

5 Year Growth Opportunity CDs Linked to the HSBC Vantage5 Index

Overview

The CDs provide at least 125.00% exposure (to be determined on the Pricing Date) to any positive return of the HSBC Vantage5 Index. The Issuer will pay the full Principal Amount if the CDs are held to maturity, plus the potential predefined participation in the return of the Index, subject to our credit risk and FDIC insurance limits.

Final Terms

Issuer	HSBC Bank USA, National Association
Issuer Rating	[AA-] (S&P), [Aa2] (Moody's)
Principal Amount	\$1,000 for each CD
Minimum Denomination	\$1,000 and increments of \$1,000 thereafter
Trade Date/ Pricing Date	October 20, 2017
Maturity Date	October 27, 2022
Term	5 years
Reference Asset	The HSBC Vantage5 Index (USD) Excess Return (ticker: HSIEV5UE) (the "Index" or "HSBC Vantage5 Index")
Maturity Redemption Amount	The Principal Amount plus the Interest Payment Amount
Interest Payment Amount	The Principal Amount multiplied by the Interest Rate
Interest Rate	The Index Return multiplied by the Participation Rate, subject to a minimum of 0.00%
Index Return	The quotient of (A) the Final Level minus the Initial Level, divided by (B) the Initial Level
Participation Rate	125%
Initial Level	145.92, which was the Closing Level of the Index on the Pricing Date
Final Level	The Closing Level of the Index on the Valuation Date.
Estimated Initial Value	\$93.10 per CD.
CUSIP	40434YQB6
Placement Fee	Up to 3.50% of the Principal Amount (or up to \$35.00 per CD)
Comparable Yield (for tax purposes)	1.85%

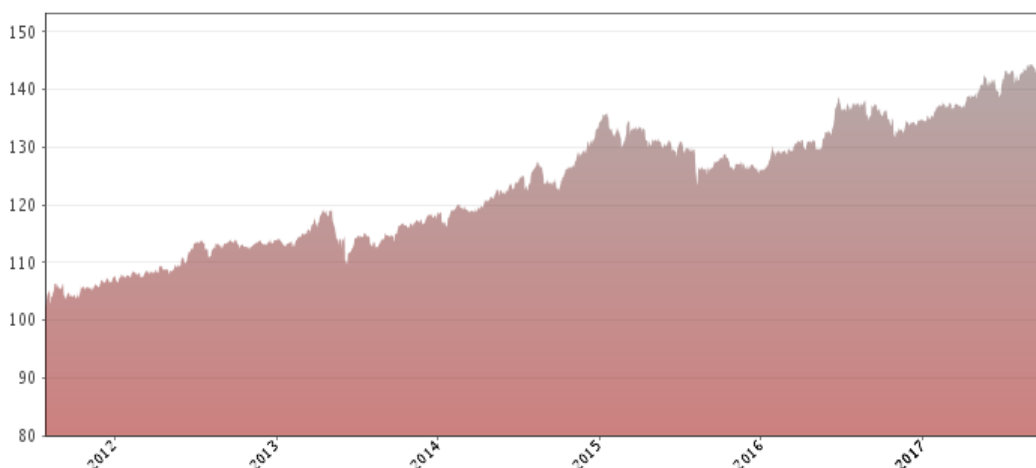
5 Year CD Linked to the HSBC Vantage5 Index

- The CDs provide a return equal to 125.00% of the Index Return. There will be no periodic interest payments over the term of the CDs.
- The Index aims to maximize returns for a given level of risk using Modern Portfolio Theory principles and the related concept of Efficient Frontier.
- The strategy dynamically allocates its weightings each month to a basket of 13 ETFs and cash, aiming to deliver a volatility of 5%. The strategy uses caps on single assets as well as group caps on asset classes to maintain diversification.
- The Index is an excess return index (including reinvested dividends of the ETF constituents). The Index reflects the return of the selected portfolio in excess of the ICE LIBOR USD 3 Month interest rate, and is subject to an index fee of 0.85% per annum, deducted daily.
- Regardless of the Index performance, depositors will receive at least the Principal Amount at maturity, subject to the Issuer's credit risk and FDIC insurance limits.

Hypothetical and Historical Performance of the Index

The graph below sets forth the hypothetical back-tested performance of the Index from July 28, 2011 through March 14, 2017 and the historical performance of the Index from March 15, 2017 to October 20, 2017. The Index has been calculated by S&P Opco, LLC only since March 15, 2017. The hypothetical back-tested performance of the Index set forth in the graph below was calculated using the selection criteria and methodology employed to calculate the Index since its inception on March 15, 2017.¹

HSBC Vantage5 Index (ticker: HSIEV5UE)



HSBC Vantage5 Index Constituents and Weight Caps

Group	Asset	ETF Ticker	Asset Cap	Group Cap
Developed Equities	SPDR® S&P 500® ETF Trust	SPY	40%	60%
	iShares® Russell 2000 ETF	IWM	20%	
	PowerShares® S&P 500® Low Volatility Portfolio	SPLV	20%	
	PowerShares® QQQ Trust SM , Series 1 (NASDAQ 100)	QQQ	20%	
	iShares® MSCI EAFE ETF	EFA	20%	
Developed Bonds	iShares® 20+ Year Treasury Bond ETF	TLT	40%	80%
	iShares® iBoxx \$ Investment Grade Corporate Bond ETF	LQD	40%	
	iShares® iBoxx \$ High Yield Corporate Bond ETF	HYG	15%	
Emerging Markets	iShares® MSCI Emerging Markets ETF	EEM	20%	30%
	iShares® J.P. Morgan USD Emerging Markets Bond ETF	EMB	10%	
Real Assets	iShares® US Real Estate ETF	IYR	20%	30%
	SPDR® Gold Trust	GLD	20%	
Inflation	iShares® TIPS Bond ETF	TIP	5%	5%
Cash	Cash - Reinvested ICE LIBOR USD 3 Month		50% ²	50%

¹ The hypothetical back-tested Index data only reflects the application of that methodology in hindsight, since the Index was not actually calculated and published prior to March 15, 2017. The hypothetical back-tested Index data cannot completely account for the impact of financial risk in actual trading. There are numerous factors related to the equities, bonds, real estate and commodities markets in general that cannot be, and have not been, accounted for in the hypothetical back-tested Index data, all of which can affect actual performance. Consequently, you should not rely on that data as a reflection of what the actual Index performance would have been had the Index been in existence or in forecasting future Index performance. The graph above also reflects the actual Index performance from March 15, 2017 to October 20, 2017 based on information that we obtained from Bloomberg L.P. Any hypothetical or actual historical upward or downward trend in the level of the Index during any period shown is not an indication that the level of the Index is more or less likely to increase or decrease at any time during the term of the CDs.

² This cap can increase in increments of 10% (subject to a maximum weight of 100%) as described in "Information About the Reference Asset — The HSBC Vantage5 Index (USD) Excess Return." For more information about the Index Constituents, see "Information About the ETFs Included in the Index" and the Index Supplement dated April 20, 2017 (the "Index Supplement"). For more information about the effect of a LIBOR ceasing to be published, see "Information About the Reference Asset — The HSBC Vantage5 Index (USD) Excess Return — Extraordinary Events."

How We Calculate the Return on the CDs

1. Determine the **Index Return** by recording the percentage change between the Closing Level of the Index on the Pricing Date (the Initial Level) and on the Final Valuation Date (the Final Level).
2. Calculate the **Interest Rate** on the CDs as (1) the **Index Return** multiplied by (2) the Participation Rate, subject to a minimum of 0%.
3. Calculate the final payment on the CDs (the Maturity Redemption Amount) as (1) the Principal Amount plus (2) the Principal Amount multiplied by the **Interest Rate** (the Interest Payment Amount).

Hypothetical Scenarios

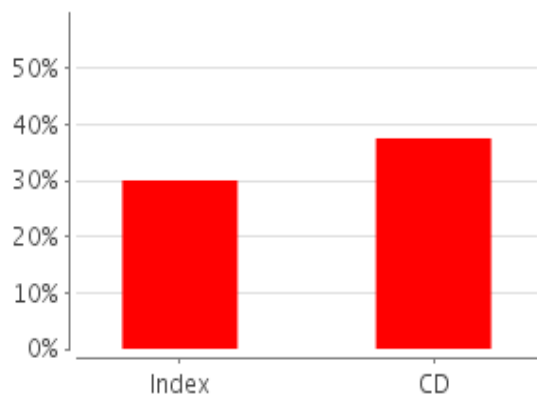
Examples below are for purposes of illustration only. They show hypothetical returns on the CDs, assuming the following:

- Participation Rate of 125%
- Initial Level of 100
- Initial Investment of \$1,000

For a more in depth hypothetical analysis, see “Illustrative Examples” herein.

Scenario 1

The Index has increased by 30% at maturity. The return on the CD is 37.5% based on the Participation Rate of 125%

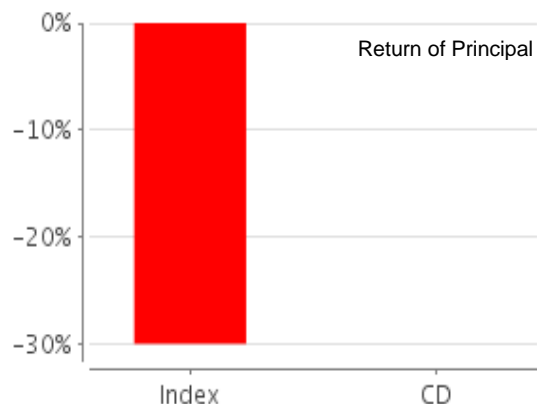


Scenario 1		
Initial Level		100
Final Level		130
Index Return		30%
Participation Rate		125%
Interest Rate	30% x 125%	37.5%

Because the Index Return is greater than zero, the **Interest Rate** on the CDs will equal the Index Return multiplied by the Participation Rate. You will receive \$1375 per CD at maturity.

Scenario 2

The Index has decreased by 30% at maturity. The return on the CD is 0%, a payment of 100% of the Principle Amount at maturity



Scenario 2		
Initial Level		100%
Final Level		70%
Index Return		-30%
Participation Rate		125%
Interest Rate		0%

Because the Index Return is less than zero, the **Interest Rate** on the CDs will equal 0%. You will only receive the Principal Amount, \$1,000 per CD, at maturity.

Certain Risks and Considerations

Purchasing the CDs involves a number of risks. It is suggested that prospective depositors reach a purchase decision only after careful consideration with their financial, legal, accounting, tax and other advisors regarding the suitability of the CDs in light of their particular circumstances. See “Risk Factors” beginning on page 14 of the Base Disclosure Statement and page 10 herein for a discussion of risks.

Important information regarding the CDs is also contained in the Base Disclosure Statement for Certificates of Deposit dated September 6, 2017 (the “Base Disclosure Statement”), which forms a part of, and is incorporated by reference into, these Terms and Conditions. Therefore, these Terms and Conditions should be read in conjunction with the Base Disclosure Statement. A copy of the Base Disclosure Statement is available at <http://www.us.hsbc.com/basedisclosure> or can be obtained from the Agent offering the CDs.

Final Terms and Conditions

Deposit Highlights

GENERAL

- Certificates of deposit (the “CDs”) issued by HSBC Bank USA, National Association (the “Issuer” or the “Bank”)
- The Issuer will pay at least the full Principal Amount if the CDs are held to maturity, subject to our credit risk and FDIC insurance limits
- The CDs are obligations of the Issuer and not its affiliates or agents, and amounts due under the CDs are subject to our credit risk and FDIC insurance limits
- The CDs are FDIC insured within the limits and to the extent described herein and in the Base Disclosure Statement dated September 6, 2017 under the section entitled “FDIC Insurance”
- As described more fully herein, early withdrawals may be permitted at par in the event of the death or adjudication of incompetence of the beneficial owner of the CDs

SUMMARY OF TERMS

Set forth in these Terms and Conditions is a summary of certain terms and conditions of the 5 Year Growth Opportunity CDs linked to the HSBC Vantage5 Index (USD) Excess Return maturing October 27, 2022. The following summary of certain terms of the CDs is subject to the more detailed terms of the CDs included elsewhere in these Terms and Conditions, and also should be read in conjunction with the Base Disclosure Statement.

Issuer:	HSBC Bank USA, National Association
Issuer Rating:	Senior unsecured deposit obligations of the Issuer are currently rated [Aa2] by Moody’s Investors Service, Inc. and [AA-] by Standard & Poor’s Financial Services LLC, a part of McGraw-Hill Financial. The credit ratings pertain only to the creditworthiness of the Issuer and are not indicative of the market risk associated with the CDs. The CDs are not individually rated.
CDs:	5 Year CDs Linked to the HSBC Vantage5 Index (USD) Excess Return maturing on October 27, 2022
Book-Entry Form:	The CDs will be represented by one or more master CDs held by and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Beneficial interests in the CDs will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants.
Aggregate Principal Amount:	[\$]
Minimum Denominations:	\$1,000 in Principal Amount (except that each Agent may, in its discretion, impose a higher minimum deposit amount with respect to the CD sales to its customers) and multiples of \$1,000 in Principal Amount thereafter.
Principal Amount:	\$1,000 for each CD
Trade Date:	October 20, 2017
Pricing Date:	October 20, 2017
Settlement Date:	October 27, 2017
Valuation Date:	October 24, 2022, subject to adjustment as described in “Description of the Certificates of Deposit—Adjustments to the Valuation Date.”
Maturity Date:	October 27, 2022, subject to adjustment as described in “Description of the Certificates of Deposit—Adjustments to the Valuation Date.”
Issue Price:	100% of the Principal Amount
Reference Asset:	The HSBC Vantage5 Index (USD) Excess Return (Bloomberg ticker: HSIEV5UE) (the “Index”). The sponsor of the Index will be referred to as the “Index Owner.” For summary descriptions of the Index and the Index Owner, please refer to “Information About the Reference Asset” below.
Payment at Maturity:	For each CD, the Maturity Redemption Amount.

Maturity Redemption Amount:	The Maturity Redemption Amount is the total amount due and payable on each CD on the Maturity Date. On the Maturity Date, the depositor of each CD will receive an amount equal to the Principal Amount plus the Interest Payment Amount.
Interest Payment Amount:	The Principal Amount multiplied by the Interest Rate.
Interest Rate:	The Index Return multiplied by the Participation Rate, subject to minimum of 0.00%.
Index Return:	The quotient of (A) the Final Level minus the Initial Level, divided by (B) the Initial Level
Participation Rate:	125%
Final Level:	The Closing Level of the Index on the Valuation Date.
Initial Level:	145.92 which was the Closing Level of the Index on the Pricing Date.
Closing Level:	The closing level of the Index on any Scheduled Trading Day as determined by the Calculation Agent based upon the closing level displayed on the Bloomberg Professional® service page "HSIEV5UE <INDEX>," or on any successor page on the Bloomberg Professional® service or any successor service, as applicable.
Scheduled Trading Day:	Any day on which all of the Relevant Exchanges and Related Exchanges are scheduled to be open for trading for their respective regular trading sessions.
Relevant Exchange:	Any exchange or quotation system for the stocks or other securities included in the Index, where trading has a material effect (as determined by the Calculation Agent) on the Index.
Related Exchange:	Each exchange or quotation system or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the futures or options contracts relating to the Index or the stocks or other securities included in the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index or the stocks or other securities included in the Index on such temporary substitute exchange or quotation system as on the original Related Exchange) on which futures or options contracts relating to the Index or the stocks or other securities included in the Index are traded and where such trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options related to the stocks or other securities included in the Index.
Early Redemption by Depositor:	Although not obligated to do so, and subject to regulatory constraints, the Issuer or its affiliate is generally willing to repurchase or purchase the CDs from depositors at any time for so long as the CDs are outstanding. A depositor may request early redemption of the CDs in whole, but not in part, by notifying the Agent from whom he or she bought the CDs (who must then notify the Issuer). All early redemption requests (whether written or oral) are irrevocable. In the event that a depositor were able to redeem the CDs prior to the Maturity Date, the depositor would receive the Early Redemption Amount (as defined below) and will not be entitled to the Interest Payment Amount. Further, the Early Redemption Amount will be adjusted by an Early Redemption Fee. As a result, the Early Redemption Amount may be substantially less than the Principal Amount of the CDs. Redemptions made pursuant to the Successor Option are calculated differently. See "Successor Option" herein.
Early Redemption Amount:	The Early Redemption Amount means the full Principal Amount, plus the Early Redemption Fee (which may be positive or negative). As described above, the Early Redemption Amount may be substantially less than the Principal Amount of the CDs. A depositor, through the Agent from whom he or she bought the CDs, may obtain from the Calculation Agent an estimate of the Early Redemption Amount which is provided for informational purposes only. Neither the Issuer nor the Calculation Agent will be bound by the estimate.
Early Redemption Fee:	The Current Market Value, minus the Principal Amount of the CDs.
Current Market Value:	The bid price of a CD, expressed in USD per CD, as determined by the Calculation Agent based on its financial models and objective market factors.

Successor Option:	In the event of the death or adjudication of incompetence of the Initial Depositor (as defined herein) of the CDs, subject to certain conditions and limitations, the CDs may be redeemed pursuant to the exercise of the Successor Option. See “Successor Option” herein. CDs so redeemed will not be entitled to the Interest Payment Amount.
Redemption for Extraordinary Event:	If any early redemption by the Issuer occurs as described in the section entitled “Description of the CDs—Early Redemptions—Redemption for Extraordinary Event” in the Base Disclosure Statement, depositors shall receive the greater of: (a) the then-Current Market Value of the CDs, as determined by the Calculation Agent in good faith, based on its financial models and objective market factors and (b) the Principal Amount of the CDs. See “Description of the CDs—Early Redemptions—Redemption for Extraordinary Event” in the Base Disclosure Statement.
Market Disruption Event:	As described in “Description of the CDs—Market Disruption Events—The Index Reference Asset” in the Base Disclosure Statement.
Discontinuance/Modification of the Index:	As described in “Description of the CDs— Discontinuance or Modification of an Index” in the Base Disclosure Statement.
Business Day:	Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York.
Payment When Offices or Settlement Systems Are Closed:	If any payment is due on the CDs on a day that would otherwise be a Business Day but is a day on which the office of a paying agent or a settlement system is closed, we will make the payment on the next Business Day when that paying agent or system is open. Any such payment will be deemed to have been made on the original due date, and no additional payment will be made on account of the delay.
Calculation Agent:	HSBC Bank USA, National Association All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the depositors of the CDs.
Listing:	The CDs will not be listed on any U.S. securities exchange or quotation system. See “Risk Factors” herein.
FDIC Insurance:	See “FDIC Insurance” herein and in the Base Disclosure Statement for details.
ERISA Plans:	See “Certain ERISA Considerations” in the Base Disclosure Statement for details.
Estimated Initial Value:	The Estimated Initial Value of the CDs is \$93.10 per CD, which is less than the price you pay to purchase the CDs. The Estimated Initial Value does not represent a minimum price at which we or any of our affiliates would be willing to purchase your CDs in the secondary market (if any exists) at any time.
Tax:	See “Certain U.S. Federal Income Tax Considerations” herein for a description of the tax treatment applicable to this instrument.
Placement Fee:	Up to 3.50% of the Principal Amount (or up to \$35.00 per CD)
Governing Law:	New York
CUSIP:	40434YQB6
Comparable Yield (for tax purposes):	1.85%

Purchasing the CDs involves a number of risks. See “Risk Factors” herein and beginning on page14 of the Base Disclosure Statement.

