

## Covered Bond Swap Confirmation

March 31, 2020

To: HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership,  
acting by its managing general partner,  
HSBC Canadian Covered Bond (Legislative) GP Inc.  
66 Wellington Street West, Suite 5300  
Toronto, Ontario  
Canada M5K 1E6

Attn: Blake Hinton  
Email: blake\_hinton@hsbc.ca

From: HSBC Bank Canada

Re: **Trade Reference: Covered Bond Transaction – Series CBL3**

The purpose of this letter is to confirm the terms and conditions of the transaction entered into between HSBC Bank Canada (“**Party A**”) and HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership, acting by its managing general partner, HSBC Canadian Covered Bond (Legislative) GP Inc. (“**Party B**”) on the Trade Date specified below (the “**Transaction**”). This document constitutes a “**Confirmation**” as referred to in the Agreement as specified below. This Transaction constitutes a basis swap transaction under the Definitions (as such term is defined below).

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of March 31, 2020 (identified on page 1 thereof as the “Covered Bonds 2002 Master Agreement (Series CBL3)”), as amended and supplemented from time to time, between you and us (the “**Agreement**”). All provisions contained in the Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of the Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) (the “**Definitions**”) are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern (i) this Confirmation; (ii) the master definitions and construction agreement dated August 10, 2018 by and among, *inter alios*, HSBC Bank Canada, 10525910 Canada Inc., HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership, Computershare Trust Company of Canada, HSBC Canadian Covered Bond (Legislative) GP Inc., and PricewaterhouseCoopers LLP and each other Person who may from time to time become a party thereto, as amended by a first amending agreement to master definitions and construction agreement dated September 20, 2018, as further amended and supplemented from time to time (collectively, the “**Master Definitions and Construction Agreement**”); (iii) the Trust Deed dated August 10, 2018, as amended as of November 7, 2018, as of August 16, 2019 and as of March 26, 2020 (such trust deed as further amended, restated, supplemented or replaced, the “**Trust Deed**”) made between HSBC Bank Canada, HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership and Computershare Trust Company of Canada; and (iv) the Definitions. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Master Definitions and Construction Agreement. For the purposes of the Definitions, references herein to a “Transaction” shall be deemed to be references to a “Swap Transaction”.

The terms of the particular Transaction to which this Confirmation relates are as follows:

- Trade Date: March 30, 2020.
- Effective Date: The earlier of (i) the date on which a Contingent Collateral Trigger Event occurs and (ii) the date on which a Covered Bond Swap Activation Event occurs; provided that the Effective Date will be such date on which a Covered Bond Swap Activation Event occurs if (a) Party A is also the lender under the Intercompany Loan Agreement, (b)(i) a Contingent Collateral Trigger Event has occurred in respect of Party A, (ii) a Contingent Collateral Notice is in effect in respect of such Contingent Collateral Trigger Event and (iii) within 10 Canadian Business Days of the occurrence of such Contingent Collateral Trigger Event and for so long as a Contingent Collateral Trigger Event continues to exist, Party B has Contingent Collateral in respect of this Agreement, and (c) the Asset Coverage Test or the Amortization Test, as applicable, continues to be satisfied.
- Covered Bond Swap Activation Event: The earlier to occur of (a) an Issuer Event of Default and (b) a Guarantor Event of Default, together with the service of a Guarantor Acceleration Notice on the Issuer and on the Guarantor.
- Termination Date: Unless terminated earlier by a Covered Bond Swap Early Termination Event, the earlier of:
- (a) the Final Maturity Date for (or, if earlier, the date of redemption or cancellation in whole, but not in part, of) the final Tranche of Series CBL3 or, if Party B notifies Party A prior to such Final Maturity Date of its inability to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount for such final Tranche of Series CBL3, the final date on which an amount representing the Final Redemption Amount for such final Tranche of Series CBL3 is paid (but in any event, not later than the Extended Due for Payment Date for such final Tranche of Series CBL3, if any) (the “**Scheduled Termination Date**”); and
  - (b) the date designated therefor by the Bond Trustee and notified to Party A and Party B for purposes of realizing the Security in accordance with the Security Agreement and distributing the proceeds therefrom in accordance with the Post-Enforcement Priority of Payments following the

enforcement of the Security pursuant to Condition 7.03, as modified by the Final Terms for Series CBL3.

