DISCLOSURE STATEMENT

HSBC Bank USA, National Association

Market Linked Certificates of Deposit

CDs Linked to One or More Indices, Exchange-Traded Funds or Equity Securities

HSBC Bank USA, National Association ("HSBC" or the "Bank") may, from time to time, establish certificates of deposit linked to one or more equity indices (each, an "Index" and collectively, the "Indices"), exchange-traded funds (each, a "Fund" and collectively, the "Funds") or common equity securities or American depositary shares ("ADSs") of a company not affiliated with us (each, an "Underlying Stock" and, collectively, the "Underlying Stocks"), or any combination thereof. The Indices, Funds and Underlying Stocks are sometimes referred to herein collectively as the "Market Measures" and individually as a "Market Measure." We refer to all certificates of deposit established under this disclosure statement as the "CDs." The CDs are made available through certain broker-dealers (collectively, the "brokers" and individually, a "broker"), which may include Wells Fargo Advisors ("WFA") (the trade name of the retail brokerage business of Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC) and HSBC Securities (USA) Inc. ("HSI"), our affiliated broker-dealer. Each CD is a deposit obligation of HSBC, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the "FDIC"). The full amount of the deposit principal of a CD (the "deposit amount") will be returned to you on the stated maturity date (unless the CDs have been redeemed by us). Unless otherwise specified in the applicable terms supplement, the CDs will not pay fixed payments of interest. Instead, the CDs will pay a maturity payment amount that may provide for a positive market linked interest payment on the stated maturity date depending on the performance of the relevant Market Measure(s).

This disclosure statement (the "disclosure statement") describes some of the general terms that apply to the CDs. This disclosure statement supplements the disclosure in any terms supplement that may reference it. A separate terms supplement (the "terms supplement") will describe terms that apply to specific issuances of the CDs and may include changes to the terms specified in this disclosure statement. A separate equity index underlying supplement or the relevant terms supplement will describe any Market Measure(s) to which the CDs are linked. If the disclosure in the relevant terms supplement is inconsistent with the disclosure in this disclosure statement or any accompanying equity index underlying supplement, the disclosure in the relevant terms supplement will control.

The deposit amount of a CD is insured by the FDIC, subject to applicable FDIC insurance limits. The FDIC standard maximum deposit insurance amount (the "MDIA") is $250,000 per depositor per insured bank. The CDs are eligible for FDIC insurance up to $250,000 for deposits held in the same ownership category (for example, individual accounts are insured separately from joint accounts, self-directed retirement accounts and/or revocable trust accounts). The FDIC has taken the position that any payment that has not yet been ascertained and become due, which would include any additional payment amount (as defined below) and any secondary market premium paid by you above the deposit amount of the CDs is not insured by the FDIC. See "Deposit Insurance" herein. Any deposit amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to our creditworthiness. See "Risk Factors—The CDs Are Subject To The Credit Risk Of HSBC" herein.

Unless otherwise specified in the applicable terms supplement, early withdrawal of a CD will only be available in the event of death or adjudication of incompetence of a beneficial owner of a CD. See "General Terms of the CDs—Additions and Withdrawals" herein.

You should carefully review the specific terms of the CDs described in the applicable terms supplement together with the information contained in this disclosure statement and any applicable equity index underlying supplement before investing in the CDs.

The CDs will not be listed on any exchange or automated quotation system. Although we or our affiliates may purchase the CDs from you, neither we nor any of our affiliates is obligated to do so. We and our affiliates are not obligated, and do not intend to, make a market for the CDs. Accordingly, we do not expect any secondary market for the CDs to develop. Consequently, you may not be able to sell your CDs readily or at prices that will enable you to realize your desired yield. Only CDs held to the stated maturity date or CDs that are the subject of a permitted early withdrawal will be entitled to the return of the full deposit amount.

In making an investment decision, investors must rely on their own examination of HSBC and the terms of the offering, including the merits and risks involved. The CDs are solely our obligations, and are not obligations of and are not guaranteed by any agent or affiliate of the Bank, including, without limitation, HSBC USA Inc. The CDs are not registered under the Securities Act of 1933, as amended, and are not required to be so registered. The CDs have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this disclosure statement or the applicable terms supplement. Any representation to the contrary is a criminal offense.

The CDs have complex features and investing in the CDs involves risks not associated with an investment in conventional certificates of deposit. See "Risk Factors" beginning on page DS-7 of this disclosure statement. In addition, see the applicable terms supplement, which will describe more specifically the risks relating to the particular issuance of CDs as well as the risks associated with the particular Market Measure(s) to which your CDs are linked.

The date of this disclosure statement is October 31, 2023.

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ABOUT THIS DISCLOSURE STATEMENT

This disclosure statement provides you with a general description of the CDs that we may establish. Each time we establish CDs, we will provide a terms supplement that will contain specific information about the terms of that offering. We may also provide an equity index underlying supplement and/or other supplement that contains general information about a specific type of CDs that we may establish. Any equity index underlying supplement will contain information regarding the Market Measure(s) to which CDs may be linked. Those documents may also add, update or change information contained in this disclosure statement.

You should read this disclosure statement together with any equity index underlying supplement and the applicable terms supplement. These documents contain information you should consider when making your investment decision. You should rely only on the information contained in this disclosure statement, any applicable equity index underlying supplement and/or other supplement, and the applicable terms supplement. We have not, and the brokers have not, authorized anyone to provide you with any information other than that contained in those documents. Neither we nor any broker takes any responsibility for, nor can provide any assurance as to the reliability of, any information that others may give you.

This disclosure statement, any applicable equity index underlying supplement and the applicable terms supplement do not constitute an offer to sell or a solicitation of an offer to buy the CDs in any circumstances in which such offer or solicitation is unlawful. Information in this disclosure statement, any equity index underlying supplement or the applicable terms supplement may change after the date on the front of the applicable document. You should not interpret the delivery of this disclosure statement, any applicable equity index underlying supplement and/or other supplement, or the applicable terms supplement or the sale of the CDs as an indication that there has been no change in the information set forth herein or therein since those dates.

You should carefully consider, among other things, the matters set forth under "Risk Factors" in this disclosure statement and the applicable terms supplement, as the CDs have complex features and involve risks not associated with conventional certificates of deposit. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the CDs.

When we refer to "we," "us" or "our" in this disclosure statement, we refer only to HSBC and not to any of its affiliates, and references to "you" and "your" are to the depositors of the CDs.

AVAILABLE INFORMATION

The Bank submits to the FDIC certain reports entitled "Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices" (each, a "Call Report" and collectively, the "Call Reports"). Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of the period to which the Call Report relates. The Call Reports are not audited. The Bank's Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents and do not provide a complete range of financial disclosures about the Bank, the Call Reports nevertheless provide important information concerning the Bank's financial condition. The publicly available portions of each Call Report filed by the Bank in the quarterly periods in the years ended December 31, 2020, 2021 and 2022, the quarterly periods ended March 31, 2023 and June 30, 2023, and any amendment or supplement thereto, are incorporated herein by reference. The publicly available portions of the Bank's Call Reports filed with the FDIC subsequent to the date of this disclosure statement and prior to the termination of the offering of the CDs shall also be incorporated herein by reference. The publicly available portions of the Bank's Call Reports are on file with, and publicly available at, the FDIC, 550 17th Street, N.W., Washington, D.C. 20429. The FDIC also maintains a website at http://www.fdic.gov that contains the publicly available portions of the Bank's Call Reports.

The Bank is a direct wholly owned subsidiary of HSBC USA Inc. ("HSBC USA"), a Maryland corporation and a registered bank holding company. HSBC USA is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). The Commission maintains a website at http://www.sec.gov that contains reports and other information regarding registrants that file electronically with the Commission, including HSBC USA. HSBC USA also maintains a website at http://www.us.hsbc.com where information about HSBC USA and the Bank can be obtained. The information included on or linked from the website of HSBC USA has not been incorporated by reference into this disclosure statement, and you should not consider it to be part of this disclosure statement.

Each of HSBC USA's Annual Report on Form 10-K for the year ended December 31, 2022, Quarterly Reports on Form 10-Q for the periods ended March 31, 2023 and June 30, 2023, and reports on Form 8-K dated March 17, 2023 and October 2, 2023 is incorporated by reference in this disclosure statement and made a part hereof. Each document or report filed by HSBC USA with the Commission pursuant to Section 13 or 15(d) of the Exchange Act subsequent to the date of this disclosure statement and prior to the termination of the offering of CDs is incorporated herein by reference. The CDs are not obligations of HSBC USA or any other affiliate or agent of the Bank.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this disclosure statement to the extent that a statement contained herein or in any other subsequently filed document that is also incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this disclosure statement.

Each person to whom a copy of this disclosure statement is delivered may request a copy of any or all of the documents incorporated by reference herein, at no cost, by writing to the following address:

HSBC Bank USA, National Association

Legal Department

Attn: General Counsel

452 Fifth Avenue, Tower 7

New York, NY 10018

HSBC BANK USA, NATIONAL ASSOCIATION AND HSBC USA INC.

HSBC Bank USA, National Association

The Bank is chartered as a national banking association under the laws of the United States and, as such, is regulated primarily by the Office of the Comptroller of the Currency. The CDs are deposits of the Bank and are insured by the FDIC as and to the extent described herein and in the related Terms and Conditions.

The Bank's domestic operations are primarily in New York State. The Bank also has banking branch offices and/or representative offices in California, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Massachusetts, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Virginia, Washington and the District of Columbia. In addition to its domestic offices, the Bank maintains foreign branch offices, including subsidiaries and/or representative offices in the Caribbean, Canada, Europe, Asia and Latin America.

As of December 31, 2022, the Bank represented approximately 98.6% of the consolidated assets of HSBC USA and had total assets of approximately $162.4 billion. The Bank had outstanding approximately $146.6 billion of total liabilities, including deposits totaling approximately $136.9 billion and approximately $1.4 billion of long-term debt. The Bank's main office is located in McLean, Virginia, and the telephone number at that office is (703) 883-8029. The Bank's principal executive offices are located at 452 Fifth Avenue, New York, New York.

HSBC USA Inc.

HSBC USA, incorporated under the laws of Maryland, is a New York State based bank holding company registered under the Bank Holding Company Act of 1956, as amended. HSBC USA's origin was in Buffalo, New York in 1850 as The Marine Trust Company, which later became Marine Midland Banks, Inc. ("Marine"). The Hongkong and Shanghai Banking Corporation acquired 51% of the common stock of Marine in 1980 and the remaining 49% of its common stock in 1987. The HSBC Group, which consists of HSBC USA and its affiliates organized under HSBC Holdings plc as the parent holding company, is one of the largest banking and financial services organizations in the world.

The principal offices of HSBC USA are located at 452 Fifth Avenue, New York, New York, 10018, and the telephone number at these offices is (212) 525-5000. As of December 31, 2022, HSBC USA (together with its subsidiaries) had consolidated assets of approximately $164.7 billion and approximately 2,180 employees.

The CDs are solely obligations of the Bank and are neither obligations of, nor guaranteed by, HSBC USA, HSBC Holdings plc or any other entity.

SUMMARY

Below is a summary of some of the key terms used throughout this disclosure statement. The applicable terms supplement may use another term to describe the same feature, some of which are identified below.

General:	The terms of each CD being established hereby will be specified in the applicable terms supplement. **The CDs are our deposit obligations and are not, either directly or indirectly, an obligation of any third party. The CDs are solely our obligations, and are not obligations of and are not guaranteed by any of our affiliates. Any deposit amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to our creditworthiness.** Prospective depositors should compare the features of the CDs to other available investments before deciding to purchase a CD. Due to the uncertainty as to whether the CDs will pay any market linked interest payment (as defined below), the returns on the CDs may be higher or lower than the returns available on other deposits available at the Bank or other banks, or through other investments. It is suggested that you reach a decision to purchase CDs only after carefully considering the suitability of a deposit in the CDs in light of your particular circumstances.
Interest:	Unless otherwise specified in the applicable terms supplement, **the CDs will not pay fixed payments of interest**. Unlike conventional certificates of deposit, the CDs will only pay a maturity payment amount that may provide for a positive market linked interest payment (as defined below) at maturity depending on the performance of the relevant Market Measure(s). In addition, if so specified in the applicable terms supplement, the CDs may provide for periodic market linked interest payments on a monthly, quarterly, semi-annual or annual basis depending on the performance of the relevant Market Measure(s) (the "periodic market linked interest payments"). These periodic market linked interest payments may be payable at a rate that depends on the performance of the relevant Market Measure(s) or at fixed rates, the payment of which is contingent upon the performance of the relevant Market Measure(s). Any payments on the CDs that are in addition to the deposit amount, including any market linked interest payment, any periodic market linked interest payment, any fixed interest payment or any other payment identified in the applicable terms supplement, are referred to herein as an "additional payment amount." The applicable terms supplement will provide for the actual payment terms of your CDs.
Maturity Payment Amount:	On the stated maturity date, the CDs will pay a maturity payment amount that will be equal to at least the deposit amount. In addition, the maturity payment amount may provide for a positive market linked interest payment (the "market linked interest payment"), depending on the performance of one or more: • equity indices (each, an "Index" and collectively, the "Indices"); • exchange-traded funds (each, a "Fund" and collectively, the "Funds"); • common equity securities or American depositary shares of a company not affiliated with us (each, an "Underlying Stock" and collectively, the "Underlying Stocks"); or • any combination of the foregoing, as specified in the applicable terms supplement. **Accordingly, although the CDs provide for the repayment of the deposit amount at maturity, you may not receive any positive return.** All calculations with respect to the maturity payment amount will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., 0.000005 would be rounded to 0.00001); and the maturity payment amount will be rounded to the nearest cent, with one-half cent rounded upward. In this disclosure statement, we sometimes refer to the Indices, Funds and Underlying Stocks to which your CDs may be linked collectively as the "Market Measures" and individually as a "Market Measure." The index underlying

a Fund is sometimes referred to as a "fund underlying index." We refer to the issuer of an Underlying Stock as an "underlying stock issuer."

The applicable terms supplement may also refer to a Market Measure as an "Underlier" or an "Underlying." In addition, if the CDs are linked to a weighted basket composed of two or more Market Measures, the applicable terms supplement may refer to each Market Measure as a "basket component." The CDs may also be linked to the worst performing or best performing of two or more Market Measures, as described in the accompanying terms supplement.

You should carefully read the applicable terms supplement to understand the circumstances in which the performance of the relevant Market Measure(s) will cause you to not receive any positive return on your investment.

Deposit Amount and Issue Price:	The deposit amount of each CD and the issue price of each CD will be specified in the applicable terms supplement.
Minimum Denominations:	Unless otherwise provided in the related terms supplement, each CD will be issued in denominations of $1,000 deposit amount, with a minimum deposit amount per depositor of $1,000, or such greater minimum deposit amount as may be required by the broker offering that CD, and in integral multiples of $1,000 deposit amount in excess thereof.
Pricing Date:	We refer to the date on which a particular issuance of CDs is priced for initial sale to the public as the "pricing date." The applicable terms supplement may also refer to the pricing date as the "trade date."
Calculation Day(s):	We refer to each date on which the value of any Market Measure is to be referenced in the determination of any payment on the CDs as a "calculation day." If there is a single calculation day for the CDs, references to the "final calculation day" herein mean such calculation day. The applicable terms supplement may also refer to a calculation day as a "valuation date," an "observation date," a "determination date" or such other term as specified in the applicable terms supplement. The calculation day(s) will be specified in the applicable terms supplement and will be subject to postponement due to non-trading days and market disruption events. See "General Terms of the CDs—Consequences of a Market Disruption Event; Postponement of a Calculation Day."
Calculation Agent:	Unless otherwise indicated in the applicable terms supplement, the calculation agent for the CDs will be the Bank or an affiliate of the Bank. All determinations made by the calculation agent will be in its sole discretion and will, in the absence of manifest error, be final for all purposes and be binding on the depositors of the CDs. In the event that the calculation agent is the Bank or an affiliate of the Bank, potential conflicts of interest may exist between the calculation agent and the depositors owning the CDs, including with respect to certain determinations and judgments that the calculation agent must make in arriving at amounts due to depositors in respect of the CDs. The calculation agent will carry out its duties and functions in good faith and in its sole discretion. The calculation agent will not be liable for any loss, liability, cost, claim, action, demand or expense (including, without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own willful default or gross negligence or that of its officers or agents. Nothing shall prevent the calculation agent or its affiliates from dealing in the CDs or from entering into any related transactions, including any swap or hedging transactions, with the Bank or any depositors in respect of CDs. The calculation agent may resign at any time upon written notice to the Bank, and the Bank may remove the calculation agent at any time upon written notice to the calculation agent. Neither the resignation nor removal of the calculation agent will take effect until a successor calculation agent has been appointed.
Payment Date(s):	The relevant terms supplement will specify the stated maturity date and any other date on which amounts will or may be payable on the CDs (each referred to as a "payment date"). Each payment date is subject to postponement as described under "General Terms of the CDs—Payment Dates."

Closing Value:	When we refer to the "closing value" of a Market Measure herein we mean, on any date of determination, (i) with respect to an Index, its closing level (as defined herein) on that day; (ii) with respect to a Fund, its fund closing price (as defined herein) on that day; and (iii) with respect to an Underlying Stock, its stock closing price (as defined herein) on that day.
Early Withdrawal:	Unless otherwise specified in the applicable terms supplement, early withdrawal of a CD will only be available in the event of death or adjudication of incompetence of a beneficial owner of a CD. See "General Terms of the CDs—Additions and Withdrawals" herein.
No Listing:	The CDs will not be listed on any exchange or automated quotation system.
Ratings:	The CDs will not be rated by any rating agency.
Fees:	WFA, HSI or any other broker making the CDs available to you on our behalf may receive a placement fee and/or other fee from us in connection with your purchase of a CD. HSI is one of our affiliates. Other brokers offering the CDs may include affiliates of ours. The amount of any such placement fees and/or other fees will be specified in the applicable terms supplement.
Material Tax Consequences:	For a discussion of the material U.S. federal income tax consequences of the ownership and disposition of the CDs, see "Certain U.S. Federal Income Tax Considerations."
Information with Respect to Certain Market Measures:	Each prospective depositor of a CD should review publicly available information in respect of each Market Measure and any of the constituent components of such Market Measure to which payment of market linked interest payments, if any, will be linked. For example, with respect to Funds and Underlying Stocks, reports and other information may have been filed with the Commission, or with respect to Indices, may be posted on a website or otherwise made publicly available by the sponsors or publishers of the Indices (each, an "index sponsor") and the underlying stock issuers. The sponsors of the Funds (each, a "fund sponsor") may post information on a website or otherwise make publicly available information about the Funds. The index sponsors, the fund sponsors and the underlying stock issuers are hereinafter referred to collectively as the "Reference Firms." Reports and other information on file with the Commission, posted on a website or that is otherwise publicly available to which depositors are referred are not and will not be "incorporated by reference" herein or in any terms supplement. Neither the Bank nor any of its affiliates will undertake to review the financial condition or affairs of the Reference Firms during the life of the CDs, nor to review the calculation methodology, publication procedures or any other aspect of the index sponsors' actions with respect to any Index, nor to advise any depositor or prospective depositor in the CDs of any information about the Reference Firms coming to the attention of the Bank or any affiliate thereof.