The CDs offered hereby are deposit obligations of HSBC Bank USA, National Association, a national banking association organized under the laws of the United States, the deposits of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”) within the limits and to the extent described in the section entitled “FDIC Insurance” herein and in the Base Disclosure Statement.

Our affiliate, HSBC Securities (USA) Inc., and other unaffiliated distributors of the CDs may use these Terms and Conditions and the accompanying Base Disclosure Statement in connection with offers and sales of the CDs after the date hereof. HSBC Securities (USA) Inc. may act as principal or agent in those transactions. As used herein, references to the “Issuer”, “we”, “us” and “our” are to HSBC Bank USA, National Association.

HSBC BANK USA, NATIONAL ASSOCIATION

Member FDIC

These Terms and Conditions were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. These Terms and Conditions were written and provided by the Issuer in connection with the promotion or marketing by the Issuer and/or distributors of the CDs. Each depositor should seek advice based on its particular circumstances from an independent tax advisor.

Important information regarding the CDs is also contained in the Base Disclosure Statement for Certificates of Deposit, which forms a part of, and is incorporated by reference into, these Terms and Conditions. Therefore, these Terms and Conditions should be read in conjunction with the Base Disclosure Statement. In the event of any inconsistency between the Base Disclosure Statement and these Terms and Conditions, these Terms and Conditions will govern. Copies of the Base Disclosure Statement and the Index Supplement are available at <http://www.us.hsbc.com/basedisclosure> , both of which can also be obtained from the Agent offering the CDs.

QUESTIONS AND ANSWERS

What are the CDs?

The CDs are certificates of deposit issued by the Issuer. The CDs mature on the Maturity Date. Although not obligated to do so, and subject to regulatory constraints, the Bank or its affiliate is generally willing to repurchase or purchase the CDs from depositors upon request as described herein and for so long as the CDs are outstanding. Redemptions may also occur optionally upon the death or adjudication of incompetence of a depositor. See the section entitled “Successor Option” below.

Each CD represents an initial deposit by a depositor to the Issuer of \$1,000 in Principal Amount (except that each Agent may, in its discretion, impose a higher minimum deposit amount with respect to the CD sales to its customers), and the CDs will be issued in integral multiples of \$1,000 in Principal Amount in excess thereof. Depositors will not have the right to receive physical certificates evidencing their ownership of the CDs except under limited circumstances; instead the Issuer will issue the CDs in book-entry form. Persons acquiring beneficial ownership interests in the CDs will hold the CDs through DTC in the United States, if they are participants of DTC, or indirectly through organizations which are participants in DTC.

What amount will depositors receive at maturity in respect of the CDs?

At maturity (and not upon an Early Redemption by Depositor), the amount depositors will receive for each CD will be equal to the Maturity Redemption Amount, which will equal (A) the Principal Amount of the CD plus (B) the Interest Payment Amount. The Interest Payment Amount will be equal to the Principal Amount multiplied by the Interest Rate, as described in the “Summary of Terms” above. The Interest Rate will be equal to the Index Return multiplied by the Participation Rate, subject to minimum of 0.00%. The Index Return will be equal to the quotient of (A) the Final Level minus the Initial Level, divided by (B) the Initial Level. The Participation Rate is 125%. The APY on the CDs is only determinable at maturity, but will not be less than zero.

The Maturity Redemption Amount, including the Interest Payment Amount, will not include dividends paid on shares of the Index Constituents Index. Apart from the Interest Payment Amount, no interest will be paid, either for periods prior to the Settlement Date, during the term of the CDs or at or after maturity.

For more information, see “Summary of Terms” above and “Description of the CDs—Payment at Maturity” in the Base Disclosure Statement.

What amount will depositors receive if they are able to sell their CDs prior to maturity through an early redemption?

Although not obligated to do so, and subject to regulatory constraints, the Bank or its affiliate is generally willing to repurchase or purchase the CDs from depositors at any time for so long as the CDs are outstanding. The redemption proceeds paid by the Issuer upon an early redemption will be the Early Redemption Amount. Because of the Early Redemption Fee component of the Early Redemption Amount, there is no guarantee that a depositor who redeems a CD early, other than as a result of the exercise of the Successor Option, which may be subject to a Successor Option Limit Amount (as described herein), will receive his or her full Principal Amount or any return on his or her CD, after deducting these fees. See “Summary of Terms—Early Redemption by Depositor” above.

Are the CDs FDIC insured?

The Principal Amount of the CDs is insured by the FDIC up to the standard maximum deposit insurance amount in effect. In general, deposits held by an individual depositor in the same ownership capacity at the same depository institution are insured by the FDIC up to \$250,000. Please see “FDIC Insurance” in the Base Disclosure Statement for more details.

What is the HSBC Vantage5 Index (USD) Excess Return?

The HSBC Vantage5 Index (USD) Excess Return (the “Index”) uses a momentum based strategy. The Index is based on a systematic investment strategy that, each month, constructs a notional portfolio (“Monthly Reference Portfolio”) that is derived from two underlying portfolios created from a basket of 13 ETFs and cash (each, an “Index Constituent”). The two underlying portfolios are created from a combination of the Index Constituents that result in the highest historical 3-month return (“Short Term Portfolio”) and 6-month return (“Long Term Portfolio,” together with the Short Term Portfolio, the “Eligible Portfolios”), subject to weight constraints and target volatility of 5%. The Index reflects the excess return performance of the Monthly Reference Portfolio over the Intercontinental Exchange Benchmark Administration Ltd London Interbank Offered Rate (“ICE LIBOR”) USD 3 Month interest rate, minus a fee of 0.85% per annum, deducted daily. If a Short Term Portfolio or a Long Term Portfolio that meets the target volatility constraint cannot be identified, then the target volatility constraint will be gradually increased by 0.25%, up to a cap of 7.5%. If the target volatility constraint is at 7.5% and there is still no Eligible Portfolio, then the cap on Cash within such portfolio will be gradually increased in 10% increments until a

suitable portfolio with the target volatility of 7.5% is constructed. It is possible that the Index may be invested 100% in cash (ICE LIBOR USD 3 Month). See “Information About the Reference Asset — The HSBC Vantage5 Index (USD) Excess Return.”

What about liquidity?

Although not obligated to do so, and subject to regulatory constraints, the Issuer or its affiliate is generally willing to repurchase or purchase the CDs from depositors at any time for so long as the CDs are outstanding on terms described above (see “—What amount will depositors receive if they are able to sell their CDs prior to maturity through an early redemption?”). There is currently no established secondary trading market for the CDs. There is no assurance that a secondary market for the CDs will develop, or if it develops, that it will continue. In the event that a depositor could find a buyer of his or her CD, it is likely that the price the depositor would receive would be net of fees, commissions and/or discounts payable in connection with the sale of the CD prior to its maturity in the secondary market. Prospective depositors should carefully consider all of the information set forth in these Terms and Conditions and the Base Disclosure Statement and, in particular, should evaluate the specific risk factors set forth under “Risk Factors.”

What about fees?

HSBC Securities (USA) Inc., an affiliate of the Issuer, will act as an agent in connection with purchases of the CDs by affiliated or unaffiliated third party distributors (the “Agents”). Agents will receive a fee or be allowed a discount as compensation of up to 3.50% of the Principal Amount or up to \$35.00 per CD. In certain instances, an additional fee may be paid to Agents in connection with their costs associated with the continuing implementations of systems to support the CDs. See “The Distribution” in the Base Disclosure Statement. The Index itself is subject to fees, as it measures the excess return performance of the Monthly Portfolios minus the ICE LIBOR USD 3 Month interest rate and also minus a fee of 0.85% per annum, deducted daily. See “Risk Factors — Risks Relating to the Index — The level of the Index includes the deduction of the ICE LIBOR USD 3 Month interest rate and a fee.”

What are the U.S. federal income tax consequences of purchasing the CDs?

The Issuer intends to treat the CDs as “contingent payment debt instruments” for U.S. federal income tax purposes. U.S. Holders (as defined under “Certain U.S. Federal Income Tax Considerations”) will be required to include in their taxable income for each year an amount of ordinary income equal to the “original issue discount” (“OID”) on the CDs for that year. The OID is included in income and taxable at ordinary income rates, even though holders will not receive any payment on the CDs until maturity.

The amount of OID that must be taken into income in each year will be calculated on the basis of the “comparable yield” of the CDs, which is the yield at which the Issuer would issue a non-contingent fixed-rate debt instrument having terms and conditions similar to those of the CDs. The comparable yield is determined by the Issuer as of the issuance date solely for U.S. federal income tax purposes and is neither a prediction nor a guarantee of what the actual yield will be on the CDs.

The Issuer will prepare a “projected payment schedule” that produces the comparable yield. If the actual yield on the CDs exceeds the corresponding amount on the projected payment schedule, the excess will be taxed as additional OID income to the U.S. Holder. Any gain recognized by a U.S. Holder on the sale, exchange or other disposition of a CD will constitute ordinary interest income.

Prospective depositors should see “Certain U.S. Federal Income Tax Considerations” below and consult their tax advisors regarding the tax consequences to them of a purchase of the CDs.

What about ERISA eligibility?

The CDs are not eligible for purchase by, on behalf of or with the assets of, Plans (as defined in “Certain ERISA Considerations” in the Base Disclosure Statement) unless the purchase and holding of the CDs does not and will not constitute a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law. In view of the fact that the CDs represent deposits with the Issuer, 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. (See “Certain ERISA Considerations” in the Base Disclosure Statement.) Each initial purchaser of a CD and each transferee thereof shall be deemed to represent and covenant that, throughout the period that it holds CDs, either A) it is not, and is not acquiring CDs with the assets of, a Plan, or B) 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.

INVESTOR SUITABILITY

The CDs may be suitable for you if:

- You seek an investment that provides an interest payment at maturity based on the performance of the Index and you believe that the Index Return will be sufficiently positive to provide you with your desired return.
- You understand that the performance of the Index is linked to the Index Constituents, which are spread across a range of asset classes (developed equities, developed bonds, emerging markets, real assets, inflation-linked instruments and LIBOR).
- You understand that the performance of the Index is negatively affected by the daily deduction of a fee of 0.85% per annum, which is subtracted from the excess return performance of the selected Monthly Reference Portfolio (as defined herein) for purposes of determining the level of the Index.
- You understand that the Index may be 100% invested in cash (currently, the ICE LIBOR USD 3 Month rate).
- You are willing to accept the risk and return profile of the CDs versus conventional certificates of deposit with a comparable maturity issued by the Bank or another issuer with a similar credit rating.
- You are willing to forgo dividends or other distributions paid to holders of shares of the Index Constituents.
- You do not seek current income from your investment.
- You do not seek an investment for which there is an active secondary market.
- You are willing to hold the CDs to maturity.
- You understand the FDIC insurance limits and are comfortable with the creditworthiness of the Bank, as Issuer of the CDs.

The CDs may not be suitable for you if:

- You believe that the Index Return will be negative or that the Index Return will not be sufficiently positive to provide you with your desired return.
- You do not understand that the performance of the Index is linked to the Index Constituents, which are spread across a range of asset classes (developed equities, developed bonds, emerging markets, real assets, inflation-linked instruments and LIBOR).
- You do not understand that, or are not comfortable with the fact that, the performance of the Index is negatively affected by the daily deduction of a fee of 0.85% per annum, which is subtracted from the excess return performance of the selected Monthly Reference Portfolio (as defined herein) for purposes of determining the level of the Index.
- You do not understand that the Index may be 100% invested in cash (currently, the ICE LIBOR USD 3 Month rate).
- You prefer the lower risk, and therefore accept the potentially lower returns, of conventional certificates of deposit with comparable maturities issued by the Bank or another issuer with a similar credit rating.
- You prefer to receive dividends or other distributions paid to holders of shares of the Index Constituents.
- You seek current income from your investment.
- You seek an investment for which there will be an active secondary market.
- You are unable or unwilling to hold the CDs to maturity.
- You do not understand the FDIC insurance limits, or are not willing or are unable to assume the credit risk associated with the Bank, as Issuer of the CDs.

RISK FACTORS

Purchasing the CDs is not equivalent to investing directly in the constituent securities of the Index. It is suggested that prospective depositors considering purchasing CDs reach a decision to purchase only after carefully considering, with their financial, legal, tax, accounting and other advisors, the suitability of the CDs in light of their particular circumstances and the risk factors set forth below and other information set forth in these Terms and Conditions and the accompanying Base Disclosure Statement.

As you review the “Risk Factors” section in the accompanying Base Disclosure Statement, you should pay particular attention to the following sections:

- “— Risks Relating to All CD Issuances”; and
- “— Additional Risks Relating to CDs with a Reference Asset that is an Equity Share or Equity Index.”

You will be subject to certain risks not associated with conventional fixed-rate or floating-rate CDs or debt securities. Furthermore, amounts due under the CDs are subject to the Issuer's credit risk and FDIC insurance limits. The CDs are not suitable for purchase by all investors. No investor should purchase the CDs unless he or she understands and is able to bear the associated market, liquidity and yield risks.

Risk Relating to the CDs

The CDs are not ordinary certificates of deposit and the return on the CDs is uncertain and could be as low as zero.

Unlike conventional certificates of deposit, the CDs do not pay periodic interest. Depositors will receive the Principal Amount and the Interest Payment Amount, if any, only at maturity. In addition, the Interest Payment Amount will be uncertain and will depend on the Closing Level of the Index on the Valuation Date. There can be no assurance that the Interest Rate will be greater than zero, such that you will receive a return on the CDs that is greater than zero. Therefore, your return on the CDs may be as low as zero, and you will not be compensated for any loss in value due to inflation and other factors relating to the value of money over time. The return on your CDs may be less than returns otherwise payable on ordinary certificates of deposit issued by us with similar maturities. You should consider, among other things, the overall potential return on the CDs as compared to other investment alternatives. The amount payable on the CDs is not linked to the level of the Index at any time other than on the Valuation Date.

The Final Level will be the Closing Level of the Index on the Valuation Date, subject to postponement for non-trading days and certain Market Disruption Events. Even if the level of the Index appreciates during the term of the CDs on days other than the Valuation Date, but then decreases on the Valuation Date, the Maturity Redemption Amount will be less, and may be significantly less, than it would have been had the Maturity Redemption Amount been linked to the level of the Index prior to such decrease. Although the actual level of the Index on the Maturity Date or at other times during the term of the CDs may be higher than the Final Level, the Maturity Redemption Amount will be based solely on the Closing Level of the Index on the Valuation Date. The CDs are subject to our credit risk.

The CDs are our deposit obligations and are not, either directly or indirectly, an obligation of any third party. Any Principal Amount of a CD, together with any other deposits held in the same right and capacity with us as the Issuer, 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 credit risk, as Issuer of the CDs. As a result, the actual and perceived creditworthiness of us may affect the market value of the CDs and, in the event we were to default on our obligations, you may not receive any of the amounts owed to you under the terms of the CDs in excess of the amounts covered by the applicable FDIC insurance. The Estimated Initial Value of the CDs, which was determined by us on the Pricing Date, is less than the 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 was calculated by us on the Pricing Date and is less than the Issue Price. The Estimated Initial Value reflects 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 was 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 is 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 your CDs in the secondary market, if any, immediately after the Pricing Date will be less than the Issue Price.

The 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, 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 your CDs in the secondary market, if any, at any time after issuance will vary based on many factors, including the level of the Index 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 your 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 we may initially use for customer account statements, if we provide any customer account statements at all, may exceed the Estimated Initial Value on the Pricing Date for a temporary period expected to be approximately twelve months after the Settlement Date. 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 tenor 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. Depositors will be subject to an Early Redemption Fee if they choose to redeem the CDs early, and therefore they may not receive proceeds equal to the full Principal Amount of their CDs upon an early redemption.

The CDs are designed so that if, and only if, they are held to maturity, the depositor will receive at least the Principal Amount. Unless the redemption is the result of the exercise of the Successor Option and the Principal Amount of such redemption does not exceed the Successor Option Limit Amount (as described further herein), if a depositor chooses to redeem the CDs early, and is able to do so, the depositor will not be entitled to the Interest Payment Amount. In addition, the proceeds received by such a depositor, though based on the full Principal Amount, will be adjusted by an Early Redemption Fee. See “Summary of Terms—Early Redemption Amount.” As a result, the proceeds payable upon an early redemption may be less (and may be substantially less) than the Principal Amount of the CDs. There is no current secondary market for the CDs.

The CDs will not be listed on any securities exchange or quotation system, and as a result, it is unlikely that a secondary market for the CDs will develop. Even if there is a secondary market, it may not provide enough liquidity to allow you to sell the CDs easily, and you may only be able to sell your CDs, if at all, at a price less than the Principal Amount of your CDs. These CDs are designed to be held to maturity. Potential conflicts of interest may exist.

We and our affiliates play a variety of roles in connection with the issuance of the CDs, including acting as the Index Owner, the Calculation Agent of the CDs, and hedging our obligations under the CDs. In performing these duties, the economic interests of the Index Owner, the Calculation Agent and other affiliates of ours are potentially adverse to your interests as a depositor in the CDs. We will not have any obligation to consider your interests as a depositor in taking any action that might affect the value of your CDs. Original issue discount consequences of the CDs; U.S. federal income tax consequences.

The Issuer intends to treat the CDs as “contingent payment debt instruments” for U.S. federal income tax purposes. U.S. Holders (as defined under “Certain U.S. Federal Income Tax Considerations”) will be required to include in their taxable income for each year an amount of ordinary income equal to the OID on the CDs for that year. The OID is included in income and taxable at ordinary income rates, even though holders will not receive any payment on the CDs until maturity.

The amount of OID that must be taken into income in each year will be calculated on the basis of the “comparable yield” of the CDs, which is the yield at which the Issuer would issue a non-contingent fixed-rate debt instrument having terms and conditions similar to those of the CDs. The comparable yield is determined by the Issuer as of the issuance date solely for U.S. federal income tax purposes and is neither a prediction nor a guarantee of what the actual yield will be on the CDs.

The Issuer will prepare a “projected payment schedule” that produces the comparable yield. If the actual yield on the CDs exceeds the corresponding amount on the projected payment schedule, the excess will be taxed as additional OID income to the U.S. Holder. Any gain recognized by a U.S. Holder on the sale, exchange or other disposition of a CD will constitute ordinary interest income.

Prospective depositors should see “Certain U.S. Federal Income Tax Considerations” below and consult their tax advisors regarding the tax consequences to them of a purchase of the CDs.

