

INTERAGENCY BANK MERGER ACT APPLICATION

Check all that apply:

Type of Filing	Form of Transaction	Filed Pursuant To
<input checked="" type="checkbox"/> Affiliate/Corporate Reorganization	<input type="checkbox"/> Merger	<input checked="" type="checkbox"/> 12 U.S.C. 1828(c)
<input type="checkbox"/> Combination with Interim Depository Institution	<input type="checkbox"/> Consolidation	<input type="checkbox"/> 12 U.S.C. 215, 215a-c
<input type="checkbox"/> Nonaffiliate Combination	<input checked="" type="checkbox"/> Purchase and Assumption	<input type="checkbox"/> 12 U.S.C. 1815(a)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Branch Purchase and Assumption	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Other _____	

Applicant Depository Institution

HSBC Bank USA, National Association ("HBUS") 24522
Name Charter/ Docket Number

1800 Tysons Boulevard
Street

McLean Virginia 22102
City State Zip Code

Target Institution

HSBC Trust Company (Delaware), National Association ("HTCD") 24601
Name Charter/Docket Number

300 Delaware Avenue, Suite 1400/1401
Street

Wilmington Delaware 19801
City State Zip Code

Resultant Institution (if different than Applicant)

Name Charter/Docket Number

Street

City State Zip Code

Contact Person

William L. Kuhn, IV Deputy General Counsel – Regulatory, HSBC North America
Name Title/Employer

452 Fifth Avenue, 7th floor
Street

New York City New York 10018
City State Zip Code

212-525-0394 212-525-6994 william.l.kuhn.iv@us.hsbc.com
Telephone Number Fax Number E-mail Address

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INTERAGENCY BANK MERGER ACT APPLICATION

1. Describe the transaction's purpose, structure, significant terms and conditions, and financing arrangements, including any plan to raise additional equity or incur debt. Also provide the approximate approval date needed to consummate.

See Public Exhibit 1 (Overview of Transaction)

2. Provide a copy of (a) the executed merger or transaction agreement, including any amendments, (b) any board of directors' resolutions related to the transaction, and (c) interim charter, names of organizers, and related documents, if applicable.

(a) **See Confidential Exhibit 1 (Purchase and Assumption Agreement)**

(b) **See Confidential Exhibit 2 (Secretaries' Certificates)**

3. Describe any issues regarding the permissibility of the proposal with regard to applicable state or Federal laws or regulations (for example, nonbank activities, branching, qualified thrift lender's test).

The transaction involves the transfer of deposits from one insured national bank to a sister bank that is also an insured national bank and therefore does not raise issues regarding permissibility under state or federal laws.

4. Describe any nonconforming or impermissible assets or activities that Applicant or Resultant Institution may not be permitted to retain under relevant law or regulation, including the method of and anticipated time period for divestiture or disposal.

Both HBUS and HTCD conduct a banking business with deposit account types that are the subject of this Application and the proposed transfer. Thus, there are no issues involving nonconforming or impermissible assets or activities.

5. Provide the indicated financial information and describe the assumptions used to prepare the projected statements, including those about the effect of the merger transaction. Material changes between the date of the financial statements and the date of the application should be disclosed. If there are no material changes, a statement to that effect should be made.

See Confidential Exhibit 3 (Financial Information)

- a. Pro Forma Balance Sheet, as of the end of the most recent quarter and for the first year of operation after the transaction. Indicate separately for the Applicant and Target

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Institution each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by footnotes) reflecting the proposed acquisition; and the resulting pro forma combined balance sheet. Goodwill and all other intangible assets should be listed separately on the balance sheet. Indicate the amortization period and method used for any intangible asset and the accretion period of any purchase discount on the balance sheet.

See Confidential Exhibit 3 (Pro Forma Balance Sheet)

- b. Projected Combined Statement of Income for the first year of operation following consummation.
- c. Pro Forma and Projected Regulatory Capital Schedule, as of the end of the most recent quarter and for the first year of operation, indicating:
 - Each component item for Tier 1 (Core) and Tier 2 (Supplementary) Capital, Subtotal for Tier 1 and Tier 2 Capital (less any investment in unconsolidated or nonincludable subsidiaries), Total Capital (*include Tier 3 if applicable*).
 - Total risk-weighted assets.
 - Capital Ratios: (1) Tier 1 capital to total risk-weighted assets; (2) Total capital to total risk-weighted assets; and (3) Tier 1 capital to average total consolidated assets (leverage ratio).
6. List the directors and senior executive officers of the Resultant Institution and provide the name, address, position with and shares held in Resultant Institution or holding company, and principal occupation (if a director).