RISK FACTORS

The CDs have complex features and investing in the CDs will involve risks not associated with an investment in conventional certificates of deposit. You should carefully consider the risk factors set forth below as well as the other information contained in the applicable terms supplement and any applicable equity index underlying supplement. The risk factors set forth below describe certain significant risks associated with an investment in the CDs. You should read these risk factors together with the risk factors included in the applicable terms supplement, which will describe more specifically the risks relating to the particular issuance of CDs as well as the risks associated with the particular Market Measure(s) to which your CDs are linked. As described in more detail below, the value of the CDs may vary considerably before the stated maturity date due to events that are difficult to predict and are beyond our control. You should reach an investment decision only after you have carefully considered with your advisors the appropriateness of an investment in the CDs in light of your particular circumstances.

Risks Relating to the Bank's Business

Please see the "Risk Factors" section in HSBC USA's most recent Annual Report on Form 10-K, along with the disclosure related to the risk factors contained in HSBC USA's subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference in this disclosure statement, as updated by HSBC USA's future filings with the Commission. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this disclosure statement. The terms supplement applicable to each type of CDs we offer may contain a discussion of additional risks applicable to an investment in us and that particular type of CD.

<u>General Risk Factors Relating to All CDs</u>

You May Not Receive Any Positive Return on the CDs.

The CDs provide for a maturity payment amount that may be greater than or equal to the deposit amount of the CDs, depending on the performance of the relevant Market Measure(s) and other terms of the CDs, as described in the applicable terms supplement. If the relevant Market Measure(s) do not perform favorably, you may not receive any positive return on your investment in the CDs. Although the CDs provide for the repayment of the deposit amount at maturity regardless of the performance of the relevant Market Measure(s), you may nevertheless suffer a loss on your investment in the CDs, in real value terms, if you do not receive a positive return on the CDs. This is because inflation may cause the real value of the deposit amount to be less at maturity than it is at the time you invest, and because an investment in the CDs represents a forgone opportunity to invest in an alternative asset that does generate a positive return. The potential loss in real value terms will be greater the longer the term of the CDs.

Even if you do receive a positive return on your investment in the CDs, there can be no assurance that your total return at maturity on the CDs will compensate you for the effects of inflation and your yield on the CDs may be less than the yield you would earn if you bought a traditional interest-bearing certificate of deposit of HSBC or another issuer with a similar credit rating with the same stated maturity date. You should carefully consider whether an investment that may not provide for any positive return, or may provide a return that is lower than the return on conventional certificates of deposit, is appropriate for you. **In addition, the FDIC has taken the position that any additional payment amount that has not yet been ascertained and become due and any secondary market premium paid by you in excess of the deposit amount is not insured by the FDIC.**

Our Insolvency May Result in Early Payment of Your CDs.

If the FDIC is appointed as conservator or receiver for us, the FDIC is authorized to disaffirm or repudiate any contract to which we are a party, the performance of which is determined to be burdensome, and the disaffirmance or repudiation of which is determined to promote the orderly administration of our affairs. It appears very likely that for this purpose deposit obligations, such as the CDs, are "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC in its capacity as conservator or receiver of us. As a result of any such repudiation, a holder of the CDs could be required to make a claim against the FDIC for the deposit amount of the CDs and follow the FDIC's claims procedures, which may result in a delay in receiving payment, or the FDIC as conservator or receiver could also transfer the CDs to another insured depository institution, without approval or consent of the holder of the CDs. A transferee depository institution would likely be permitted to offer holders of the CDs the choice of (i) repayment of the deposit amount of the CDs or (ii) less favorable terms. If a CD is paid off prior to maturity, either by a transferee depository institution or the FDIC, you may be unable to reinvest the funds at the same anticipated rate of return as the rate on the original CD. In any case, no claim would likely be available for any secondary market premium paid by you above the deposit amount, any additional payment amount that has not yet been ascertained and become due or other damages such as lost profit or opportunity.

You Do Not Have the Right to Withdraw the Deposit Amount of a CD Prior to the Stated Maturity Date.

When you purchase a CD, you agree with us to keep your funds on deposit for the term of the CD, and you will not have the right to withdraw any portion of the deposit amount prior to the stated maturity date. Therefore, you should not rely on the possibility of early withdrawal for gaining access to your funds prior to the stated maturity date. In the event of your death or adjudication of incompetence, the deposit amount of your CDs may be withdrawn before the stated maturity date without an early withdrawal penalty.

You Will Be Required to Recognize Taxable Income on the CDs Prior to Maturity.

If you are a U.S. Holder (as defined below) of a CD, you will be required to recognize taxable interest income in each year that you hold the CD, even though you will not receive any payment in respect of the CD prior to maturity (or earlier sale, exchange or retirement). In addition, any gain you recognize will be treated as ordinary interest income rather than capital gain. You should review the section of this disclosure statement entitled "Certain U.S. Federal Income Tax Considerations."

A Depositor's Return May Be Affected by Factors Affecting Foreign Securities Markets.

The Market Measure may be a security or securities issued by foreign companies (or an Index relating to such securities). Depositors should be aware that investments in Market Measures linked to the price of foreign securities (or an Index relating to such securities) might involve particular risks. The foreign securities included in or relating to a Market Measure may have less liquidity and could be more volatile than many of the securities traded in the U.S. or other longer-established securities markets. Direct or indirect government intervention to stabilize the relevant foreign securities markets, as well as cross shareholdings in foreign companies, may affect levels or prices and volumes in those markets. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the Commission and foreign companies often are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. The other special risks associated with foreign securities may include, but are not necessarily limited to: less liquidity and smaller market capitalizations; less rigorous regulation of securities markets; different accounting and disclosure standards; governmental interference; currency fluctuations; higher inflation; and social, economic and political uncertainties.

These factors may adversely affect the performance of the Market Measure and, as a result, the market value of the CDs and the payment depositors will receive at maturity.

Governmental Regulatory Actions Could Negatively Affect an Underlying Stock or Result in Material Changes to the Composition of an Index and Could Negatively Affect the Level of the Index.

Governmental regulatory actions, including but not limited to sanctions-related actions by the U.S. or foreign governments, could make it necessary or advisable for there to be material changes to the composition of an Index, depending on the nature of such governmental regulatory actions and the Index constituent stocks that are affected. If any governmental regulatory action results in the removal of an Index's constituent stocks that have (or historically have had) significant weights within such Index, such removal, or even any uncertainty relating to a possible removal, could have a material and negative effect on the level of that Index.

Furthermore, such governmental regulatory actions, including but not limited to sanctions-related actions by the U.S. or foreign governments, could cause a delisting of an Underlying Stock, depending on the nature of such governmental regulatory actions and the Underlying Stock affected. If any governmental regulatory action results in the delisting of an Underlying Stock or even any uncertainty relating to a possible delisting, the value of the CDs could be adversely affected, and transactions in, or holdings of, the CDs may be prohibited under U.S. and/or foreign law. You may suffer significant losses if you are forced to divest the CDs when the value of the Underlying Stock declines.

The CDs are Subject to the Credit Risk of HSBC.

The CDs are our deposit obligations and are not, either directly or indirectly, an obligation of any third party. Any deposit amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to our creditworthiness, and you will have no ability to pursue any Underlying Stock, any securities included in any Index, the shares of any Fund or any securities held by any Fund for payment. As a result, our actual and perceived creditworthiness may affect the value of the CDs and, in the event we were to default on our obligations, you may not receive any amounts owed to you under the terms of the CDs in excess of the amounts covered by the applicable FDIC insurance. See "Deposit Insurance" herein.

The Estimated Initial Value of the CDs, Which Will Be Determined by Us on the Pricing Date, Will Be Less than the Original Issue Price and May Differ from the Market Value of the CDs in the Secondary Market, If Any.

The estimated initial value of the CDs will be calculated by us on the pricing date and will be less than the original issue price. The estimated initial value will reflect a fixed-income component with the same maturity as the CDs, valued using an internal funding rate and the value of the embedded derivatives. The value of the embedded derivatives will be determined by reference to our or our affiliates' internal pricing models. These pricing models consider certain assumptions and variables, which can include volatility and interest rates. Different pricing models and assumptions could provide valuations for the CDs that are different from our estimated initial value . These pricing models rely in part on certain forecasts about future events, which may prove to be incorrect. The internal funding rate will be based on, among other things, our view of the funding value of the CDs as well as the issuance, operational and ongoing costs of the CDs. Our use of an internal funding rate may have an adverse effect on the terms of the CDs and any secondary market prices of the CDs.

The Price of the CDs in the Secondary Market, If Any, Immediately After the Pricing Date Will Be Less than the Original Issue Price.

The original issue price includes certain embedded costs. These costs, which will be used or retained by us or one of our affiliates, include distribution fees, our affiliates' projected hedging profits (which may or may not be realized) for assuming risks inherent in hedging our obligations under the CDs and the costs associated with structuring and hedging our obligations under the CDs. If you were to sell your CDs in the secondary market, if any, immediately after the settlement date of the CDs, the price you would receive for your CDs would be less than the price you paid for them because secondary market prices will not take into account these costs. The price of the CDs in the secondary market, if any, at any time after issuance will vary based on many factors, including the level or price of the Market Measure and changes in market conditions, and cannot be predicted with accuracy. The CDs are not designed to be short-term trading instruments, and you should, therefore, be able and willing to hold the CDs to maturity. Any sale of the CDs prior to maturity could result in a loss to you.

If We Were to Repurchase the CDs Immediately After the Settlement Date, the Price You Receive May Be Higher than the Estimated Initial Value of the CDs.

Assuming that all relevant factors remain constant after the settlement date, the price at which we may initially buy or sell the CDs in the secondary market, if any, and the value that may initially be used for customer account statements, if any, may exceed the estimated initial value on the pricing date for a temporary period specified in the applicable terms supplement. This temporary price difference may exist because, in our discretion, we may elect to effectively reimburse to depositors a portion of the estimated cost of hedging our obligations under the CDs and other costs in connection with the CDs that we will no longer expect to incur over the term of the CDs. We will make such discretionary election and determine this temporary reimbursement period on the basis of a number of factors, including the term of the CDs and any agreement we may have with the distributors of the CDs. The amount of our estimated costs which we effectively reimburse to depositors in this way may not be allocated ratably throughout the reimbursement period, and we may discontinue such reimbursement at any time or revise the duration of the reimbursement period after the settlement date of the CDs based on changes in market conditions and other factors that cannot be predicted.

The Value of the CDs Prior to Stated Maturity Will Be Affected by Numerous Factors, Some of Which Are Related in Complex Ways.

The value of the CDs prior to stated maturity will be affected by the then-current value of the Market Measure(s), interest rates at that time and a number of other factors, some of which are interrelated in complex ways. The effect of any one factor may be offset or magnified by the effect of another factor. The following factors, which we refer to as the "derivative component factors," are expected to affect the value of the CDs. When we refer to the "value" of your CD, we mean the value you could receive for your CD if you are able to sell it in the open market before the stated maturity date.

- **Market Measure Performance.** The value of the CDs prior to maturity will depend substantially on the then-current value of the Market Measure(s). The price at which you may be able to sell the CDs before stated maturity may be at a discount, which could be substantial, from their issue price, if the value of the Market Measure(s) at such time is less than, equal to or not sufficiently above its starting value or other value relevant to the determination of any payments on the CDs specified in the applicable terms supplement.

- **Interest Rates.** The value of the CDs may be affected by changes in the interest rates in the U.S. markets.

- **Volatility of the Market Measure(s).** Volatility is the term used to describe the size and frequency of market fluctuations. The value of the CDs may be affected if the volatility of the Market Measure(s) changes.

- **Correlation Among the Market Measures.** If the CDs are linked to more than one Market Measure, the value of the CDs may be affected by changes in the correlation among the Market Measures. Correlation refers to the extent to which the values of the Market Measures tend to fluctuate at the same time, in the same direction and in similar magnitudes. The correlation among the Market Measures may be positive, zero or negative. The value of the CDs is likely to decrease if the correlation among the Market Measures decreases.

- **Time Remaining to Maturity.** The value of the CDs at any given time prior to maturity will likely be different from that which would be expected based on the then-current value of the Market Measure(s). This difference will most likely reflect a discount due to expectations and uncertainty concerning the value of the Market Measure(s) during the period of time still remaining to the stated maturity date.

- **Dividend Yields.** The value of the CDs may be affected by the dividend yields on (i) with respect to an Index, the securities included in such Index; (ii) with respect to a Fund, such Fund or the securities held by such Fund; or (iii) with respect to an Underlying Stock, such Underlying Stock. In each case, the amount of such dividends may influence the closing value of the applicable Market Measure.

- **Currency Exchange Rates.** If the CDs are linked to an Index or a Fund that includes securities quoted in one or more foreign currencies and the value of such Index or Fund is based on the U.S. dollar value of such securities, the value of the CDs may be affected if the exchange rate between the U.S. dollar and any such foreign currency changes.

- **Volatility of Currency Exchange Rates.** If the CDs are linked to an Index and the level of such Index is based on the value of its component securities as expressed in a foreign currency, then the value of the CDs may be affected if the volatility of the exchange rate between the U.S. dollar and that foreign currency changes.

- **Correlation Between Currency Exchange Rates and an Index.** If the CDs are linked to an Index and the level of such Index is based on the value of its component securities as expressed in a foreign currency, then the value of the CDs may be affected by changes in the correlation between the exchange rate between the U.S. dollar and that foreign currency and the applicable Index.

In addition to the derivative component factors, the value of the CDs will be affected by actual or anticipated changes in our creditworthiness, as reflected in our internal funding rate. You should understand that the impact of one of the factors specified above, such as a change in interest rates, may offset some or all of any change in the value of the CDs attributable to another factor, such as a change in the value of a Market Measure. Because numerous factors are expected to affect the value of the CDs, changes in the value of the Market Measure(s) may not result in a comparable change in the value of the CDs.

You May Be Unable to Sell Your CDs Prior to Stated Maturity.

The CDs will not be listed or displayed on any exchange or any automated quotation system. Although the brokers, we and/or our affiliates may purchase the CDs from holders, we and they are not obligated to do so and are not required to make a market for the CDs. Accordingly, we do not expect a secondary market to develop. Because we do not expect that any market makers will participate in a secondary market for the CDs, the price at which you may be able to sell your CDs is likely to depend on the price, if any, the brokers, we or one of our affiliates are willing to buy your CDs.

If a secondary market does exist, it may be limited. Accordingly, there may be a limited number of buyers if you decide to sell your CDs prior to stated maturity. This may affect the price you receive upon such sale. Consequently, you should be willing to hold the CDs to stated maturity.

Investing in the CDs Is Not the Same as Investing in any Market Measure.

Investing in the CDs is not equivalent to investing in any Market Measure. As an investor in the CDs, your return will not reflect the return you would realize if you actually owned and held any Underlying Stock, the shares of any Fund or the securities included in any Index for a period similar to the term of the CDs because you will not receive any dividend payments, distributions or any other payments paid on those shares or securities. As a holder of the CDs, you will not have any voting rights or any other rights that holders of an Underlying Stock, a Fund or the securities included in an Index would have.

Historical Values of a Market Measure Should Not Be Taken as an Indication of the Future Performance of Such Market Measure During the Term of the CDs.

It is impossible to predict whether the value of a Market Measure will fall or rise. The value of a Market Measure will be influenced by complex and interrelated political, economic, financial and other factors that can affect such Market Measure. Accordingly, any historical values of a Market Measure do not provide an indication of the future performance of such Market Measure.

A Payment Date and the Stated Maturity Date May Be Postponed if a Calculation Day Is Postponed.

A calculation day is subject to postponement for non-trading days and market disruption events as described under "General Terms of the CDs" below. If such a postponement occurs with respect to a calculation day other than the final calculation day (if any), then the related payment date will be postponed. If such a postponement occurs with respect to the final calculation day, the stated maturity date will be the later of (i) the initial stated maturity date and (ii) three business days after the last final calculation day as postponed.

Our Economic Interests and Those of Any Broker Participating in the Offering Are Potentially Adverse to Your Interests.

You should be aware of the following ways in which our economic interests and those of any broker participating in the distribution of the CDs, which we refer to as a "participating broker," are potentially adverse to your interests as an investor in the CDs. In engaging in certain of the activities described below, we or our affiliates or any participating broker or its affiliates may take actions that may adversely affect the value of and your return on the CDs, and in so doing we and they will have no obligation to consider your interests as an investor in the CDs. We or our affiliates or any participating broker or its affiliates may realize a profit from these activities even if investors do not receive a favorable investment return on the CDs.

- **The Calculation Agent May Be Required to Make Discretionary Judgments That Affect the Return You Receive on the CDs.** The calculation agent will determine any values of a Market Measure and make any other determinations necessary to calculate any payments on the CDs. In making these determinations, the calculation agent may be required to make discretionary judgments, including, but not limited to:
  - determining whether a non-trading day or market disruption event has occurred on any date that the value of a Market Measure is to be determined;
  - with respect to an Index, (i) determining the closing level of such Index if a calculation day is postponed to the last day to which it may be postponed and a market disruption event occurs with respect to such Index on that day; (ii)

if an Index is discontinued, selecting a successor equity index or, if no successor equity index is available, determining the closing level of such Index on any date of determination; and (iii) determining whether to adjust the closing level of such Index on a calculation day in the event of certain changes in or modifications to such Index;

  - with respect to a Fund, (i) determining the fund closing price of such Fund if a calculation day is postponed with respect to such Fund to the last day to which it may be postponed and a market disruption event with respect to such Fund occurs on that day; (ii) adjusting the adjustment factor for a Fund and other terms of the CDs in certain circumstances; (iii) if a Fund undergoes a liquidation event, selecting a successor fund or, if no successor fund is available, determining the fund closing price of such Fund on any date of determination; and (iv) determining whether to adjust the fund closing price of a Fund on a calculation day in the event of certain changes in or modifications to such Fund or its fund underlying index; and

  - with respect to an Underlying Stock, (i) determining the stock closing price of such Underlying Stock if a calculation day is postponed with respect to such Underlying Stock to the last day to which it may be postponed and a market disruption event occurs with respect to such Underlying Stock on that day; (ii) determining the stock closing price of an Underlying Stock if it is not otherwise available on any date of determination; (iii) adjusting the adjustment factor for an Underlying Stock in certain circumstances; and (iv) if a replacement stock event occurs with respect to an Underlying Stock, selecting a replacement stock to be substituted for such Underlying Stock and making certain other adjustments to the terms of the CDs.