Risks Relating to the Index

S&P, the Index Calculation Agent and Index Administrator, may adjust the Index in a way that affects its level, and S&P has no obligation to consider your interests.

The Index is calculated by the S&P Opco, LLC ("S&P" or the "Index Calculation Agent"), a subsidiary of S&P Dow Jones Indices LLC. The Index Calculation Agent is responsible for calculating and maintaining the Index and developing the guidelines and policies governing its composition and calculation. It is entitled to exercise discretion in relation to the Index, including but not limited to the calculation of the level of the Index in the event of an index market disruption event. Although S&P, acting as the Index Calculation Agent, will make all determinations and take all action in relation to the Index acting in good faith, it should be noted that the policies and judgments for which S&P is responsible could have an impact, positive or negative, on the level of the Index and the value of your CDs. S&P may also amend the rules governing the Index in certain circumstances.

Judgments, policies and determinations concerning the Index are made by S&P, as the Index Administrator. S&P has no obligation to consider your interests in taking any actions that might affect the value of your CDs. Furthermore, the inclusion of the ETFs in the Index is not an investment recommendation by us or S&P of the ETFs, or any of the securities, commodities or futures contracts underlying the ETFs. See "Information About the Reference Asset" below.

The Index may not be successful, and may not outperform any alternative strategy that might be employed in respect of the ETFs or achieve its target volatility.

The Index follows a notional rules-based proprietary strategy that operates on the basis of pre-determined rules. No assurance can be given that the investment strategy on which the Index is based will be successful or that the Index will outperform any alternative strategy that might be employed in respect of the ETFs. Furthermore, no assurance can be given that the Index will achieve its target volatility of 5%. The actual realized volatility of the Index may be greater or less than 5%.

If the market values of the ETFs change, the level of the Index and the market value of your CDs may not change in the same manner.

Owning the CDs is not the same as owning each of the ETFs. Accordingly, changes in the market values of the ETFs may not result in a comparable change in the level of the Index or the market value of your CDs.

The Index comprises notional assets.

The exposures to the ETF constituents and any cash investment are purely notional and will exist solely in the records maintained by or on behalf of the Index Calculation Agent. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Consequently, you will not have any claim against any of the underlying assets that comprise the Index.

The Index has a very limited operating history and may perform in unanticipated ways.

The Index was established on March 15, 2017 and therefore has little to no operating history. Hypothetical back-tested performance prior to the launch of the Index provided in these Terms and Conditions refers to simulated performance data created by applying the Index's calculation methodology to historical prices of the ETFs that comprise the Index. Such simulated performance data has been produced by the retroactive application of a back-tested methodology in hindsight, and may give more preference towards ETFs or indices that have performed well in the past. Hypothetical back-tested results are neither an indicator or a guarantor of future results.

As discussed under "Hypothetical and Historical Performance of the Index" above, the hypothetical back-tested performance of the Index prior to March 15, 2017 cannot fully reflect the actual results that would have occurred had the Index actually been calculated during that period, and should not be relied upon as an indication of the Index's future performance. Because of the lack of actual historical Index performance data, your investment in the CDs may involve a greater risk than investing in a CD or other instrument linked to one or more indices with an established record of performance. A longer history of actual performance may have been helpful in providing more reliable information on which to assess the Index when making your investment decision.

The Index is subject to market risks.

The performance of the Index is dependent on the performance of the 13 ETFs, as constructed in the available Monthly Reference Portfolio, over a change in ICE LIBOR USD 3 Month rate, minus a fee of 0.85% per annum, deducted on a daily basis. As a consequence, your investment in the CDs is exposed to the price performance of the ETFs, as well as fluctuations in the ICE LIBOR USD 3 Month interest rate. As a result, any increase in the level of the Index may be offset by increases in ICE LIBOR USD 3 Month rate. In certain situations, the Index may be 100% invested in cash (ICE LIBOR USD 3 Month). See "Information About the Reference Asset — The HSBC Vantage5 Index (USD) Excess Return."

An investment in the CDs carries the risks associated with the Index's momentum investment strategy.

The Index is constructed using what is generally known as a momentum investment strategy. Momentum investing generally seeks to capitalize on positive trends in the price of assets. As such, the weights of the ETFs in the Index are based on the performance of the ETFs from the immediately preceding 3-month period and 6-month period. However, there is no guarantee that trends existing in the preceding periods will continue in the future. A momentum strategy is different from a strategy that seeks long-term exposure to a portfolio consisting of constant components with fixed weights. The Index may fail to realize gains that could occur as a result of holding assets that have experienced price declines, but after which experience a sudden price spike. As a result, if market conditions do not represent a continuation of prior observed trends, the level of the Index, which is rebalanced based on prior trends, may decline. Additionally, even when the closing prices or levels of the ETFs are trending downwards, the Index will continue to be composed of the 13 ETFs. Due to the “long-only” construction of the Index, the weight of each ETF will not fall below zero in respect of each day during the Monthly Rebalancing Period (as defined below) even if the relevant ETF displayed a negative performance over the relevant six month period. No assurance can be given that the investment strategy used to construct the Index will outperform any alternative index that might be constructed from the ETFs.

The Index may perform poorly during periods characterized by short-term volatility.

The Index’s strategy is based on momentum investing. Momentum investing strategies are effective at identifying the current market direction in trending markets. However, in non-trending, sideways markets, momentum investment strategies are subject to “whipsaws.” A whipsaw occurs when the market reverses and does the opposite of what is indicated by the trend indicator, resulting in a trading loss during the particular period. Consequently, the Index may perform poorly in non-trending, “choppy” markets characterized by short-term volatility.

The Index may be partially uninvested

The strategy tracks the excess return of a notional dynamic basket of ETFs and cash over a change in the ICE LIBOR USD 3 Month interest rate. The weight of a Cash Investment (if any) for a Monthly Reference Portfolio at any given time represents the portion of the Monthly Reference Portfolio that is uninvested in the applicable ETF basket at that time. As such, any allocation to a Cash Investment within the Index, which also accrues at the ICE LIBOR USD 3 Month interest rate, will not affect the level of the Index. The Index will reflect no return for any uninvested portion (i.e., any portion represented by a Cash Investment). Accordingly, to the extent that the Index is allocated to the Cash Investment, it may not reflect the full increase of any relevant ETF component. Under certain situations, the Index may be 100% invested in Cash. See “Information About the Reference Asset — The HSBC Vantage5 Index (USD) Excess Return” and “— If and when ICE LIBOR USD 3 Month ceases to be published, the Index Administrator will choose a replacement rate” below.

An ETF included in the Index may be replaced by a substitute ETF in certain extraordinary events.

Following the occurrence of certain extraordinary events with respect to an ETF, the affected ETF may be replaced by a substitute ETF. You should realize that the changing of an ETF may affect the performance of the Index, and therefore, the return on the CDs, as the replacement ETF may perform significantly better or worse than the affected ETF.

Correlation of performances among the ETFs may reduce the return on the CDs.

Performances of the ETFs may become highly correlated from time to time during the term of the CDs, including, but not limited to, a period in which there is a substantial decline in a particular sector or asset type represented by the ETFs and which has a higher weighting in the Index relative to any of the other sectors or asset types, as determined by the Index’s strategy. High correlation during periods of negative returns among ETFs representing any one sector or asset type and which ETFs have a substantial percentage weighting in the Index could have an adverse effect on any payments on, and the value of, your CDs.

Changes in the value of the ETFs may offset each other.

Because the Index is linked to the performance of the ETFs, which collectively represent a diverse range of asset classes and geographic regions, price movements between the ETFs representing different asset classes or geographic regions may not correlate with each other. At a time when the value of an ETF representing a particular asset class or geographic region increases, the value of other ETFs representing a different asset class or geographic region may not increase as much or may decline. Therefore, in calculating the level of the Index, increases in the value of some of the ETFs may be moderated, or more than offset, by lesser increases or declines in the level of other ETFs. Declines in the value of ETFs that have a higher percentage weighting in the Index at any time will result in a greater loss in the level of the Index.

The level of the Index includes the deduction of the ICE LIBOR USD 3 Month interest rate and a fee.

One way in which the Index may differ from a typical index is that its level will include a deduction from the performance of the applicable Monthly Reference Portfolio of both the ICE LIBOR USD 3 Month interest rate and a fee of 0.85% per annum. This fee will be deducted daily. As a result of the deduction of this fee, the level of the Index will trail the value of a hypothetical identically constituted synthetic portfolio from which no such fee is deducted. For example, assuming the ICE LIBOR USD 3 Month interest rate is 0.20% per year, for the Index level to increase by 1% per year, the Monthly Reference Portfolio will have to increase by approximately 2.05% per year.

There are risks associated with the ETFs.

The performance and market value of an ETF during periods of market volatility may not correlate with the performance of its underlying index as well as the net asset value per share of that ETF.

During periods of market volatility, securities underlying an ETF may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of that ETF and the liquidity of that ETF may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of that ETF. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of that ETF. As a result, under these circumstances, the market value of shares of an ETF may vary substantially from the net asset value per share of that ETF. For all of the foregoing reasons, the performance of an ETF may not correlate with the performance of its underlying index as well as the net asset value per share of that ETF, which could materially and adversely affect the value of the CDs in the secondary market and/or reduce your payment at maturity.

The ETFs may have a limited operating history.

Although the ETFs are listed for trading and a number of similar products have been traded on the same and other securities exchanges for varying periods of time, there is no assurance that an active trading market will continue for the ETFs or that there will be liquidity in the trading market.

In addition, the ETFs are subject to management risk, which is the risk that the applicable investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. These constraints could adversely affect the market prices of the shares of the ETFs, and consequently, the value of the CDs.

The trading prices of the ETFs may be affected by limited liquidity and management events.

Although the ETFs are listed for trading and a number of similar products have been traded on the same and other securities exchanges for varying periods of time, there is no assurance that an active trading market will continue for the ETFs or that there will be liquidity in the trading market. A lack of liquidity in the trading market for any ETF may have a negative effect on the market price of the shares of that ETF and, consequently, the value of the CDs.

In addition, the ETFs are subject to management risk, which is the risk that the applicable investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. These constraints could adversely affect the market prices of the shares of the ETFs, and consequently, the value of the CDs.

Risks Relating to the Equity/Bond ETFs

The low volatility index underlying the PowerShares® S&P 500® Low Volatility Portfolio ETF may be volatile.

While the underlying index of the PowerShares® S&P 500® Low Volatility Portfolio ETF has been designed in part to mitigate the effects of volatility, there is no assurance that it will be successful in doing so. It is also possible that the features of this underlying index designed to address the effects of volatility will instead adversely affect the performance of the PowerShares® S&P 500® Low Volatility Portfolio ETF and, consequently, the return on the CDs.

The CDs will be subject to currency exchange risk.

Because the prices of some or all of the securities composing two of the 13 ETFs (the iShares® MSCI EAFE ETF and the iShares® MSCI Emerging Markets ETF) (the "Component Securities") are converted into U.S. dollars for the purposes of calculating the value of the relevant ETFs, holders of the CDs will be exposed to currency exchange rate risk with respect to each of the relevant currencies. An investor's net exposure will depend on the extent to which such currencies strengthen or weaken against the U.S. dollar and the weight of the Component Securities in the relevant ETFs denominated in each such currency. If, taking into account such weighting, the U.S. dollar strengthens against those currencies, the value of the relevant ETFs will be adversely affected and any return on the CDs may be reduced.

Of particular importance to potential currency exchange risk are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments;
- political, civil or military unrest; and
- the extent of governmental surpluses or deficits in the relevant countries and the United States

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the governments of various countries, the United States and other countries important to international trade and finance.

If the prices of the equity securities held by an ETF holding primarily foreign equity securities (a “foreign ETF”) are not converted into U.S. dollars for purposes of calculating the net asset value of that foreign ETF, the amount payable on the CDs at maturity will not be adjusted for changes in exchange rates that might affect that foreign ETF.

Because the prices of the equity securities held by a foreign ETF are not converted into U.S. dollars for purposes of calculating the net asset value of that foreign ETF and although the equity securities held by that foreign ETF are traded in currencies other than U.S. dollars, and the Index, which is linked in part to that foreign ETF, are denominated in U.S. dollars, the amount payable on the CDs at maturity, if any, will not be adjusted for changes in the exchange rate between the U.S. dollar and each of the currencies in which the equity securities held by that foreign ETF are denominated. Changes in exchange rates, however, may reflect changes in various non-U.S. economies that in turn may affect the value of the CDs. Any payments in respect of the CDs will be determined solely in accordance with the procedures described in this free writing prospectus.

Changes in the volatility of exchange rates, and the correlation between those rates and the prices of the iShares® MSCI EAFE ETF and the iShares® MSCI Emerging Markets ETF, are likely to affect the market value of the CDs.

The exchange rate between the U.S. dollar and each of the currencies in which the Component Securities are denominated refers to a foreign exchange spot rate that measures the relative values of two currencies – the particular currency in which a Component Security is denominated and the U.S. dollar. This exchange rate reflects the amount of the particular currency in which a Component Security is denominated that can be purchased for one U.S. dollar and thus increases when the U.S. dollar appreciates relative to the particular currency in which a Component Security is denominated. The volatility of the exchange rate between the U.S. dollar and each of the currencies in which the Component Securities are denominated refers to the size and frequency of changes in that exchange rate.

Because the iShares® MSCI EAFE ETF and the iShares® MSCI Emerging Markets ETF are calculated, in part, by converting the closing prices of the Component Securities into U.S. dollars, the volatility of the exchange rate between the U.S. dollar and each of the currencies in which the Component Securities are denominated could affect the market value of the CDs.

The correlation of the exchange rate between the U.S. dollar and each of the currencies in which the Component Securities are denominated and the value of the relevant ETF refer to the relationship between the percentage changes in that exchange rate and the percentage changes in the net asset value of that ETF. The direction of the correlation (whether positive or negative) and the extent of the correlation between the percentage changes in the exchange rate between the U.S. dollar and each of the currencies in which the Component Securities are denominated and the percentage changes in the net asset value of that ETF could affect the value of the CDs.

An investment in the CDs is subject to risks associated with non-U.S. securities markets, including emerging markets.

The equity securities that are held by the iShares® MSCI EAFE ETF and the iShares® MSCI Emerging Markets ETF, two of the ETFs, have been issued by non-U.S. issuers. In addition, the iShares® iBoxx \$ Investment Grade Corporate Bond ETF and the iShares® iBoxx \$ High Yield Corporate Bond ETF, which are also ETFs, may include U.S. dollar-denominated bonds of foreign corporations. Investments in securities linked to the value of non-U.S. securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross shareholdings in companies in certain countries. Also, there is generally less publicly available information about companies in some of these jurisdictions than about U.S. companies that are subject to the reporting requirements of the Securities and Exchange Commission (the “SEC”), and generally non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements and securities trading rules different from those applicable to U.S. reporting companies.

The prices of securities in non-U.S. markets may be affected by political, economic, financial and social factors in such markets, including changes in a country's government, economic and fiscal policies, currency exchange laws or other laws or restrictions. Moreover, the economies of these countries may differ favorably or unfavorably from the economy of the United States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. These countries may be subjected to different and, in some cases, more adverse economic environments.

The economies of emerging market countries in particular face several concerns, including relatively unstable governments that may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and which may have less protection of property rights than more developed countries. These economies may also be based on only a few industries, be highly vulnerable to changes in local and global trade conditions and may suffer from extreme and volatile debt burdens or inflation rates. In addition, local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times.

Some or all of these factors may influence the value of the relevant ETFs, and therefore, the Index. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You cannot predict the future performance of such ETFs based on their historical performance. The value of any such ETFs may decrease, resulting in a decrease in the level of the Index, which may adversely affect the value of the CDs.

Even if our or our affiliates' securities are held by iShares® MSCI EAFE ETF and iShares® iBoxx \$ Investment Grade Corporate Bond ETF, we or our affiliates will not have any obligation to consider your interests.

Our parent, HSBC Holdings plc, is currently one of the companies included in the MSCI EAFE Index, the underlying index to the iShares® MSCI EAFE ETF, and we and our affiliates have securities that are currently included in the iShares® iBoxx \$ Investment Grade Corporate Bond ETF. We will not have any obligation to consider your interests as a holder of the CDs in taking any corporate action that might affect the price of the iShares® MSCI EAFE ETF, the iShares® iBoxx \$ Investment Grade Corporate Bond ETF, or any other ETF that holds or may hold our or our affiliates' securities.

The CDs are subject to significant risks associated with fixed-income securities, including interest rate-related risks.

Five of the ETFs (the iShares® 20+ Year Treasury Bond ETF, the iShares® iBoxx \$ Investment Grade Corporate Bond ETF, the iShares® iBoxx \$ High Yield Corporate Bond ETF, the iShares® J.P. Morgan USD Emerging Markets Bond ETF and the iShares® TIPS Bond ETF, which we collectively refer to as the "Bond ETFs") are bond ETFs that attempt to track the performance of indices composed of fixed income securities. Investing in the CDs linked indirectly to these ETFs differs significantly from investing directly in bonds to be held to maturity as the values of the Bond ETFs change, at times significantly, during each trading day based upon the current market prices of their underlying bonds. The market prices of these bonds are volatile and significantly influenced by a number of factors, particularly the yields on these bonds as compared to current market interest rates and the actual or perceived credit quality of the issuer of these bonds. The market prices of the bonds underlying each of the iShares® iBoxx \$ Investment Grade Corporate Bond ETF and the iShares® iBoxx \$ High Yield Corporate Bond ETF are determined by reference to the bid and ask quotations provided by 10 contributing banks, one of which is our affiliate.

In general, fixed-income securities are significantly affected by changes in current market interest rates. As interest rates rise, the price of fixed-income securities, including those underlying the Bond ETFs, is likely to decrease. Securities with longer durations tend to be more sensitive to interest rate changes, usually making them more volatile than securities with shorter durations. The eligibility criteria for the securities included in the indices that underlie the Bond ETFs, which each mandate that each security must have a minimum term remaining to maturity (ranging from one year to 20 years) for continued eligibility, means that, at any time, only longer-term securities underlie the Bond ETFs, which thereby increases the risk of price volatility in the underlying securities and, consequently, the volatility in the value of the Index. As a result, rising interest rates may cause the value of the bonds underlying the Bond ETFs, the Bond ETFs and the Index to decline, possibly significantly.

Interest rates are subject to volatility due to a variety of factors, including:

- sentiment regarding underlying strength in the U.S. and global economies;
- expectations regarding the level of price inflation;
- sentiment regarding credit quality in the U.S. and global credit markets;
- central bank policies regarding interest rates; and
- the performance of U.S. and foreign capital markets.

Recently, U.S. treasury notes have been trading near their historic high trading price. If the price of the U.S. treasury notes reverts to its historic mean or otherwise falls, as a result of a general increase in interest rates or perceptions of reduced credit quality of the U.S. government or otherwise, the value of the bonds underlying the iShares® 20+ Year Treasury Bond ETF will decline, which could have a negative impact on the performance of the Index and the return on your CDs.