The transaction involves the transfer of HTCD deposit accounts consisting of funds associated with uncashed refund anticipation loan checks to HBUS. There will be no change in Directors or Senior Officers of the Applicant as a result of this transaction.

7. Describe how the proposal will meet the convenience and needs of the community. For the combining institutions, list any significant anticipated changes in services or products that will result from the consummation of the transaction. If any services or products will be discontinued, describe and explain the reasons.

See Public Exhibit 1. (Overview of the Transaction)

8. Discuss the programs, products, and activities of the Applicant or the Resultant Institution that will meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) regulation, including the needs of low- and moderate-income geographies and individuals. For an Applicant or Target Institution that has received a CRA composite rating of "needs to improve" or "substantial

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noncompliance" institution-wide or, where applicable, in a state or a multi-state MSA, or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the combination, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.

See Public Exhibit 1. (Overview of the Transaction)

9. The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 imposes additional considerations for certain interstate mergers between insured banks. Savings associations are not subject to 12 U.S.C. 1831u. If subject to these provisions, discuss authority; compliance with state age limits and host state(s) filing requirements; and applicability of nationwide and statewide concentration limits. In addition, discuss any other restrictions that the states seek to apply (including state antitrust restrictions).

The transaction that is the subject of this Application involves the transfer of HTCD deposit accounts, consisting of funds associated with uncashed refund anticipation loan checks, to HBUS. No new banking offices are being established as a result of this transfer. No interstate banking issues are involved with this transaction.

10. List all offices that (a) will be established or retained as branches, including the main office, of the Target Institution, (b) are approved but unopened branch(es) of the Target Institution, including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed as a result of the proposal to the extent the information is available and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and ZIP code.

The transaction that is the subject of this Application involves the transfer of deposit accounts, consisting of funds associated with uncashed refund anticipation loan checks, from the HTCD to HBUS. There will be no change in the offices of either solely as a result of the transfer of accounts.

11. As a result of this transaction, if the Applicant will be or will become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator, provide:

The transaction that is the subject of this Application involves the transfer of HTCD deposit accounts, consisting of funds associated with uncashed refund anticipation loan checks, to HBUS. No new insurance affiliates will result from this transaction.

- a. The name of company.

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- b. A description of the insurance activity that the company is engaged in and has plans to conduct.
- c. A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.

If a nonaffiliate transaction, the Applicant also must reply to items 12 through 14.

Not applicable, as this is an affiliate transaction.

- 12. Discuss the effects of the proposed transaction on existing competition in the relevant geographic market(s) where Applicant and Target Institution operate. Applicant should contact the appropriate regulatory agency for specific instructions to complete the competitive analysis.

Not applicable, as this is an affiliate transaction.

- 13. If the proposed transaction involves a branch sale or any other divestiture of all or any portion of the bank, savings association or nonbank company (in the case of a merger under 12 U.S.C. 1828(c)(1)) to mitigate competitive effects, discuss the timing, purchaser, and other specific information.

Not applicable, as this is an affiliate transaction.

- 14. Describe any management interlocking relationships (12 U.S.C. 3201-3208) that currently exist or would exist following consummation. Include a discussion of the permissibility of the interlock with regard to relevant laws and regulations.

Not applicable, as this is an affiliate transaction.

All OCC and OTS Applicants should provide the following supplemental information with their application:

- 15. If any of the combining institutions have entered into commitments with community organizations, civic associations, or similar entities concerning providing banking services to the community, describe the commitment.
None
- 16. If the Resultant Institution will not assume the obligations entered into by the Target Institution, explain the reasons and describe the impact on the communities to be affected.
None

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If filing with the OCC:

17. If acquiring a non-national bank subsidiary, provide the information and analysis of the subsidiary's activities that would be required if it were established pursuant to 12 C.F.R. 5.34 or 5.39.

Not applicable. The transaction that is the subject of this application only involves the transfer of deposit accounts, consisting of funds associated with uncashed refund anticipation loan checks from HTCD to HBUS. No subsidiary will be acquired.