  In making these discretionary judgments, the calculation agent may have economic interests that are adverse to your interests as an investor in the CDs, and its determinations may adversely affect your return on the CDs.

- **The Estimated Value Of The CDs Will Be Calculated By Us And Will Therefore Not Be An Independent Third-Party Valuation.** We will calculate the estimated value of the CDs set forth in the applicable terms supplement, which will involve certain assumptions, as described under "Risk Factors—The Estimated Initial Value of the CDs, which will be determined by us on the pricing date, will be less than the original issue price and may differ from the market value of the CDs in the secondary market, if any" above. The estimated value of the CDs set forth in the applicable terms supplement will not be an independent third-party valuation.

- **Research Reports by Us or Our Affiliates or Any Participating Broker or Its Affiliates May Be Inconsistent With an Investment in the CDs And May Adversely Affect the Value of a Market Measure.** We or our affiliates or any participating broker in the offering of the CDs or its affiliates may, at present or in the future, publish research reports relating to a Market Measure. When we refer to a research report relating to a Market Measure, we mean (i) with respect to an Index, research reports on such Index or the companies whose securities are included in such Index; (ii) with respect to a Fund, research reports on such Fund or its fund underlying index or the companies whose securities are held by or included in such Fund or its fund underlying index; and (iii) with respect to an Underlying Stock, research reports on such Underlying Stock. This research is modified from time to time without notice and may, at present or in the future, express opinions or provide recommendations that are inconsistent with purchasing or holding the CDs. Any research reports relating to a Market Measure could adversely affect the value of the applicable Market Measure and, therefore, adversely affect the value of and your return on the CDs. You are encouraged to derive information concerning a Market Measure from multiple sources and should not rely on the views expressed by us or our affiliates or any participating broker or its affiliates. In addition, any research reports relating to a Market Measure published on or prior to the pricing date could result in an increase in the value of the applicable Market Measure on the pricing date, which would adversely affect investors in the CDs by increasing the value at which such Market Measure must close on a calculation day in order for investors in the CDs to receive a favorable return.

- **Business Activities of Us or Our Affiliates or Any Participating Broker or Its Affiliates May Adversely Affect the Value of a Market Measure.** We or our affiliates or any participating broker or its affiliates may, at present or in the future, engage in business with (i) with respect to an Index, the companies whose securities are included in such Index; (ii) with respect to a Fund, the companies whose securities are held by or included in such Fund or its fund underlying index; and (iii) with respect to an Underlying Stock, the applicable Underlying Stock Issuer. These business activities may include making loans to those companies (including exercising creditors' remedies with respect to such loans), making equity investments in those companies or providing investment banking, asset management or other advisory services to those companies. These business activities could adversely affect the value of the applicable Market Measure and, therefore, adversely affect the value of and your return on the CDs. In addition, in the course of these business activities, we or our affiliates or any participating broker or its affiliates may acquire non-public information about any of those companies. If we or our affiliates or any participating broker or its affiliates do acquire such non-public information, we and they are not obligated to disclose such non-public information to you.

- **Hedging Activities by Us or Our Affiliates or Any Participating Broker or Its Affiliates May Adversely Affect the Value of a Market Measure.** We expect to hedge our obligations either directly or under the CDs through one or more hedge counterparties, which may include our affiliates or any participating broker or its affiliates. Pursuant to such hedging activities, we or our hedge counterparties may acquire (i) with respect to an Index, the securities included in such Index or listed or over-the-counter derivative or synthetic instruments related to such Index or such securities; (ii) with respect to a Fund, shares of such Fund, securities held by or included in such Fund or its fund underlying index or listed or over-the-counter derivative or synthetic instruments related to the Fund or such securities; and (iii) with respect to an Underlying Stock, such Underlying Stock or listed or over-the-counter derivative or synthetic instruments related to such Underlying Stock. Depending on, among other things, future market conditions, the aggregate amount and the composition of such positions are likely to vary over time. To the extent that we or our hedge counterparties have a long hedge position in such securities, we or they may liquidate a portion of such holdings at or about the time of a calculation day. These hedging activities could potentially adversely affect the value of the applicable Market Measure and, therefore, adversely affect the value of and your return on the CDs.

- **Trading Activities by Us or Our Affiliates or Any Participating Broker or Its Affiliates May Adversely Affect the Value of a Market Measure.** We or our affiliates or any participating broker or its affiliates may engage in trading in (i) with respect to an Index, the securities included in such Index and other instruments relating to such Index or such securities; (ii) with respect to a Fund, the shares of such Fund or the securities held by or included in such Fund or its fund underlying index and other instruments relating to such Fund or such securities; and (iii) with respect to an Underlying Stock, such Underlying Stock and other instruments relating to such Underlying Stock on a regular basis as part of our or their general broker-dealer and other businesses. Any of these trading activities could potentially adversely affect the value of the applicable Market Measure and, therefore, adversely affect the value of and your return on the CDs.

- **A Participating Broker or Its Affiliates May Realize Hedging Profits Projected by Its Proprietary Pricing Models in Addition to Any Placement Fee or Any Other Fees Identified in the Applicable Terms Supplement, Creating a Further Incentive for the Participating Broker to Sell the CDs to You.** If any participating broker or any of its affiliates conducts hedging activities for us in connection with the CDs, that participating broker or its affiliates will expect to realize a projected profit from such hedging activities. If a participating broker receives a placement fee and/or other fee for the sale of the CDs to you, this projected hedging profit will be in addition to the placement fee and/or other fee, creating a further incentive for the participating broker to sell the CDs to you.

Additional Risk Factors Relating to CDs Linked to an Index

Changes That Affect an Index May Adversely Affect the Value of the CDs and Any Payments on the CDs.

The policies of an index sponsor concerning the calculation of the relevant Index and the addition, deletion or substitution of securities comprising such Index and the manner in which an index sponsor takes account of certain changes affecting such securities may affect the value of such Index and, therefore, may affect the value of the CDs and any payments on the CDs. An index sponsor may discontinue or suspend calculation or dissemination of the relevant Index or materially alter the methodology by which it calculates such Index. Any such actions could adversely affect the value of the CDs.

We Cannot Control Actions by Any of the Unaffiliated Companies Whose Securities Are Included in Any Index.

Actions by any company whose securities are included in any Index to which your CDs are linked may have an adverse effect on the price of its security, the closing level of such Index on any calculation day and the value of the CDs. Unless otherwise disclosed in any applicable equity index underlying supplement or in the applicable terms supplement, we will not be affiliated with any of the companies whose securities are included in any Index. These unaffiliated companies will not be involved in the offering of the CDs and will have no obligations with respect to the CDs, including any obligation to take our or your interests into consideration for any reason. These companies will not receive any of the proceeds of the offering of the CDs and will not be responsible for, and will not have participated in, the determination of the timing of, prices for, or quantities of, the CDs to be issued. These companies will not be involved with the administration, marketing or trading of the CDs and will have no obligations with respect to any amounts to be paid to you on the CDs.

We and Our Affiliates Have No Affiliation with Any Index Sponsor and Have Not Independently Verified Their Public Disclosure of Information.

We and our affiliates are not affiliated in any way with any index sponsor and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding the methods or policies relating to the calculation of the applicable Index. We have derived the information about any Index and its index sponsor contained in any applicable equity index underlying supplement and in the applicable terms supplement from publicly available information, without independent verification. You, as an investor in the CDs, should make your own investigation into any applicable Index and its index sponsor. No index sponsor will be involved in the offering of the CDs made hereby in any way nor will have any obligation to consider your interests as an owner of the CDs in taking any actions that might affect the value of the CDs.

Even If the Securities of One of the Bank's Affiliates Are Tracked by a Market Measure That Is an Index, the Bank or Its Affiliates Will Not Have Any Obligation to Consider Your Interests.

The Bank's ultimate parent HSBC Holdings plc is currently one of the companies included in certain equity Indices, any of which could be a Market Measure, or a component of a basket included in a Market Measure. The Bank will not have any obligation to consider your interests in taking any corporate action that might affect the value of such an Index, or any other Index that tracks or may track the Bank's affiliates' securities.

Additional Risk Factors Relating to CDs Linked to a Fund

Changes That Affect a Fund or Its Fund Underlying Index May Adversely Affect the Value of the CDs and Any Payments on the CDs.

The policies of a fund sponsor concerning the calculation of such Fund's net asset value, additions, deletions or substitutions of securities in such Fund and the manner in which changes in its fund underlying index are reflected in such Fund, and changes in those policies, could affect the closing price of the shares of such Fund and, therefore, may affect the value of the CDs and any payments on the CDs. Similarly, the policies of the sponsor of a fund underlying index (a "fund underlying index sponsor") concerning the calculation of such fund underlying index and the addition, deletion or substitution of securities comprising such fund underlying index and the manner in which such fund underlying index sponsor takes account of certain changes affecting such securities may affect the level of such fund underlying index and the closing price of the shares of the related Fund and, therefore, may affect the value of the CDs and any payments on the CDs. A fund underlying index sponsor may also discontinue or suspend calculation or dissemination of such fund underlying index or materially alter the methodology by which it calculates such fund underlying index. Any such actions could adversely affect the value of the CDs.

We Cannot Control Actions by Any of the Unaffiliated Companies Whose Securities Are Included in a Fund or Its Fund Underlying Index.

Actions by any company whose securities are included in a Fund or in its fund underlying index may have an adverse effect on the price of its security, the fund closing price of such Fund on any calculation day and the value of the CDs. Unless otherwise disclosed in any applicable equity index underlying supplement or in the applicable terms supplement, we will not be affiliated with any of the companies whose security is represented in any Fund or its fund underlying index. These unaffiliated companies will not be involved in the offering of the CDs and will have no obligations with respect to the CDs, including any obligation to take our or your interests into consideration for any reason. These companies will not receive any of the proceeds of the offering of the CDs and will not be responsible for, and will not have participated in, the determination of the timing of, prices for, or quantities of, the CDs to be issued. These companies will not be involved with the administration, marketing or trading of the CDs and will have no obligations with respect to any amounts to be paid to you on the CDs.

We and Our Affiliates Have No Affiliation with Any Fund Sponsor or Fund Underlying Index Sponsor and Have Not Independently Verified Their Public Disclosure of Information.

We and our affiliates are not affiliated in any way with any fund sponsor or fund underlying index sponsor (collectively, the "sponsors") and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding their methods or policies relating to the management or calculation of the applicable Fund or its fund underlying index. We have derived the information about any Fund, its fund underlying index and the related sponsors contained in any applicable equity index underlying supplement or in the applicable terms supplement from publicly available information, without independent verification. You, as an investor in the CDs, should make your own investigation into any applicable Fund, its fund underlying index and the sponsors. The sponsors are not involved in the offering of the CDs made hereby in any way and have no obligation to consider your interests as an owner of the CDs in taking any actions that might affect the value of the CDs.

An Investment Linked to the Shares of a Fund Is Different from an Investment Linked to Its Fund Underlying Index.

The performance of the shares of a Fund may not exactly replicate the performance of the related fund underlying index because such Fund may not invest in all of the securities included in the related fund underlying index and because such Fund will reflect transaction costs and fees that are not included in the calculation of the related fund underlying index. A Fund may also hold securities or derivative financial instruments not included in the related fund underlying index. It is also possible that a Fund may not fully replicate the performance of its fund underlying index due to the temporary unavailability of certain securities in the secondary market or due to other extraordinary circumstances. In addition, because the shares of a Fund are traded on a securities exchange and are subject to market supply and investor demand, the value of a share of a Fund may differ from the net asset value per share of such Fund. As a result, the performance of a Fund may not correlate perfectly with the performance of the related fund underlying index, and the return on the CDs based on the performance of a Fund will not be the same as the return on CDs based on the performance of the related fund underlying index.

There Are Risks Associated with Any Fund.

Although the shares of any Fund to which your CDs are linked will be listed for trading on a United States securities exchange and a number of similar products have been traded on such securities exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of any Fund or that there will be liquidity in the trading market.

In addition, a Fund will be subject to management risk, which is the risk that a fund sponsor's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, a fund sponsor may elect to invest certain of its assets in shares of equity securities that are not included in the related fund underlying index. A Fund will also not be actively managed and may be affected by a general decline in market segments relating to its fund underlying index. Further, a fund sponsor may invest in securities included in, or representative of, the applicable fund underlying index regardless of their investment merits, and a fund sponsor will not attempt to take defensive positions in declining markets.

Further, under continuous listing standards adopted by the relevant securities exchange, a Fund will be required to confirm on an ongoing basis that the securities included in its fund underlying index satisfy the applicable listing requirements. In the event that a fund underlying index does not comply with the applicable listing requirements, the applicable Fund would be required to rectify such non-compliance by requesting that the relevant fund underlying index sponsor modify the relevant fund underlying index, transitioning to a new fund underlying index or obtaining relief from the Securities and Exchange Commission (the "SEC"). There can be no assurance that a fund underlying index sponsor would modify the relevant fund underlying index or that relief would be obtained from the SEC and, therefore, non-compliance with the continuous listing standards may result in a Fund being delisted. If a Fund were delisted, the calculation agent would select a successor fund or, if no successor fund is available, would determine the fund closing price of such Fund on any date of determination.

These risks may adversely affect the price of the shares of any applicable Fund and, consequently, the value of the CDs.

Anti-Dilution Adjustments Relating to The Shares of a Fund Do Not Address Every Event That Could Affect Such Shares.

An adjustment factor, as described herein, will be used to determine the fund closing prices of a Fund. The adjustment factor for a Fund will be adjusted by the calculation agent for certain events affecting the shares of such Fund. However, the calculation agent will not make an adjustment for every event that could affect such shares. If an event occurs that does not require the calculation agent to adjust the adjustment factor, the value of the CDs may be adversely affected.

Additional Risk Factors Relating to CDs Linked to an Underlying Stock

The CDs May Become Linked to the Common Stock of a Company Other Than an Original Underlying Stock Issuer.

Following certain corporate events relating to an Underlying Stock, such as a stock-for-stock merger where the applicable Underlying Stock Issuer is not the surviving entity, the shares of a successor corporation to such Underlying Stock Issuer will be substituted for such Underlying Stock for all purposes of the CDs. Following certain other corporate events relating to an Underlying Stock in which holders of such Underlying Stock would receive all of their consideration in cash and the surviving entity has no marketable securities outstanding or there is no surviving entity (including, but not limited to, a leveraged buyout or other going private transaction involving such Underlying Stock Issuer, or a liquidation of such Underlying Stock Issuer), the common stock of another company in the same industry group as such Underlying Stock Issuer will be substituted for such Underlying Stock for all purposes of the CDs. Such substitution may also occur if an Underlying Stock consists of ADSs and such ADSs are delisted or the applicable ADS facility is terminated. In any such event, the equity-linked nature of the CDs would be significantly altered. We describe the specific events that can lead to these adjustments and the procedures for selecting a replacement stock in the section entitled "General Terms of the CDs—Certain Terms for CDs Linked to an Underlying Stock—Adjustment Events." The occurrence of such events and the consequent adjustments may materially and adversely affect the value of the CDs and any payments on the CDs.

We Cannot Control Actions by an Underlying Stock Issuer.

Actions by an Underlying Stock Issuer may have an adverse effect on the price of such Underlying Stock, the stock closing price of such Underlying Stock on any calculation day and the value of the CDs. We are not affiliated with any Underlying Stock Issuer. No Underlying Stock Issuer will be involved in the offering of the CDs nor will any Underlying Stock Issuer have any obligations with respect to the CDs, including any obligation to take our interests or your interests into consideration for any reason. No Underlying Stock Issuer will receive any of the proceeds of the offering of the CDs nor will be responsible for, or will have participated in, the determination of the timing of, prices for, or quantities of, the CDs to be issued. No Underlying Stock Issuer will be involved with the administration, marketing or trading of the CDs nor will have any obligations with respect to any amounts payable on the CDs.

We and Our Affiliates Have No Affiliation with Any Underlying Stock Issuer and Have Not Independently Verified Their Public Disclosure of Information.

We and our affiliates are not affiliated in any way with any Underlying Stock Issuer. This disclosure statement and any applicable terms supplement relates only to the CDs and does not relate to any Underlying Stock. The material provided in this disclosure statement and any applicable terms supplement concerning an Underlying Stock Issuer is derived from publicly available documents without independent verification. Neither we nor any broker has participated in the preparation of any of those documents or made any "due diligence" investigation or any inquiry of the Underlying Stock Issuers. Furthermore, neither we nor any broker knows whether any Underlying Stock Issuer has disclosed all events occurring before the date of this disclosure statement or the applicable terms supplement—including events that could affect the accuracy or completeness of the publicly available documents referred to above. Subsequent disclosure of any event of this kind or the disclosure of or failure to disclose material future events concerning an Underlying Stock Issuer could affect the value of the CDs and any payments on the CDs. You, as an investor in the CDs, should make your own investigation into any applicable Underlying Stock Issuer.

In addition, there can be no assurance that an Underlying Stock Issuer will continue to be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and will distribute any reports, proxy statements, and other information required thereby to its shareholders. In the event that an Underlying Stock Issuer ceases to be subject to such reporting requirements and the CDs continue to be outstanding, pricing information for the CDs may be more difficult to obtain and the value and liquidity of the CDs may be adversely affected. Neither we nor any broker is responsible for the public disclosure of information by any Underlying Stock Issuer, whether contained in filings with the SEC or otherwise.

You Have Limited Anti-Dilution Protection.

The calculation agent will, in its sole discretion, adjust the adjustment factor of an Underlying Stock for certain events affecting such Underlying Stock, such as stock splits and stock dividends, and certain other corporate actions involving the applicable Underlying Stock Issuer, such as mergers. However, the calculation agent is not required to make an adjustment for every corporate event that can affect an Underlying Stock. For example, the calculation agent is not required to make any adjustments to the adjustment factor of an Underlying Stock if the applicable Underlying Stock Issuer or anyone else makes a partial tender or partial exchange offer for such Underlying Stock. Consequently, this could affect the value of the CDs and any payments on the CDs. See "General Terms of the CDs—Certain Terms for CDs Linked to an Underlying Stock—Adjustment Events" for a description of the general circumstances in which the calculation agent will make adjustments to the adjustment factor of an Underlying Stock.

GENERAL TERMS OF THE CDS

The specific terms of the CDs will be described in the applicable terms supplement. If the terms described in the applicable terms supplement are inconsistent with those described herein, the terms described in the applicable terms supplement shall control.