In addition, the iShares® TIPS Bond ETF includes inflation-protected bonds, which typically have lower yields than conventional fixed-rate bonds because of their inflation adjustment feature. For the iShares® TIPS Bond ETF, if inflation is low, the benefit received from the inflation-protected feature of the underlying bonds may not sufficiently compensate you for this reduced yield.

The CDs are subject to significant risks associated with fixed-income securities, including credit risk.

The prices of the underlying bonds are significantly influenced by the creditworthiness of the issuers of the bonds. The bonds underlying the Bond ETFs may have their credit ratings downgraded, including in the case of the bonds included in the iShares® iBoxx \$ Investment Grade Corporate Bond ETF, a downgrade from investment grade to non-investment grade status, or have their credit spreads widen significantly. Following a ratings downgrade or the widening of credit spreads, some or all of the underlying bonds may suffer significant and rapid price declines. These events may affect only a few or a large number of the underlying bonds. For example, during the recent credit crisis in the United States, credit spreads widened significantly as the market demanded very high yields on corporate bonds and, as a result, the prices of the bonds underlying the Bond ETFs dropped significantly. There can be no assurance that some or all of the factors that contributed to this credit crisis will not continue or return during the term of the CDs, and, consequently, depress the price, perhaps significantly, of the underlying bonds and therefore the value of the Bond ETFs, the Index and the CDs. Consequently, if you were to sell your CDs prior to maturity, their price in the secondary market may be adversely affected by these types of credit risk.

Further, the iShares® iBoxx \$ High Yield Corporate Bond ETF is designed to provide a representation of the U.S. dollar high yield corporate market and is therefore subject to high yield securities risk, being the risk that securities that are rated below investment grade (commonly known as “junk bonds,” including those bonds rated at BB+ or lower by S&P or Fitch or Ba1 by Moody's) may be more volatile than higher-rated securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

An investment in the CDs is subject to risks associated with small capitalization stocks.

The stocks that constitute the Russell 2000® Index and that are held by the iShares® Russell 2000 ETF are issued by companies with relatively small market capitalization. The stock prices of smaller companies may be more volatile than stock prices of large capitalization companies. Small capitalization companies may be less able to withstand adverse economic, market, trade and competitive conditions relative to larger companies. These companies tend to be less well-established than large market capitalization companies. Small capitalization companies are less likely to pay dividends on their stocks, and the presence of a dividend payment could be a factor that limits downward stock price pressure under adverse market conditions.

Risks associated with the real estate industry will affect the price of shares of the iShares® U.S. Real Estate ETF and the value of the CDs.

The real estate industry is cyclical and has from time to time experienced significant difficulties. The prices of the securities included in the Dow Jones U.S. Real Estate Index and held by the iShares® U.S. Real Estate ETF and, in turn, the level of the Dow Jones U.S. Real Estate Index and the price of shares of the iShares® U.S. Real Estate ETF, as applicable, will be affected by a number of factors that may either offset or magnify each other, including:

- employment levels and job growth;
- the availability of financing for real estate;
- interest rates;
- consumer confidence;
- the availability of suitable undeveloped land;
- federal, state and local laws and regulations concerning the development of land, construction, home and commercial real estate sales, financing and environmental protection; and

- competition among companies that engage in the real estate business.

The difficulties described above could cause a downturn in the real estate industry generally or regionally and could cause the value of the securities included in the Dow Jones U.S. Real Estate Index and held by the iShares® U.S. Real Estate ETF and the level of the Dow Jones U.S. Real Estate Index and the price of shares of the iShares® U.S. Real Estate ETF, as applicable, to decline or remain flat during the term of the CDs.

Risks associated with Real Estate Investment Trusts will affect the value of the CDs.

The Dow Jones U.S. Real Estate Index and the iShares® U.S. Real Estate ETF are composed of a variety of real-estate-related stocks including real estate investment trusts (“REITs”). REITs invest primarily in income-producing real estate or real-estate-related loans or interests. Investments in REITs, though not direct investments in real estate, are still subject to the risks associated with investing in real estate. The following are some of the conditions that might impact the structure of and cash flow generated by REITs and, consequently, the value of REITs and, in turn, the Dow Jones U.S. Real Estate Index and the iShares® U.S. Real Estate ETF:

- a decline in the value of real estate properties;
- extended vacancies of properties;
- increases in property and operating taxes;
- increased competition or overbuilding;
- a lack of available mortgage funds or other limits on accessing capital;
- tenant bankruptcies and other credit problems;
- limitation on rents, including decreases in market rates for rents;
- changes in zoning laws and governmental regulations;
- costs resulting from the clean-up of, and legal liability to third parties for, damages resulting from environmental problems;
- investments in developments that are not completed or that are subject to delays in completion;
- risks associated with borrowing;
- changes in interest rates;
- casualty and condemnation losses; and
- uninsured damages from floods, earthquakes or other natural disasters.

The factors above may either offset or magnify each other. To the extent that any of these conditions occur, they may negatively impact a REIT’s cash flow and cause a decline in the share price of a REIT, and, consequently, the level of the Dow Jones U.S. Real Estate Index and the price of shares of the iShares® U.S. Real Estate ETF. In addition, some REITs have relatively small market capitalizations, which can increase the volatility of the market price of securities issued by those REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, as a result, subject to risks inherent in operating and financing a limited number of projects. To the extent that such risks increase the volatility of the market price of securities issued by REITs, they may also, consequently, increase the volatility of the Dow Jones U.S. Real Estate Index and the iShares® U.S. Real Estate ETF.

There will be no direct correlation between the value of the CDs or the price of the iShares® U.S. Real Estate ETF and residential housing prices.

There is no direct linkage between the price of shares of the iShares® U.S. Real Estate ETF and residential housing prices in specific regions or residential housing prices in general. While residential housing prices may be one factor that could affect the prices of the securities held by the Real Estate Constituent and consequently the price of shares of the iShares® U.S. Real Estate ETF, the price of shares of the iShares® U.S. Real Estate ETF and therefore the value of the CDs are not directly linked to movements of residential housing prices and may be affected by factors unrelated to such movements.

The performance of each Equity/Bond ETF may not correlate with the performance of its Underlying Index.

Each Equity/Bond ETF (other than the SPDR® S&P 500® ETF Trust) uses a representative sampling indexing strategy to attempt to track the performance of its Underlying Index. Pursuant to such representative sampling indexing strategy, each applicable Equity/Bond ETF invests in a representative sample of securities that collectively has an investment profile similar to its Underlying Index; however, each applicable Equity/Bond ETF may not hold all or substantially all of the securities included in its Underlying Index. Therefore, while the performance of each such Equity/Bond ETF is linked principally to the performance of its Underlying Index, the performance of that Equity/Bond ETF is also generally linked in part to assets other than the securities included in the Underlying Index because the

investment adviser to each applicable Equity/Bond ETF generally may invest up to a certain percentage of the Equity/Bond ETF's assets in securities not included in the Underlying Index, but which the investment adviser believes will help the Equity/Bond ETF track the Underlying Index, and in other assets, including shares of money market funds affiliated with or advised by the investment adviser.

In addition, the performance of each Equity/Bond ETF will reflect additional transaction costs and fees that are not included in the calculation of the relevant Underlying Index. Also, the component stocks of each Equity/Bond ETF, if applicable, may be unavailable in the secondary market or due to other extraordinary circumstances. Corporate actions with respect to the sample of securities (such as mergers and spin-offs) also may impact the variance between each Equity/Bond ETF and its Underlying Index. Finally, because the shares of each Equity/Bond ETF are traded on the NYSE Arca, Inc. and are subject to market supply and investor demand, the market value of one share of each Equity/Bond ETF may differ from the net asset value per share of the each such Equity/Bond ETF.

For all of the foregoing reasons, the performance of each Equity/Bond ETF may not correlate with the performance of the relevant Underlying Index. Consequently, the return on the CDs will not be the same as investing directly in any Equity/Bond ETF or any relevant Underlying Index or in the securities held by any Equity/Bond ETF or included in any relevant Underlying Index, and will not be the same as investing in a security or another financial product with a payment linked to the performance of the relevant Underlying Index.

Risks Relating to the SPDR® Gold Shares

Distortions or disruptions of market trading in gold and related futures markets may adversely affect the value of the CDs.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. These circumstances could adversely affect the price of shares of the SPDR® Gold Shares and therefore, the level of the Index and the value of your CDs.

The CDs will not be regulated by the Commodity Futures Trading Commission.

The net proceeds to be received by us from the sale of the CDs will not be used to purchase or sell any commodity futures contracts or options on futures contracts for your benefit. An investment in the CDs thus neither constitutes an investment in futures contracts, options on futures contracts nor a collective investment vehicle that trades in these futures contracts (i.e., the CDs will not constitute a direct or indirect investment by you in the futures contracts), and you will not benefit from the regulatory protections of the Commodity Futures Trading Commission, commonly referred to as the "CFTC." Among other things, this means that we are not registered with the CFTC as a futures commission merchant and you will not benefit from the CFTC's or any other non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered futures commission merchant.

Unlike an investment in the CDs, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be subject to regulation as a commodity pool and its operator may be required to be registered with and regulated by the CFTC as a commodity pool operator, or qualify for an exemption from the registration requirement. Because the CDs will not be interests in a commodity pool, the CDs will not be regulated by the CFTC as a commodity pool, we will not be registered with the CFTC as a commodity pool operator, and you will not benefit from the CFTC's or any non U.S. regulatory authority's regulatory protections afforded to persons who invest in regulated commodity pools.

The price of gold is volatile and is affected by numerous factors.

The value of the SPDR® Gold Shares is closely related to the price of gold. A decrease in the price of gold may have a material adverse effect on the value of the CDs and your return on your investment in the CDs. Gold is subject to the effect of numerous factors. The following describes some of the factors affecting gold.

The price of gold is primarily affected by the global demand for and supply of gold. The market for gold bullion is global, and gold prices are subject to volatile price movements over short periods of time and are affected by numerous factors, including macroeconomic factors such as the structure of and confidence in the global monetary system, expectations regarding the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is usually quoted), interest rates, gold borrowing and lending rates, speculative trading activities, and global or regional economic, financial, political, regulatory, judicial or other events. Gold prices may be affected by industry factors such as industrial and jewelry demand as well as lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions that hold gold. Additionally, gold prices may be affected by levels of gold production, production costs and short-term changes in supply and demand due to trading activities in the gold market. It is not possible to predict the aggregate effect of all or any combination of these factors.

Economic or political events or crises could result in large-scale purchases or sales of gold, which could affect the price of gold and may adversely affect the value of your CDs.

Many investors, institutions, governments and others purchase and sell gold as a hedge against inflation, market turmoil or uncertainty or political events. Under such circumstances, significant large-scale purchases or sales of gold by market participants may affect the price of gold, which could adversely affect the value of your CDs. Crises in the future may impair gold's price performance which would, in turn, adversely affect the shares of the SPDR® Gold Shares and your investment in the CDs.

Substantial sales of gold by governments or public sector entities could result in price decreases, which would adversely affect the value of your CDs.

Governments and other public sector entities, such as agencies of governments and multi-national institutions, regularly buy, sell and hold gold as part of the management of their reserves. In the event that economic, political or social conditions or pressures require or motivate public sector entities to sell gold, in a coordinated or uncoordinated manner, the resulting purchases could cause the price of gold to decrease substantially, which could adversely affect the value of your CDs.

Gold is traded on the London Bullion Market Association, so an investment in the CDs may be subject to risks associated with the London Bullion Market Association.

The Index is linked to the SPDR® Gold Shares, which is closely related to its underlying commodity (e.g., gold) that is traded on the London Bullion Market Association (the "LBMA"). Investments in securities indexed to the value of commodities that are traded on non-U.S. exchanges involve risks associated with the markets in those countries, including risks of volatility in those markets and governmental intervention in those markets.

The price of gold is determined to a significant extent by reference to fixing prices reported by the LBMA. The LBMA is a self-regulatory association of bullion market participants. Although all market-making members of the LBMA are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LBMA itself is not a regulated entity. If the LBMA should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the role of LBMA price fixings as a global benchmark for the value of gold may be adversely affected. The LBMA is a principals' market which operates in a manner more closely analogous to an over-the-counter physical commodity market than regulated futures markets, and certain features of U.S. futures contracts are not present in the context of LBMA trading. For example, there are no daily price limits on the LBMA which would otherwise restrict fluctuations in the prices of LBMA contracts. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

The LBMA has no obligation to consider your interests.

The price of the SPDR® Gold Shares is closely related to the price of gold. The LBMA is responsible for calculating the official settlement price or fixing level, as applicable, for gold. The LBMA may alter, discontinue or suspend calculation or dissemination of the official settlement price or fixing level, as applicable, for gold. Any of these actions could adversely affect the value of the CDs. The LBMA has no obligation to consider your interests in calculating or revising the official settlement price or fixing level, as applicable, for gold.

The performance of the SPDR® Gold Shares may not correlate with the price of gold.

The performance of the SPDR® Gold Shares may not fully replicate the performance of the price of gold due to the fees and expenses charged by the SPDR® Gold Shares or by restrictions on access to gold due to other circumstances. The SPDR® Gold Shares does not generate any income and as the SPDR® Gold Shares regularly sells gold to pay for its ongoing expenses, the amount of gold represented by each share gradually declines over time. The SPDR® Gold Shares sells gold to pay expenses on an ongoing basis irrespective of whether the trading price of the shares rises or falls in response to changes in the price of gold. The sale of SPDR® Gold Shares' gold to pay expenses at a time of low gold prices could adversely affect the level of the Index and the value of the CDs. Additionally, there is a risk that part or all of the SPDR® Gold Shares' gold could be lost, damaged or stolen due to war, terrorism, theft, natural disaster or otherwise.

The net asset value of the SPDR® Gold Shares will reflect the performance of gold. However, because the shares of the SPDR® Gold Shares are traded on NYSE Arca, Inc. and are subject to market supply and investor demand, the market value of one share of the SPDR® Gold Shares may differ from the net asset value per share of the SPDR® Gold Shares.

For all of the foregoing reasons, the performance of the SPDR® Gold Shares over the term of the CDs may not correlate with the performance of the return on gold over the same period. Consequently, the return on the CDs will not be the same as investing directly

in the SPDR® Gold Shares, gold or other exchange-traded or over-the-counter instruments based on gold, and will not be the same as investing in a Note or another financial product with payments linked in part to the performance of the SPDR® Gold Shares.

Risks Relating to ICE LIBOR USD 3 Month

ICE LIBOR USD 3 Month may be volatile and will be affected by a number of factors.

ICE LIBOR USD 3 Month is subject to volatility due to a variety of factors, including but not limited to:

- interest and yield rates in the market,
- changes in, or perceptions, about the future level of LIBOR,
- general economic conditions,
- policies of the Federal Reserve Board regarding interest rates,
- supply and demand among banks in London for U.S. dollar-denominated deposits with relevant term,
- sentiment regarding underlying strength in the U.S. and global economies,
- expectations regarding the level of price inflation,
- sentiment regarding credit quality in the U.S. and global credit markets,
- central bank policy regarding interest rates,
- inflation and expectations concerning inflation,
- performance of capital markets,
- geopolitical conditions and economic, financial, political, regulatory or judicial events that affect markets generally and that may affect LIBOR, and the time remaining to the maturity of the notes.

The impact of any of the factors set forth above may enhance or offset some or any of the changes resulting from another factor or factors. Decreases in the level of the ICE LIBOR USD 3 Month may reduce the level of the Index and consequently, the return on the CDs.

It is unclear how changes in the method for determining the ICE LIBOR USD 3 Month may affect the value of the CDs.

On September 28, 2012, the U.K. Government requested a review of LIBOR to address concerns about the accuracy of its calculation (the "Wheatley Review"). Based on the Wheatley Review, the U.K. Financial Services Authority published final rules for the U.K. Financial Conduct Authority's (the "FCA") regulation and supervision of LIBOR (the "FCA Rules") that took effect on April 2, 2013. In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. In addition, ICE Benchmark Administration Limited was appointed as the independent LIBOR Administrator, effective February 1, 2014. On July 27, 2017, the Chief Executive of the FCA, which regulates LIBOR, announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021.

It is not possible to predict the effect of the FCA Rules, any changes in the methods pursuant to which LIBOR rates are determined and any other reforms to LIBOR that will be enacted in the U.K. and elsewhere prior to the potential cessation of the publication of LIBOR in 2021, which may adversely affect the trading market for LIBOR-based instruments, such as the Notes.

If and when ICE LIBOR USD 3 Month ceases to be published, the Index Administrator will choose a replacement rate.

If, as discussed above, LIBOR ceases to be published in 2021, the Index Administrator will, pursuant to the Index methodology, choose a replacement rate that it determines, in its discretion, possesses similar characteristics or provides a substantially similar exposure as did ICE LIBOR USD 3 Month prior to its cessation. At this time, the replacement rate is not known and market participants have not yet agreed upon a LIBOR replacement. There can be no assurances that a replacement rate for ICE LIBOR USD 3 Month may not adversely affect the level of the Index and the value of the Notes.

DESCRIPTION OF THE CERTIFICATES OF DEPOSIT

The following information is a summary of the CD itself and the Index to which the CD is linked. Prospective depositors should also carefully review the "Description of the CDs" section in the Base Disclosure Statement. All disclosures contained in these Terms and Conditions regarding the Index, including its composition, method of calculation, historical levels and changes in its components, are derived from publicly available information prepared by the Index Owner

Adjustments to the Valuation Date

If the scheduled Valuation Date is not a Scheduled Trading Day for the Index, then the Valuation Date will be the next day that is a Scheduled Trading Day. If a Market Disruption Event exists on the scheduled Valuation Date, then the Valuation Date will be the next Scheduled Trading Day on which a Market Disruption Event does not exist. If a Market Disruption Event exists on five consecutive Scheduled Trading Days, then that fifth Scheduled Trading Day will be the Valuation Date, and the Calculation Agent will determine the Final Level on that date in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of that Market Disruption Event, using the Relevant Exchange traded or quoted price of each security comprised in the Index (or if an event giving rise to a Market Disruption Event has occurred with respect to a relevant security on that fifth Scheduled Trading Day, its good faith estimate of the value for the relevant security). If the Valuation Date is postponed, then the Maturity Date will also be postponed until the third business day following the postponed Valuation Date and no interest will be payable in respect of such postponement.

Maturity Redemption Amount and Interest Payment Amount

At maturity (and not upon an Early Redemption by Depositor), the amount depositors will receive for each CD will be equal to the Maturity Redemption Amount, which will equal (A) the Principal Amount of the CD plus (B) the Interest Payment Amount. The Interest Payment Amount will be equal to the Principal Amount multiplied by the Interest Rate, as described in the "Summary of Terms" above. The Interest Rate will be equal to the Index Return multiplied by the Participation Rate, subject to minimum of 0.00% The Index Return will be equal to the quotient of (A) the Final Level minus the Initial Level, divided by (B) the Initial Level. The Final Level will be the level of the Index on the Valuation Date. The Participation Rate is 125%. The APY on the CDs is only determinable at maturity.