Business Days:	Toronto
Calculation Period	In respect of Party B Floating Amounts, each Guarantor Calculation Period and in respect of Party A Floating Amounts, each Swap Provider Calculation Period.
Guarantor Calculation Period	Each period from and including the last Business Day of each month to, but excluding, the last Business Day of the next succeeding month, provided that (a) the first Guarantor Calculation Period begins on, and includes, the Effective Date, and (b) the final Guarantor Calculation Period shall end on, but exclude, the Termination Date.
<b>Party B Floating Amounts</b>	
Floating Rate Payer:	Party B.
Party B Payment Date:	Each Guarantor Payment Date, commencing the first such date following the first Calculation Date which occurs after the Effective Date.
Party B Payment Amount:	On each Party B Payment Date, Party B will pay in Canadian Dollars to Party A the product of: <ul style="list-style-type: none"> <li>(a) the Party B Notional Amount for the Guarantor Calculation Period ending immediately preceding such Guarantor Payment Date;</li> <li>(b) Party B Day Count Fraction; and</li> <li>(c) the Party B Floating Rate.</li> </ul>
Party B Notional Amount:	For each Guarantor Calculation Period, the Party A Notional Amount on the first day of such Guarantor Calculation Period.
Party B Day Count Fraction:	Act/365 (Fixed)
Party B Business Day Convention:	Following.
Party B Floating Rate:	Party B Floating Rate Option <i>plus</i> Party B Base Spread.
Party B Floating Rate Option:	CAD-BA-CDOR.

Party B Designated Maturity: 1 month.

Party B Reset Dates: The first day of each Guarantor Calculation Period.

Party B Base Spread: ██████ per cent. per annum.

**Party A Floating Amounts**

Floating Rate Payer: Party A.

Party A Notional Amount: In respect of each Swap Provider Calculation Period, CAD 1,500,000,000 *minus* the aggregate of each portion the Final Redemption Amount for Series CBL3 that Party B paid or that was redeemed or cancelled pursuant to Condition 6.08, in each case, on or prior to the first day of such Swap Provider Calculation Period.

Swap Provider Calculation Period: Each period from and including a Swap Provider Payment Date to, but excluding, the next following applicable Swap Provider Payment Date, except that (a) the initial Swap Provider Calculation Period will commence on, and include, the Effective Date and (b) the final Swap Provider Calculation Period will end on, but exclude, the Scheduled Termination Date.

Swap Provider Payment Dates: On or prior to the Final Maturity Date, 30th day of March, June, September and December of each year, commencing the first such date after the Effective Date up to and including the Final Maturity Date for Series CBL3, and thereafter, the 30<sup>th</sup> of each month up to and including the Scheduled Termination Date (which, for greater certainty, may be a date other than the 30<sup>th</sup> of the month), provided that, for the month of February 2025, the Swap Provider Payment Date shall be February 28, 2025, subject, in each case, to adjustment in accordance with the Party A Business Day Convention.

Party A Payment Amount: On each Swap Provider Payment Date for Series CBL3, Party A will pay to Party B the product of:

- (a) the Party A Notional Amount for the Swap Provider Calculation Period ending on, but excluding, such Swap Provider Payment Date;
- (b) the Party A Floating Rate Day Count Fraction for the Swap Provider Calculation Period ending on such Swap Provider Payment Date; and

	(c) the Party A Floating Rate
Party A Floating Rate	The greater of (i) the Party A Floating Rate Option plus Party A Spread and (ii) zero.
Party A Floating Rate Option	CAD-BA-CDOR
Designated Maturity:	Prior to the Final Maturity Date, 3 months; thereafter, 1 month.
Party A Spread:	Prior to the Final Maturity Date, +1.40% per annum, and on or after the Final Maturity Date, +1.32% per annum
Party A Reset Dates:	The first day of each applicable Swap Provider Calculation Period.
Party A Floating Rate Day Count Fraction:	Actual/365 (Fixed)
Party A Business Day Convention:	Modified Following.
<b>Other Provisions</b>	
Calculation Agent:	Party A.
<b>Account Details</b>	
<u>Account for payments to Party A in CAD:</u>	Such account as directed by Party A.
<u>Account for payments to Party B in CAD:</u>	Such account as directed by Party B.
<b>Contact Details for notices</b>	
<b>Party A</b>	As set out in Part 4 of the Agreement.
<b>Party B</b>	As set out in Part 4 of the Agreement.

[Remainder of page intentionally left blank]

## Confirmation

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us. We are delighted to have executed this Transaction with you and look forward to working with you again.

Time of trading is available upon request.

Yours sincerely,

### HSBC BANK CANADA

By: "Gerhardt J. Samwell"

Name: Gerhardt J. Samwell

Title: Authorized Signatory

By: "Derek C. Lee"

Name: Derek C. Lee

Title: Authorized Signatory

Confirmed as of the date first written above:

### HSBC CANADIAN BOND (LEGISLATIVE) GUARANTOR LIMITED PARTNERSHIP,

acting by its managing general partner,

### HSBC CANADIAN COVERED BOND (LEGISLATIVE) GP INC.

By: "Derek C. Lee"

Name: Derek C. Lee

Title: Authorized Signatory

By: "Blake Hinton"

Name: Blake Hinton

Title: Authorized Signatory