

***1st SUPPLEMENTARY OFFERING MEMORANDUM DATED NOVEMBER 13, 2018 TO
THE OFFERING MEMORANDUM REFERRED TO BELOW***



HSBC Bank Canada
(a Canadian chartered bank)

This Supplement (the “**Supplement**”) has been prepared in connection with the offering memorandum dated November 8, 2018 (the “**CB Offering Memorandum**”) in relation to the CAD 3,500,000,000 Legislative Global Covered Bond Programme (the “**CB Programme**”) of HSBC Bank Canada (the “**Bank**”), unconditionally and irrevocably guaranteed as to payments by HSBC Canadian Covered Bond (Legislative) Guarantor Limited Partnership (the “**Guarantor**”).

Terms defined in the CB Offering Memorandum have the same meaning when used in this Supplement. The Supplement is supplemental to, and shall be read in conjunction with the CB Offering Memorandum. The CB Offering Memorandum, as supplemented by this Supplement are collectively referred to as the “Offering Memorandum”.

The purpose of this Supplement is to:

- (a) update the CB Offering Memorandum to amend the Pro Forma Final Terms section; and
- (b) update the CB Offering Memorandum to supplement the Subscription and Sale and Transfer and Selling Restrictions section.

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION (“**CMHC**”) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SUPPLEMENTARY OFFERING MEMORANDUM THE COVERED BONDS ARE NOT INSURED OR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the CB Offering Memorandum which is capable of affecting the assessment of Covered Bonds issued under the CB Programme has arisen or been noted since the publication of the CB Offering Memorandum in relation to the CB Programme.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into either of the CB Offering Memorandum by this Supplement and (b) any other statement in, or incorporated by reference in the CB Offering Memorandum, the statements in (a) above will prevail.

I. By virtue of this Supplement the CB Offering Memorandum shall be supplemented as follows:

A. The following item shall be added to the section entitled “Important Notice”

Notification under Section 309(B)(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”)

Unless otherwise stated in the Final Terms in respect of any Covered Bonds, all Covered Bonds issued or to be issued under the Programme shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

II. By virtue of this Supplement the CB Offering Memorandum shall be supplemented as follows:

A. *The following item shall be added to the section entitled “Pro Forma Final Terms”*

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET - Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.]

B. *The following item shall be added to the section entitled “Pro Forma Final Terms”*

[NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC, AS AMENDED, INCLUDING BY DIRECTIVE 2010/73/EU, AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURES IN EACH RELEVANT MEMBER STATE (THE “PROSPECTUS DIRECTIVE”) FOR THIS ISSUE OF COVERED BONDS. THE COVERED BONDS ARE NOT COMPLIANT WITH THE PROSPECTUS DIRECTIVE AS IMPLEMENTED IN THE UNITED KINGDOM AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THESE FINAL TERMS.]

C. *The following item shall be added to the section entitled “Pro Forma Final Terms”*

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS.

The Covered Bonds are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, “IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended, including by Directive 2010/73/EU (the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

D. *The following item shall be added to the section entitled “Pro Forma Final Terms”*

No underwriter, dealer or agent will effect any offers or sales of any Covered Bonds in the United States unless it is through one or more U.S. registered broker-dealers as permitted by the regulations of the Financial Industry Regulatory Authority, Inc.

E. *The following item shall be added to the section entitled “Pro Forma Final Terms”*

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), the Issuer has determined the classification of the Covered Bonds to be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Singapore Monetary Authority

(the “MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

F. *The following item shall be added to the section entitled “Pro Forma Final Terms – Part B – 5. Operational Considerations”*

(viii) Prohibition of Sales to EEA Retail [Applicable/Not Applicable]
Investors:

III. By virtue of this Supplement, the section of the CB Offering Memorandum entitled Subscription and Sale and Transfer and Selling Restrictions shall be amended as follows:

A. *The following selling restrictions are inserted following the section entitled “Subscription and Sale and Transfer and Selling Restrictions – United States of America – Transfer Restrictions”:*

“Prohibition of Sales to EEA Retail Investors

All references in the Offering Memorandum to the “**European Economic Area**” or “**EEA**” are to the Member States together with Iceland, Norway and Liechtenstein.

All references in the Offering Memorandum to “**Member States**” are to countries united under and party to the treaties of the European Union as at the date hereof (and each individually, a “**Member State**”). Any Member State of the EEA which has implemented the Prospectus Directive is a “**Relevant Member State**”.

Unless the Final Terms in respect of the Covered Bonds specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available, any Covered Bonds which are the subject of the offering contemplated by the Offering Memorandum as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II;
- (b) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Directive.

If the Final Terms in respect of any Covered Bonds specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, then in relation to each Relevant Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Offering Memorandum as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealers nominated by the Issuer for any such offer; or

¹ Legend to be included on front of the Final Terms if the Covered Bonds: (a) are being sold into Singapore; and (b) do not constitute capital markets products other than prescribed capital markets products as defined under the CMP Regulations 2018.

- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Covered Bonds referred to in 1(a) to 1(c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of these provisions, the expression an “offer” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a)
- (i) It is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) It has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manager or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000, as amended (the “FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Offering Memorandum has not been approved by the Securities and Futures Commission in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”) and, accordingly:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “CO”) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be

disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Offering Memorandum is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411-1 of the *Code monétaire et financier*, and has therefore not been submitted to the *Autorité des marchés financiers* for prior approval and clearance procedure and, accordingly it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Memorandum, the relevant Final Terms or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, and D.411-1 of the *Code monétaire et financier*.

Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offering of the Covered Bonds has not been registered with CONSOB - *Commissione Nazionale per le Società e la Borsa* (the Italian Companies and Exchange Commission) pursuant to Italian securities legislation and, accordingly, the Covered Bonds may not be offered, sold or delivered, nor may copies of the Offering Memorandum or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”), and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on offerings to the public pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Furthermore, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Covered Bonds or distribution of copies of the Offering Memorandum or any other document relating to the Covered Bonds in the Republic of Italy under (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) comply with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; or
- (c) comply with any other applicable laws and regulations, or requirement imposed by CONSOB or any other Italian authority.

The following applies to Exempt Covered Bonds with a Specified Denomination of less than €100,000 (or equivalent):

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Covered Bonds on

the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Covered Bonds being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any Covered Bonds will only be offered in The Netherlands to Qualified Investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Covered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (however described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA pursuant to Section 275(1) and Section 275(1A) of the SFA, respectively and in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) pursuant to Section 276(7) of the SFA.

Belgium

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “**Belgian Consumer**”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.