



# Goldman Sachs Bank USA

\$250,000

## Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

The CDs will pay an annual coupon based on (i) the performance of the GS Momentum Builder® Multi-Asset 5S ER Index as measured from the trade date (October 19, 2018) to each applicable coupon determination date (October 18th of each year, commencing October 2019 and ending October 2023) divided by (ii) the number of coupon payment dates that have occurred up to and including the relevant coupon payment date, subject to a minimum coupon rate of 1.1%. On the stated maturity date (October 25, 2023), in addition to the coupon then due, you will receive the face amount of your CDs.

**Because each coupon is based on the performance of the index from the trade date to the relevant coupon determination date and then divided by the number of coupon payment dates having occurred up to and including the relevant coupon payment date, your payment may be higher or lower than the actual return on the index between annual coupon determination dates.**

The index measures the extent to which the performance of the selected underlying assets (up to 14 ETFs and a money market position in 3-month USD LIBOR, which provide exposure to broad-based equities, fixed income, emerging markets, alternatives, commodities, inflation, and cash equivalent asset classes) outperform the *sum* of the return on 3-month USD LIBOR *plus* 0.65% per annum (accruing daily). **LIBOR is being modified, see page S-32.** The index rebalances on each index business day from among the 15 underlying assets. The daily weight used to rebalance each underlying asset on any index business day equals the average of the target weights for each underlying asset determined on such day and each of the prior 21 index business days. Target weights are determined by calculating for each day the combination of underlying assets with the highest return during three return look-back periods (9, 6 and 3 months), subject to a (a) limit of 5% on portfolio realized volatility over the related volatility look-back period (6, 3 and 1 months for the 9, 6 and 3 month return look-back periods, respectively) and (b) maximum weight for each underlying asset and each asset class. This results in a portfolio for each of the three return look-back periods for each day. The target weight of each underlying asset will equal the average of the weights, if any, of such underlying asset in the three portfolios. **As a result of this rebalancing, the index may include as few as 3 ETFs (and the money market position) and may never include some of the underlying assets or asset classes. Because the index measures the performance of the selected underlying assets less the sum of the return on 3-month USD LIBOR plus 0.65% per annum (accruing daily), on any day such assets must outperform the return on 3-month USD LIBOR plus 0.65% per annum for the index level to increase.**

After the index is rebalanced on an index business day, the realized volatility for the prior month is calculated. Realized volatility is the degree of variation in the daily closing prices or levels of the aggregate of the underlying assets over the applicable volatility look-back period. If the realized volatility exceeds 6%, the index will be rebalanced again for that day by ratably reallocating a portion of the exposure to the ETFs in the index to the money market position sufficient to reduce the prior month realized volatility to 6%. **As a result of such rebalancing, the index may not include any ETFs and may allocate its entire exposure to the money market position, the return on which will always be less than the sum of the return on 3-month USD LIBOR plus 0.65% per annum. Historically, a significant portion of the index has been in the money market position.**

To determine your annual coupon, we will calculate the index return, which is the percentage increase or decrease in the index level on the relevant coupon determination date from the initial index level of 102.56. For each \$1,000 face amount of your CDs you will receive an amount in cash equal to:

- If the index return is greater than (i) 1.1% times (ii) the number of coupon payment dates that have occurred up to and including the relevant coupon payment date, \$1,000 times the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date; or
- If the index return is less than or equal to (i) 1.1% times (ii) the number of coupon payment dates that have occurred up to and including the relevant coupon payment date, \$11 (1.1%).

***You should read the disclosure herein to better understand the terms and risks of your investment, including our credit risk. See page S-21. The estimated value of your CDs at the time the terms of your CDs are set on the trade date is equal to approximately \$937 per \$1,000 face amount. See page S-2.***

**Original issue date:** October 26, 2018

**Placement fee:** 3% of the face amount<sup>1</sup>

**Original issue price:**

100% of the face amount

**Net proceeds to the issuer:**

97% of the face amount

<sup>1</sup> In addition to the 3%, fees paid by us also include a structuring fee of 0.5% and a marketing fee of 0.8%, in each case, of the face amount. See "Supplemental Plan of Distribution" on S-178.