Certain Terms for CDs Linked to an Index

Certain Definitions

The "closing level" with respect to an Index on any trading day means the official closing level of that Index reported by the relevant index sponsor on such trading day, as obtained by the calculation agent on such trading day from the licensed third-party market data vendor contracted by the calculation agent at such time; in particular, taking into account the decimal precision and/or rounding convention employed by such licensed third-party market data vendor on such date. Currently, the calculation agent obtains market data from Thomson Reuters Ltd., but the calculation agent may change its market data vendor at any time without notice. The foregoing provisions of this definition of "closing level" are subject to the provisions set forth below under "—Market Disruption Events," "—Adjustments to an Index," "—Discontinuance of an Index" and "General Terms of the CDs—Consequences of a Market Disruption Event; Postponement of a Calculation Day."

A "multiple exchange index" means the EURO STOXX 50® Index, the EURO STOXX® Banks Index, the MSCI ACWI Index®, the MSCI EAFE Index®, the MSCI Emerging Markets Index℠, and any other equity index designated as a multiple exchange index in the applicable terms supplement.

The "related futures or options exchange" for an Index means an exchange or quotation system where trading has a material effect (as determined by the calculation agent) on the overall market for futures or options contracts relating to such Index.

The "relevant stock exchange" for any security underlying an Index means the primary exchange or quotation system on which such security is traded, as determined by the calculation agent.

A "trading day" with respect to an Index (other than a multiple exchange index) means a day, as determined by the calculation agent, on which (i) the relevant stock exchanges with respect to each security underlying such Index are scheduled to be open for trading for their respective regular trading sessions and (ii) each related futures or options exchange with respect to such Index is scheduled to be open for trading for its regular trading session.

A "trading day" with respect to a multiple exchange index means a day, as determined by the calculation agent, on which (i) the relevant index sponsor is scheduled to publish the level of such Index and (ii) each related futures or options exchange with respect to such Index is scheduled to be open for trading for its regular trading session.

Market Disruption Events

A "market disruption event" with respect to an Index (other than a multiple exchange index) means any of the following events as determined by the calculation agent in its sole discretion:

(A) The occurrence or existence of a material suspension of or limitation imposed on trading by the relevant stock exchanges or otherwise relating to securities which then comprise 20% or more of the level of such Index or any successor equity index at any time during the one-hour period that ends at the close of trading on that day, whether by reason of movements in price exceeding limits permitted by those relevant stock exchanges or otherwise.

(B) The occurrence or existence of a material suspension of or limitation imposed on trading by any related futures or options exchange or otherwise in futures or options contracts relating to such Index or any successor equity index on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day, whether by reason of movements in price exceeding limits permitted by the related futures or options exchange or otherwise.

(C) The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, securities that then comprise 20% or more of the level of such Index or any successor equity index on their relevant stock exchanges at any time during the one-hour period that ends at the close of trading on that day.

(D) The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, futures or options contracts relating to such Index or any successor equity index on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day.

(E) The closure on any exchange business day of the relevant stock exchanges on which securities that then comprise 20% or more of the level of such Index or any successor equity index are traded or any related futures or options exchange with respect to such Index or any successor equity index prior to its scheduled closing time unless the earlier closing time is announced by the relevant stock exchange or related futures or options exchange, as applicable, at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such relevant stock exchange or related futures or options exchange, as applicable, and (2) the submission deadline for orders to be entered into the relevant stock exchange or related futures or options exchange, as applicable, system for execution at such actual closing time on that day.

(F) The relevant stock exchange for any security underlying such Index or successor equity index or any related futures or options exchange with respect to such Index or successor equity index fails to open for trading during its regular trading session.

For purposes of determining whether a market disruption event has occurred with respect to an Index (other than a multiple exchange index):

(1) the relevant percentage contribution of a security to the level of such Index or any successor equity index will be based on a comparison of (x) the portion of the level of such index attributable to that security and (y) the overall level of such Index or successor equity index, in each case immediately before the occurrence of the market disruption event;

(2) the "close of trading" on any trading day for such Index or any successor equity index means the scheduled closing time of the relevant stock exchanges with respect to the securities underlying such Index or successor equity index on such trading day; *provided* that, if the actual closing time of the regular trading session of any such relevant stock exchange is earlier than its scheduled closing time on such trading day, then (x) for purposes of clauses (A) and (C) of the definition of "market disruption event" above, with respect to any security underlying such Index or successor equity index for which such relevant stock exchange is its relevant stock exchange, the "close of trading" means such actual closing time and (y) for purposes of clauses (B) and (D) of the definition of "market disruption event" above, with respect to any futures or options contract relating to such Index or successor equity index, the "close of trading" means the latest actual closing time of the regular trading session of any of the relevant stock exchanges, but in no event later than the scheduled closing time of the relevant stock exchanges;

(3) an "exchange business day" means any trading day for such Index or any successor equity index on which each relevant stock exchange for the securities underlying such Index or any successor equity index and each related futures or options exchange with respect to such Index or any successor equity index are open for trading during their respective regular trading sessions, notwithstanding any such relevant stock exchange or related futures or options exchange closing prior to its scheduled closing time; and

(4) the "scheduled closing time" of any relevant stock exchange or related futures or options exchange on any trading day for such Index or any successor equity index means the scheduled weekday closing time of such relevant stock exchange or related futures or options exchange on such trading day, without regard to after hours or any other trading outside the regular trading session hours.

A "market disruption event" with respect to a multiple exchange index means, any of (A), (B), (C) or (D) below, as determined by the Bank in its sole discretion:

(A) Any of the following events occurs or exists with respect to any security included in such Index or any successor equity index, and the aggregate of all securities included in such Index or successor equity index with respect to which any such event occurs comprise 20% or more of the level of such Index or successor equity index:

- a material suspension of or limitation imposed on trading by the relevant stock exchange for such security or otherwise at any time during the one-hour period that ends at the scheduled closing time for the relevant stock exchange for such security on that day, whether by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise;

- any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, such security on its relevant stock exchange at any time during the one-hour period that ends at the scheduled closing time for the relevant stock exchange for such security on that day; or

- the closure on any exchange business day of the relevant stock exchange for such security prior to its scheduled closing time unless the earlier closing is announced by such relevant stock exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such relevant stock exchange and (ii) the submission deadline for orders to be entered into the relevant stock exchange system for execution at the scheduled closing time for such relevant stock exchange on that day.

(B) Any of the following events occurs or exists with respect to futures or options contracts relating to such Index or any successor equity index:

- a material suspension of or limitation imposed on trading by any related futures or options exchange or otherwise at any time during the one-hour period that ends at the close of trading on such related futures or options exchange on that day, whether by reason of movements in price exceeding limits permitted by the related futures or options exchange or otherwise;

- any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, futures or options contracts relating to such Index or successor equity index on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on such related futures or options exchange on that day; or

- the closure on any exchange business day of any related futures or options exchange prior to its scheduled closing time unless the earlier closing time is announced by such related futures or options exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such related futures or options exchange and (ii) the submission deadline for orders to be entered into the related futures or options exchange system for execution at the close of trading for such related futures or options exchange on that day.

(C) The relevant index sponsor fails to publish the level of such Index or any successor equity index (other than as a result of the relevant index sponsor having discontinued publication of such Index or successor equity index and no successor equity index being available).

(D) Any related futures or options exchange fails to open for trading during its regular trading session.

For purposes of determining whether a market disruption event has occurred with respect to a multiple exchange index:

(1) the relevant percentage contribution of a security included in such Index or any successor equity index to the level of such Index will be based on a comparison of (x) the portion of the level of such Index or any successor equity index attributable to that security to (y) the overall level of such index, in each case using the official opening weightings as published by the relevant index sponsor as part of the market opening data;

(2) an "exchange business day" means any trading day on which (i) the relevant index sponsor publishes the level of such index or any successor equity index and (ii) each related futures or options exchange is open for trading during its regular trading session, notwithstanding any related futures or options exchange closing prior to its scheduled closing time; and

(3) the "scheduled closing time" of any relevant stock exchange or related futures or options exchange on any trading day means the scheduled weekday closing time of such relevant stock exchange or related futures or options exchange on such trading day, without regard to after hours or any other trading outside the regular trading session hours.

Adjustments to an Index

If at any time the method of calculating an Index or a successor equity index, or the closing level thereof, is changed in a material respect, or if an Index or a successor equity index is in any other way modified so that such index does not, in the opinion of the calculation agent, fairly represent the level of such index had those changes or modifications not been made, then the calculation agent will, at the close of business in New York, New York, on each date that the closing level of such index is to be calculated, make such calculations and adjustments as, in the good faith judgment of the calculation agent , may be necessary in order to arrive at a level of an index comparable to such Index or successor equity index as if those changes or modifications had not been made, and the calculation agent will calculate the closing level of such Index or successor equity index with reference to such index, as so adjusted. Accordingly, if the method of calculating an Index or successor equity index is modified so that the level of such index is a fraction or a multiple of what it would have been if it had not been modified (*e.g.*, due to a split or reverse split in such equity index), then the calculation agent will adjust such Index or successor equity index in order to arrive at a level of such index as if it had not been modified (*e.g.*, as if the split or reverse split had not occurred).

Discontinuance of an Index

If an index sponsor discontinues publication of an Index, and such index sponsor or another entity publishes a successor or substitute equity index that the calculation agent determines, in its sole discretion, to be comparable to such Index (a "successor equity index"), then the calculation agent will substitute the successor equity index as calculated by the relevant index sponsor or any other entity for purposes of calculating the closing level of such Index on any date of determination. Upon any selection by the calculation agent of a successor equity index, the Bank will cause notice to be given to holders of the CDs.

In the event that an index sponsor discontinues publication of an Index prior to, and the discontinuance is continuing on, a calculation day and the calculation agent determines that no successor equity index is available at such time, the calculation agent will calculate a substitute closing level for such Index in accordance with the formula for and method of calculating such Index last in effect prior to the discontinuance, but using only those securities that comprised such Index immediately prior to that discontinuance. If a successor equity index is selected or the calculation agent calculates a level as a substitute for such Index, the successor equity index or level will be used as a substitute for such Index for all purposes, including the purpose of determining whether a market disruption event exists.

If on a calculation day an index sponsor fails to calculate and announce the level of an Index, the calculation agent will calculate a substitute closing level of such Index in accordance with the formula for and method of calculating such Index last in effect prior to the failure, but using only those securities that comprised such Index immediately prior to that failure; *provided* that, if a market disruption event occurs or is continuing on such day with respect to such Index, then the provisions set forth below under "General Terms of the CDs—Consequences of a Market Disruption Event; Postponement of a Calculation Day" shall apply in lieu of the foregoing.

Notwithstanding these alternative arrangements, discontinuance of the publication of, or the failure by the relevant index sponsor to calculate and announce the level of, an Index may adversely affect the value of the CDs.

Certain Terms for CDs Linked to a Fund

Certain Definitions

The "adjustment factor" means, with respect to a share of a Fund (or one unit of any other security for which a fund closing price must be determined), 1.0, subject to adjustment in the event of certain events affecting the shares of such Fund. See "—Anti-dilution Adjustments Relating to a Fund; Alternate Calculation" below.

The "closing price" for one share of a Fund (or one unit of any other security for which a closing price must be determined) on any trading day means the official closing price on such day published by the principal United States securities exchange registered under the Exchange Act, on which such Fund (or any such other security) is listed or admitted to trading.

The "fund closing price" with respect to a Fund on any trading day means the product of (i) the closing price of one share of such Fund (or one unit of any other security for which a fund closing price must be determined) on such trading day and (ii) the adjustment factor applicable to such Fund on such trading day.

The "related futures or options exchange" for a Fund means each exchange or quotation system where trading has a material effect (as determined by the calculation agent) on the overall market for futures or options contracts relating to such Fund.

The "relevant stock exchange" for a Fund means the primary exchange or quotation system on which shares (or other applicable securities) of such Fund are traded, as determined by the calculation agent.

A "trading day" with respect to a Fund means a day, as determined by the calculation agent, on which the relevant stock exchange and each related futures or options exchange with respect to such Fund or any successor thereto, if applicable, are scheduled to be open for trading for their respective regular trading sessions.

Market Disruption Events

A "market disruption event" with respect to a Fund means any of the following events as determined by the calculation agent in its sole discretion:

(A) The occurrence or existence of a material suspension of or limitation imposed on trading by the relevant stock exchange or otherwise relating to the shares (or other applicable securities) of such Fund or any successor fund on the relevant stock exchange at any time during the one-hour period that ends at the close of trading on such day, whether by reason of movements in price exceeding limits permitted by such relevant stock exchange or otherwise.

(B) The occurrence or existence of a material suspension of or limitation imposed on trading by any related futures or options exchange or otherwise in futures or options contracts relating to the shares (or other applicable securities) of such Fund or any successor fund on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day, whether by reason of movements in price exceeding limits permitted by the related futures or options exchange or otherwise.

(C) The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, shares (or other applicable securities) of such Fund or any successor fund on the relevant stock exchange at any time during the one-hour period that ends at the close of trading on that day.

(D) The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, futures or options contracts relating to shares (or other applicable securities) of such Fund or any successor fund on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day.

(E) The closure of the relevant stock exchange or any related futures or options exchange with respect to such Fund or any successor fund prior to its scheduled closing time unless the earlier closing time is announced by the relevant stock exchange or related futures or options exchange, as applicable, at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such relevant stock exchange or related futures or options exchange, as applicable, and (2) the submission deadline for orders to be entered into the relevant stock exchange or related futures or options exchange, as applicable, system for execution at the close of trading on that day.

(F) The relevant stock exchange or any related futures or options exchange with respect to such Fund or any successor fund fails to open for trading during its regular trading session.

For purposes of determining whether a market disruption event has occurred with respect to a Fund:

(1) "close of trading" means the scheduled closing time of the relevant stock exchange with respect to such Fund or any successor fund; and

(2) the "scheduled closing time" of the relevant stock exchange or any related futures or options exchange on any trading day for such Fund or any successor fund means the scheduled weekday closing time of such relevant stock exchange or related futures or options exchange on such trading day, without regard to after hours or any other trading outside the regular trading session hours.

Anti-Dilution Adjustments Relating to a Fund; Alternate Calculation

Anti-Dilution Adjustments

The calculation agent will adjust the adjustment factor with respect to a Fund as specified below if any of the events specified below occurs with respect to such Fund and the effective date or ex-dividend date, as applicable, for such event is after the pricing date and on or prior to the final calculation day for such Fund.

The adjustments specified below do not cover all events that could affect a Fund, and there may be other events that could affect a Fund for which the calculation agent will not make any such adjustments, including, without limitation, an ordinary cash dividend. Nevertheless, the calculation agent may, in its sole discretion, make additional adjustments to any terms of the CDs upon the occurrence of other events that affect or could potentially affect the market price of, or shareholder rights in, a Fund, with a view to offsetting, to the extent practical, any such change, and preserving the relative investment risks of the CDs. In addition, the calculation agent may, in its sole discretion, make adjustments or a series of adjustments that differ from those described herein if the calculation agent determines that such adjustments do not properly reflect the economic consequences of the events specified in this disclosure statement or would not preserve the relative investment risks of the CDs. All determinations made by the calculation agent in making any adjustments to the terms of the CDs, including adjustments that are in addition to, or that differ from, those described in this disclosure statement, will be made in good faith and a commercially reasonable manner, with the aim of ensuring an equitable result. In determining whether to make any adjustment to the terms of the CDs, the calculation agent may consider any adjustment made by the Options Clearing Corporation or any other equity derivatives clearing organization on options contracts on the affected Fund.

For any event described below, the calculation agent will not be required to adjust the adjustment factor for a Fund unless the adjustment would result in a change to such adjustment factor then in effect of at least 0.10%. The adjustment factor resulting from any adjustment will be rounded up or down, as appropriate, to the nearest one-hundred thousandth.

(A) *Stock Splits and Reverse Stock Splits*

If a stock split or reverse stock split has occurred with respect to a Fund, then once such split has become effective, the adjustment factor for such Fund will be adjusted to equal the product of the prior adjustment factor for such Fund and the number of securities which a holder of one share (or other applicable security) of such Fund before the effective date of such stock split or reverse stock split would have owned or been entitled to receive immediately following the applicable effective date.

(B) *Stock Dividends*

If a dividend or distribution of shares (or other applicable securities) of a Fund has been made by such Fund ratably to all holders of record of such shares (or other applicable security), then the adjustment factor for such Fund will be adjusted on the ex-dividend date to equal the prior adjustment factor for such Fund plus the product of the prior adjustment factor for such Fund and the additional number of shares (or other applicable security) of such Fund which a holder of one share (or other applicable security) of such Fund before the ex-dividend date would have been entitled to receive immediately following that date; *provided*, however, that no adjustment will be made for a distribution for which the number of securities of such Fund paid or distributed is based on a fixed cash equivalent value.

(C) *Extraordinary Dividends*

If an extraordinary dividend (as defined below) has occurred with respect to a Fund, then the adjustment factor for such Fund will be adjusted on the ex-dividend date to equal the product of the prior adjustment factor for such Fund and a fraction, the numerator of which is the closing price per share (or other applicable security) of such Fund on the trading day preceding the ex-dividend date, and the denominator of which is the amount by which the closing price per share (or other applicable security) of such Fund on the trading day preceding the ex-dividend date exceeds the extraordinary dividend amount (as defined below).

For purposes of determining whether an extraordinary dividend has occurred:

(1) "extraordinary dividend" means any cash dividend or distribution (or portion thereof) that the calculation agent determines, in its sole discretion, is extraordinary or special; and

(2) "extraordinary dividend amount" with respect to an extraordinary dividend for the securities of a Fund will equal the amount per share (or other applicable security) of such Fund of the applicable cash dividend or distribution that is attributable to the extraordinary dividend, as determined by the calculation agent in its sole discretion.

A distribution on the securities of a Fund described below under the section entitled "—Reorganization Events" below that also constitutes an extraordinary dividend will only cause an adjustment pursuant to that "—Reorganization Events" section.

(D) *Other Distributions*

If a Fund declares or makes a distribution to all holders of the shares (or other applicable security) of such Fund of any non-cash assets, excluding dividends or distributions described under the section entitled "—Stock Dividends" above, then the calculation agent may, in its sole discretion, make such adjustment (if any) to the adjustment factor as it deems appropriate in the circumstances. If the calculation agent determines to make an adjustment pursuant to this paragraph, it will do so with a view to offsetting, to the extent practical, any change in the economic position of a holder of the CDs that results solely from the applicable event.

(E) *Reorganization Events*

If a Fund, or any successor fund, is subject to a merger, combination, consolidation or statutory exchange of securities with another exchange traded fund, and such Fund is not the surviving entity (a "reorganization event"), then, on or after the date of such event, the calculation agent shall, in its sole discretion, make an adjustment to the adjustment factor for such Fund or the method of determining the maturity payment amount or any other terms of the CDs as the calculation agent determines appropriate to account for the economic effect on the CDs of such event, and determine the effective date of that adjustment. If the calculation agent determines that no adjustment that it could make will produce a commercially reasonable result, then the calculation agent may deem such event a liquidation event (as defined below).