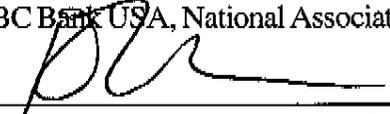
CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 11th day of February, 2015.

HSBC Bank USA, National Association

By: 
(Signature of Authorized Officer)

Karen P. Pisarczyk
(Typed Name)

Executive Vice President
(Title)

HSBC Trust Company (Delaware), National Association

By: _____
(Signature of Authorized Officer)

Richard D. Leigh
(Typed Name)

President
(Title)

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CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 U.S.C. 1001 and 1007.

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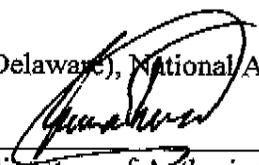
Signed this 11th day of February, 2015.

HSBC Bank USA, National Association

By: _____
(Signature of Authorized Officer)

Karen P. Pisarczyk
(Typed Name)
Executive Vice President
(Title)

HSBC Trust Company (Delaware), National Association

By: 
(Signature of Authorized Officer)

Richard D. Leigh
(Typed Name)
President
(Title)

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PUBLIC EXHIBIT 1

TRANSACTION OVERVIEW

Transaction Overview

Application for Approval for HSBC Bank USA, National Association, McLean, Virginia
to Acquire Certain Deposits and Liabilities from HSBC Trust Company (Delaware),
National Association, Wilmington, Delaware

I. Overview

HSBC Trust Company (Delaware), National Association ("HTCD") was chartered as a limited purpose trust bank by the Office of the Comptroller of the Currency ("OCC") in 2005. In 2006, HTCD received approval from the OCC, the Board of Governors of the Federal Reserve ("FRB") and the Federal Deposit Insurance Corporation ("FDIC") to expand to a full-service bank charter in order to originate refund anticipation loans to consumers in states in which HSBC Bank USA, National Association ("HBUS") did not have branches ("refund anticipation loans").

HTCD ceased this line of business in December 2010. At the time it terminated its refund anticipation loan business HTCD had approximately \$4,528,000 on deposit representing the value of the refund anticipation loan checks that HTCD had issued but customers had not negotiated ("uncashed checks"). These funds have been escheating to the appropriate state authorities over time. As of December 31, 2014, HTCD had \$769,400.98 in uncashed check deposit obligations. This application seeks to facilitate the transfer of all HTCD's outstanding uncashed check deposit obligations to HBUS. HTCD seeks to complete the deposit transfer in the first half of 2015.

HBUS also has deposit liabilities associated with its own refund anticipation loan program. HBUS currently performs all the operations required for the oversight and escheat of both HBUS and HTCD's uncashed checks. HBUS' acquisition of these HTCD deposits will streamline the services HBUS is currently providing. In addition, the HBUS acquisition of these deposits will assist in current efforts to de-risk the business of HTCD in advance of the effective date of the OCC's heightened standards rule for HSBC.

Pursuant to the terms and conditions of the Purchase and Assumption Agreement, HBUS will pay HTCD the net book value of the assumed deposits and liabilities associated with HTCD's uncashed checks as of transaction's closing date.

HTCD will retain no less than \$500,000 in deposits to ensure compliance with FDIC requirements and it will continue its trust business.

On

February 12, 2015, February 18, 2015, and March 9, 2015, notice of the transaction will appear in the News Journal, Wilmington Delaware and the Washington Post, Washington

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DC, newspapers of general circulation in the areas where the main offices of HTCD and HBUS, are located, as required by 12 U.S.C. §1828(c)(3) and 12 C.F.R. §5.8. A copy of the notice is enclosed as Exhibit 3. Publishers' affidavits will be submitted to the OCC.

II. Legal Analysis of the Merger Transactions

A. Statutory Merger Authority

HBUS and HTCD are applying for approval of the deposit transfer under 12 U.S.C. §1828(b)(2)(A) and 12 C.F.R. §5.33. A national bank may acquire deposits from another insured depository institution with OCC approval.

B. Statutory and Regulatory Bank Merger Requirements

1. CRA Compliance and Community Needs

The transactions are subject to OCC assessment of the CRA performance of the applicants, as provided by 12 C.F.R. §§5.33(e)(1)(iv). Moreover, the OCC must consider whether the transaction will serve "the convenience and needs of the community to be served." 12 U.S.C. §1828(c)(5)(B), 12 C.F.R. §§5.33(e)(1)(iii).