**As more fully described on the next page, the CDs are covered, with respect to the face amount and any accrued and unpaid coupon, by federal deposit insurance within the limits and to the extent set forth in the Federal Deposit Insurance Act and the rules, regulations and interpretations of the Federal Deposit Insurance Corporation (FDIC), some of which are described in this disclosure statement supplement (as of the date of this disclosure statement supplement, up to a maximum limit of \$250,000 per depositor or \$250,000 per participant in the case of certain retirement accounts). The CDs are issued by Goldman Sachs Bank USA, Member of the Federal Deposit Insurance Corporation.**

**Disclosure Statement Supplement No. 1,705 dated October 19, 2018.**

## FDIC Insurance

The CDs evidence deposit liabilities of Goldman Sachs Bank USA and are not obligations of or guaranteed by The Goldman Sachs Group, Inc. or any other entity.

As more fully described below, the CDs are covered, with respect to the face amount and any accrued and unpaid coupon, by federal deposit insurance, up to a maximum limit of \$250,000 per depositor or \$250,000 per participant in the case of certain retirement accounts. These maximum limits are the total federal deposit insurance protection available for your CDs, together with any other deposit accounts you may hold at Goldman Sachs Bank USA in the same right and insurable capacity. In addition, the FDIC has taken the position that any unaccrued coupon on the date on which the FDIC is appointed receiver or conservator is not insured by the FDIC in most instances. FDIC insurance is subject to further important limitations, some of which are set forth below.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate principal amount of (i) these CDs and (ii) any other CDs of Goldman Sachs Bank USA subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held. Please contact us or the applicable dealer if you have any questions concerning the application of the limit on early withdrawal to your CDs.

Goldman Sachs Bank USA may use this disclosure statement supplement in the initial sale of the CDs. In addition, Goldman Sachs & Co. LLC or any other affiliate of Goldman Sachs Bank USA may use this disclosure statement supplement in a market-making transaction in a CD after its initial sale. **If the CDs are purchased from Goldman Sachs & Co. LLC or any other affiliate of Goldman Sachs Bank USA, this disclosure statement supplement is being used in a market-making transaction, unless the purchaser is informed otherwise in the confirmation of sale.**

We may decide to sell additional CDs after the date of this disclosure statement supplement, at issue prices and with placement fees and net proceeds that differ from the amounts set forth above.

**FDIC insurance may not cover the CDs if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage. Further, if Goldman Sachs Bank USA's status as an insured depository institution is terminated or suspended by the FDIC (including as a result of our actions) or is terminated by us, during the period of temporary insurance following the termination or suspension the FDIC insurance may not cover any amounts in excess of the face amount of the CDs and any coupon accrued prior to the date of such termination or suspension. Also, FDIC insurance does not cover any losses attributable to the sale of your CDs prior to maturity and any secondary market premium paid by you above the face amount of the CDs is not insured by the FDIC. Thus, the amount of any CD that will be insured by the FDIC may be less than the full amount that would otherwise be payable on the CD at maturity. For more information about some of the limits of FDIC insurance that apply to the CDs and the ranking of the CDs relative to other obligations of Goldman Sachs Bank USA, see "Status of Certificates of Deposit" on page 6 of the accompanying disclosure statement and "Additional Risk Factors Specific to Your Certificates of Deposit" on page S-21 of this disclosure statement supplement. Any amount owed on the CDs in excess of, or not otherwise eligible for, FDIC insurance will be subject to the creditworthiness of Goldman Sachs Bank USA. The information contained in this disclosure statement supplement, including any statements with respect to the rules, regulations and interpretations of the FDIC, is current only as of the date of this disclosure statement supplement.**

\*\*\*

The CDs have not been nor will they be registered under the Securities Act of 1933. Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of the CDs or passed upon the accuracy or adequacy of this disclosure statement supplement or the accompanying disclosure statement, which have not been filed with the SEC. Any representation to the contrary is a criminal offense.

The following is a list of the eligible underlying assets for the index, including the related asset classes, asset class minimum and maximum weights and underlying asset minimum and maximum weights. The index is more fully described beginning on page S-55 herein.