Liquidation Events

If a Fund is de-listed, liquidated or otherwise terminated (a "liquidation event"), and a successor or substitute exchange traded fund exists that the calculation agent determines, in its sole discretion, to be comparable to such Fund, then any subsequent fund closing price for such Fund will be determined by reference to the fund closing price of such successor or substitute exchange traded fund (such exchange traded fund being referred to herein as a "successor fund"), with such adjustments as the calculation agent determines are appropriate to account for the economic effect of such substitution on holders of the CDs.

If a Fund undergoes a liquidation event prior to, and such liquidation event is continuing on, the date that any fund closing price of such Fund is to be determined and the calculation agent determines that no successor fund is available at such time, then the calculation agent will, in its discretion, calculate the fund closing price for such Fund on such date by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate such Fund, *provided* that if the calculation agent determines in its discretion that it is not practicable to replicate such Fund (including but not limited to the instance in which a fund underlying index sponsor discontinues publication of the relevant fund underlying index), then the calculation agent will calculate the fund closing price for such Fund in accordance with the formula last used to calculate such fund closing price before such liquidation event, but using only those securities that were held by such Fund immediately prior to such liquidation event without any rebalancing or substitution of such securities following such liquidation event. Notwithstanding the foregoing, in the case of a Fund that does not track an index of equity securities, if such Fund undergoes a liquidation event prior to, and such liquidation event is continuing on, the date that any fund closing price of such Fund is to be determined and the calculation agent determines (i) that no successor fund is available at such time and (ii) that it is not practicable to replicate such Fund, then the calculation agent will, in its discretion, calculate the fund closing price for such Fund on such date in good faith and in a commercially reasonable manner.

If a successor fund is selected or the calculation agent calculates the fund closing price as a substitute for a Fund, such successor fund or fund closing price will be used as a substitute for such Fund for all purposes, including for purposes of determining whether a market disruption event exists with respect to such Fund. Notwithstanding these alternative arrangements, a liquidation event with respect to a Fund may adversely affect the value of the CDs.

If any event is both a reorganization event and a liquidation event, such event will be treated as a reorganization event for purposes of the CDs unless the calculation agent makes the determination referenced in the last sentence of the section entitled "—Anti-dilution Adjustments—Reorganization Events" above.

Alternate Calculation

If at any time the method of calculating a Fund or a successor fund, or the related fund underlying index, is changed in a material respect, or if a Fund or a successor fund is in any other way modified so that such fund does not, in the opinion of the calculation agent, fairly represent the price of the securities of such Fund or such successor fund had such changes or modifications not been made, then the calculation agent may, at the close of business in New York City on the date that any fund closing price is to be determined, make such calculations and adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a closing price of an exchange traded fund comparable to such Fund or such successor fund, as the case may be, as if such changes or modifications had not been made, and calculate the fund closing price of such Fund and determine the maturity payment amount and any other terms of the CDs with reference to such adjusted closing price of such Fund or such successor fund, as applicable.

Certain Terms for CDs Linked to an Underlying Stock

Certain Definitions

The "adjustment factor" for an Underlying Stock is initially 1.0. The adjustment factor for an Underlying Stock will remain constant for the term of the CDs, subject to adjustment for certain corporate events relating to the applicable Underlying Stock Issuer as described in the section entitled "—Adjustment Events" below.

The "closing price" for one share of an Underlying Stock (or one unit of any other security for which a closing price must be determined) on any trading day means:

- if such Underlying Stock (or any such other security) is listed or admitted to trading on a national securities exchange, the official closing price on such day published by the principal United States securities exchange registered under the Exchange Act on which such Underlying Stock (or any such other security) is listed or admitted to trading; or

- if such Underlying Stock (or any such other security) is not listed or admitted to trading on any national securities exchange but is included in the OTC Bulletin Board Service operated by the Financial Industry Regulatory Authority, Inc. ("FINRA"), the last reported sale price of the principal trading session on the OTC Bulletin Board Service on such day.

If such Underlying Stock (or any such other security) is listed or admitted to trading on any national securities exchange but the official closing price is not available pursuant to the preceding sentence, then the closing price for one share of such Underlying Stock (or one unit of any such other security) on any trading day will mean the last reported sale price of the principal trading session on the over-the-counter market as reported on the OTC Bulletin Board Service on such day.

If the official closing price or the last reported sale price, as applicable, for such Underlying Stock (or any such other security) is not available pursuant to either of the two preceding sentences, then the closing price per share for any trading day will be the mean, as determined by the calculation agent, of the bid price for such Underlying Stock (or any such other security) obtained from as many recognized dealers in such security, but not exceeding three, as will make such bid prices available to the calculation agent. Bids of any of our affiliates may be included in the calculation of such mean, but only to the extent that any such bid is the highest of the bids obtained. The term "OTC Bulletin Board Service" will include any successor service thereto or, if the OTC Bulletin Board Service is discontinued and there is no successor service thereto, the OTC Reporting Facility operated by FINRA.

The "stock closing price" with respect to an Underlying Stock on a trading day, means the product of the closing price of such Underlying Stock and the adjustment factor for such Underlying Stock, each on such trading day.

A "trading day" with respect to an Underlying Stock means a day, as determined by the calculation agent, on which trading is generally conducted on the principal trading market for such Underlying Stock (as determined by the calculation agent, in its sole discretion), the Chicago Mercantile Exchange and the Chicago Board Options Exchange and in the over-the-counter market for equity securities in the United States.

Market Disruption Events

A "market disruption event" means, with respect to an Underlying Stock, the occurrence or existence of any of the following events:

- a suspension, absence or material limitation of trading in such Underlying Stock on its primary market for more than two hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion;

- a suspension, absence or material limitation of trading in option or futures contracts relating to such Underlying Stock, if available, in the primary market for those contracts for more than two hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion;

- such Underlying Stock does not trade on the New York Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market or what was the primary market for such Underlying Stock, as determined by the calculation agent in its sole discretion; or

- any other event, if the calculation agent determines in its sole discretion that the event materially interferes with our ability or the ability of any of our affiliates to unwind all or a material portion of a hedge with respect to the CDs that we or our affiliates have effected or may effect.

The following events will not be a market disruption event with respect to an Underlying Stock:

- a limitation on the hours or number of days of trading in such Underlying Stock in its primary market, but only if the limitation results from an announced change in the regular business hours of the relevant market; and

- a decision to permanently discontinue trading in the option or futures contracts relating to such Underlying Stock.

For this purpose, a "suspension, absence or material limitation of trading" in the applicable market will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a "suspension, absence or material limitation of trading" in the applicable market for such Underlying Stock or option or futures contracts relating to such Underlying Stock, as applicable, by reason of any of:

- a price change exceeding limits set by that market;

- an imbalance of orders relating to such Underlying Stock or those contracts; or

- a disparity in bid and asked quotes relating to such Underlying Stock or those contracts

will constitute a "suspension, absence or material limitation of trading" in such Underlying Stock or those contracts, as the case may be, in the applicable market.

Adjustment Events

The adjustment factor for an Underlying Stock is initially 1.0. However, the adjustment factor for an Underlying Stock is subject to adjustment by the calculation agent as a result of the dilution and reorganization events described in this section. The adjustments described below do not cover all events that could affect the Underlying Stocks and, consequently, the value of your CDs, such as a tender or exchange offer by the applicable Underlying Stock Issuer for such Underlying Stock at a premium to its market price or a tender or exchange offer made by a third party for less than all outstanding shares of such Underlying Stock. We describe the risks relating to dilution above under "Risk Factors—Additional Risk Factors Relating to CDs Linked to An Underlying Stock—You Have Limited Anti-dilution Protection."

How Adjustments Will Be Made

If one of the events described below occurs with respect to an Underlying Stock and the calculation agent determines that the event has a dilutive or concentrative effect on the market price of such Underlying Stock, the calculation agent will calculate a corresponding adjustment to the adjustment factor for such Underlying Stock as the calculation agent deems appropriate to account for that dilutive or concentrative effect. For example, if an adjustment is required because of a two-for-one stock split, then the adjustment factor for such Underlying Stock will be adjusted by the calculation agent by multiplying the existing adjustment factor by a fraction whose numerator is the number of shares of such Underlying Stock outstanding immediately after the stock split and whose denominator is the number of shares of such Underlying Stock outstanding immediately prior to the stock split. Consequently, the adjustment factor for such Underlying Stock will be adjusted to double the prior adjustment factor, due to the corresponding decrease in the market price of such Underlying Stock. Adjustments to the adjustment factor for an Underlying Stock will be made for events with an effective date or ex-dividend date, as applicable, from but excluding the pricing date to and including the applicable calculation day for such Underlying Stock (the "adjustment period").

The calculation agent will also determine the effective date of that adjustment, and the replacement of an Underlying Stock, if applicable, in the event of a consolidation or merger or certain other events in respect of the applicable Underlying Stock Issuer. The calculation agent will not be required to make any adjustments to the adjustment factor for purposes of calculating the stock closing price for a calculation day after the close of business on such calculation day; *provided* that any such adjustments to the adjustment factor will be taken into account for purposes of determining the stock closing price for any subsequent calculation day. In no event, however, will an anti-dilution adjustment to the adjustment factor of an Underlying Stock during the term of the CDs be deemed to change the deposit amount per CD.

If more than one event requiring adjustment occurs with respect to an Underlying Stock, the calculation agent will make an adjustment for each event in the order in which the events occur, and on a cumulative basis. Thus, having made an adjustment for the first event, the calculation agent will adjust the adjustment factor for such Underlying Stock for the second event, applying the required adjustment to the adjustment factor for such Underlying Stock as already adjusted for the first event, and so on for any subsequent events.

For any dilution event described below, other than a consolidation or merger, the calculation agent will not have to adjust the adjustment factor for an Underlying Stock unless the adjustment would result in a change to the adjustment factor of such Underlying Stock then in effect of at least 0.10%. The adjustment factor of such Underlying Stock resulting from any adjustment will be rounded up or down, as appropriate, to the nearest one-hundred thousandth.

If an event requiring an anti-dilution adjustment occurs with respect to an Underlying Stock, the calculation agent will make the adjustment with a view to offsetting, to the extent practical, any change in your economic position relative to your CDs that results solely from that event. The calculation agent may, in its sole discretion, modify the anti-dilution adjustments as necessary to ensure an equitable result.

The calculation agent will make all determinations with respect to anti-dilution adjustments, including any determination as to whether an event requiring adjustment has occurred with respect to an Underlying Stock, as to the nature of the adjustment required for such Underlying Stock and how it will be made or as to the value of any property distributed in a reorganization event, and will do so in its sole discretion. In the absence of manifest error, those determinations will be conclusive for all purposes and will be binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of these determinations by the calculation agent. The calculation agent will provide information about the adjustments that it makes upon your written request.

If any of the adjustments specified below is required to be made with respect to an amount or value of any cash or other property that is distributed by an Underlying Stock Issuer organized outside the United States, such amount or value will be converted to U.S. dollars, as applicable, and will be reduced by any applicable foreign withholding taxes that would apply to such distribution if such distribution were paid to a U.S. person that is eligible for the benefits of an applicable income tax treaty, if any, between the United States and the jurisdiction of organization of such Underlying Stock Issuer, as determined by the calculation agent, in its sole discretion.

No adjustments will be made for certain other events, such as offerings of common stock by an Underlying Stock Issuer for cash or in connection with the occurrence of a partial tender or exchange offer for an Underlying Stock by the Underlying Stock Issuer of such Underlying Stock or any other person.

Stock Splits and Reverse Stock Splits

A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share will be worth less as a result of a stock split.

A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share will be worth more as a result of a reverse stock split.

If an Underlying Stock is subject to a stock split or a reverse stock split, then once the split has become effective the calculation agent will adjust the adjustment factor for such Underlying Stock to equal the product of the prior adjustment factor of such Underlying Stock and the number of shares issued in such stock split or reverse stock split with respect to one share of such Underlying Stock.

Stock Dividends

In a stock dividend, a corporation issues additional shares of its stock to all holders of its outstanding stock in proportion to the shares they own. Each outstanding share will be worth less as a result of a stock dividend.

If an Underlying Stock is subject to a stock dividend payable in shares of such Underlying Stock that is given ratably to all holders of shares of such Underlying Stock, then once the dividend has become effective the calculation agent will adjust the adjustment factor for such Underlying Stock on the ex-dividend date to equal the sum of the prior adjustment factor for such Underlying Stock and the product of:

- the number of shares issued with respect to one share of such Underlying Stock, and
- the prior adjustment factor for such Underlying Stock.

The "ex-dividend date" for any dividend or other distribution is the first day on and after which such Underlying Stock trades without the right to receive that dividend or distribution.

No Adjustments for Other Dividends and Distributions

Unless otherwise specified in the applicable terms supplement, the adjustment factor for an Underlying Stock will not be adjusted to reflect dividends, including cash dividends, or other distributions paid with respect to such Underlying Stock, other than:

- stock dividends described above,
- issuances of transferable rights and warrants as described in " —Transferable Rights and Warrants" below,

- distributions that are spin-off events described in " —Reorganization Events" below, and
- extraordinary dividends described below.

An "extraordinary dividend" means each of (a) the full amount per share of an Underlying Stock of any cash dividend or special dividend or distribution that is identified by the applicable Underlying Stock Issuer as an extraordinary or special dividend or distribution, (b) the excess of any cash dividend or other cash distribution (that is not otherwise identified by the applicable Underlying Stock Issuer as an extraordinary or special dividend or distribution) distributed per share of such Underlying Stock over the immediately preceding cash dividend or other cash distribution, if any, per share of such Underlying Stock that did not include an extraordinary or special dividend (as adjusted for any subsequent corporate event requiring an adjustment as described in this section, such as a stock split or reverse stock split) if such excess portion of the dividend or distribution is more than 5.00% of the closing price of such Underlying Stock on the trading day preceding the ex-dividend date for the payment of such cash dividend or other cash distribution (such closing price, the "extraordinary dividend base closing price") and (c) the full cash value of any non-cash dividend or distribution per share of such Underlying Stock (excluding marketable securities, as defined below).

If an Underlying Stock is subject to an extraordinary dividend, then once the extraordinary dividend has become effective the calculation agent will adjust the adjustment factor for such Underlying Stock on the ex-dividend date to equal the product of:

- the prior adjustment factor for such Underlying Stock, and
- a fraction, the numerator of which is the extraordinary dividend base closing price of such Underlying Stock on the trading day preceding the ex-dividend date and the denominator of which is the amount by which the extraordinary dividend base closing price of such Underlying Stock on the trading day preceding the ex-dividend date exceeds the extraordinary dividend.

Notwithstanding anything herein, the initiation by an Underlying Stock Issuer of an ordinary dividend on such Underlying Stock or any announced increase in the ordinary dividend on such Underlying Stock will not constitute an extraordinary dividend requiring an adjustment.

To the extent an extraordinary dividend is not paid in cash or is paid in a currency other than U.S. dollars, the value of the non-cash component or non-U.S. currency will be determined by the calculation agent, in its sole discretion. A distribution on an Underlying Stock that is a dividend payable in shares of such Underlying Stock, an issuance of rights or warrants or a spin-off event and also an extraordinary dividend will result in an adjustment to the number of shares of such Underlying Stock only as described in "—Stock Dividends" above, "—Transferable Rights and Warrants" below or "—Reorganization Events" below, as the case may be, and not as described here.

Transferable Rights and Warrants

If an Underlying Stock Issuer issues transferable rights or warrants to all holders of such Underlying Stock to subscribe for or purchase such Underlying Stock at an exercise price per share that is less than the closing price of such Underlying Stock on the trading day before the ex-dividend date for the issuance, then the adjustment factor for such Underlying Stock will be adjusted to equal the product of:

- the prior adjustment factor for such Underlying Stock, and
- a fraction, (1) the numerator of which will be the number of shares of such Underlying Stock outstanding at the close of trading on the trading day before the ex-dividend date (as adjusted for any subsequent event requiring an adjustment hereunder) plus the total number of shares of such Underlying Stock offered for subscription or purchase pursuant to the rights or warrants and (2) the denominator of which will be the number of shares of such Underlying Stock outstanding at the close of trading on the trading day before the ex-dividend date (as adjusted for any subsequent event requiring an adjustment hereunder) plus the number of additional shares of such Underlying Stock (referred to herein as the "additional shares") that the aggregate offering price of the total number of shares of such Underlying Stock so offered for subscription or purchase pursuant to the rights or warrants would purchase at the closing price on the trading day before the ex-dividend date for the issuance.

The number of additional shares will be equal to:

- the product of (1) the total number of shares of such Underlying Stock offered for subscription or purchase pursuant to the rights or warrants and (2) the exercise price of the rights or warrants, divided by
- the closing price of such Underlying Stock on the trading day before the ex-dividend date for the issuance.

If the number of shares of such Underlying Stock actually delivered in respect of the rights or warrants differs from the number of shares of such Underlying Stock offered in respect of the rights or warrants, then the adjustment factor for such Underlying Stock will promptly be readjusted to the adjustment factor for such Underlying Stock that would have been in effect had the adjustment been made on the basis of the number of shares of such Underlying Stock actually delivered in respect of the rights or warrants.

Reorganization Events

Each of the following is a reorganization event with respect to an Underlying Stock:

- such Underlying Stock is reclassified or changed (other than in a stock split or reverse stock split),
- the applicable Underlying Stock Issuer has been subject to a merger, consolidation or other combination and either is not the surviving entity or is the surviving entity but all outstanding shares of such Underlying Stock are exchanged for or converted into other property,
- a statutory share exchange involving outstanding shares of such Underlying Stock and the securities of another entity occurs, other than as part of an event described above,
- the applicable Underlying Stock Issuer sells or otherwise transfers its property and assets as an entirety or substantially as an entirety to another entity,
- the applicable Underlying Stock Issuer effects a spin-off, other than as part of an event described above (in a spin-off, a corporation issues to all holders of its common stock equity securities of another issuer), or
- the applicable Underlying Stock Issuer is liquidated, dissolved or wound up or is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law, or another entity completes a tender or exchange offer for all the outstanding shares of such Underlying Stock.

Adjustments for Reorganization Events

If a reorganization event occurs with respect to an Underlying Stock, then the calculation agent will adjust the adjustment factor for such Underlying Stock to reflect the amount and type of property or properties—whether cash, securities, other property or a combination thereof—that a holder of one share of such Underlying Stock would have been entitled to receive in relation to the reorganization event. We refer to this new property as the "reorganization property."