Successor Option

Notwithstanding anything to the contrary in the Base Disclosure Statement, in the event of the death or adjudication of incompetence of any depositor of a CD, the redemption of the Principal Amount of the CDs of that depositor will be permitted, without any Early Redemption Fee, subject to the limits and restrictions described herein (such right to redeem the deposit shall be referred to as the "Successor Option"). In such circumstances, a written notice of the proposed redemption must be given to the depositor's Agent and the Bank, together with appropriate documentation to support the request, each within 180 days of the death or adjudication of incompetence of the depositor. Such depositor (i) must have owned the CDs being submitted for early redemption at the time of his or her death or adjudication of incompetence and (ii) must have been the initial depositor of the CDs (excluding any Agents) (such depositor, the "Initial Depositor"). If the foregoing conditions are not met, redemptions of any Principal Amount of CDs prior to maturity will be subject to the terms of the section in these Terms and Conditions entitled "Summary of Terms—Early Redemption by Depositor" and the terms of the section in the Base Disclosure Statement entitled "Description of the CDs—Early Redemptions—Depositor Redemption." CDs that are redeemed early will not be entitled to the Interest Payment Amount.

These CDs are Limited Successor Option CDs (as defined below). As such, the redemption of the aggregate Principal Amount under the Successor Option provision across all Limited Successor Option CDs held by an Initial Depositor may not exceed the Successor Option Limit Amount (as defined below). Any redemption request in excess of this amount shall be subject to the terms of the section in these Terms and Conditions entitled "Summary of Terms—Early Redemption by Depositor" and the terms of the section in the Base Disclosure Statement entitled "Description of the CDs—Early Redemptions—Depositor Redemption." In addition, if redemption is requested from more than one issuance or by more than one beneficiary of Limited Successor Option CDs, the Successor Option Limit Amount will be applied to the aggregate of all such multiple redemption requests, and shall be applied to such redemption requests in the order received by the Bank.

"Limited Successor Option CDs" are any certificates of deposit designated as such in the applicable Terms and Conditions. The "Successor Option Limit Amount" is \$1,000,000. In the event the Initial Depositor has purchased Limited Successor Option CDs with different Successor Option Limit Amounts, the Successor Option Limit Amount applicable to the aggregate amount of such CDs being simultaneously redeemed will be the highest Successor Option Limit Amount applicable to any of such Limited Successor Option CDs.

Please refer to the section herein entitled “Summary of Terms—Successor Option” and the section entitled “Description of the CDs—Early Redemptions—Redemption upon the Death or Adjudication of Incompetence of a Depositor” in the Base Disclosure Statement.

Early Redemption by Depositor

Although not obligated to do so, and subject to regulatory constraints, the Bank or its affiliate is generally willing to repurchase or purchase the CDs from depositors upon request as described herein and for so long as the CDs are outstanding. Please refer to the section herein entitled “Summary of Terms—Early Redemption by Depositor” and the “Description of the CDs—Early Redemptions” section of the Base Disclosure Statement.

Ratings

The CDs will not be rated by any rating agency.

The Calculation Agent

The Issuer is the Calculation Agent with regard to the CDs and is solely responsible for the determination and calculation of the Maturity Redemption Amount (including the components thereof) and any other determinations and calculations with respect to the CDs, as well as for determining whether a Market Disruption Event has occurred and for making certain other determinations with regard to the Index. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will be conclusive for all purposes and binding on the Issuer and depositors of the CDs, absent manifest error and provided that the Calculation Agent shall be required to act in good faith in making any determination or calculation. If the Calculation Agent uses discretion to make a determination or calculation, the Calculation Agent will notify the Issuer, who will provide notice to DTC in respect of the CDs.

The Calculation Agent may have economic interests adverse to those of the depositors of the CDs, including with respect to certain determinations and judgments that the Calculation Agent must make in determining the Initial Level, the Final Level, the Index Return, the Interest Rate and the Maturity Redemption Amount, in determining whether a Market Disruption Event has occurred, and in making certain other determinations with regard to the Index. 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 any depositor of CDs. The Calculation Agent may resign at any time; however, resignation will not take effect until a successor Calculation Agent has been appointed.

ILLUSTRATIVE EXAMPLES

The following table and examples are provided for illustration purposes only and are hypothetical. They do not purport to be representative of every possible scenario concerning increases or decreases in the level of the Index. We cannot predict the Closing Level of the Index on the Valuation Date. The assumptions we have made in connection with the illustrations set forth below may not reflect actual events, and the hypothetical Initial Level of the Index used in the illustrations below is not the actual Initial Level of the Index. You should not take these examples as an indication or assurance of the expected performance of the Index. The numbers appearing in the examples below have been rounded for ease of analysis.

The following table and examples indicate how the Maturity Redemption Amount would be calculated with respect to a hypothetical \$1,000 deposit in the CDs. The table and the examples below assume that there is no early redemption, that the CDs are held to maturity, that the Initial Level of the Index is 100 and that the Participation Rate is 125%. The actual Initial Level and Participation Rate is set forth on the cover page of this document.

Index Return ((Final Level - Initial Level) / Initial Level)	Interest Rate (Based on the Participation Rate of 125%)	Interest Payment Amount (the Principal Amount Multiplied by the Interest Rate)	Maturity Redemption Amount (the Principal Amount Plus the Interest Payment Amount)
120.00%	150.00%	\$1,500.00	\$2,500.00
100.00%	125.00%	\$1,250.00	\$2,250.00
80.00%	100.00%	\$1,000.00	\$2,000.00
70.00%	87.50%	\$875.00	\$1,875.00
60.00%	75.00%	\$750.00	\$1,750.00
50.00%	62.50%	\$625.00	\$1,625.00
40.00%	50.00%	\$500.00	\$1,500.00
30.00%	37.50%	\$375.00	\$1,375.00
20.00%	25.00%	\$250.00	\$1,250.00
10.00%	12.50%	\$125.00	\$1,125.00
0.00%	0.00%	\$0.00	\$1,000.00
-10.00%	-12.50%	\$0.00	\$1,000.00
-20.00%	-25.00%	\$0.00	\$1,000.00
-30.00%	-37.50%	\$0.00	\$1,000.00
-40.00%	-50.00%	\$0.00	\$1,000.00
-50.00%	-62.50%	\$0.00	\$1,000.00
-60.00%	-75.00%	\$0.00	\$1,000.00
-70.00%	-87.50%	\$0.00	\$1,000.00
-80.00%	-100.00%	\$0.00	\$1,000.00
-100.00%	-125.00%	\$0.00	\$1,000.00

Because the Interest Payment Amount per \$1,000 CD will not be less than \$0.00, you will always receive at maturity at least the Principal Amount.

The CDs are intended to be long term deposits and, as such, should be held to maturity. They are not intended to be short-term trading instruments. The price at which you will be able to sell your CDs prior to maturity may be substantially less than the Principal Amount of the CDs, even in cases where the level of the Index has increased since the Pricing Date. The potential returns described here assume that your CDs are held to maturity.

Example 1: The Index level increases over the term of the CDs.

	HSIEV5UE
Initial Level:	100
Final Level:	135
Index Return:	35%
Participation Rate:	125%
Interest Rate:	43.75%

At maturity, depositors will receive the Maturity Redemption Amount, which will equal the Principal Amount plus the Interest Payment Amount. The Interest Payment Amount equals the Principal Amount multiplied by the Interest Rate and the Interest Rate equals the Index Return multiplied by the Participation Rate, subject to a minimum of 0.00%. Since the Index Return multiplied by the Participation Rate is greater than zero, the CDs would pay \$1,437.50 at maturity.

In this example, you will receive a payment of \$1,437.50 at

maturity.

Example 1 shows that where the Interest Rate is greater than zero, the depositor will receive a return equal to the Interest Return.

Example 2: The Index level decreases over the term of the CDs.

	HSIEV5UE
Initial Level:	100
Final Level:	90
Index Return:	-10%
Participation Rate:	125%
Interest Rate:	0.00%

In this example, you will receive a payment of \$1,000 at maturity.

At maturity, depositors will receive the Maturity Redemption Amount, which will equal the Principal Amount plus the Interest Payment Amount. The Interest Payment Amount equals the Principal Amount multiplied by the Interest Rate and the Interest Rate equals the Index Return multiplied by the Participation Rate, subject to minimum of 0.00%. Since the Index Return multiplied by the Participation Rate is less than zero, the CDs would pay \$1,000 at maturity.

Example 2 shows that where the Interest Rate is less than zero, the depositor will only receive a return equal to zero, which may be less than the return that the depositor would have received if he or she had purchased a conventional CD or debt security.

THE DISTRIBUTION

Please refer to the section entitled “The Distribution” in the Base Disclosure Statement.

FDIC INSURANCE

The following disclosures are intended to supplement and, where conflicting, supersede the disclosures regarding deposit insurance herein and in the accompanying Base Disclosure Statement, including the section entitled “FDIC Insurance” included therein.

The CDs are protected by federal deposit insurance provided by the Deposit Insurance Fund (the “DIF”), which is administered by the FDIC and backed by the full faith and credit of the U.S. Government, up to a maximum amount for all deposits held in the same ownership capacity per depository institution (the “Maximum Insured Amount”), which currently is \$250,000. The maximum amount of deposit insurance available in the case of deposits in certain retirement accounts (the “Maximum Retirement Account Amount”) also is \$250,000 per participant per insured depository institution. The Maximum Insured Amount and the Maximum Retirement Account Amount may be adjusted for inflation beginning April 1, 2010 and each fifth year thereafter. Accordingly, holders of CDs whose Principal Amount plus accrued Interest Payment Amount that exceed the applicable federal deposit insurance limit will not be insured by the FDIC for the Principal Amount plus accrued Interest Payment Amount exceeding such limits. Any accounts or deposits a holder maintains directly with the Issuer in the same ownership capacity as such holder maintains its CDs would be aggregated with such CDs for purposes of the Maximum Insured Amount or the Maximum Retirement Account Amount, as applicable.

You should not rely on the availability of FDIC insurance to the extent the Principal Amount of CDs and any unpaid return in excess of the Principal Amount which, together with any other deposits that you maintain with us in the same ownership capacity, is in excess of the applicable FDIC insurance limits. The FDIC has taken the position that any secondary market premium paid by you in excess of the Principal Amount is not covered by FDIC insurance. In addition, the FDIC may also take the position that no portion of the return in excess of the Principal Amount for any interest period is insured unless the total applicable return in excess of the Principal Amount for that interest period has been determined at the point that FDIC insurance payments become necessary.

You are responsible for determining and monitoring the FDIC insurance coverage limits that are applicable to you in purchasing any CDs. We do not undertake to determine or monitor the FDIC insurance coverage that may be available to you. You should make your own investment decision regarding the CDs and FDIC insurance coverage after consulting with your legal, tax, and other advisors. 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. Please also refer to www.fdic.gov for a full explanation and examples of deposit coverage for the account ownership types below, particularly for revocable trusts, and for other forms of ownership as the following information is a general summary and is not a complete statement of the FDIC insurance coverage limits.

The application of the federal deposit insurance limitation per depository institution in certain common factual situations is illustrated below. Please also refer to www.fdic.gov for a full explanation and examples of deposit coverage for the account ownership types below as the following information is a general summary and is not a complete statement of the FDIC insurance coverage limits.

- *Individual Customer Accounts.* Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the CDs held in a brokerage account) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.
- *Custodial Accounts.* Funds in accounts held by a custodian, guardian or conservator (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.
- *Joint Accounts.* The interest of each co-owner in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to the Maximum Insured Amount in the aggregate with other jointly held funds of such co-owner, separately and in addition to the Maximum Insured Amount allowed on other deposits individually owned by any of the co-owners of such account (hereinafter referred to as a “Joint Account”). Joint Accounts will be insured separately from such individually owned accounts only if each of the co-owners is an individual person, has a right of withdrawal on the same basis as the other co-owners and has signed the deposit account signature card (unless the account is a CD or is established by an agent, nominee, guardian, custodian, executor or conservator). If the Joint Account meets the foregoing criteria then it will be deemed to be jointly owned; as long as the account records of the Issuer are clear and unambiguous as to the ownership of the account. However, if the account records are ambiguous or unclear as to the manner in which the account is owned, then the FDIC may consider evidence other than such account records to determine ownership. The names of two or more persons on a deposit account will be conclusive evidence that the account is a Joint Account unless the deposit records as a whole are ambiguous and some other evidence indicates that there is a contrary ownership capacity. In the event an individual has an interest in more than one Joint Account and different co-owners are involved, his or her

interest in all of such Joint Accounts (subject to the limitation that such individual's insurable interest in any one account may not exceed the Maximum Insured Amount divided by the number of owners of such account) is then added together and insured up to the Maximum Insured Amount in the aggregate, with the result that no individual's insured interest in the joint account category can exceed the Maximum Insured Amount. For deposit insurance purposes, the co-owners of any Joint Account are deemed to have equal interests in the Joint Account unless otherwise stated in the Issuer's 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 Maximum Insured Amount in the aggregate per depository institution.
- **Retirement and Employee Benefit Plans and Accounts.**
 - **Generally.** You may have interests in various retirement and employee benefit plans and accounts that are holding deposits of the Issuer. The amount of deposit insurance you will be entitled to will vary depending on the type of plan or account and on whether deposits held by the plan or account will be treated separately or aggregated with the deposits of the Issuer held by other plans or accounts. It is therefore important to understand the type of plan or account holding the CD. The following sections entitled "Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits" and "Aggregation of Retirement and Employee Benefit Plans and Accounts" generally discuss the rules that apply to deposits of retirement and employee benefit plans and accounts.
 - **Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits.** Subject to the limitations discussed below, under FDIC regulations, an individual's non-contingent interest in the deposits of one depository institution held by certain types of employee benefit plans are eligible for insurance on a "pass-through" basis up to the applicable deposit insurance limits for that type of plan. This means that, instead of an employee benefit plan's deposits at one depository institution being entitled to deposit insurance based on its aggregated deposits in the Issuer, 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 applicable deposit insurance limits per institution (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the deposit insurance allowed on other deposits held by the individual at the issuing institution. However, pass-through insurance is aggregated across certain types of accounts. See the section entitled "Aggregation of Retirement and Employee Benefit Plans and Accounts."
 - A deposit held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by the applicable deposit insurance limits. For example, assume an employee benefit plan that is a Qualified Retirement Account (defined below), i.e., a plan that is eligible for deposit insurance coverage up to the Maximum Retirement Account Amount per qualified beneficiary, owns \$500,000 in deposits at one institution and the plan has two participants, one with a vested non-contingent interest of \$350,000 and one with a vested non-contingent interest of \$150,000. In this case, the individual with the \$350,000 interest would be insured up to the \$250,000 Maximum Retirement Account Amount limit, and the individual with the \$150,000 interest would be insured up to the full value of such interest.
 - Moreover, the contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee defined benefit plan are not insured on a pass-through basis. Any interests of an employee in an employee benefit plan deposit which are not capable of evaluation in accordance with FDIC rules (i.e., contingent interests) will be aggregated with the contingent interests of other participants and insured up to the applicable deposit insurance limits. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the applicable deposit insurance limits separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Aggregation of Retirement and Employee Benefit Plans and Accounts.

- **Self-Directed Retirement Accounts.** The Principal Amount of deposits held in Qualified Retirement Accounts, plus accrued but unpaid interest, if any, are protected by FDIC insurance up to a maximum of the Maximum Retirement Account Amount for all such deposits held by you at the issuing depository institution. "Qualified Retirement Accounts" consist of (i) any individual retirement account ("IRA"), (ii) any eligible deferred compensation plan described in section 457 of the Code, (iii) any individual account plan described in section 3(34) of ERISA, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts and (iv) any plan described in section 401(d) of the Code, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts. The FDIC sometimes generically refers to this group of accounts as "self-directed retirement accounts." Supplementary FDIC materials indicate that Roth IRAs, self-directed Keogh Accounts, Simplified Employee Pension plans, Savings Incentive Match Plans for Employees and self-directed defined contribution plans (such as 401(k) plans) are intended to be included within this group of Qualified Retirement Accounts. Coverdell education savings accounts, Health Savings Accounts, Medical Savings Accounts, accounts established under section 403(b) of the Code and defined-benefit plans are NOT Qualified Retirement Accounts and do NOT receive the Maximum Retirement Account Amount of federal deposit insurance.
- **Other Employee Benefit Plans.** Any employee benefit plan, as defined in Section 3(3) of ERISA, plan described in Section 401(d) of the Code, or eligible deferred compensation plan under section 457 of the Code, that does not constitute a Qualified Retirement Account – for example, certain employer-sponsored profit sharing plans -- can still satisfy the requirements for pass-through insurance with respect to non-contingent interests of individual plan participants, provided that FDIC requirements for recordkeeping and account titling are met ("Non-Qualifying Benefit Plans"). Defined contribution plan accounts and Keogh accounts that are not "self-directed" also generally would be treated as Non-Qualifying Benefit Plans. For Non-Qualifying Benefit Plans, the amount subject to federal deposit insurance is the Maximum Insured Amount. Under FDIC regulations,

an individual's interests in Non-Qualifying Benefit Plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits at the same institution will be insured up to the Maximum Insured Amount in the aggregate, separate from other accounts held at the same depository institution in other ownership capacities.

This general rule regarding pass-through insurance is subject to the following limitations and exceptions:

- *Total Coverage Might Not Equal the Maximum Retirement Account Amount Times the Number of Participants.* Each deposit held by an employee benefit plan may not necessarily be insured for an amount equal to the number of participants multiplied by the Maximum Retirement Account Amount. For example, suppose an employee benefit plan owns \$500,000 in CDs at one institution. Suppose, further, that the employee benefit plan has two participants, one with a vested non-contingent interest of \$300,000 and one with a vested non-contingent interest of \$200,000. The individual with the \$300,000 interest would be insured up to the \$250,000 Maximum Retirement Account Amount limit and the individual with the \$200,000 interest would be insured up to the full value of such interest.
- *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 Maximum Retirement Account Amount per participant deposit insurance limit, and are insured in aggregate only up to the Maximum Retirement Account Amount per participant.
- *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 Maximum Insured Amount.

To the extent that a CD purchaser expects its beneficial interest in the CDs to be fully covered by FDIC insurance, such purchaser, by purchasing a CD, is deemed to represent to the Issuer and its broker that its beneficial interest (or if it is an agent, nominee, custodian or other person who is purchasing a CD for its beneficial owners, that each beneficial owner's beneficial interest) in other deposits in the Issuer, when aggregated with the beneficial interest in the CD so purchased, to the extent that aggregation is required in determining insurance of accounts under the federal deposit insurance regulations, does not exceed the Maximum Insured Amount (or the Maximum Retirement Account Amount per participant in the case of certain retirement accounts as described above).