ASSET CLASS	ASSET CLASS MINIMUM WEIGHT	ASSET CLASS MAXIMUM WEIGHT	ELIGIBLE UNDERLYING ASSET*	TICKER	UNDERLYING ASSET MINIMUM WEIGHT	UNDERLYING ASSET MAXIMUM WEIGHT
Broad-Based Equities	0%	50%	SPDR® S&P 500® ETF Trust	SPY	0%	20%
			iShares® MSCI EAFE ETF	EFA	0%	20%
			iShares® MSCI Japan ETF	EWJ	0%	10%
Fixed Income	0%	50%	iShares® 20+ Year Treasury Bond ETF	TLT	0%	20%
			iShares® iBoxx \$ Investment Grade Corporate Bond ETF	LQD	0%	20%
			iShares® iBoxx \$ High Yield Corporate Bond ETF	HYG	0%	20%
			iShares® 7-10 Year Treasury Bond ETF	IEF	0%	20%
Emerging Markets	0%	20%	iShares® MSCI Emerging Markets ETF	EEM	0%	20%
Alternatives	0%	25%	iShares® U.S. Real Estate ETF	IYR	0%	20%
			iShares® U.S. Preferred Stock ETF	PFF	0%	10%
			iShares® Nasdaq Biotechnology ETF	IBB	0%	10%
Commodities	0%	25%	SPDR® S&P® Oil & Gas Exploration & Production ETF	XOP	0%	20%
			SPDR® Gold Trust	GLD	0%	20%
Inflation	0%	10%	iShares® TIPS Bond ETF	TIP	0%	10%
Cash Equivalent	0%	50%**	Money Market Position	N/A	0%	50%**

\* The value of a share of an eligible ETF may reflect transaction costs and fees incurred or imposed by the investment advisor of the eligible ETF as well as the costs to the ETF to buy and sell its assets. These costs and fees are not included in the calculation of the index underlying the eligible ETF. For more fee information relating to an eligible ETF, see “The Eligible Underlying Assets” on page S-78.

\*\* With respect to the money market position, the related asset class maximum weight and underlying asset maximum weight limitations do not apply after the first rebalancing on each index business day and, therefore, the index may allocate its entire exposure to the money market position.

#### Estimated Value of Your CDs

*The estimated value of your CDs at the time the terms of your CDs are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is equal to approximately \$937 per \$1,000 face amount, which is less than the original issue price. The value of your CDs at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.’s customary bid and ask spreads) at which GS&Co. would initially buy or sell CDs (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your CDs at the time of pricing, plus an additional amount (initially equal to \$20 per \$1,000 face amount).*

*Prior to October 19, 2019, the price (not including GS&Co.’s customary bid and ask spreads) at which GS&Co. would buy or sell your CDs (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your CDs (as determined by reference to GS&Co.’s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through October 18, 2019). On and after October 19, 2019, the price (not including GS&Co.’s customary bid and ask spreads) at which GS&Co. would buy or sell your CDs (if it makes a market) will equal approximately the then-current estimated value of your CDs determined by reference to such pricing models.*

#### About Your CDs

This disclosure statement supplement constitutes a supplement to the document listed below and should be read in conjunction with such document:

Disclosure statement dated May 17, 2018 (available at <http://www.goldmansachs.com/disclaimer/gsbankusa/gs-bank-usa-disclosure-statement-may-17-2018.pdf>)

The information in this disclosure statement supplement supersedes any conflicting information in the document listed above. In addition, some of the terms or features described in the listed document may not apply to your CDs.

## SUMMARY INFORMATION

*We refer to the certificates of deposit we are offering by this disclosure statement supplement as the “offered CDs” or the “CDs”. Each of the offered CDs, including your CDs, has the terms described below. Please note that in this disclosure statement supplement, references to “Goldman Sachs Bank USA”, “we”, “our” and “us” refer only to Goldman Sachs Bank USA.*

*You should read this disclosure statement supplement together with the disclosure statement dated May 17, 2018, of Goldman Sachs Bank USA, which we refer to herein as the “accompanying disclosure statement”. **The accompanying disclosure statement is available at <http://www.goldmansachs.com/disclaimer/gsbankusa/gs-bank-usa-disclosure-statement-may-17-2018.pdf> or may be obtained from us or your broker.***

### Key Terms

**Issuer:** Goldman Sachs Bank USA

**Index:** GS Momentum Builder® Multi-Asset 5S ER Index (Bloomberg symbol, “GSMBMA5S Index”), as published by the index sponsor (including any index calculation agent acting on the index sponsor’s behalf); see “The Index” on page S-55. Additional information about the index, including the index methodology, which may be amended from time to time, is available at the following website: [solactive.com/indexing-en/indices/complex/](http://solactive.com/indexing-en/indices/complex/). We are not incorporating by reference the website or any material it includes in this disclosure statement supplement

