

1 May 2012

SALE OF CARD AND RETAIL SERVICES BUSINESS TO CAPITAL ONE

On 10 August 2011 HSBC Holdings plc ('HSBC') announced that, through its wholly owned subsidiaries, HSBC Finance Corporation, HSBC USA Inc., HSBC Technology and Services (USA) Inc. ('HTSU') and other wholly owned subsidiaries, it had agreed to sell and transfer certain of the assets and liabilities of its card and retail services business in the United States (the 'Business') to Capital One Financial Corporation.

The transaction, which was subject to various conditions including, among others, the receipt of applicable governmental and regulatory approvals, closed on 1 May 2012.

Under the terms of the transaction, HSBC received a cash consideration of US\$31.3bn, including US\$2.5bn based on a premium of 8.75% over the gross customer loan balances at 31 March 2012. The consideration and premium are subject to an adjustment based on final closing balances.

In connection with the transaction, HTSU entered into a Purchaser Transition Services Agreement with Capital One Services, LLC ("Capital One Services"), a wholly owned indirect subsidiary of Capital One Financial Corporation, pursuant to which HTSU and its subsidiaries will provide certain services to Capital One Services and its subsidiaries related to the operation of the Business for a period of up to two years. Capital One Services may extend these services for an additional year in certain circumstances.

HSBC Bank USA continues to offer credit cards to its customers. The Business sold excludes HSBC Bank USA's credit card programme of US\$1.2bn at 31 March 2012, of which US\$0.4 billion is scheduled to be sold to First Niagara Bank, N.A. in the second quarter of 2012.

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