The most recent publicly available report of HBUS' CRA performance by the OCC was from an October 5, 2009 report, and the OCC assigned HBUS an "Outstanding" performance rating as a result of this evaluation. The most recent publicly available report of HTCD' CRA performance by the OCC was from an October 5, 2009 report, and the OCC assigned HTCD an "Outstanding" performance rating. No change to HBUS' CRA assessment area is anticipated as a result of the proposed transaction.

Both HBUS and HTCD have deposits relating to uncashed refund anticipation loans. The proposed transaction will consolidate these deposit liabilities at HBUS.

2. Financial and Managerial Resources

HBUS will be adequately capitalized upon consummation of the proposed transactions as detailed in pro forma capital calculations attached as Confidential Exhibit 3. Consideration of this information should permit the OCC to find positively with respect to the financial resources of HBUS and that this transaction will not have a negative effect on the safety and soundness of HBUS as required by 12 U.S.C. §1828(c)(5), 12 C.F.R. §5.33(e)(ii)(4) and (g)(4).

The OCC must consider the managerial resources of the resulting bank as part of their review of the transactions. 12 U.S.C. §1828(c)(5); 12 C.F.R. §5.33(e)(ii). No change to the senior officers or directors of HBUS is anticipated as a result of the transaction; thus, the proposed transactions should satisfy this requirement.

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3. Money-Laundering Deterrence

As part of their consideration of the merger transactions, the OCC must consider the effectiveness of HBUS in combating money laundering activities. 12 U.S.C. §1828(c)(11) and 12 C.F.R. §5.33(e)(v). HBUS is currently operating its AML/BSA program under two Consent Orders¹ issued by the OCC. HBUS has met all requirements to date of the orders and continues to enhance its AML/BSA program to ensure complete conformity and compliance with the BSA.

The funds in question are dormant deposits resulting from HTCD customers' failure to cash the refund anticipation checks issued when they were extended credit pursuant to HTCD's refund anticipation loan program. The lending decisions were made in conformance with HTCD's lending policy which required adherence to all applicable know your customer, anti-money laundering, OFAC and sanctions screening requirements. Since that time, the deposits have been screened for OFAC and sanctions compliance in conformance with HTCD's Anti Money Laundering and Bank Secrecy Act policies and procedures. This transaction does not raise substantial AML/BSA issues.

4. Impact on Bank Customers

Twelve C.F.R. §5.33(g)(4) requires the OCC consider whether the transaction will impact the customers of HBUS. No impact is expected for bank customers.

C. Trust Powers

Currently, HBUS and HTCD engage in trust activities, which HBUS and HTCD will continue to exercise after the approval of these transactions.

D. Non-conforming assets

Non-conforming assets are not involved in this transaction.

E. Other Required Regulatory Notices and Filings

HBUS and HTCD will provide the OCC with required notice of the transfer of the deposits.

¹ See Consent Orders dated September 24, 2010 and December 11, 2012 between HSBC Bank USA, National Association and The Comptroller of the Currency.

PUBLIC EXHIBIT 2

Public Notice

PUBLIC NOTICE

HSBC Bank USA, National Association, McLean, Virginia hereby provides notice that it has filed an application to The Office of the Comptroller of the Currency, Northeastern District, 10 East 40th Street, 14th Floor, New York, New York 10016.

For approval for HSBC Bank USA, National Association, McLean, Virginia to purchase certain deposits and assume certain of the liabilities of HSBC Trust Company (Delaware), National Association, Wilmington, Delaware.

This notice is published pursuant to 12 U.S.C. 1828(c) and 12 CFR Part 5.

This notice will appear three times over the 30-day period beginning February 12, 2015, and ending March 9, 2015.

Any persons desiring to comment on this application may do so by submitting written comments within 30 days of the date of the first publication of this notice to: Licensing Manager, Office of the Comptroller of the Currency, Northeastern Division Office, 10 East 40th Street, 12th Floor, New York, New York 10016. The public file is available for inspection in that office during regular business hours. Written requests for a copy of the public file on the application should be sent to the district licensing director.

Date

HSBC Bank USA, National Association
McLean, Virginia

HSBC Trust Company (Delaware), National Association
Wilmington, Delaware