**Index calculation agent:** Solactive AG

**Index sponsor:** Goldman Sachs & Co. LLC (“GS&Co.”)

**Face amount:** \$250,000 in the aggregate for all the offered CDs, issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof

**Payment amount:** on the stated maturity date, we will pay you (in addition to the final coupon) for each \$1,000 face amount of your CDs, an amount in cash equal to \$1,000

**Coupon:** on each coupon payment date, for each \$1,000 face amount of your CDs, we will pay you an amount in cash equal to the *greater of*:

- the *quotient* of (i) \$1,000 *times* the index return *divided by* (ii) the number of coupon payment dates that have occurred up to and including such coupon payment date; and
- \$11 (the minimum coupon)

**Minimum coupon rate:** 1.1%. The minimum coupon for a period corresponds to an APY of 1.1%. You will receive a coupon on a coupon payment date that corresponds to such APY if the quotient of (i) the index return times \$1,000 divided by (ii) the number of coupon payment dates that have occurred up to and including such coupon payment date is equal to or less than \$11.

**Coupon payment dates:** the coupon payment dates are the fifth business day after each coupon determination date to and including the stated maturity date, subject to adjustment as described under “Specific Terms of Your Certificates of Deposit — Payment of Coupons — Coupon and Coupon Payment Dates” on page S-46

**Coupon determination dates:** October 18th of each year, commencing October 2019 and ending October 2023, subject to adjustment as described under “Specific Terms of Your Certificates of Deposit — Payment of Coupons — Coupon Determination Dates” on page S-46

**Regular record dates:** for a coupon due on a coupon payment date, the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

**Initial index level:** 102.56

**Closing level of the index:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Closing Level of the Index” on page S-49

**Level of the index:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Level of the Index” on page S-49

**Index return:** the *quotient* of (i) the closing level of the index on the relevant coupon determination date *minus* the initial index level *divided by* (ii) the initial index level, expressed as a positive or negative percentage

**Supplemental discussion of U.S. federal income tax consequences:** We intend to treat the CDs as variable rate debt instruments for U.S. federal income tax purposes. Under this characterization, it is the opinion of Sidley Austin LLP that you should include the coupon payments on the CDs in ordinary income at the time you receive or accrue such payments, depending on your regular method of accounting for tax purposes. In addition, any gain or

loss you recognize upon the sale, exchange, redemption or maturity of your CDs should be capital gain or loss except to the extent of any amount attributable to any accrued but unpaid coupon payments on your CDs.

**Trade date:** October 19, 2018

**Original issue date (settlement date):** October 26, 2018

**Stated maturity date:** October 25, 2023, subject to adjustment as described under “Specific Terms of Your Certificates of Deposit — Stated Maturity Date” on page S-46

**Mandatory redemption:** if our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, or if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage, to the extent permitted by law and regulation, we will redeem your CDs then outstanding on the applicable mandatory redemption date, unless they mature prior to such date, as described under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-47; your CDs are not otherwise subject to redemption at our option

**Mandatory redemption date:** as described under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-47

**Mandatory redemption amount:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Mandatory Redemption Amount” on page S-49

**Optional redemption in the event of death or adjudication of incompetence:** as described under “Specific Terms of Your Certificates of Deposit — Optional Redemption in the Event of Death or Adjudication of Incompetence” on page S-47. Your CDs are not otherwise subject to repayment at your option. If you sell your CDs in a secondary market transaction prior to maturity, you may receive significantly less than the face amount, as described under “Q&A — What Will I Receive If I Sell the CDs Prior to the Stated Maturity Date?” below

**Redemption date:** means the date on which CDs are redeemed following a mandatory redemption or an optional redemption in the event of death or adjudication of incompetence, as applicable

**No listing:** the CDs will not be listed on any securities exchange or interdealer market quotation system

**CD calculation agent:** GS&Co.

**Business day:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Business Day” on page S-48

**Trading day:** as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Trading Day” on page S-49

**CUSIP no.:** 38148RMA8

**ISIN no.:** US38148RMA85

**Legal ownership and payment:** the CDs will be issued in master certificate form and payment will be made in accordance with the applicable procedures of the depository, as discussed under “Legal Ownership and Payment” on page 41 of the accompanying disclosure statement

**ERISA:** as described under “Employee Retirement Income Security Act” on page S-174

**Annual Percentage Yield (APY):** a percentage rate reflecting the applicable annualized coupon rate, calculated in accordance with Regulation DD of the Consumer Financial Protection Bureau, 12 C.F.R. Part 1030

### **Purchase Limitation**

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity.