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 deposit insurance limits apply to the principal and any interest that has been ascertained and become due on all CDs and other deposit accounts maintained by you at the Issuer in the same legal ownership category. The records maintained by the Issuer 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 Principal Amount and Interest Payment Amount that have been ascertained and become due subject to the federal deposit insurance limits. No Interest Payment Amount will be earned on deposits from the time the Issuer 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 principal of your CD prior to its stated maturity, or (iii) payment in cash of the principal of your CD prior to its stated maturity in connection with the liquidation of the Issuer 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 Principal 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.

CERTAIN ERISA CONSIDERATIONS

Please refer to the section entitled “Certain ERISA Considerations” in the Base Disclosure Statement.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a summary of certain U.S. federal income tax considerations relevant to the purchase, beneficial ownership, and disposition of a CD.

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 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 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 of its substantial decisions.

For purposes of this summary, a “Non-U.S. Holder” is a beneficial owner of a CD that is:

- a nonresident alien individual for U.S. federal income tax purposes;
- a foreign corporation for U.S. federal income tax purposes;
- an estate, the income of which is not subject to U.S. federal income tax on a net income basis; or
- a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons, as defined for U.S. federal income tax purposes, have the authority to control all of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States 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).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the “Code”), regulations issued there under, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. This summary addresses only holders that purchase CDs at initial issuance and beneficially own such CDs as capital assets and not as part of a “straddle,” “hedge,” “synthetic security” or a “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 depositors or to depositors 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; mutual funds or real estate investment trusts; small business investment companies; S corporations; depositors that hold their CDs through a partnership or other entity treated as a partnership for U.S. federal tax purposes; depositors 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; 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” 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 of CDs, 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.

PROSPECTIVE PURCHASERS OF THE CDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE CDS.

In General

The Issuer intends to treat the CDs as indebtedness for U.S. federal income tax purposes and any reports to the Internal Revenue Service (the "IRS") and U.S. Holders will be consistent with such treatment, and each holder will agree to treat the CDs as indebtedness for U.S. federal income tax purposes. The discussion that follows is based on that approach. Depositors should be aware, however, that the IRS is not bound by the Issuer's characterization of the CDs as indebtedness, and the IRS could possibly take a different position as to the proper characterization of the CDs for U.S. federal income tax purposes. If the CDs are not in fact treated as debt instruments of the Issuer for U.S. federal income tax purposes, then the U.S. federal income tax treatment of owning and disposing of the CDs could differ from the treatment discussed below with the result that the timing and character of income, gain or loss recognized in respect of a CD could differ from the timing and character of income, gain or loss recognized in respect of the CD had the CD in fact been treated as a debt instrument of the Issuer for U.S. federal income tax purposes.

The Issuer will not attempt to ascertain whether any of the entities whose stock is included in the Index 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 any entity whose stock is included in the Index were so treated, certain adverse U.S. federal income tax consequences might apply to a U.S. Holder in the case of a PFIC and to a Non-U.S. Holder in the case of a USRPHC. You should refer to information filed with the Securities and Exchange Commission and other authorities by any entity whose stock is included in the Index, and consult your tax advisor regarding the possible consequences to you if any entity whose stock is included in the Index is or becomes a PFIC or a USRPHC.

Tax Treatment of U.S. Holders

Accrual of Original Issue Discount

The CDs generally will be subject to special rules, set forth in U.S. Treasury Department regulations, governing contingent payment debt instruments ("CPDIs"), and the Issuer and the holders will agree to treat the CDs as CPDIs for U.S. federal income tax purposes. Under the U.S. Treasury Department regulations governing CPDIs, accruals of income, gain, loss and deduction with respect to the CDs will be determined under the "noncontingent bond method". Under the noncontingent bond method, U.S. Holders of the CDs will accrue original issue discount ("OID") over the term of the CDs based on the CDs' comparable yield.

In general, the comparable yield of the CDs is equal to the yield at which the Issuer would issue a fixed rate debt instrument with terms and conditions similar to those of the CDs, including level of subordination, term, timing of payments, and general market conditions. The comparable yield is determined by the Issuer as of the issuance date solely for U.S. federal income tax purposes and is neither a prediction nor a guarantee of what the actual yield will be on the CDs.

Based on these factors, the Issuer has determined that the comparable yield on the CDs, solely for U.S. federal income tax purposes, will be 1.85% per annum (compounded annually).

Accordingly, U.S. Holders will generally accrue OID in respect of the CDs at a rate equal to the comparable yield. The amount of OID allocable to each annual accrual period will be the product of the "adjusted issue price" of the CDs at the beginning of each such accrual period and the comparable yield. The "adjusted issue price" of the CDs at the beginning of an accrual period will equal the issue price of the CDs plus the amount of OID previously includible in the gross income of the U.S. Holder less the annual interest payments. The issue price of the CDs will be the first price at which a substantial amount of the CDs are sold. The amount of OID includible in the income of each U.S. Holder for each taxable year will generally equal the sum of the "daily portions" of the total OID on the CDs allocable to each day during the taxable year on which a U.S. Holder held the CDs. Generally, the daily portion of the OID is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to such accrual period. Such OID is included in income and taxed as ordinary income. Information returns indicating the amount of OID accrued on CDs held by persons of record other than corporations and certain other "exempt recipients" will be filed with the IRS and sent to such record holder.

The Issuer also is obligated by applicable U.S. federal income tax regulations to determine, solely for U.S. federal income tax purposes, a projected payment schedule for the CDs that reflects a projected payment at maturity and that produces the comparable yield. In accordance with the noncontingent bond method, and based upon the estimate of the comparable yield, the Issuer has estimated that the projected payment schedule will consist of one payment at maturity equal to \$1,096.04 on the Maturity Date in respect of each deposit of \$1,000. Based upon the comparable yield and the projected payment schedule for the CDs, a U.S. Holder that pays taxes on a calendar year basis, and buys a CD for \$1,000 and holds it to maturity, will be required to pay taxes on the following amounts of ordinary income from the CD each year: \$3.29 for 2017, \$18.56 for 2018, \$18.90 for 2019, \$19.25 for 2020, \$19.61 for 2021 and \$16.42 for 2022. However, for 2022, the amount of ordinary income that a U.S. Holder will be required to pay taxes on from owning a CD may be greater or less than \$16.42, depending on the payment at maturity. In addition, if the payment at maturity is less than \$1,096.04, a U.S. Holder may have a loss for 2022.

Under the noncontingent bond method, the projected payment schedule is not revised to account for changes in circumstances that occur while the CDs are outstanding. A U.S. Holder is generally bound by the comparable yield and the projected payment schedule established by the Issuer for the CDs. However, if a U.S. Holder believes that the projected payment schedule is unreasonable, a U.S. Holder must determine the comparable yield and set its own projected payment schedule for the CD and explicitly disclose the use of such schedule and the reason therefore on its timely filed U.S. federal income tax return for the taxable year in which it acquires the CDs.

The comparable yield and projected payment schedule are 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 the holders of the CDs solely for U.S. federal income tax purposes and do not constitute assurances by the Issuer as to the actual yield of the CDs. The Issuer makes no representation as to what such actual amounts will be, and the comparable yield and the projected payment schedule do not necessarily reflect the expectations of the Issuer regarding the actual yield of the CDs.

Taxation of the Maturity Redemption Amount

If the actual Maturity Redemption Amount is greater than the payment projected in the projected payment schedule as the final payment, the excess will be a “positive adjustment,” which is treated as additional OID income. If the actual Maturity Redemption Amount is less than the payment projected in the projected payment schedule as the final payment, the deficiency will be a “negative adjustment.” The negative adjustment will be applied first to reduce the OID accrued for the year in which the Maturity Redemption Amount is paid and any remainder of such negative adjustment will be treated as an ordinary loss to the extent of the net ordinary income of the U.S. Holder in respect of the CD, which in the case of taxpayers who are individuals, is not subject to limitations on the deductibility of miscellaneous deductions. Any remaining negative adjustment will reduce the U.S. Holder’s amount realized on the retirement of the CD.

Notwithstanding the foregoing, special rules will apply if the Maturity Redemption Amount 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. U.S. Holders should consult their own tax advisors concerning these special rules.

Sale, Exchange or Disposition of the CDs

A U.S. Holder of a CD will recognize gain or loss on the taxable sale, exchange, or other disposition of the CD, to the extent that the amount realized is more or less than its adjusted basis. In general, any gain realized by a U.S. Holder on the taxable sale, exchange, or other disposition of a CD will be treated as ordinary interest income. Any loss recognized on the taxable sale, exchange, or other disposition of a CD will generally be treated as an ordinary loss to the extent of the OID previously accrued by such U.S. Holder on the CD, which, in the case of taxpayers who are individuals, would not be subject to the limitations on the deductibility of miscellaneous deductions. Any loss in excess of such accrued OID would be treated as a capital loss. The deductibility of capital losses by U.S. Holders is subject to limitations.

Additional Medicare Tax

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. Depositors are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and capital gains in respect of their investment in the CDs.

Tax Treatment of Non-U.S. Holders

Taxation of Interest and Disposition of the CDs

In general, subject to the discussion below, Non-U.S. Holders will not be subject to any U.S. federal income or withholding tax on any interest income from a CD so long as the income or gain is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States. Additionally, Non-U.S. Holders will not be subject to any U.S. federal income or withholding tax on any gain on the sale, early withdrawal, maturity, exchange or other disposition of a CD so long as the income or gain is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States and the Non-U.S. Holder is not an individual present in the United States for 183 days or more in the taxable year in which the gain is recognized.

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% U.S. withholding tax if paid to a Non-U.S. Holder. Under U.S. Treasury Department 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 guidance provides that withholding on dividend equivalent payments will not apply to specified ELIs that are not delta-one instruments and that are issued before January 1, 2019. Based on the Issuer’s determination that the CDs are not “delta-one” instruments, Non-U.S. Holders should not be subject to withholding on dividend equivalent payments, if any, under the CDs. However, it is possible that the CDs could be treated as deemed reissued for U.S. federal income tax purposes upon the occurrence of certain events affecting the Index or the CDs, and following such occurrence the CDs 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 the Index or the CDs should consult their tax advisors as to the application of the dividend equivalent withholding tax in the context of the CDs 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.

U.S. Federal Estate Tax Treatment of Non-U.S. Holders

CDs held (or treated as held) by an individual who is a Non-U.S. Holder at the time of his or her death will not be subject to U.S. federal estate tax, provided that the individual would not be subject to any U.S. federal income or withholding tax with respect to income or gain on the CDs.

Information Reporting and Backup Withholding

Under certain circumstances, the Code requires “information reporting” annually to the IRS and to each holder of the CDs, and “backup withholding” with respect to certain payments made on or with respect to the CDs. Information reporting and backup withholding generally will not apply to U.S. Holders that are corporations or certain other “exempt recipients” if the U.S. Holder provides the Issuer with a properly completed IRS Form W-9, and will not apply to a Non-U.S. Holder if the Non-U.S. Holder provides the Issuer with a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E, as the case may be. Interest paid to a Non-U.S. Holder who is an individual may be reported on IRS Form 1042-S that is filed with the IRS and sent to the Non-U.S. Holder.

Backup withholding is not an additional tax and may be refunded (or credited against a depositor’s U.S. federal income tax liability, if any), if certain required information is furnished.

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.

The U.S. Treasury Department and the IRS have announced that withholding on payments of gross proceeds from a sale, exchange, redemption, or other disposition of the CDs will only apply to dispositions after December 31, 2018. If the Issuer determines withholding is appropriate with respect to the CDs, the Issuer will withhold tax at the applicable statutory rate, and the Issuer will not pay any

additional amounts in respect of such withholding. Prospective depositors are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the CDs.

The preceding discussion is only a summary of certain of the tax implications of purchasing the CDs. Prospective depositors are urged to consult with their own tax advisors prior to purchasing to determine the tax implications of a purchase in light of that depositor's particular circumstances.

INFORMATION ABOUT THE REFERENCE ASSET

General

These Terms and Conditions are not an offer to sell and are not an offer to buy interests in the Index or any of the ETFs included in the Index. All disclosures contained in these Terms and Conditions regarding the Index, including its make-up, method of calculation and changes in its components, are derived from publicly available information. This description of the Index is qualified in its entirety by the full description in its methodology, which is available at <http://www.customindices.spindices.com/indices/custom-indices/hsbc-vantage5-index-usd-excess-return>. The methodology of the Index is not incorporated in, or part of, this Terms and Conditions.

We urge you to read the sections “Description of the CDs—Information with Respect to Certain Reference Assets” beginning on page 4 of the Base Disclosure Statement and “Reference Firms and Reference Assets” on page 28 of the Base Disclosure Statement.

The HSBC Vantage5 Index (USD) Excess Return

The HSBC Vantage5 Index (USD) Excess Return (the “Index”) uses a momentum based strategy. The Index is based on a systematic investment strategy that, each month, constructs a notional portfolio (“Monthly Reference Portfolio”) that is derived from two underlying portfolios created from a basket of 13 ETFs and cash (each, an “Index Constituent”). The underlying portfolios are created from a combination of the Index Constituents that result in the highest historical 3-month return (“Short Term Portfolio”) and 6-month return (“Long Term Portfolio,” together with the Short Term Portfolio, the “Eligible Portfolios”), subject to weight constraints and target volatility of 5%. The Index reflects the excess return performance of the Monthly Reference Portfolio over the ICE LIBOR USD 3 Month interest rate, minus a fee of 0.85% per annum, deducted on a daily basis. If a Short Term Portfolio or a Long Term Portfolio that meets the target volatility constraint cannot be identified, then the target volatility constraint will be gradually increased by 0.25%, up to a cap of 7.5%. If the target volatility constraint is at 7.5% and there is still no Eligible Portfolio, then the cap on Cash within such portfolio will be gradually increased in 10% increments until a suitable portfolio with the target volatility of 7.5% is constructed. Under these circumstances, the Index may be 100% invested in Cash.

The Index Constituents represent a diverse range of asset classes, subject to caps on both single assets as well as asset classes to avoid an over concentration in any single asset and to promote diversification. The Index uses the (annualized) volatility of 126 daily observations (six-months’ worth of weekly returns) of the Index Constituents as a risk measure. The Index selects each month the Short Term Portfolio and Long Term portfolio with the highest returns that also meet the volatility and weight constraints. The weights allocated to the Index Constituents within the Short Term Portfolio and Long Term Portfolio are determined with the aim that the volatility of the Short Term Portfolio and Long Term Portfolio is not higher than 5%. The Monthly Reference Portfolio is constructed by allocating 50% to the Short Term Portfolio and 50% to the Long Term Portfolio.

The level of the Index is calculated based on the returns of the constructed Monthly Reference Portfolio in excess of the ICE LIBOR USD 3 Month interest rate, less the Index fees of 0.85% per annum (subtracted daily).

The Index is described as a “notional” or synthetic portfolio or basket of assets because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index merely references certain assets, the performance of which will be used as a reference point for calculating the Index level.

The Index owner is HSBC Bank plc. The Index is calculated and administered by S&P Opco LLC (“S&P”), a subsidiary of S&P Dow Jones Indices LLC, as the Index Calculation Agent and Index Administrator, in accordance with the rules that are summarized below.

Index Construction Steps

Step 1:

- Construct a multi-asset portfolio of cash and US-listed ETFs ranging across multiple asset classes with sufficient liquidity and market capacity. See below for Investment Categories.

Step 2:

- Select a Short Term Portfolio based on the Index Constituent returns over the immediately preceding 3 month period and a Long Term Portfolio based on the Index Constituent returns over the immediately preceding 6 month period. Each portfolio has the highest performance based on the dynamic allocation to the Index Constituents, subject to weight constraints below and targeted volatility of 5%.

Step 3:

- Construct Monthly Reference Portfolio consisting of all Index Constituents from the Short Term Portfolio and Long Term portfolio. The Monthly Reference Portfolio is constructed by allocating 50% to the Short Term Portfolio and 50% to the Long Term Portfolio.

Step 4:

- Each month, the Index invests in the Monthly Reference Portfolio. The level of the Index reflects the returns of the Monthly Reference Portfolio in excess of the ICE LIBOR USD 3 Month interest rate, minus an index fee of 0.85% per annum.

Index Investment Categories Composition

The Index invests in a universe of 13 ETFs and cash. The ETFs are divided broadly into five thematic Investment Categories (Groups), subject to caps on both single assets as well as asset classes.

Group	Asset	ETF Ticker	Asset Cap	Group Cap
Developed Equities	SPDR® S&P 500® ETF Trust	SPY	40%	60%
	iShares® Russell 2000 ETF	IWM	20%	
	PowerShares® S&P 500 Low Volatility Portfolio	SPLV	20%	
	PowerShares® QQQ Trust Series 1 (NASDAQ 100)	QQQ	20%	
	iShares® MSCI EAFE ETF	EFA	20%	
Developed Bonds	iShares® 20+ Year Treasury Bond ETF	TLT	40%	80%
	iShares® iBoxx \$ Investment Grade Corporate Bond ETF	LQD	40%	
	iShares® iBoxx \$ High Yield Corporate Bond ETF	HYG	15%	
Emerging Markets	iShares® MSCI Emerging Markets ETF	EEM	20%	30%
	iShares® J.P. Morgan USD Emerging Markets Bond ETF	EMB	10%	
Real Assets	iShares® US Real Estate ETF	IYR	20%	30%
	SPDR® Gold Trust	GLD	20%	
Inflation	iShares® TIPS Bond ETF	TIP	5%	5%
Cash	Cash - Reinvested ICE LIBOR USD 3 Month		50%*	50%

*This cap can increase by increments of 10% (subject to a maximum weight of 100%) as described above.

Determining the Monthly Asset Weights for the Index Constituents in the Monthly Reference Portfolio

Each Index Constituent is set to the relevant monthly asset weight determined as of the monthly selection date. The weights will be rebalanced each month during the Monthly Rebalancing Period. The “Monthly Rebalancing Period” is the three index business day period from but excluding the monthly selection date, and the “monthly selection date” is the fourth index business day before the last index business day of the relevant month.

Observation Periods

There are two observation periods, a 3-month short observation period and a 6-month long observation period.

Eligible Portfolios

An “Eligible Portfolio” is any hypothetical portfolio that is composed of all fourteen of the Index Constituents and that satisfies the Asset Cap and the Group Cap set forth in the table above. The weight assigned to each Index Constituent in an Eligible Portfolio may be zero or a positive number.

An Eligible Portfolio for each of the short-term and long-term observation periods is chosen based on their returns over the respective period.

The monthly asset weight to be assigned to an Index Constituent within a Monthly Rebalancing Period will be determined by the Index Calculation Agent as the average weights of that Index Constituent within the Short Term Portfolio and the Long Term Portfolio identified with respect to the relevant monthly selection date.

The actual weight of each of the Index Constituents within a Monthly Reference Portfolio determined on the relevant monthly selection date may fluctuate during the Monthly Rebalancing Period.