Reorganization property can be classified into two categories:

- an equity security listed on a national securities exchange, which we refer to generally as a "marketable security" and, in connection with a particular reorganization event, "new stock," which may include any tracking stock, any stock received in a spin-off ("spin-off stock") or any marketable security received in exchange for the applicable Underlying Stock; and
- cash and any other property, assets or securities other than marketable securities (including equity securities that are not listed, that are traded over the counter or that are listed on a non-U.S. securities exchange), which we refer to as "non-stock reorganization property."

For the purpose of making an adjustment required by a reorganization event, the calculation agent, in its sole discretion, will determine the value of each type of the reorganization property. For purposes of valuing any new stock, the calculation agent will use the closing price of the security on the relevant trading day. The calculation agent will value non-stock reorganization property in any manner it determines, in its sole discretion, to be appropriate. In connection with a reorganization event in which reorganization property includes new stock, for the purpose of determining the adjustment factor for any new stock as described below, the term "new stock reorganization ratio" means the product of (i) the number of shares of the new stock received with respect to one share of such Underlying Stock and (ii) the adjustment factor for the applicable Underlying Stock on the trading day immediately prior to the effective date of the reorganization event.

If a holder of shares of the applicable Underlying Stock may elect to receive different types or combinations of types of reorganization property in the reorganization event, the reorganization property will consist of the types and amounts of each type distributed to a holder of shares of such Underlying Stock that makes no election, as determined by the calculation agent in its sole discretion.

If any reorganization event occurs with respect to an Underlying Stock, then on and after the effective date for such reorganization event (or, if applicable, in the case of spinoff stock, the ex-dividend date for the distribution of such spinoff stock) the term "Underlying Stock" in this disclosure statement will be deemed to mean the following with respect to such Underlying Stock, and for each share of such Underlying Stock, new stock and/or replacement stock so deemed to constitute such Underlying Stock, the adjustment factor for such Underlying Stock will be equal to the applicable number indicated:

(a) if such Underlying Stock continues to be outstanding:

(1) that Underlying Stock (if applicable, as reclassified upon the issuance of any tracking stock) at the adjustment factor for such Underlying Stock in effect on the trading day immediately prior to the effective date of the reorganization event; and

(2) if the reorganization property includes new stock, a number of shares of new stock equal to the new stock reorganization ratio;

provided that, if any non-stock reorganization property is received in the reorganization event, the results of (a)(1) and (a)(2) above will each be multiplied by the "gross-up multiplier," which will be equal to a fraction, the numerator of which is the closing price of the original Underlying Stock on the trading day immediately prior to the effective date of the reorganization event and the denominator of which is the amount by which such closing price of the original Underlying Stock exceeds the value of the non-stock reorganization property received per share of such Underlying Stock as determined by the calculation agent as of the close of trading on such trading day; or

(b) if such Underlying Stock is surrendered for reorganization property:

(1) that includes new stock, a number of shares of new stock equal to the new stock reorganization ratio; *provided* that, if any non-stock reorganization property is received in the reorganization event, such number will be multiplied by the gross-up multiplier; or

(2) that consists exclusively of non-stock reorganization property:

(i) if the surviving entity has marketable securities outstanding following the reorganization event and either (A) such marketable securities were in existence prior to such reorganization event or (B) such marketable securities were exchanged for previously outstanding marketable securities of the surviving entity or its predecessor ("predecessor stock") in connection with such reorganization event (in either case of (A) or (B), the "successor stock"), a number of shares of the successor stock determined by the calculation agent on the trading day immediately prior to the effective date of such reorganization event equal to the adjustment factor for such Underlying Stock in effect on the trading day immediately prior to the effective date of such reorganization event multiplied by a fraction, the numerator of which is the value of the non-stock reorganization property per share of such Underlying Stock on such trading day and the denominator of which is the closing price of the successor stock on such trading day (or, in the case of predecessor stock, the closing price of the predecessor stock multiplied by the number of shares of the successor stock received with respect to one share of the predecessor stock); or

(ii) if the surviving entity does not have marketable securities outstanding, or if there is no surviving entity (in each case, a "replacement stock event"), a number of shares of replacement stock (selected as defined below) with an aggregate value on the effective date of such reorganization event equal to the value of the non-stock reorganization property multiplied by the adjustment factor for such Underlying Stock in effect on the trading day immediately prior to the effective date of such reorganization event.

If a reorganization event occurs with respect to the shares of an Underlying Stock and the calculation agent adjusts the adjustment factor of such Underlying Stock to reflect the reorganization property in the event as described above, the calculation agent will make further anti-dilution adjustments for any later events that affect the reorganization property, or any component of the reorganization property, comprising the new adjustment factor of such Underlying Stock. The calculation agent will do so to the same extent that it would make adjustments if the shares of such Underlying Stock were outstanding and were affected by the same kinds of events. If a subsequent reorganization event affects only a particular component of the number of shares of such Underlying Stock, the required adjustment will be made with respect to that component as if it alone were the number of shares of such Underlying Stock.

For purposes of adjustments for reorganization events, in the case of a consummated tender or exchange offer or going-private transaction involving reorganization property of a particular type, reorganization property will be deemed to include the amount of cash or other property paid by the offeror in the tender or exchange offer with respect to such reorganization property (in an amount determined on the basis of the rate of exchange in such tender or exchange offer or going-private transaction). In the event of a tender or exchange offer or a going-private transaction with respect to reorganization property in which an offeree may elect to receive cash or other property, reorganization property will be deemed to include the kind and amount of cash and other property received by offerees who elect to receive cash.

Replacement Stock Events

Following the occurrence of a replacement stock event described in paragraph (b)(2)(ii) above or in "—Delisting of American Depositary Shares or Termination of American Depositary Receipt Facility" below with respect to an Underlying Stock, the stock closing price of the applicable underlying stock on any calculation day on or after the effective date of the replacement stock event will be determined by reference to a replacement stock and an adjustment factor (subject to any further anti-dilution adjustments) for such replacement stock as determined in accordance with the following paragraphs.

The "replacement stock" will be the stock having the closest "option period volatility" to the applicable original Underlying Stock among the stocks that then comprise the replacement stock selection index (or, if publication of such index is discontinued, any successor or substitute index selected by the calculation agent in its sole discretion) with the same GICS Code (as defined below) as the applicable original Underlying Stock Issuer; *provided*, however, that a replacement stock will not include (i) any stock that is subject to a trading restriction under the trading restriction policies of the Bank, the hedging counterparties of the Bank or any of their affiliates that would materially limit the ability of the Bank, the hedging counterparties of the Bank or any of their affiliates to hedge the CDs with respect to such stock or (ii) any stock for which the aggregate number of shares to be referenced by the CDs (equal to the product of (a) (i) the aggregate deposit amount outstanding *divided by* (ii) the starting value of the applicable Underlying Stock and (b) the adjustment factor that would be in effect immediately after selection of such stock as the replacement stock) exceeds 25% of the ADTV (as defined in Rule 100(b) of Regulation M under the Exchange Act) for such stock as of the effective date of the replacement stock event (an "excess ADTV stock").

If a replacement stock is selected in connection with a reorganization event for an original Underlying Stock, the adjustment factor with respect to such replacement stock will be equal to the number of shares of such replacement stock with an aggregate value, based on the closing price on the effective date of such reorganization event, equal to the product of (a) the value of the non-stock reorganization property received per share of such original Underlying Stock and (b) the adjustment factor of such Underlying Stock in effect on the trading day immediately prior to the effective date of such reorganization event. If a replacement stock is selected in connection with an ADS termination event (as defined below), the adjustment factor with respect to such replacement stock will be equal to the number of shares of such replacement stock with an aggregate value, based on the closing price on the change date (as defined below), equal to the product of (x) the closing price of the original Underlying Stock on the change date and (y) the adjustment factor in effect on the trading day immediately prior to the change date.

The "option period volatility" means, in respect of any trading day, the volatility (calculated by referring to the closing price of the applicable Underlying Stock on its primary exchange) for a period equal to the 125 trading days immediately preceding the announcement date of the reorganization event, as determined by the calculation agent.

The "GICS Code" means the Global Industry Classification Standard ("GICS") sub-industry code assigned to the applicable Underlying Stock Issuer; *provided*, however, if (i) there is no other stock in the replacement stock selection index in the same GICS sub-industry or (ii) a replacement stock (a) for which there is no trading restriction and (b) that is not an excess ADTV stock cannot be identified from the replacement stock selection index in the same GICS sub-industry, the GICS Code will mean the GICS industry code assigned to such original Underlying Stock Issuer. If no GICS Code has been assigned to such original Underlying Stock Issuer, the applicable GICS Code will be determined by the calculation agent to be the GICS sub-industry code assigned to companies in the same sub-industry (or, subject to the proviso in the preceding sentence, industry, as applicable) as such original Underlying Stock Issuer at the time of the relevant replacement stock event.

The "replacement stock selection index" means the S&P 500® Index.

Delisting of American Depositary Shares or Termination of American Depositary Receipt Facility. If an Underlying Stock is an American Depositary Share and such Underlying Stock is no longer listed or admitted to trading on a U.S. securities exchange registered under the Exchange Act or included in the OTC Bulletin Board Service operated by FINRA, or if the American depositary receipt facility between the applicable Underlying Stock Issuer and the depositary is terminated for any reason (each, an "ADS termination event"), then, on the last trading day on which the applicable Underlying Stock is listed or admitted to trading or the last trading day immediately prior to the date of such termination, as applicable (the "change date"), a replacement stock event shall be deemed to occur.

Consequences of a Market Disruption Event; Postponement of a Calculation Day

As used in this section, the "final disrupted calculation day" means, with respect to a calculation day, (i) for an Index or a Fund, the eighth trading day for that Index or Fund after such originally scheduled calculation day or (ii) for an Underlying Stock, the eighth scheduled trading day for that Underlying Stock after such originally scheduled calculation day.

CDs Linked to a Single Market Measure

If any calculation day is not a trading day with respect to the Market Measure, such calculation day will be postponed to the next succeeding day that is a trading day with respect to the Market Measure.

If a market disruption event occurs or is continuing with respect to the Market Measure on any calculation day, then such calculation day will be postponed to the first succeeding trading day for the Market Measure on which a market disruption event for the Market Measure has not occurred and is not continuing; however, if such first succeeding trading day has not occurred as of the final disrupted calculation day for the Market Measure, that final disrupted calculation day shall be deemed to be the calculation day. If a calculation day has been postponed to the final disrupted calculation day and a market disruption event occurs or is continuing with respect to the Market Measure on such final disrupted calculation day, the calculation agent will determine the closing value of the Market Measure on such final disrupted calculation day:

(i) in the case of an Index, in accordance with the formula for and method of calculating the closing level of such Index last in effect prior to commencement of the market disruption event, using the closing price (or, with respect to any relevant security, if trading in such security has been materially suspended or materially limited, its good faith estimate of the value of such security at (a) with respect to an Index that is not a multiple exchange index, the scheduled closing time of the relevant stock exchange for such security or, if earlier, the actual closing time of the regular trading session of such relevant stock exchange or (b) with respect to a multiple exchange index, the time at which the official closing level of such Index is calculated and published by the relevant index sponsor) on such date of each security included in such Index;

(ii) in the case of a Fund, based on its good faith estimate of the value of the shares (or other applicable securities) of such Fund as of the close of trading on such date; and

(iii) in the case of an Underlying Stock, by using its good faith estimate of the closing price that would have prevailed for such Underlying Stock on such day.

As used in (i) above, "closing price" means, with respect to any security on any date, the relevant stock exchange traded or quoted price of such security as of (a) with respect to an Index that is not a multiple exchange index, the scheduled closing time of the relevant stock exchange for such security or, if earlier, the actual closing time of the regular trading session of such relevant stock exchange or (b) with respect to a multiple exchange index, the time at which the official closing level of such Index is calculated and published by the relevant index sponsor.

CDs Linked to Multiple Market Measures

If any calculation day is not a trading day with respect to any Market Measure, such calculation day for each Market Measure will be postponed to the next succeeding day that is a trading day with respect to each Market Measure.

If a market disruption event occurs or is continuing with respect to any Market Measure on any calculation day, then such calculation day for such Market Measure will be postponed to the first succeeding trading day for such Market Measure on which a market disruption event for such Market Measure has not occurred and is not continuing; however, if such first succeeding trading day has not occurred as of the final disrupted calculation day for such Market Measure, that final disrupted calculation day shall be deemed to be the calculation day for such Market Measure. If a calculation day for a Market Measure has been postponed to the final disrupted calculation day for that Market Measure and a market disruption event occurs or is continuing with respect to such Market Measure on such final disrupted calculation day, the calculation agent will determine the closing value of such Market Measure on such final disrupted calculation day:

(i) in the case of an Index, in accordance with the formula for and method of calculating the closing level of such Index last in effect prior to commencement of the market disruption event, using the closing price (or, with respect to any relevant security, if trading in such security has been materially suspended or materially limited, its good faith estimate of the value of such security at (a) with respect to an Index that is not a multiple exchange index, the scheduled closing time of the relevant stock exchange for such security or, if earlier, the actual closing time of the regular trading session of such relevant stock exchange or (b) with respect to a multiple exchange index, the time at which the official closing level of such Index is calculated and published by the relevant index sponsor) on such date of each security included in such Index;

(ii) in the case of a Fund, based on its good faith estimate of the value of the shares (or other applicable securities) of such Fund as of the close of trading on such date; and

(iii) in the case of an Underlying Stock, by using its good faith estimate of the closing price that would have prevailed for such Underlying Stock on such day.

As used in (i) above, "closing price" means, with respect to any security on any date, the relevant stock exchange traded or quoted price of such security as of (a) with respect to an Index that is not a multiple exchange index, the scheduled closing time of the relevant stock exchange for such security or, if earlier, the actual closing time of the regular trading session of such relevant stock exchange or (b) with respect to a multiple exchange index, the time at which the official closing level of such Index is calculated and published by the relevant index sponsor.

Notwithstanding the postponement of a calculation day for a Market Measure due to a market disruption event with respect to such Market Measure on such calculation day, the originally scheduled calculation day will remain the calculation day for any Market Measure not affected by a market disruption event on such day.

Payment Dates

The applicable terms supplement will specify the stated maturity date as well as any other date on which amounts will or may be payable on the CDs (each referred to in this section as a "payment date").

If any scheduled payment date is not a business day, the payment (if any) required to be made on the CDs on such payment date will be made on the next succeeding business day. If a calculation day with respect to any payment date preceding the stated maturity date is postponed, the relevant payment date will be the business day that follows such postponed calculation day by a number of business days equal to the number of business days between the originally scheduled calculation day and the originally scheduled payment date. If the final calculation day is postponed, the stated maturity date will be the later of (i) the originally scheduled stated maturity date and (ii) three business days after the final calculation day as postponed. If the CDs are linked to more than one Market Measure and a calculation day is postponed, the related payment date will be postponed as described in this paragraph after the last such calculation day as postponed.

If any payment date is postponed due to a non-business day, a market disruption event on the related calculation day or otherwise, the payment, if any, due on that payment date will be made on that payment date as so postponed with the same force and effect as if it had been made on the originally scheduled payment date, that is, with no additional amount accruing or payable as a result of the postponement.

Except as set forth in the next sentence, payment of the deposit amount and any market linked interest payment will be automatically credited to your account with your broker on the stated maturity date (unless the CDs have been redeemed by us) and payment of any redemption price will be automatically credited to your account with your broker on the redemption date, if any. To the extent the CDs pay periodic market linked interest payments as specified in the applicable terms supplement, you will receive a periodic market linked interest payment if you owned such CDs on the applicable record date. The "record date" with respect to any payment date preceding the maturity date will be one business day preceding such payment date.

A "business day" is any day other than a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or regulation to close in New York, New York.

Additions and Withdrawals

No additions are permitted to be made to any CD.

When you purchase a CD, you agree with us to keep your funds on deposit for the term of the CD. Accordingly, no early withdrawals of the CDs will be available except as set forth in the next paragraph and as set forth in the applicable terms supplement. Therefore, if the applicable terms supplement does not indicate that there is a right of early withdrawal, each CD must either be held to the stated maturity date or sold in the secondary market, if such market is available.

In the event of the death or adjudication of incompetence of the beneficial owner of a CD, early withdrawal of the full deposit amount of the CD will be permitted, without penalty. Partial withdrawals will not be permitted. The amount payable by us upon such withdrawal will equal the deposit amount of the withdrawn CD. Your broker will require documentation evidencing the death or adjudication of incompetence of a beneficial owner of a CD.

The early withdrawal provisions applicable to your CDs may be more or less advantageous than the provisions applicable to other deposits available from us. In the event that you wish to make a permissible early withdrawal, your broker will endeavor to obtain funds for you as soon as possible. However, your broker will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date.

REFERENCE FIRMS AND MARKET MEASURES

The CDs have not been reviewed or approved on by the Reference Firms or by any sponsor or issuer of any instrument(s) underlying the Market Measure as to their legality or suitability. The CDs are not issued by and are not financial or legal obligations of the index sponsors, underlying stock issuers or fund sponsors of the Indices, Funds or Underlying Stocks, or of any sponsor or issuer of the instrument(s) underlying the Market Measure. The index sponsors, underlying stock issuers and fund sponsors of the Indices, Funds and Underlying Stocks and any sponsor or issuer of the instrument(s) underlying the Market Measure make no warranties and bear no liabilities with respect to the CDs. This disclosure statement relates only to the CDs offered under the applicable terms supplement and does not relate to any security of an underlying issuer.

If the Market Measure is one or more U.S. equity securities, note that companies with securities registered under the Exchange Act are required to file periodically certain financial and other information specified by the Commission. Information provided to or filed with the Commission electronically can be accessed through a website maintained by the Commission. The address of the Commission's website is http://www.sec.gov. In addition, information regarding such a company may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. We make no representation or warranty as to the accuracy or completeness of any such information.

We do not make any representation or warranty as to the accuracy or completeness of any materials referred to above, including any filings made by the issuer of the Market Measure with the Commission. In connection with any issuance of CDs under this disclosure statement, neither we nor any broker has participated in the preparation of the above-described documents or made any due diligence inquiry with respect to the sponsors or issuers of the Market Measure. Neither we nor any affiliate makes any representation that such publicly available documents or any other publicly available information regarding the sponsor or issuer of the Market Measure is accurate or complete. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described herein) that would affect the market value of the Market Measure (and therefore the price of such Market Measure at the time we price the CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the sponsor or issuer of the Market Measure could affect the price of the CDs and therefore the value received at maturity with respect to the CDs.

USE OF PROCEEDS AND HEDGING

The net proceeds we receive from the sale of the CDs will be used for general corporate purposes and, in part, in connection with hedging our obligations under the CDs, potentially through one or more of our affiliates. The original issue price of the CDs includes the broker's commissions (as disclosed in the applicable terms supplement) paid with respect to the CDs and the cost of hedging our obligations thereunder. The cost of hedging includes the projected profit that our hedge providers (which may be our affiliates) expect to realize in consideration for assuming the risks inherent in managing the hedging transactions. Because hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than initially projected, or could result in a loss.

