.

ends/more
Note to editors:

**HSBC USA Inc.** is a Maryland corporation and its principal business is to act as a holding company for its subsidiaries including HSBC Bank USA, N.A. Through HSBC Bank USA, N.A. and its subsidiaries, HUSI offers a full range of traditional banking products and services to individuals, including high net worth individuals, small businesses, corporations, institutions and governments. HSBC USA Inc. is a wholly-owned subsidiary of HSBC North America Holdings Inc.

**HSBC North America Holdings Inc.** is the holding company for HSBC Holdings plc's operations in the United States. The company’s businesses serve customers in the following key areas: retail banking and wealth management, commercial banking, private banking, and global banking and markets.

**HSBC Holdings plc,** the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,652bn at 31 March 2018, HSBC is one of the world’s largest banking and financial services organisations.

*ends/all*