## Transaction Summary

### Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

*The below is only a brief summary of the terms of your CDs. You should read the detailed description thereof in "Summary Information" on page S-5 and in "Specific Terms of Your Certificates of Deposit" on page S-45 as well as the accompanying disclosure statement.*

#### INVESTMENT THESIS

For investors who:

- seek the opportunity to achieve a return based on the performance of an index that attempts to track the positive price momentum in certain eligible underlying assets by varying exposure to those eligible underlying assets, subject to limitations on volatility and a minimum and maximum weight for each underlying asset and each asset class, subject to a minimum coupon of \$11 on each coupon payment date. Amounts payable on the CDs are FDIC insured in the amounts described on page S-16, up to the applicable FDIC insurance limits, and thereafter exposed to the credit risk of the issuer.
- understand that the eligible underlying assets provide exposure to broad-based equities, fixed income, emerging markets, alternatives, commodities, inflation, and cash equivalent asset classes.
- seek to have their principal returned after a period of five years.
- believe the index will increase over the next five years, and will increase sufficiently to offset the impact on your CDs of dividing the index return by the number of coupon payment dates that have occurred.
- are willing to receive only a minimum coupon if the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date is equal to or less than 1.1% on any coupon determination date.

**As a result of the rebalancing among the 15 underlying assets, the index may include as few as four underlying assets (as few as three ETFs) and may not include some of the underlying assets or assets classes during the entire term of your CDs. As a result of any rebalancing into the money market position to reduce the prior month realized volatility to 6%, the index may not include any ETFs and may allocate its entire exposure to the money market position, the return on which will always be less than the sum of the return on 3-month USD LIBOR plus 0.65% per annum (accruing daily). Historically, a significant portion of the index exposure has been to the money market position.**

#### PAYOUT DESCRIPTION

On each annual coupon payment date for each \$1,000 face amount, you will be paid a coupon based on the index return, subject to the minimum coupon rate of 1.1%. If the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date is equal to or less than 1.1%, you will receive a coupon of \$11.

The index return is calculated on each coupon determination date day by subtracting the initial index level of 102.56 from the closing level of the index on the relevant coupon determination date and then dividing the resulting number by the initial index level and expressing it as a positive or negative percentage.

The coupon payable on each coupon payment date will be calculated on each coupon determination date and will equal the *greater of*:

- the quotient of (i) \$1,000 times the index return divided by (ii) the number of coupon payment dates that have occurred up to and including such coupon payment date; and
- \$11 (the minimum coupon)

# Transaction Summary

## Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

### THE INDEX

The GS Momentum Builder® Multi-Asset 5S ER Index (the index) measures the extent to which the performance of the exchange-traded funds and a money market position (together with the ETFs, the underlying assets) included in the index outperform the sum of the return on the notional interest rate, which is a rate equal to 3-month USD LIBOR, plus 0.65% per annum (accruing daily). The money market position reflects the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate. The index rebalances on each index business day from among 15 underlying assets that have been categorized in the following asset classes: broad-based equities; fixed income; emerging markets; alternatives; commodities; inflation; and cash equivalent. The index attempts to track the positive price momentum in the underlying assets, subject to limitations on volatility and a minimum and maximum weight for each underlying asset and each asset class, each as described below.

Features of the index include:

- daily rebalancing from among the 15 eligible underlying assets on each index business day (in this context, a base index rebalancing day) by calculating, for each day in the weight averaging period related to that base index rebalancing day, the combination of underlying assets that would have provided the highest historical return during three return look-back periods (nine months, six months and three months), subject to:
  - a limit of 5% on the degree of variation in the daily closing prices or closing level, as applicable, of the aggregate of such underlying assets over the related realized volatility look-back periods (the prior six months, three months and one month for the nine-month, six-month and three-month return look-back periods, respectively); and
  - a minimum and maximum weight for each underlying asset and each asset class; and
- the potential for daily total return index rebalancing into the money market position, based on whether the realized volatility of the underlying assets comprising the index exceeds the volatility cap of 6% for the applicable volatility cap period (the prior one month).