On or prior to the pricing date, we, potentially through our affiliates or others, expect to hedge our anticipated exposure in connection with the CDs by taking positions in the instrument(s) included in the Market Measure, in option or futures contracts relating to such instrument(s) listed on major securities or futures markets, in other types of derivative instruments relating to such instrument(s), or in any other available securities, commodities or instruments that we may wish to use in connection with such hedging. Such purchase activity could increase the starting value of the Market Measure, and, accordingly, the value at which the Market Measure must close to surpass the starting value. In addition, through our hedge providers, we are likely to modify our hedge position throughout the life of the CDs, by purchasing and selling the instrument(s) included in the Market Measure, options or futures contracts relating to such instrument(s) listed on major securities or futures markets, other types of derivative instruments relating to such instrument(s) or positions in any other available securities, commodities or instruments that we may wish to use in connection with such hedging activities. We cannot give any assurance that our hedging activities will not affect the price of the instrument(s) included in the Market Measure and, therefore, adversely affect the value of the CDs or any payments on the CDs.

EVIDENCE OF THE CDS

The CDs will be evidenced by one or more master certificates issued by us, each representing a number of individual CDs. These master certificates are held by The Depository Trust Company ("DTC"), a sub-custodian which is in the business of performing such custodial services. No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your broker, as custodian, will keep records of the ownership of each CD and will provide you with a written confirmation of your purchase. You will also be provided with an account statement which will reflect your CD ownership. You should retain the trade confirmation and the account statement(s) for your records.

Because you will not be provided with a certificate evidencing your CD, the purchase of a CD is not recommended if you wish to take possession of a certificate.

Payments on the CDs will be remitted by us to DTC when due. Upon receipt in full of such amounts by DTC, we will be discharged from any further obligation with regard to such payments. Such payments will be credited through DTC's procedures to participant firms and thereafter will be remitted to your broker, so long as your broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with your broker.

Each CD constitutes our direct obligation and is not, either directly or indirectly, an obligation of your broker. You will have the ability to enforce your rights in a CD against us. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by us.

If you choose to remove your broker as your agent with respect to your CDs, you may (i) transfer your CDs to another agent (provided that the agent is a member of DTC (most major brokerage firms are members; many banks and savings institutions are not)) or (ii) request that your ownership of the CDs be evidenced directly on our books, subject to applicable law and its terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove your broker as your agent, your broker will have no further responsibility for crediting your account with payments made with respect to your CDs.

DEPOSIT INSURANCE

General

This section describes FDIC deposit insurance covering deposits, such as the CDs issued by us. The FDIC deposit insurance laws and regulations, including the level of insurance coverage, are subject to change. We cannot predict whether or not any future changes will occur and whether they will apply retroactively to the CDs. This section is a summary of FDIC deposit insurance regulations and is not intended to be a full restatement of applicable FDIC regulations and interpretations. In certain instances, additional terms and conditions which are not described in this disclosure statement may apply. Accordingly, the discussion in this disclosure statement is qualified in its entirety by such regulations and interpretations, and you should discuss with your legal advisor the insurance coverage afforded to any CD that you may purchase.

The deposit amount of your CDs is insured by the FDIC, an independent agency of the U.S. Government. The FDIC standard maximum deposit insurance amount (the "MDIA") is $250,000 per depositor per insured bank.

THE CDS ARE ELIGIBLE FOR FDIC INSURANCE UP TO $250,000 FOR DEPOSITS HELD IN THE SAME OWNERSHIP CATEGORY (FOR EXAMPLE, INDIVIDUAL ACCOUNTS ARE INSURED SEPARATELY FROM JOINT ACCOUNTS, SELF-DIRECTED RETIREMENT ACCOUNTS AND/OR REVOCABLE TRUST ACCOUNTS). FOR PURPOSES OF CALCULATING FDIC DEPOSIT INSURANCE LIMITS, THE DEPOSIT AMOUNT OF YOUR CD WILL BE COMBINED WITH DEPOSIT BALANCES HELD DIRECTLY OR INDIRECTLY BY YOU WITH US (INCLUDING CHECKING ACCOUNTS, CERTIFICATES OF DEPOSIT AND OTHER DEPOSITS IN YOUR NAME OR HELD THROUGH AN INTERMEDIARY, SUCH AS YOUR BROKER IN A SWEEP DEPOSIT PROGRAM, OR A FIDUCIARY ACTING IN AN AGENCY CAPACITY) IN THE SAME OWNERSHIP CATEGORY. THE FDIC HAS TAKEN THE POSITION THAT ANY PAYMENT THAT HAS NOT YET BEEN ASCERTAINED AND BECOME DUE, WHICH WOULD INCLUDE ANY ADDITIONAL PAYMENT AMOUNT THAT HAS NOT YET BEEN ASCERTAINED AND BECOME DUE, AND ANY SECONDARY MARKET PREMIUM PAID BY YOU ABOVE THE DEPOSIT AMOUNT ON THE CDS IS NOT INSURED BY THE FDIC. **FUNDS BECOME ELIGIBLE FOR DEPOSIT INSURANCE IMMEDIATELY UPON ISSUANCE OF A CD.** YOU ARE RESPONSIBLE FOR MONITORING THE TOTAL AMOUNT OF ALL DIRECT OR INDIRECT DEPOSITS HELD BY OR FOR YOU WITH US FOR PURPOSES OF DETERMINING THE AMOUNTS ELIGIBLE FOR COVERAGE BY FDIC INSURANCE, INCLUDING THE DEPOSIT AMOUNT OF YOUR CDS. IN CIRCUMSTANCES IN WHICH FDIC INSURANCE COVERAGE IS NEEDED, (A) THE FDIC WILL NOT BE RESPONSIBLE FOR THE UNINSURED PORTION OF ANY DEPOSITS HELD BY US, AND ANY UNINSURED PORTION OF THE CDS OR ANY OTHER DEPOSITS WILL CONSTITUTE UNSECURED CLAIMS ON THE RECEIVERSHIP OR CONSERVATORSHIP AND (B) NEITHER WE NOR YOUR BROKER WILL BE RESPONSIBLE FOR ANY INSURED OR UNINSURED PORTION OF ANY DEPOSITS HELD BY US. PLEASE CONSULT WITH YOUR LEGAL ADVISOR PRIOR TO THE PURCHASE, OWNERSHIP OR DISPOSITION OF A CD REGARDING THE AVAILABILITY OF FDIC INSURANCE.

To the extent that you expect your beneficial interest in the CDs to be fully insured by the FDIC, by purchasing a CD you are deemed to represent to us and to your broker that your beneficial interest (or, if you are purchasing a CD on behalf of a beneficial owner, their beneficial interest) in your other deposits at HSBC, when aggregated with the beneficial interest now being purchased (to the extent aggregation is required under federal deposit insurance regulations), does not exceed the MDIA (or the maximum retirement account amount per participant in the case of certain retirement accounts as described below).

If your deposits at HSBC are assumed by another depository institution pursuant to a merger or consolidation, your deposits at HSBC will continue to be separately insured from the deposits you might have established with the acquirer for six months from the date of assumption. After six months, all of your deposits in the same ownership category held with the acquirer will be aggregated for purposes of federal deposit insurance. Any deposit you may open at HSBC if and after it is acquired will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

You can calculate your insurance coverage using the FDIC's online Electronic Deposit Insurance Estimator at https://www.fdic.gov/edie/. The information on such website is not a part of this disclosure statement.

The application of FDIC insurance coverage limits for several of the more common account types is illustrated below. **Please consult with your attorney or tax advisor to fully understand all of the legal consequences associated with any account ownership change you may be considering to maximize your deposit insurance coverage.**

Individual Accounts. This type of account is in one person's name only. Each individual account balance is added together with other individual account balances in the person's name at HSBC and insured up to $250,000.

Another example of an individual account is the custodial account. In this account, the account is in the name of the custodian for benefit of a beneficiary. For example, a Uniform Gifts to Minors Act account is a type of custodial account. The account balance is added together with other deposits in the beneficiary's individual name at HSBC and insured up to $250,000. Note that funds in a deposit account held by a custodian (such as the CDs held in your account with your broker) are not treated as owned by the custodian.

Joint Accounts. Joint accounts are in the name of two or more people and each person's share is insured up to $250,000 separately at HSBC. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

If a person has an interest in more than one joint account, their interest in each joint account is added together and insured up to the MDIA. For deposit insurance purposes, co-owners of any joint account are deemed to have equal interests in the joint account unless otherwise stated in HSBC's deposit account records.

Entity Accounts. The deposit accounts of any corporation, partnership or unincorporated association that is operated primarily for some purpose other than to increase deposit insurance are added together and insured up to the MDIA.

Revocable and Irrevocable Trust Accounts. Please refer to www.fdic.gov for a full explanation and examples of deposit coverage for revocable and irrevocable trusts as the following information is a general summary. Further, the FDIC recently amended the deposit insurance rules for revocable trust accounts and irrevocable trust accounts to merge the two categories into a single "trust accounts" category and simplify the coverage calculation method and eligibility rules for trust accounts. These amendments become effective on April 1, 2024 and may affect deposits held through trust arrangements.

Revocable Trust Accounts. A revocable trust account indicates an intention that the deposit will belong to one or more named beneficiaries upon the death of the owner(s). A revocable trust can be terminated at the discretion of the owner. There are two types of revocable trusts: informal revocable trusts — known as Payable on Death (POD) or "Totten Trusts" — and formal revocable trusts — known as "living" or "family" trusts (created for estate planning purposes pursuant to a written agreement). All deposits that an owner holds in both informal and formal revocable trusts are added together for insurance purposes and the insurance limit is applied to the combined total.

To qualify for revocable trust deposit insurance coverage, a revocable trust beneficiary must be an individual or a charity/non-profit entity recognized by the Internal Revenue Service ("Eligible Beneficiaries"). Revocable trust deposit insurance coverage is calculated at $250,000 times the number of Eligible Beneficiaries up to $1,250,000. If the owner(s) of a revocable trust account has six or more beneficiaries, the deposit insurance coverage will be the greater of $1,250,000 or the aggregate amount of all Eligible Beneficiaries' proportional interest in the revocable trust, limited to $250,000 per Eligible Beneficiary.

A revocable trust account established by persons (such as a husband and wife) that names the persons as the sole beneficiaries will be treated as a joint account and insured as described above under "Joint Accounts."

Irrevocable Trust Accounts. Irrevocable trust accounts are deposit accounts held by an irrevocable trust established by a statute or a written trust agreement. An irrevocable trust may also be created through the death of the grantor of a revocable living trust. However, an irrevocable trust may not be amended or revoked at the owner's discretion.

One or more deposit accounts in the name of an irrevocable trust are insured up to $250,000 for the "non-contingent trust interest" of each beneficiary. Separately, funds representing "contingent interests" are insured up to $250,000 in the aggregate. Finally, any funds representing a grantor's "retained interest" are insured to the grantor in the single account category (in aggregation with the grantor's other single accounts). The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the grantor, trustee or beneficiary.

When a bankruptcy trustee commingles the funds of two or more bankruptcy estates in the same trust account, the funds of each bankruptcy estate will be added together and insured up to the MDIA, separately from the funds of any other such estate.

Self-Directed Retirement Accounts. These are deposits you have in retirement accounts for which you have the right to direct how the money is invested, including the ability to direct that the funds be deposited at an FDIC-insured bank. Types of self-directed retirement accounts include traditional and Roth Individual Retirement Accounts (IRAs), Simplified Employee Pension (SEP) IRAs, Savings Incentive Match Plans for Employees (SIMPLE) IRAs, "Section 457" deferred compensation plan accounts, self-directed Keogh plan accounts, and self-directed defined contribution plan accounts.

The owner's funds held in an IRA will be aggregated with the owner's other funds in certain other self-directed retirement plans held at the same financial institution and will be insured (including the deposit amount and any additional payment amount that has been ascertained and become due) up to $250,000.

Employee Benefit Plans. With certain limitations and exceptions, any deposit of an Employee Benefit Plan (as defined below) is insured, on a "pass-through" basis, up to the MDIA for the vested and non-contingent interest in such deposit of each Employee Benefit Plan participant, provided that the account records of the insured depository institution indicate that the deposit is held for the benefit of each Employee Benefit Plan participant, and provided further that the Employee Benefit Plan participants can be identified from the account records of the Employee Benefit Plan administrator. This deposit insurance coverage is separate from, and in addition to, the coverage to which each participant is entitled for deposits held in the same insured depository institution but in other capacities.

For this purpose, the term “Employee Benefit Plan” has the same meaning given to such term in section 3(3) of ERISA and also includes certain plans described in section 401(d) of the Code, and certain eligible deferred compensation plans described in section 457 of the Code. This includes “Keogh Plans” of owner-employees described in section 401(d) of the Code, tax-qualified pension, profit-sharing or stock bonus plans, and government and church plans. However, it does not include employee welfare plans (such as health and welfare trust funds, or medical or life insurance plans). Certain Employee Benefit Plans, such as self-directed “Keogh plans,” qualify for “pass-through” deposit insurance up to $250,000.

“Pass-through” insurance means that, instead of the Employee Benefit Plan’s deposits at one depository institution being entitled to only the MDIA, each participant in the Employee Benefit Plan is entitled to insurance of his or her interest in the Employee Benefit Plan’s deposits of up to the MDIA (subject to the exceptions and limitations noted below). This general rule regarding pass-through insurance is subject to the following limitations and exceptions:

- **Total Coverage Might Not Equal the MDIA Times the Number of Participants.** Coverage for a plan’s deposits is not based on the number of participants, but rather on each participant’s share of the plan. Because plan participants normally have different interests in the plan, insurance coverage cannot be determined by simply multiplying the number of participants by the MDIA. To determine the maximum amount a plan can have on deposit in a single bank and remain fully insured, first determine which participant has the largest share of the plan assets, then divide the MDIA by that percentage. For example, if a plan has 20 participants and qualifies for $250,000 of insurance per participant, but one participant has an 80% share of the plan assets, the most that can be on deposit and remain fully insured is $312,500 ($250,000/.80 = $312,500).

- **Aggregation.** An individual’s non-contingent interests in funds deposited with the same depository institution by different Employee Benefit Plans of the same employer or employee organization are aggregated for purposes of applying this pass-through the MDIA deposit insurance limit, and are insured in aggregate only up to the MDIA.

- **Contingent Interests/Overfunding.** Any portion of an Employee Benefit Plan’s deposits that is not attributable to the non-contingent interests of Employee Benefit Plan participants is not eligible for pass-through deposit insurance coverage, and is insured, in aggregate, only up to the MDIA.

The examples provided above are based on rules issued by the FDIC, which are subject to change from time to time. In certain instances, additional terms and conditions may apply which are not described above. Accordingly, such examples are qualified in their entirety by such rules, and you are urged to discuss with your legal advisor the insurance coverage afforded to any deposit that you may purchase.

Questions About FDIC Deposit Insurance Coverage

You can learn more about FDIC insurance by reading Your Insured Deposits, which is available at https://www.fdic.gov/deposit/deposits/brochures.html. This brochure explains the federal insurance limitation for the various types of accounts you might own. You can also contact the FDIC, Division of Supervision and Consumer Protection, at Deposit Insurance Outreach, 550 17th Street N.W., Washington, D.C., 20429-9990. Their telephone number is (877) 275-3342 or (800) 925-4618 (TDD). The FDIC website has additional resources at www.fdic.gov.

Payments Under Adverse Circumstances

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

As explained above, the MDIA applies to the deposit amount and any additional payment amount that has been ascertained and become due on all CDs and other deposit accounts maintained by you at HSBC in the same legal ownership category. The records maintained by HSBC and your broker regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to your broker before insurance payments are released to you. For example, if you hold CDs as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment.

In the event that insurance payments become necessary for your CDs, the FDIC is required to pay the original deposit amount and additional payment amount that has been ascertained and become due subject to the MDIA. No interest will be earned on deposits from the time HSBC is closed until insurance payments are received.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on deposit insurance coverage, the healthy institution may assume the CDs under the original terms or offer you a choice between paying the CD off and maintaining the deposit at a different rate. Your broker will advise you of your options in the event of a deposit transfer.

Your broker will not be obligated to you for amounts not covered by deposit insurance nor will your broker be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the deposit amount of your CD prior to its stated maturity, or (iii) payment in cash of the deposit amount of your CD prior to its stated maturity in connection with the liquidation of HSBC or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD which had been purchased at a premium in the secondary market is based on the original deposit amount and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, your broker will not be obligated to credit your account with funds in advance of payments received from the FDIC.

Preference in Right of Payment

Federal legislation adopted in 1993 provides for a preference in right of payment of certain claims made in the liquidation or other resolution of any FDIC-insured depository institution. The statute requires claims to be paid in the following order:

- First, administrative expenses of the receiver;
- Second, any deposit liability of the institution;
- Third, any other general or senior liability of the institution not described below;
- Fourth, any obligation subordinated to depositors or general creditors not described below; and
- Fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

For purposes of the statute, deposit liabilities include any deposit payable only at an office of the insured depository institution in the United States. They do not include international banking facility deposits or deposits payable at an office of the insured depository institution outside the United States.

In addition, in the view of the FDIC, any obligation of an FDIC-insured depository institution that is contingent at the time of the insolvency of the institution may not provide a basis for a claim against the FDIC as receiver for the insolvent institution.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Section 4975 of the Code prohibits the borrowing of money, the sale of property and certain other transactions involving the assets of plans that are qualified under the Code ("Qualified Plans") or individual retirement accounts ("IRAs") and persons who have certain specified relationships to them. Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), prohibits similar transactions involving employee benefit plans that are subject to ERISA ("ERISA Plans"). Certain governmental and other plans may be subject to provisions materially similar to the foregoing provisions of ERISA and the Code ("Similar Law") (such plans are referred to as "Similar Law Plans"). Qualified Plans, IRAs and ERISA Plans are referred to as "Plans."

Persons who have such specified relationships are referred to as "parties in interest" under ERISA and as "disqualified persons" under the Code. "Parties in interest" and "disqualified persons" encompass a wide range of persons, including any fiduciary (for example, investment manager, trustee or custodian), any person providing services (for example, a broker), the Plan sponsor, an employee organization any of whose members are covered by the Plan, and certain persons related to or affiliated with any of the foregoing.

The purchase and/or holding of the CDs by a Plan with respect to which the Bank is a fiduciary and/or a service provider (or otherwise is a "party in interest" or "disqualified person") might constitute or result in a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless such CDs are acquired or held pursuant to and in accordance with an applicable statutory or administrative exemption. The Bank and several of its affiliates are each considered to be a "disqualified person" under the Code or a "party in interest" under ERISA with respect to many Plans.