Index Calculation

On each index business day, excluding during the Monthly Rebalancing Period, the Calculation Agent will determine the return of the selected Monthly Reference Portfolio from and excluding the close of business on the immediately preceding business day to and including such business day. The level of the Index is then calculated by adding the excess of that return over the ICE LIBOR USD 3 Month interest rate to, and subtracting a fee of 0.85% per annum from, the level of the Index as of the close of business on the immediately preceding business day.

During the Monthly Rebalancing Period, the index is calculated as follows:

For the index business day that is :	The Index level calculated for such day will reflect . . .
1st index business day of the Monthly Rebalancing Period	100% of the Performance of Monthly Reference Portfolio of month m-1 (which is the Prior Monthly Reference Portfolio)
2nd index business day of the Monthly Rebalancing Period	66.66% of the Performance of Monthly Reference Portfolio of month m-1 and 33.34% of the Performance of Monthly Reference Portfolio of month m
3rd index business day of the Monthly Rebalancing Period	33.33% of the Performance of Monthly Reference Portfolio of month m-1 and 66.67% of the Performance of Monthly Reference Portfolio of month m
1st index business day following the Monthly Rebalancing Period	100% of the Performance of Monthly Reference Portfolio of month m

Extraordinary Events

The methodology covers a number of disruption events relating to the Index Constituents, including if the relevant sponsor of an index, including ICE LIBOR USD 3 Month, fails to calculate and publish the rate for eight consecutive days on which that rate is normally published. In that event, the Index Administrator will choose a replacement rate that it determines, in its discretion, possesses similar characteristics or provides a substantially similar exposure as did ICE LIBOR USD 3 Month prior to its cessation.

Index Disclaimer

HSBC Vantage5 Index (the "Index") is the exclusive property of HSBC Bank plc, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to administer, maintain and calculate the Index. The Index is not endorsed by S&P or its affiliates or its third party licensors, including Standard & Poor's Financial Services LLC and Dow Jones Trademark Holdings LLC (collectively "S&P Dow Jones Indices"). "Calculated by S&P Custom Indices" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by HSBC Bank plc. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. S&P Dow Jones Indices shall have no liability for any errors or omissions in calculating the Index.

The CDs are not supported, endorsed, sold or promoted by S&P Dow Jones Indices. S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the CDs or any member of the public regarding the advisability of investing in the CDs or the ability of the Index to track ETF performance. S&P Dow Jones Indices' only relationship to HSBC Bank plc with respect to the Index is the licensing of certain trademarks, service marks and trade names of S&P Dow Jones Indices and for the provision of administration, calculation and maintenance services related to the Index. S&P Dow Jones Indices is not responsible for and has not participated in the determination of the prices and amount of the CDs or the timing of the issuance or sale of the CDs or in the determination or calculation of the equation by which the CDs are to be converted into cash or other redemption mechanics. S&P Dow Jones Indices has no obligation or liability in connection with the marketing or trading of the CDs. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within the Index is not a recommendation of S&P Dow Jones Indices to buy, sell, or hold such security nor is it investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION WITH RESPECT THERETO, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY HSBC BANK PLC, OWNERS OF THE CDS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ITS TRADEMARKS, THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

The Index is proprietary to HSBC Bank plc. No use or publication may be made of the Index, or any of its provisions or values, without the prior written consent of HSBC Bank plc. Neither HSBC Bank plc nor its duly appointed successor, acting as index owner (the "Index Owner"), nor S&P Dow Jones Indices or its duly appointed successor, acting as index administrator ("Index Administrator") and index calculation agent ("Index Calculation Agent"), are obliged to enter into or promote transactions or investments that are linked to the Index.

The Index Owner, the Index Administrator and the Index Calculation Agent do not assume any obligation or duty to any party and under no circumstances does the Index Owner, the Index Administrator or the Index Calculation Agent assume any relationship of agency or trust or of a fiduciary nature for or with any party. Any calculations or determinations in respect of the Index or any part thereof shall, unless otherwise specified, be made by the Index Calculation Agent, acting in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding. The term "manifest error" as used herein shall mean an error that is plain and obvious and can be identified from the results of the calculation or determination itself without recourse to any underlying data.

The Index Owner makes no express or implied representations or warranties as to (a) the advisability of purchasing or assuming any risk in connection with any transaction or investment linked to the Index, (b) the levels at which the Index stands at any particular time on any particular date, (c) the results to be obtained by any party from the use of the Index or any data included in it for the purposes of issuing any financial instruments or carrying out any financial transaction linked to the Index or (d) any other matter. Calculations may be based on information obtained from various publicly available sources. The Index Administrator and the Index Calculation Agent have relied on these sources and have not independently verified the information extracted from these sources and accept no responsibility or liability in respect thereof.

Without prejudice to the foregoing, in no event shall the Index Owner, the Index Administrator nor the Index Calculation Agent, have any liability for any indirect, special, punitive or consequential damages (provided that any such damage is not reasonably foreseeable) even if notified of the possibility of such damages.

INFORMATION ABOUT THE ETFs INCLUDED IN THE INDEX

The SPDR S&P 500 ETF Trust

The SPY is a unit investment trust that issues securities called "Standard & Poor's Depositary Receipts" or "SPDRs." The SPY is an exchange-traded fund that trades on the NYSE Arca, Inc. under the ticker symbol "SPY." The SPY is an investment company registered under the Investment Company Act of 1940, as amended. SPDRs represent an undivided ownership interest in a portfolio of all, or substantially all, of the common stocks of the S&P 500® Index, which is the underlying index for SPY. The returns of the SPY may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the SPY



For more information about the SPY, see "The SPDR S&P 500 ETF Trust" beginning on page S-3 of the accompanying Index Supplement Historical Performance of the SPY

The graph above sets forth the historical performance of the SPY based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the SPY in the table below should not be taken as an indication of future performance.

Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	146.27	135.7	142.52	07/01/2015	09/30/2015	212.59	187.27	191.63
01/02/2013	03/28/2013	156.73	145.53	156.55	10/01/2015	12/31/2015	211	192.13	203.89
04/01/2013	06/28/2013	167.11	154.14	160.01	01/04/2016	03/31/2016	206.1	183.03	205.56
07/01/2013	09/30/2013	173.14	161.16	168.1	04/01/2016	06/30/2016	212.39	199.53	209.53
10/01/2013	12/31/2013	184.67	165.48	184.67	07/01/2016	09/30/2016	219.09	208.39	216.3
01/02/2014	03/31/2014	188.26	174.15	187.04	10/03/2016	12/30/2016	227.76	208.55	223.53
04/01/2014	06/30/2014	196.48	181.48	195.72	01/03/2017	03/31/2017	239.78	225.24	235.74
07/01/2014	09/30/2014	201.82	190.99	197.02	04/03/2017	06/30/2017	244.66	232.51	241.8
10/01/2014	12/31/2014	208.72	186.27	205.5	07/03/2017	09/29/2017	251.23	240.55	251.23
01/02/2015	03/31/2015	211.99	198.97	206.43	10/02/2017	10/25/2017	257.11	252.32	255.29
04/01/2015	06/30/2015	213.5	205.42	205.85					

* This document includes, for the 4th calendar quarter of 2017, data for the period from October 2, 2017 through October 25, 2017. Accordingly, the "Quarterly High," "Quarterly Low" and "Quarterly Close" data indicated are for this shortened period only and do not reflect complete data for the 4th calendar quarter of 2017.

The iShares® Russell 2000 ETF

The IWM seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of its underlying index. The IWM typically earns income dividends from securities included in the underlying index. These amounts, net of expenses and taxes (if applicable), are passed along to the IWM's shareholders as "ordinary income." In addition, the IWM realizes capital gains or losses whenever it sells securities. Net long-term capital gains are distributed to shareholders as "capital gain distributions." However, because the CDs are linked only to the share price of the IWM, you will not be entitled to receive income, dividend, or capital gain distributions from the IWM or any equivalent payments. The returns of the IWM may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the IWM



For more information about the IWM, see "The iShares® Russell 2000 ETF" beginning on page S-7 of the accompanying Index Supplement Historical Performance of the IWM

The graph above sets forth the historical performance of the IWM based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the IWM in the table below should not be taken as an indication of future performance.

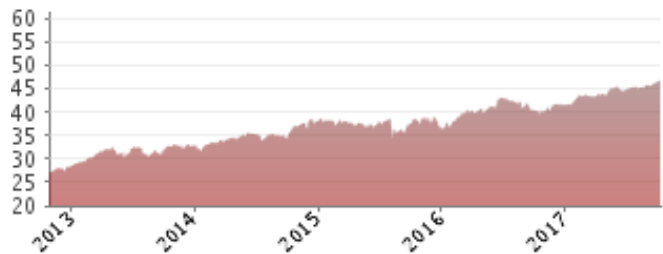
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	84.69	76.88	84.29	07/01/2015	09/30/2015	126.31	107.53	109.2
01/02/2013	03/28/2013	94.8	86.65	94.26	10/01/2015	12/31/2015	119.85	109.01	112.51
04/01/2013	06/28/2013	99.51	89.58	97.16	01/04/2016	03/31/2016	110.62	94.8	110.62
07/01/2013	09/30/2013	107.1	98.08	106.62	04/01/2016	06/30/2016	118.43	108.69	114.97
10/01/2013	12/31/2013	115.31	103.67	115.31	07/01/2016	09/30/2016	125.7	113.69	124.21
01/02/2014	03/31/2014	119.83	108.64	116.34	10/03/2016	12/30/2016	138.31	115	134.85
04/01/2014	06/30/2014	118.81	108.88	118.81	01/03/2017	03/31/2017	140.36	133.75	137.48
07/01/2014	09/30/2014	120.02	109.35	109.35	04/03/2017	06/30/2017	142.1	133.72	140.92
10/01/2014	12/31/2014	121.08	104.3	119.67	07/03/2017	09/29/2017	148.18	134.83	148.18
01/02/2015	03/31/2015	126.03	114.69	124.35	10/02/2017	10/25/2017	150.33	148.45	148.45
04/01/2015	06/30/2015	129.01	120.85	124.86					

* This document includes, for the 4th calendar quarter of 2017, data for the period from October 2, 2017 through October 25, 2017. Accordingly, the "Quarterly High," "Quarterly Low" and "Quarterly Close" data indicated are for this shortened period only and do not reflect complete data for the 4th calendar quarter of 2017.

The PowerShares S&P 500 Low Volatility Portfolio

The SPLV seeks investment results that generally correspond (before fees and expenses) to the price and yield of the S&P 500® Low Volatility Index (the "SP5LVI"). The SPLV generally will invest at least 90% of its total assets in common stocks that comprise the SP5LVI. S&P Dow Jones Indices LLC ("S&P") compiles, maintains and calculates the SP5LVI. Strictly in accordance with its existing guidelines and mandated procedures, S&P selects 100 securities from the S&P 500® Index for inclusion in the SP5LVI that have the lowest realized volatility over the past 12 months as determined by S&P. Volatility is a statistical measurement of the magnitude of up and down asset price fluctuations (increases or decreases in a stock's price) over time. The SPLV generally invests in all of the securities comprising the SP5LVI in proportion to their weightings in the SP5LVI. The returns of the SPLV may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the SPLV



For more information about the SPLV, see "The PowerShares S&P 500 Low Volatility Portfolio" beginning on page S-9 of the accompanying Index Supplement Historical Performance of the SPLV

The graph above sets forth the historical performance of the SPLV based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the SPLV in the table below should not be taken as an indication of future performance.

Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	28.63	26.87	27.68	07/01/2015	09/30/2015	38.68	34.31	35.96
01/02/2013	03/28/2013	31.08	28.19	31.08	10/01/2015	12/31/2015	39.2	35.91	38.57
04/01/2013	06/28/2013	32.51	30.13	31.12	01/04/2016	03/31/2016	40.4	36.18	40.33
07/01/2013	09/30/2013	32.6	30.59	31.2	04/01/2016	06/30/2016	42.79	39.62	42.79
10/01/2013	12/31/2013	33.16	30.8	33.16	07/01/2016	09/30/2016	43.19	40.82	41.49
01/02/2014	03/31/2014	34.03	31.6	34.03	10/03/2016	12/30/2016	41.88	39.61	41.58
04/01/2014	06/30/2014	35.59	33.5	35.59	01/03/2017	03/31/2017	43.91	41.44	43.47
07/01/2014	09/30/2014	35.62	33.84	34.97	04/03/2017	06/30/2017	45.69	43.19	44.73
10/01/2014	12/31/2014	38.72	34.26	37.96	07/03/2017	09/29/2017	45.95	44.44	45.79
01/02/2015	03/31/2015	38.9	37.03	37.93	10/02/2017	10/25/2017	46.92	45.98	46.57
04/01/2015	06/30/2015	38.28	36.56	36.64					

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The PowerShares QQQ Trust Series 1

The QQQ, an exchange traded fund, is a registered investment company which both (a) continuously issues and redeems "in-kind" its shares, known as PowerShares® QQQ SharesSM or QQQSM, only in large lot sizes called Creation Units at their once-daily net asset value and (b) lists the shares individually for trading on the NASDAQ Stock Market at prices established throughout the trading day, like any other listed equity security trading in the secondary market on the NASDAQ Stock Market. The investment objective of the QQQ is to provide investment results that generally correspond to the price and yield performance of the NASDAQ-100 Index® by holding all the stocks comprising the NASDAQ-100 Index®. The returns of the QQQ may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the QQQ



For more information about the QQQ, see "The PowerShares QQQ Trust Series 1" beginning on page S-12 of the accompanying Index Supplement Historical Performance of the QQQ

The graph above sets forth the historical performance of the QQQ based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the QQQ in the table below should not be taken as an indication of future performance.

Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	69.36	62.01	65.11	07/01/2015	09/30/2015	113.98	98.1	101.76
01/02/2013	03/28/2013	68.98	66.29	68.98	10/01/2015	12/31/2015	115.15	102.19	111.88
04/01/2013	06/28/2013	74.3	67.14	71.19	01/04/2016	03/31/2016	109.57	96.31	109.18
07/01/2013	09/30/2013	79.5	71.71	78.88	04/01/2016	06/30/2016	111.23	102.27	107.61
10/01/2013	12/31/2013	87.96	76.98	87.96	07/01/2016	09/30/2016	119.07	107.43	118.69
01/02/2014	03/31/2014	91.09	84.32	87.68	10/03/2016	12/30/2016	120.81	113.63	118.56
04/01/2014	06/30/2014	93.9	84.1	93.9	01/03/2017	03/31/2017	132.46	119.51	132.36
07/01/2014	09/30/2014	100.28	94.23	98.82	04/03/2017	06/30/2017	143.57	130.38	137.5
10/01/2014	12/31/2014	106.03	91.84	103.21	07/03/2017	09/29/2017	146.41	136.2	145.46
01/02/2015	03/31/2015	109.39	99.65	105.61	10/02/2017	10/25/2017	149.03	145.59	147.41
04/01/2015	06/30/2015	110.98	105.06	107.12					

* This document includes, for the 4th calendar quarter of 2017, data for the period from October 2, 2017 through October 25, 2017. Accordingly, the "Quarterly High," "Quarterly Low" and "Quarterly Close" data indicated are for this shortened period only and do not reflect complete data for the 4th calendar quarter of 2017.

The iShares® MSCI EAFE ETF

The EFA seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in the European, Australasian, and Far Eastern markets, as measured by the MSCI EAFER® Index, which is the underlying index of the EFA. The returns of the EFA may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the EFA



For more information about the EFA, see “The iShares® MSCI EAFE ETF” beginning on page S-15 of the accompanying Index Supplement Historical Performance of the EFA

The graph above sets forth the historical performance of the EFA based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the EFA in the table below should not be taken as an indication of future performance.

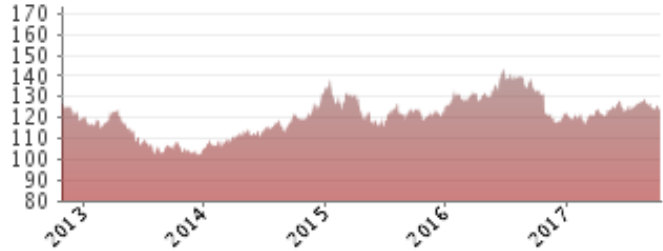
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	56.88	51.96	56.82	07/01/2015	09/30/2015	65.46	56.25	57.32
01/02/2013	03/28/2013	59.89	56.9	58.98	10/01/2015	12/31/2015	62.06	57.5	58.75
04/01/2013	06/28/2013	63.53	57.03	57.38	01/04/2016	03/31/2016	57.8	51.38	57.13
07/01/2013	09/30/2013	65.05	57.55	63.79	04/01/2016	06/30/2016	59.87	52.64	55.81
10/01/2013	12/31/2013	67.06	62.71	67.06	07/01/2016	09/30/2016	59.86	54.44	59.13
01/02/2014	03/31/2014	68.03	62.31	67.17	10/03/2016	12/30/2016	59.2	56.2	57.73
04/01/2014	06/30/2014	70.67	66.26	68.37	01/03/2017	03/31/2017	62.6	58.09	62.29
07/01/2014	09/30/2014	69.25	64.12	64.12	04/03/2017	06/30/2017	67.22	61.44	65.2
10/01/2014	12/31/2014	64.51	59.53	60.84	07/03/2017	09/29/2017	68.48	64.83	68.48
01/02/2015	03/31/2015	65.99	58.48	64.17	10/02/2017	10/25/2017	69.57	68.42	69.03
04/01/2015	06/30/2015	68.42	63.49	63.49					

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The iShares® 20+ Year Treasury Bond ETF

The TLT seeks to track the investment results of the ICE U.S. Treasury 20+ Year Bond Index, which measures the performance of public obligations of the U.S. Treasury that have a remaining maturity greater than twenty years. The returns of the TLT may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the TLT



For more information about the TLT, see “The iShares® 20+ Year Treasury Bond ETF” beginning on page S-17 of the accompanying Index Supplement Historical Performance of the TLT

The graph above sets forth the historical performance of the TLT based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the TLT in the table below should not be taken as an indication of future performance.