Analyzing realized volatility over three volatility look-back periods results in three potential portfolios of underlying assets (one for each return look-back period) for each day in the applicable weight averaging period. The weight of each underlying asset for a given day in a weight averaging period (the "target weight") will equal the average of the weights of such underlying asset in the three potential portfolios while the weight of each underlying asset for the daily base index rebalancing will equal the average of such target weights. This daily rebalancing is referred to as the base index rebalancing and the resulting portfolio of index underlying assets comprise the base index effective after the close of business on a given day. The weight averaging period for any base index rebalancing day will be the period from (but excluding) the 22nd index business day on which no index market disruption event occurs or is continuing with respect to any underlying asset prior to such day to (and including) such day.

The value of the index is calculated in U.S. dollars on each index business day by reference to the performance of the total return index value net of the sum of the return on the notional interest rate in effect at that time plus 0.65% per annum (accruing daily). Any cash dividend paid on an index ETF is deemed to be reinvested in such index ETF and subject to subsequent changes in the value of the index ETF. In addition, any interest accrued on the money market position is similarly deemed to be reinvested on a daily basis in such money market position and subject to subsequent changes in the notional interest rate. The total return index value on each index business day is calculated by reference to the weighted performance of:

- the base index, which is the weighted combination of underlying assets that comprise the index at the applicable time as a result of daily base index rebalancing; and
- any additional exposure to the money market position resulting from any daily total return index rebalancing.

The underlying assets that comprise the base index as the result of daily base index rebalancing may include a combination of ETFs and the money market position, or solely ETFs. A daily total return index rebalancing will occur effective after the close of business on a given day if the realized volatility of the base index exceeds the volatility cap of 6% for the volatility cap period applicable to such index business day. As a result of a daily total return index rebalancing, the index will have exposure to the money market position even if the base index has no such exposure resulting from its daily base index rebalancing.

For the purpose of the index:

- an "eligible underlying asset" is one of the ETFs or the money market position that is eligible for inclusion in the index on an index business day;
- an "eligible ETF" is one of the ETFs that is eligible for inclusion in the index on an index business day (when we refer to an "ETF" we mean an exchange-traded fund, which for purposes of this disclosure statement supplement includes the following exchange traded products: SPDR® S&P 500® ETF Trust and SPDR® Gold Trust);
- an "index underlying asset" is an eligible underlying asset with a non-zero weighting on any index business day;
- an "index ETF" is an ETF that is an eligible ETF with a non-zero weighting on any index business day; and
- an "index business day" is a day on which the New York Stock Exchange is open for its regular trading session.

### TERMS

Issuer	Goldman Sachs Bank USA
Index	GS Momentum Builder® Multi-Asset 5S ER Index
Trade Date	October 19, 2018
Settlement Date	October 26, 2018
Stated Maturity Date	October 25, 2023
Initial Index Level	102.56
Closing Level of the Index	With respect to any trading day, the official closing level of the index or any successor index published by the index sponsor on such trading day
Index Return	The <i>quotient</i> of (i) the closing level of the index on the relevant coupon determination date <i>minus</i> the initial index level <i>divided</i> by (ii) the initial index level, expressed as a percentage
Payment Amount	On the stated maturity date we will pay you (in addition to the final coupon), for each \$1,000 face amount of your CDs, an amount in cash equal to \$1,000
Coupon	On each coupon payment date, for each \$1,000 face amount of your CDs we will pay you an amount in cash equal to the <i>greater of</i> :  the <i>quotient</i> of (i) \$1,000 <i>times</i> the index return <i>divided</i> by (ii) the number of coupon payment dates that have occurred up to and including such coupon payment date; and  \$11 (the minimum coupon)
Coupon Payment Dates	The coupon payment dates are the fifth business day after each coupon determination date to and including the stated maturity date



Coupon Determination Dates

October 18th of each year, commencing October 2019 and ending October 2023

CUSIP

38148RMA8

# Transaction Summary

## Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

### HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. These examples should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that various hypothetical closing levels of the index on the five annual coupon determination dates could have on the related coupon payment dates assuming all other variables remain constant. These examples assume a \$1,000 face amount of a CD, an initial index level of 110 and reflect the minimum coupon rate of 1.1%. The actual performance of the index over the life of your CDs, particularly on each of the coupon determination dates, as well as the amount payable on each coupon payment date, may bear little relation to the hypothetical examples shown below or on page S-51 or to the historical levels of the index shown elsewhere in this disclosure statement supplement. **You should also refer to the historical index performance information and hypothetical performance data beginning on page S-67 of this disclosure statement supplement.**