Applicable exemptions may include certain prohibited transaction class exemptions and statutory exemptions (for example, Prohibited Transaction Class Exemption ("PTCE") 84-14 relating to qualified professional asset managers, PTCE 96-23 relating to certain in-house asset managers, PTCE 91-38 relating to bank collective investment funds, PTCE 90-1 relating to insurance company separate accounts, PTCE 95-60 relating to insurance company general accounts and ERISA Section 408(b)(17) relating to certain transactions with persons providing services to a Plan, other than fiduciaries, provided that the Plan receives no less than and pays no more than "adequate consideration"). In view of the fact that the CDs represent deposits with the Bank, fiduciaries should take into account the prohibited transaction exemption described in ERISA Section 408(b)(4), relating to the investment of plan assets in deposits bearing a reasonable rate of interest in a financial institution supervised by the United States or a state, and/or Part IV of PTCE 81-8, relating to transactions involving short-term investments, specifically certificates of deposit. A fiduciary of a Plan or a Similar Law Plan purchasing the CDs, or in the case of certain IRAs, the grantor or other person directing the purchase of the CDs for the IRA, shall be deemed to represent that its purchase, holding, and disposition of the CDs will not constitute a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law. A fiduciary who causes an ERISA Plan to engage in a non-exempt prohibited transaction may be subject to civil liability and a penalty under ERISA. Code Section 4975 generally imposes an excise tax on disqualified persons who engage, directly or indirectly, in similar types of transactions with the assets of Plans subject to such Section. In addition, in the case of an IRA, a non-exempt prohibited transaction could result in disqualification of the IRA.

In accordance with ERISA's general fiduciary requirement or any applicable general fiduciary requirement under Similar Law, a fiduciary with respect to any ERISA Plan or Similar Law Plan who is considering the purchase of the CDs on behalf of such plan should determine whether such purchase is permitted under the governing plan document and is prudent and appropriate for the ERISA Plan or Similar Law Plan in view of its overall investment policy and the composition and diversification of its portfolio. Plans established with, or for which services are provided by, the Bank should consult with counsel prior to making any such acquisition.

The sale of any CD to a Plan or a Similar Law Plan is in no respect a representation by the Bank or any of its affiliates that such a deposit meets all relevant legal requirements with respect to investments by Plans or Similar Law Plans generally or any particular Plan or Similar Law Plan, or that such a deposit is appropriate for a Plan or Similar Law Plan generally or any particular Plan or Similar Law Plan.

In addition, any purchaser that is a Plan or Similar Law Plan or that is acquiring the CDs on behalf of a Plan or Similar Law Plan, and any fiduciary purchasing or making the decision to purchase on behalf of a Plan or Similar Law Plan, will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the CDs that (a) neither the Bank, nor any underwriter, dealer or agent, nor any of their affiliates (collectively, "Seller") has provided any advice or recommendation with respect to the management of any interest in the CD(s) or the advisability of acquiring, holding, disposing or exchanging any interest in the CD(s), (b) the Seller has not directed any such advice specifically to, or rendered any such advice based on the particular needs of, any such Plan or Similar Law Plan or fiduciary, (c) the Seller has not provided advice that has formed a primary basis for any investment decision by or on behalf of such purchaser in connection with the CDs and the transactions contemplated with respect to the CDs, (d) such purchaser recognizes and agrees that any communication from the Seller to the purchaser with respect to the CDs is not intended by the Seller to be impartial investment advice and is rendered in its capacity as a seller of such CDs and not a fiduciary to such purchaser, and (e) the Seller is not otherwise a "fiduciary" (under Section 3(21) of ERISA, or under any final or proposed regulations thereunder, or with respect to a governmental, church, or foreign plan under any Similar Law) with respect to the acquisition, holding or disposition of the CDs, or as a result of any exercise by the Seller of any rights in connection with the CDs.

The discussion of ERISA and Section 4975 of the Code contained herein is, of necessity, general and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

ANY PERSON CONSIDERING AN INVESTMENT IN A CD THAT IS, OR IS ACTING ON BEHALF OF, A PLAN OR A SIMILAR LAW PLAN IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX AND ERISA ADVISORS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATION DESCRIBED ABOVE.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of the CDs. This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such changes may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. Except as specifically provided below, this summary addresses only holders that purchase CDs at initial issuance, and own CDs as capital assets (as defined in Section 1221 of the Code) and not as part of a "straddle," "hedge," "synthetic security," or "conversion transaction" for U.S. federal income tax purposes or as part of some other integrated investment. This summary does not discuss all of the tax consequences that may be relevant to particular holders or to holders subject to special treatment under the U.S. federal income tax laws (such as banks, thrifts or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; regulated investment companies or real estate investment trusts; small business investment companies; S corporations; holders that hold their CDs through a partnership or other entity treated as a partnership for U.S. federal tax purposes; holders whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; persons subject to the alternative minimum tax; holders subject to special accounting rules under Section 451(b) of the Code; retirement plans or other tax-exempt entities, or persons holding the CDs in tax-deferred or tax-advantaged accounts; or "controlled foreign corporations" or "passive foreign investment companies" both as defined for U.S. federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the CDs. This summary assumes that the issue price of the CDs, as determined for U.S. federal income tax purposes, equals the principal amount thereof.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of a CD that is:

- an individual who is a citizen or a resident of the United States, for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States or any State thereof (including the District of Columbia);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons (as defined for U.S. federal income tax purposes) have the authority to control all substantial decisions of the trust or (2) such trust was in existence on August 20, 1996 and such trust has a valid election in effect under the applicable Treasury regulations to be treated as a United States person.

For purposes of this summary, a "Non-U.S. Holder" is a beneficial owner of a CD (other than an entity or arrangement classified as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one third of the days present in the immediately preceding year, and one sixth of the days present in the second preceding year). If a partnership (including for these purposes any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of a CD, the treatment of a partner in the partnership will generally depend upon the status of such partner and the activities of the partnership.

Tax Treatment of the CDs

Unless otherwise set forth in the applicable terms supplement, for U.S. federal income tax purposes, the Bank will treat the CDs as contingent payment debt instruments ("CPDIs") subject to taxation under the "noncontingent bond method" provided for under the special Treasury regulations applicable to CPDIs (the "Contingent Debt Regulations"). The remainder of this discussion assumes that the CDs will be subject to the noncontingent bond method. The holders of the CDs will agree to treat the CDs in accordance with this treatment.

Furthermore, the Bank will not attempt to ascertain whether a Market Measure or any of the entities whose stock is included in, or owned by, a Market Measure, as the case may be, would be treated as a passive foreign investment company ("PFIC") or United States real property holding corporation ("USRPHC"), both as defined for U.S. federal income tax purposes. If a Market Measure or one or more of the entities whose stock is included in, or owned by, a Market Measure, as the case may be, were so treated, certain adverse U.S. federal income tax consequences might apply. You should refer to information filed with the SEC and other authorities by a Market Measure and the entities whose stock is included in, or owned by, a Market Measure, as the case may be, and consult your tax advisor regarding the possible consequences to you if any Market Measure or one or more of the entities whose stock is included in, or owned by, any Market Measure, as the case may be, is or becomes a PFIC or a USRPHC.

Tax Treatment of U.S. Holders

Under the noncontingent bond method, for each accrual period, U.S. Holders of the CDs will accrue original issue discount ("OID") equal to the product of (i) the "comparable yield" (adjusted for the length of the accrual period) and (ii) the "adjusted issue price" of the CDs at the beginning of the accrual period. This amount is ratably allocated to each day in the accrual period and is includible as ordinary interest income by a U.S. Holder for each day in the accrual period on which the U.S. Holder holds the CD, whether or not the amount of any payment is fixed or determinable in the taxable year. Thus, the noncontingent bond method may result in recognition of income prior to the receipt of cash.

In general, the comparable yield of a CPDI is equal to the yield at which the Bank would issue a fixed-rate debt instrument with terms and conditions similar to those of the CPDI, including level of subordination, term, timing of payments, and general market conditions. For example, if a hedge of the CPDI is available that, if integrated with the CPDI, would produce a "synthetic debt instrument" with a specific yield to maturity, the comparable yield will be equal to the yield of the synthetic debt instrument. However, if such a hedge is not available, but similar fixed-rate debt instruments of the issuer are traded at a price that reflects a spread above a benchmark rate, the comparable yield is the sum of the benchmark rate on the issue date and the spread. The applicable terms supplement will either provide the comparable yield, or holders can obtain the comparable yield of the CDs, as determined by the Bank, by submitting a written request to: Structured Equity Derivatives - HSBC Bank USA, National Association, 452 Fifth Avenue, 9th Floor, New York, NY 10018.

The adjusted issue price at the beginning of each accrual period is generally equal to the issue price of the CD plus the amount of OID previously accrued upon the CD (generally determined without regard to any positive or negative adjustments, as discussed below) less any noncontingent payment and the projected amount of any contingent payment contained in the projected payment schedule (as described below) previously made on the CD. If a CD provides for noncontingent payments that exceed the amount that a holder would be required to accrue (without regard to any negative or positive adjustments), we intend to treat the excess as a nontaxable return of principal that will, in turn, reduce the adjusted issue price of the CDs.

In addition to the determination of a comparable yield, the noncontingent bond method requires the Bank to construct a projected payment schedule. The projected payment schedule includes all noncontingent payments, and projected amounts for each contingent payment to be made on the CD that are adjusted to produce the comparable yield. The applicable terms supplement will either provide such projected payment schedule, or holders can obtain the projected payment schedule, as determined by the Bank, by submitting a written request to: Structured Equity Derivatives - HSBC Bank USA, National Association, 452 Fifth Avenue, 9th Floor, New York, NY 10018. Except as discussed below, the projected payment schedule remains fixed throughout the term of the CD and is not revised to account for changes in circumstances that occur while the CDs are outstanding. A U.S. Holder is required to use the Bank's projected payment schedule to determine his or her interest accruals and adjustments, unless the U.S. Holder determines that the Bank's projected payment schedule is unreasonable, in which case the U.S. Holder must disclose his or her own projected payment schedule in connection with his or her U.S. federal income tax return and the reason(s) why it is not using the Bank's projected payment schedule.

The comparable yield and projected payment schedule will be provided solely to comply with the applicable U.S. federal income tax regulations in order to determine the amount of OID to be accrued by U.S. Holders of the CDs solely for U.S. federal income tax purposes and will not constitute the Bank's assurances, representations, or expectations as to the actual yield on the CDs.

If the actual amounts of contingent payments are different from the amounts reflected in the projected payment schedule, a U.S. Holder is required to make adjustments in his or her OID accruals when such amounts are paid. In addition, if a CD has been held until maturity, for purposes of determining the amount realized upon retirement of the CD at maturity, the U.S. Holder is generally treated as receiving the projected amount of any contingent payment due at maturity, as provided by the projected payment schedule (subject to adjustment, as described below). Adjustments arising from contingent payments that are greater than the projected amounts of those payments are referred to as "positive adjustments"; adjustments arising from contingent payments that are less than the projected amounts of those payments are referred to as "negative adjustments." Positive and negative adjustments are netted for each taxable year with respect to each CD. Any net positive adjustment for a taxable year is treated as additional OID income of the U.S. Holder. Any net negative adjustment reduces any OID on the CD for the taxable year that would otherwise accrue. Any excess is then treated as a current-year ordinary loss to the U.S. Holder to the extent of OID accrued in prior years. The balance, if any, is treated as a negative adjustment in subsequent taxable years. Finally, to the extent that it has not previously been taken into account, an excess negative adjustment reduces the amount realized upon a sale, exchange, redemption, maturity or other disposition of the CD.

Notwithstanding the foregoing, special rules will apply if a contingent payment on a CD becomes fixed more than six months prior to its scheduled date of payment. Generally, in such a case, a U.S. Holder would be required to account for the difference between the present value of the fixed payment and the present value of the projected payment as either a positive adjustment or a negative adjustment (i.e., either as additional OID or as an offset to future OID or as an ordinary loss, as appropriate) on the date the payment becomes fixed. Notwithstanding the preceding sentence, in such event, if all remaining contingent payments become fixed substantially contemporaneously, any positive or negative adjustment is taken into account in a reasonable manner over the remaining term of the CD. In addition, the projected payment schedule will generally be modified prospectively to reflect the fixed amount of the payment, and no further adjustment will be made when the payment is actually made. The adjusted issue price of the CD and a U.S. Holder's tax basis in the CD and the character of any gain or loss on the sale of the CD could also be affected. U.S. Holders should consult their own tax advisors concerning these special rules.

A U.S. Holder's tax basis in a CD is increased by the OID previously accrued by the U.S. Holder on the CD (as determined without regard to adjustments made to reflect differences between actual and projected payments, except as discussed in the preceding paragraph) and reduced by the amount of any noncontingent payments and the projected amount of any contingent payments previously made to the U.S. Holder. Gain on the sale, exchange, redemption or other disposition of a CD generally is treated as ordinary income. Loss, on the other hand, is treated as ordinary loss only to the extent of the U.S. Holder's prior net OID inclusions (i.e., reduced by the total net negative adjustments previously allowed to the U.S. Holder as an ordinary loss) and capital loss to the extent in excess thereof. The deductibility of capital losses is subject to certain limitations.

Prospective holders should consult their own tax advisors with respect to the application of the CPDI provisions to CDs.

Additional Medicare Tax

Additionally, a U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" for the relevant taxable year and (2) the excess of the U.S. Holder's modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). Net investment income generally includes passive income such as interest and capital gains. Holders are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the CDs.

Tax Treatment of Non-U.S. Holders

In general, subject to the discussion below, interest paid on CDs owned by a Non-U.S. Holder and any income realized by a Non-U.S. Holder upon the sale, exchange, redemption, maturity or other disposition of a CD will not be not subject to any U.S. federal income or withholding tax so long as (i) the interest and income is not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States and (ii) such Non-U.S. Holder is not an individual present in the United States for 183 days or more in the year of sale, exchange, redemption, maturity or other disposition and certain other conditions are met.

However, a "dividend equivalent" payment is treated as a dividend from sources within the United States and such payments generally would be subject to a 30% (or a lower rate under an applicable treaty) U.S. withholding tax if paid to a Non-U.S. Holder. Under Treasury regulations, payments (including deemed payments) with respect to equity-linked instruments ("ELIs") that are "specified ELIs" may be treated as dividend equivalents if such specified ELIs reference an interest in an "underlying security," which is generally any interest in an entity taxable as a corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. However, Internal Revenue Service ("IRS") guidance provides that withholding on "dividend equivalent" payments, if any, will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2025. Because the Bank does not expect the CDs to be delta-one instruments, Non-U.S. Holders should not be subject to withholding on dividend equivalent payments, if any, under a CD that is issued before January 1, 2025. However, it is possible that a CD issued before January 1, 2025, could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting a Market Measure or a CD, and following such occurrence a CD could be treated as subject to withholding on dividend equivalent payments. Non-U.S. Holders that enter, or have entered, into other transactions in respect of a Market Measure or a CD should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of a CD and their other transactions. If any payments are treated as dividend equivalents subject to withholding, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

Information Reporting and Backup Withholding

Information reporting will apply to certain payments on a CD (including interest and OID) and proceeds of the sale of a CD held by a U.S. Holder that is not an exempt recipient (such as a corporation). Backup withholding may apply to payments made to a U.S. Holder if (a) the U.S. Holder has failed to provide his or her correct taxpayer identification number on IRS Form W-9, (b) either the agent of a U.S. Holder or the U.S. Holder has been notified by the IRS of an underreporting by such U.S. Holder (underreporting generally refers to a determination by the IRS that a payee has failed to include in income on his or her tax return any reportable dividend and interest payments required to be shown on a tax return for a taxable year) or (c) either the agent of a U.S. Holder or the U.S. Holder has been notified by the IRS that the tax identification number provided to the IRS on an information return does not match IRS records or that the number was not on such information return.

Backup withholding will generally not be required with respect to holders that are Non-U.S. Holders as long as such Non-U.S. Holder's agent has received a correct and complete IRS Form W-8BEN or Form W-8IMY with all of the attachments required by the IRS, signed under penalty of perjury, identifying such Non-U.S. Holder and stating, among other things, that it is not a United States person. Interest paid to a Non-U.S. Holder that is an individual may be reported on IRS Form 1042-S which is filed with the IRS and sent to Non-U.S. Holders.

Information reporting and backup withholding may apply to the proceeds of a sale of a CD by a holder that is not a U.S. Holder made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the statement described above.

Backup withholding is not an additional tax and may be refunded (or credited against a U.S. Holder's or Non-U.S. Holder's U.S. federal income tax liability, if any), provided that certain required information is furnished. The information reporting requirements may apply regardless of whether or not withholding is required. For Non-U.S. Holders, copies of the information returns reporting such amounts and withholding also may be made available to the tax authorities in the country in which the holder is a resident under the provisions of an applicable income tax treaty or agreement.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest (and OID), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends ("Withholdable Payments"), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the U.S. Treasury Department certain information regarding U.S. financial account holders, including certain account holders that are foreign entities with U.S. owners, with such institution, or otherwise complies with FATCA. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

These withholding and reporting requirements generally apply to U.S. source periodic payments made on the CDs. The U.S. Treasury Department and the IRS have published regulations in proposed form that eliminate withholding on payments of gross proceeds. Pursuant to the proposed regulations, the Issuer and the applicable withholding agent may rely on this change to FATCA withholding until the final regulations are issued. If the Bank determines withholding is appropriate with respect to the CDs, the Bank will withhold tax at the applicable statutory rate, and the Bank will not pay any additional amounts in respect of such withholding. Prospective holders are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the CDs.

SELLING LEGENDS

Prohibition of Sales to European Economic Area Retail Investors

The CDs may not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), 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 Regulation (3)(e) (EU) 2017/1129 (as amended, the "Prospectus Regulation"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the CDs to be offered so as to enable an investor to decide to purchase or subscribe for the CDs.

Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the CDs or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the CDs or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to United Kingdom Retail Investors

The CDs may not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") and the regulations made under the EUWA; or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA and the regulations made under the EUWA; or

(iii) not a qualified investor as defined in Regulation (3)(e) of the Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the CDs to be offered so as to enable an investor to decide to purchase or subscribe for the CDs.

Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling any CDs or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling any CDs or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

Each broker will represent and agree, with respect to the CDs offered and sold by it, that:

(a) in relation to any CDs having a maturity of less than one year:

(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 CDs other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for purposes of their businesses,

where the issue of CDs would otherwise constitute a contravention of Section 19 of the FSMA by us;

(b) it and each of its affiliates has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any 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 CDs in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(c) it and each of its affiliates has complied, and will comply, with all applicable provisions of the FSMA with respect to anything done by it in relation to such CDs in, from or otherwise involving the United Kingdom.