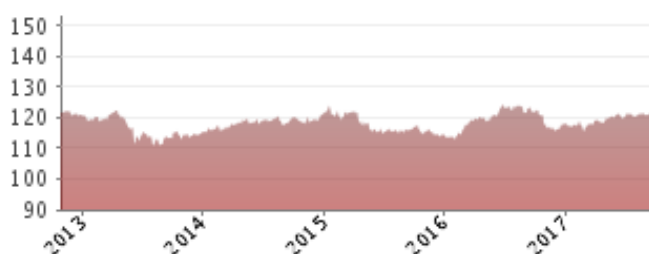
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	126.73	120.07	121.18	07/01/2015	09/30/2015	126.4	115.62	123.54
01/02/2013	03/28/2013	120.32	114.75	117.76	10/01/2015	12/31/2015	124.56	118.33	120.62
04/01/2013	06/28/2013	124	107.88	110.44	01/04/2016	03/31/2016	133.59	120.96	130.54
07/01/2013	09/30/2013	110.41	102.13	106.4	04/01/2016	06/30/2016	139.55	127.25	138.79
10/01/2013	12/31/2013	108.31	101.81	101.86	07/01/2016	09/30/2016	143.62	133.72	137.55
01/02/2014	03/31/2014	109.99	102.17	109.1	10/03/2016	12/30/2016	136.78	116.8	119.1
04/01/2014	06/30/2014	114.76	107.27	113.52	01/03/2017	03/31/2017	122.55	116.54	120.68
07/01/2014	09/30/2014	119.05	110.68	116.27	04/03/2017	06/30/2017	128.22	120.44	125.12
10/01/2014	12/31/2014	127.6	117.2	125.92	07/03/2017	09/29/2017	129.25	122.77	124.75
01/02/2015	03/31/2015	138.5	123.5	130.69	10/02/2017	10/25/2017	125.91	122.85	122.85
04/01/2015	06/30/2015	132.13	115.23	117.46					

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The iShares® iBoxx \$ Investment Grade Corporate Bond ETF

The LQD seeks to track the investment results of the Markit iBoxxR® USD Liquid Investment Grade Index, an index composed of U.S. dollar-denominated, investment-grade corporate bonds. The LQD is primarily invested in the banking, consumer services and telecommunications sectors. The returns of the LQD may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the LQD



For more information about the LQD, see “The iShares® iBoxx \$ Investment Grade Corporate Bond ETF” beginning on page S-18 of the accompanying Index Supplement Historical Performance of the LQD

The graph above sets forth the historical performance of the LQD based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the LQD in the table below should not be taken as an indication of future performance.

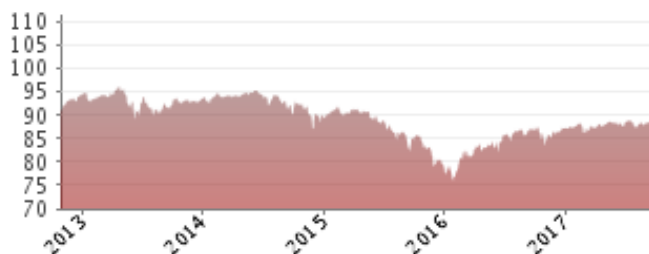
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	123.13	120.44	120.99	07/01/2015	09/30/2015	116.56	114.74	116.09
01/02/2013	03/28/2013	121.27	118.74	119.9	10/01/2015	12/31/2015	117.59	113.82	114.01
04/01/2013	06/28/2013	122.34	111.48	113.65	01/04/2016	03/31/2016	118.82	112.92	118.82
07/01/2013	09/30/2013	115.45	110.91	113.52	04/01/2016	06/30/2016	122.73	118.56	122.73
10/01/2013	12/31/2013	115.59	113.01	114.21	07/01/2016	09/30/2016	124.4	121.39	123.18
01/02/2014	03/31/2014	117.39	114.25	116.97	10/03/2016	12/30/2016	122.51	115.6	117.18
04/01/2014	06/30/2014	119.92	116.15	119.26	01/03/2017	03/31/2017	118.78	115.62	117.91
07/01/2014	09/30/2014	120.58	117.32	118.22	04/03/2017	06/30/2017	121.4	117.78	120.51
10/01/2014	12/31/2014	120.3	117.7	119.41	07/03/2017	09/29/2017	121.61	119.72	121.23
01/02/2015	03/31/2015	123.89	119.15	121.71	10/02/2017	10/25/2017	121.58	120.56	120.56
04/01/2015	06/30/2015	122.22	114.94	115.72					

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The iShares® iBoxx \$ High Yield Corporate Bond ETF

The HYG seeks to track the investment results of the Markit iBoxxR® USD Liquid High Yield Index. The underlying index is a rules-based index consisting of liquid U.S. dollar-denominated, high yield corporate bonds for sale in the United States, which is designed to provide a broad representation of the U.S. dollar-denominated high yield liquid corporate bond market. The returns of the HYG may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the HYG



For more information about the HYG, see “The iShares® iBoxx \$ High Yield Corporate Bond ETF” beginning on page S-21 of the accompanying Index Supplement Historical Performance of the HYG

The graph above sets forth the historical performance of the HYG based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the HYG in the table below should not be taken as an indication of future performance.

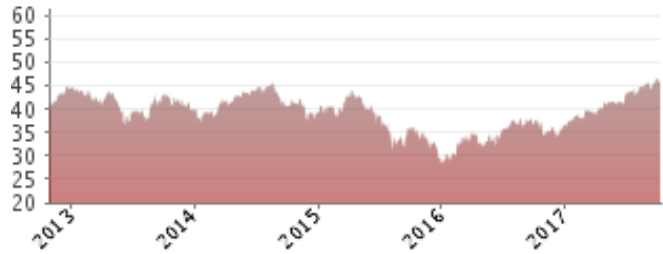
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	93.9	90.67	93.35	07/01/2015	09/30/2015	88.93	82.77	83.29
01/02/2013	03/28/2013	94.88	92.98	94.35	10/01/2015	12/31/2015	85.83	78.84	80.58
04/01/2013	06/28/2013	96.29	89.04	90.86	01/04/2016	03/31/2016	82.4	75.59	81.69
07/01/2013	09/30/2013	93.97	89.85	91.56	04/01/2016	06/30/2016	84.69	80.87	84.69
10/01/2013	12/31/2013	93.79	91.51	92.88	07/01/2016	09/30/2016	87.26	83.99	87.26
01/02/2014	03/31/2014	94.93	92.51	94.39	10/03/2016	12/30/2016	87.42	83.47	86.55
04/01/2014	06/30/2014	95.38	93.78	95.2	01/03/2017	03/31/2017	88.36	86.11	87.78
07/01/2014	09/30/2014	94.87	91.36	91.95	04/03/2017	06/30/2017	88.66	87.22	88.39
10/01/2014	12/31/2014	93.18	86.89	89.6	07/03/2017	09/29/2017	88.97	87.18	88.76
01/02/2015	03/31/2015	91.9	88.43	90.61	10/02/2017	10/25/2017	88.69	88.29	88.34
04/01/2015	06/30/2015	91.5	88.38	88.8					

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The iShares® MSCI Emerging Markets ETF

The EEM seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Emerging Markets Index. The MSCI Emerging Markets Index was developed by MSCI to represent the performance of equity securities in selected emerging markets countries. The returns of the EEM may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the EEM



For more information about the EEM, see “The iShares® MSCI Emerging Markets ETF” beginning on page S-24 of the accompanying Index Supplement Historical Performance of the EEM. The graph above sets forth the historical performance of the EEM based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the EEM in the table below should not be taken as an indication of future performance.

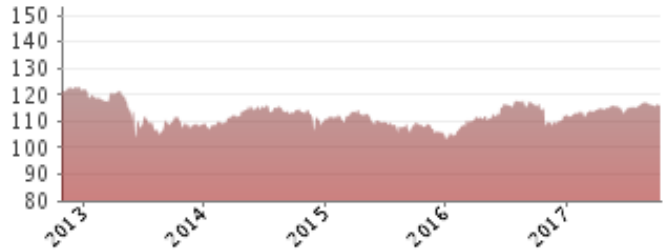
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	44.35	40.14	44.35	07/01/2015	09/30/2015	39.78	31.32	32.78
01/02/2013	03/28/2013	45.2	41.8	42.78	10/01/2015	12/31/2015	36.29	31.55	32.19
04/01/2013	06/28/2013	44.23	36.63	38.57	01/04/2016	03/31/2016	34.28	28.25	34.25
07/01/2013	09/30/2013	43.29	37.34	40.77	04/01/2016	06/30/2016	35.26	31.87	34.36
10/01/2013	12/31/2013	43.66	40.44	41.77	07/01/2016	09/30/2016	38.2	33.77	37.45
01/02/2014	03/31/2014	40.99	37.09	40.99	10/03/2016	12/30/2016	38.1	34.08	35.01
04/01/2014	06/30/2014	43.95	40.82	43.23	01/03/2017	03/31/2017	39.985	35.43	39.39
07/01/2014	09/30/2014	45.85	41.56	41.56	04/03/2017	06/30/2017	41.93	38.81	41.39
10/01/2014	12/31/2014	42.44	37.73	39.29	07/03/2017	09/29/2017	45.85	41.05	44.81
01/02/2015	03/31/2015	41.07	37.92	40.13	10/02/2017	10/25/2017	46.66	44.82	45.79
04/01/2015	06/30/2015	44.09	39.04	39.62					

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The iShares® JP Morgan USD Emerging Markets Bond ETF

The EMB seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the J.P. Morgan EMBISM Global Core Index. The EMBIG Core Index is a broad, diverse U.S. dollar-denominated emerging markets debt benchmark, which tracks the total return of actively traded external debt instruments in emerging market countries. The returns of the EMB may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the EMB



For more information about the EMB, see “The iShares® JP Morgan USD Emerging Markets Bond ETF” beginning on page S-26 of the accompanying Index Supplement Historical Performance of the EMB.

The graph above sets forth the historical performance of the EMB based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the EMB in the table below should not be taken as an indication of future performance.

Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	123.16	120.75	122.8	07/01/2015	09/30/2015	109.97	105.54	106.4
01/02/2013	03/28/2013	123.16	117.47	117.47	10/01/2015	12/31/2015	109.55	105.29	105.78
04/01/2013	06/28/2013	121.68	103.56	109.53	01/04/2016	03/31/2016	110.38	103.11	110.35
07/01/2013	09/30/2013	112	104.91	109	04/01/2016	06/30/2016	115.15	109.7	115.15
10/01/2013	12/31/2013	111.78	106.93	108.16	07/01/2016	09/30/2016	117.97	114.98	117.21
01/02/2014	03/31/2014	111.42	106.69	111.42	10/03/2016	12/30/2016	116.94	108.16	110.22
04/01/2014	06/30/2014	115.65	110.93	115.27	01/03/2017	03/31/2017	114.06	110.6	113.7
07/01/2014	09/30/2014	116.31	112.85	112.85	04/03/2017	06/30/2017	116.05	113.36	114.36
10/01/2014	12/31/2014	114.68	106.04	109.71	07/03/2017	09/29/2017	117.23	112.83	116.43
01/02/2015	03/31/2015	112.45	108.28	112.12	10/02/2017	10/25/2017	116.46	115.48	115.56
04/01/2015	06/30/2015	114.24	108.89	109.92					

* This document includes, for the 4th calendar quarter of 2017, data for the period from October 2, 2017 through October 25, 2017. Accordingly, the “Quarterly High,” “Quarterly Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for the 4th calendar quarter of 2017.

The iShares® U.S. Real Estate ETF

The IYR seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Real Estate Index. The Dow Jones U.S. Real Estate Index is a float-adjusted market capitalization-weighted real-time index that provides a broad measure of the performance of the real estate sector of the U.S. securities market. The returns of the IYR may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the IYR



For more information about the IYR, see “The iShares® U.S. Real Estate ETF” beginning on page S-27 of the accompanying Index Supplement Historical Performance of the IYR

The graph above sets forth the historical performance of the IYR based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the IYR in the table below should not be taken as an indication of future performance.

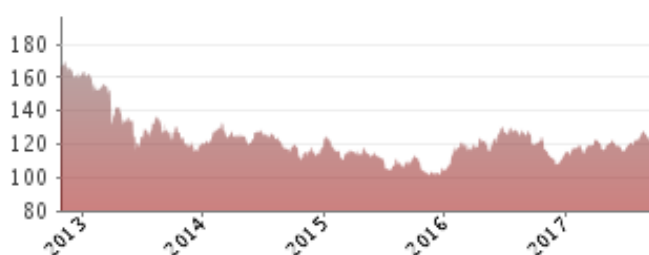
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	65.42	61.15	64.72	07/01/2015	09/30/2015	76.58	68.69	70.95
01/02/2013	03/28/2013	69.48	65.66	69.48	10/01/2015	12/31/2015	77.03	71.28	75.11
04/01/2013	06/28/2013	75.54	63.55	66.39	01/04/2016	03/31/2016	77.86	66.28	77.86
07/01/2013	09/30/2013	69.42	60.92	63.76	04/01/2016	06/30/2016	82.3	75.83	82.3
10/01/2013	12/31/2013	68.18	62.01	63.09	07/01/2016	09/30/2016	85.69	78.83	80.64
01/02/2014	03/31/2014	69.24	62.98	67.67	10/03/2016	12/30/2016	79.18	72.87	76.94
04/01/2014	06/30/2014	72.9	67.52	71.79	01/03/2017	03/31/2017	80.73	76.13	78.49
07/01/2014	09/30/2014	74.82	68.88	69.2	04/03/2017	06/30/2017	81.74	77.43	79.77
10/01/2014	12/31/2014	79.01	69.14	76.84	07/03/2017	09/29/2017	82.37	78.03	79.88
01/02/2015	03/31/2015	83.14	76.42	79.32	10/02/2017	10/25/2017	81.57	79.72	79.73
04/01/2015	06/30/2015	80.64	71.3	71.3					

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The SPDR Gold Shares

The investment objective of the Gold Trust is to reflect the performance of the price of gold bullion, less the Gold Trust's expenses. The Gold Trust holds gold bars. The Gold Trust issues SPDR® Gold Shares, which represent units of fractional undivided beneficial interest in and ownership of the Gold Trust. The SPDR® Gold Shares trade on NYSE Arca, Inc. under the symbol “GLD.” The returns of the GLD may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the GLD



For more information about the GLD, see “The SPDR Gold Shares” beginning on page S-29 of the accompanying Index Supplement Historical Performance of the GLD

The graph above sets forth the historical performance of the GLD based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the GLD in the table below should not be taken as an indication of future performance.

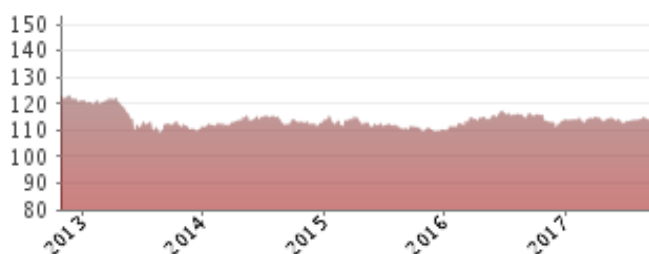
Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)	Quarter Begin	Quarter End	Quarterly High (\$)	Quarterly Low (\$)	Quarterly Close (\$)
10/01/2012	12/31/2012	173.61	159.71	162.01	07/01/2015	09/30/2015	112.06	103.93	106.86
01/02/2013	03/28/2013	163.67	151.41	154.45	10/01/2015	12/31/2015	113.81	100.5	101.46
04/01/2013	06/28/2013	154.67	115.92	119.15	01/04/2016	03/31/2016	121.5	102.89	117.6
07/01/2013	09/30/2013	136.72	118.09	128.17	04/01/2016	06/30/2016	126.68	115.63	126.52
10/01/2013	12/31/2013	130.56	114.82	116.17	07/01/2016	09/30/2016	130.52	124.78	125.64
01/02/2014	03/31/2014	133.1	118	123.61	10/03/2016	12/30/2016	125.32	107.34	109.61
04/01/2014	06/30/2014	128.04	119.7	128.04	01/03/2017	03/31/2017	119.7	110.47	118.72
07/01/2014	09/30/2014	128.78	116.21	116.21	04/03/2017	06/30/2017	123.1	116.04	118.02
10/01/2014	12/31/2014	120.02	109.79	113.58	07/03/2017	09/29/2017	128.13	115.28	121.58
01/02/2015	03/31/2015	125.23	110.21	113.66	10/02/2017	10/25/2017	123.82	120.52	121.35
04/01/2015	06/30/2015	117.53	112.24	112.37					

* This document includes, for the 4th calendar quarter of 2017, data for the period from October 2, 2017 through October 25, 2017. Accordingly, the “Quarterly High,” “Quarterly Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for the 4th calendar quarter of 2017.

The iShares® TIPS Bond ETF

The TIP is an exchange-traded fund that seeks to track the investment results, before fees and expenses, of an index composed of inflation-protected U.S. Treasury bonds, which is currently the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L). The Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) includes all publicly issued U.S. Treasury inflation protected securities that have at least one year remaining to maturity, are rated investment grade and have \$250 million or more of outstanding face value. The returns of the TIP may be affected by certain management fees and other expenses, which are detailed in its prospectus.

Historical Performance of the TIP



For more information about the TIP, see “The iShares® TIPS Bond ETF” beginning on page S-31 of the accompanying Index Supplement Historical Performance of the TIP

The graph above sets forth the historical performance of the TIP based on the daily historical closing prices from January 1, 2012 to October 20, 2017, as reported on the Bloomberg Professional® service. We have not undertaken any independent review of, or made any due diligence inquiry with respect to, the information obtained from the Bloomberg Professional® service. The graph above and the historical prices of the TIP in the table below should not be taken as an indication of future performance.

<u>Quarter Begin</u>	<u>Quarter End</u>	<u>Quarterly High (\$)</u>	<u>Quarterly Low (\$)</u>	<u>Quarterly Close (\$)</u>	<u>Quarter Begin</u>	<u>Quarter End</u>	<u>Quarterly High (\$)</u>	<u>Quarterly Low (\$)</u>	<u>Quarterly Close (\$)</u>
10/01/2012	12/31/2012	123.3	121.22	121.41	07/01/2015	09/30/2015	113.08	110.01	110.69
01/02/2013	03/28/2013	121.52	119.94	121.25	10/01/2015	12/31/2015	111.8	109.15	109.68
04/01/2013	06/28/2013	122.57	110	112.01	01/04/2016	03/31/2016	114.64	109.79	114.64
07/01/2013	09/30/2013	113.39	108.71	112.58	04/01/2016	06/30/2016	116.67	113.64	116.67
10/01/2013	12/31/2013	113.41	109.75	109.9	07/01/2016	09/30/2016	117.55	114.61	116.49
01/02/2014	03/31/2014	113.22	110.21	112.1	10/03/2016	12/30/2016	116.38	111.09	113.17
04/01/2014	06/30/2014	115.91	111.46	115.36	01/03/2017	03/31/2017	114.96	112.62	114.65
07/01/2014	09/30/2014	115.75	111.71	112.07	04/03/2017	06/30/2017	115.23	113.21	113.43
10/01/2014	12/31/2014	114.32	111.52	112.01	07/03/2017	09/29/2017	115.22	112.41	113.58
01/02/2015	03/31/2015	115.63	111.51	113.59	10/02/2017	10/25/2017	114.13	113.14	113.14
04/01/2015	06/30/2015	115.49	110.86	112.05					

* This document includes, for the 4th calendar quarter of 2017, data for the period from October 2, 2017 through October 25, 2017. Accordingly, the “Quarterly High,” “Quarterly Low” and “Quarterly Close” data indicated are for this shortened period only and do not reflect complete data for the 4th calendar quarter of 2017.