#### Scenario 1

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	111.210	1.100%	1.100%	1.100%	\$11
Second	112.420	2.200%	1.100%	1.100%	\$11
Third	113.630	3.300%	1.100%	1.100%	\$11
Fourth	114.840	4.400%	1.100%	1.100%	\$11
Fifth	116.050	5.500%	1.100%	1.100%	\$11

Total Hypothetical Coupons: \$55

#### Scenario 2

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	107.800	-2.000%	-2.000%	1.100%	\$11
Second	105.600	-4.000%	-2.000%	1.100%	\$11
Third	103.400	-6.000%	-2.000%	1.100%	\$11
Fourth	101.200	-8.000%	-2.000%	1.100%	\$11
Fifth	99.000	-10.000%	-2.000%	1.100%	\$11

Total Hypothetical Coupons: \$55

#### Scenario 3

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	112.200	2.000%	2.000%	2.000%	\$20
Second	111.650	1.500%	0.750%	1.100%	\$11
Third	116.600	6.000%	2.000%	2.000%	\$20
Fourth	117.700	7.000%	1.750%	1.750%	\$17.5
Fifth	116.325	5.750%	1.150%	1.150%	\$11.5

Total Hypothetical Coupons: \$80

#### Scenario 4

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	112.200	2.000%	2.000%	2.000%	\$20
Second	114.400	4.000%	2.000%	2.000%	\$20
Third	116.600	6.000%	2.000%	2.000%	\$20
Fourth	118.800	8.000%	2.000%	2.000%	\$20
Fifth	121.000	10.000%	2.000%	2.000%	\$20

Total Hypothetical Coupons: \$100

# Transaction Summary

## Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

### DAILY REBALANCING

#### Step 1:

#### Daily Base Index Rebalancing

For each day in the applicable weight averaging period, calculate the nine-month, six-month and three-month historical returns for each underlying asset combination (each, a return look-back period)

For each day in the applicable weight averaging period, calculate the related six-month, three-month and one-month realized volatility for each underlying asset combination for the nine-month, six-month and three-month return look-back periods, respectively (each a potential portfolio)

Determine three potential portfolios (one for each return look-back period) for each day in the weight averaging period by selecting underlying asset weights that both (i) would have provided the highest applicable historical return and (ii) are within the underlying asset minimum and maximum weight, the asset class minimum and maximum weight and the volatility constraint of 5%

Determine the weighting of each index underlying asset for each day in the weight averaging period by averaging the weights of each underlying asset in the three potential portfolios identified above. Next, determine the weight of each underlying asset for the daily base index rebalancing by calculating the average of such average weights

Run the daily total return rebalancing test described in step 2 to determine if any further changes from this position are required

#### Step 2:

#### Daily Total Return Index Rebalancing

After the base index rebalancing, calculate the realized volatility of the index underlying assets for the applicable one-month volatility cap period

Has the realized volatility for the applicable one-month volatility cap period exceeded the volatility cap of 6%?

Yes

The weightings of the index underlying assets will be rebalanced in order to reduce such realized volatility to 6% by ratably reallocating a portion of the exposure to the eligible ETFs to the money market position. The money market position reflects the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is a rate equal to the 3-month USD LIBOR

No

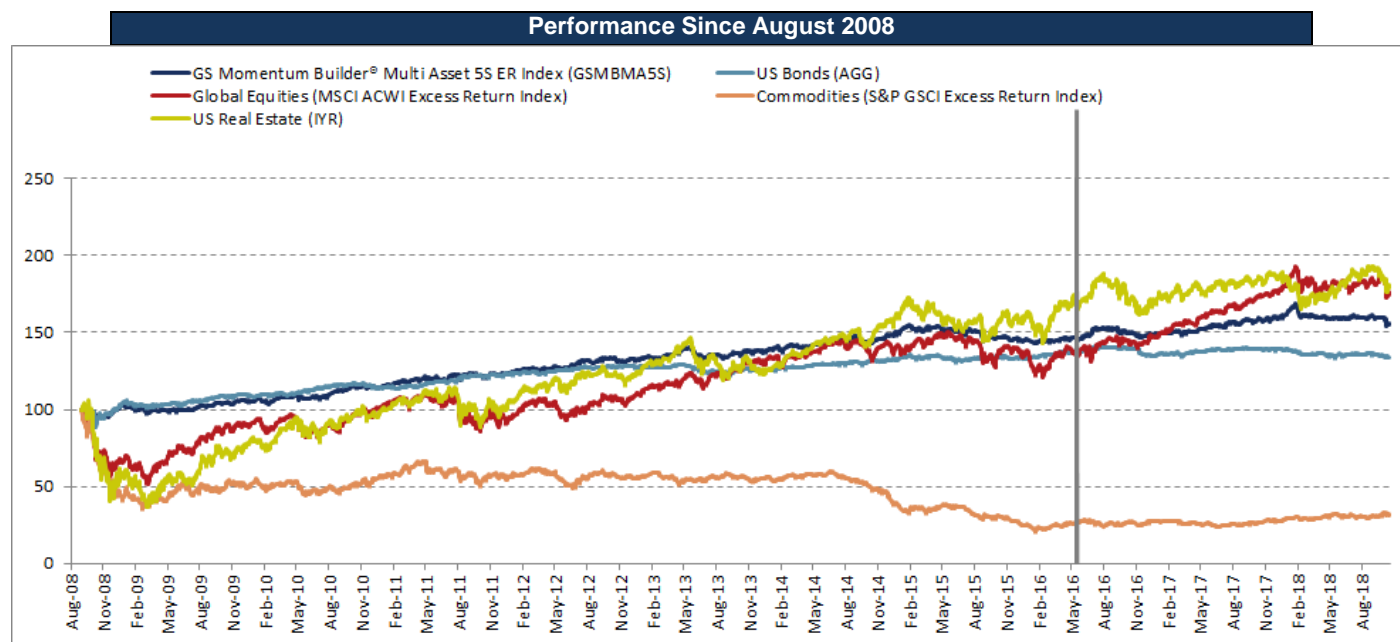
There will be no total return index rebalancing on such index business day

# Transaction Summary

## Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

### Historical Information and Hypothetical Data

The following chart and table provide a comparison between the index (using historical information and hypothetical data, as explained below) and certain asset classes (in each case, represented by a benchmark ETF or a benchmark index, which are distinct from the asset classes in which the 15 underlying assets have been categorized for purposes of this index) from August 29, 2008 to October 19, 2018. Benchmark ETF data and benchmark index data is based on the historical levels of the benchmark ETFs and benchmark indices, respectively. The historical index information from May 16, 2016 (the index launch date) to October 19, 2018 reflects the actual performance of the index. (In the chart, this historical index information can be found to the right of the vertical solid line marker.) The hypothetical index data from August 29, 2008 to May 15, 2016 is based on the historical levels of the eligible underlying assets, using the same methodology that is used to calculate the index. Please note that the hypothetical index data is presented from August 29, 2008 to minimize assumptions about the level of the iShares® U.S. Preferred Stock ETF prior to November 29, 2007, which is the first date on which such ETF had a continuously published level. As a result, the following chart and table do not reflect the entirety of the global financial crisis, which had a severe and negative effect on certain of the benchmark ETFs, benchmark indices and eligible underlying assets and would have had a severe and negative effect on the index. Please also note that the benchmark ETFs and benchmark indices that are used to represent asset classes for purposes of the following table and chart may not be eligible underlying assets for purposes of the index and in some cases differ from the eligible underlying assets that are used to represent asset classes with the same or similar titles for purposes of the index. **You should not take the historical index information, hypothetical index data or historical benchmark ETF and benchmark index data as an indication of the future performance of the index.**



As of 10/19/2018	GS Momentum Builder® Multi Asset 5S ER Index (GSMBMA5S)	US Bonds (AGG)	Global Equities (MSCI ACWI Excess Return Index)	Commodities (S&P GSCI Excess Return Index)	US Real Estate (IYR)
Effective Performance (1 Month)	-2.71%	-0.76%	-5.38%	0.73%	-3.43%
Effective Performance (6 Month)	-3.35%	-1.40%	-4.33%	1.44%	5.27%
Annualized* Performance (since August 2008)	4.42%	2.91%	5.62%	-10.85%	6.05%
Annualized* Realized Volatility (since August 2008)**	5.13%	4.92%	16.82%	22.64%	31.33%
Return over Risk (since August 2008)***	0.86	0.59	0.33	-0.48	0.19
Maximum Peak-to-Trough Drawdown****	-8.64%	-12.96%	-48.43%	-78.65%	-65.74%

\* Calculated on a per annum percentage basis.

\*\* Calculated on the same basis as realized volatility used in calculating the index.

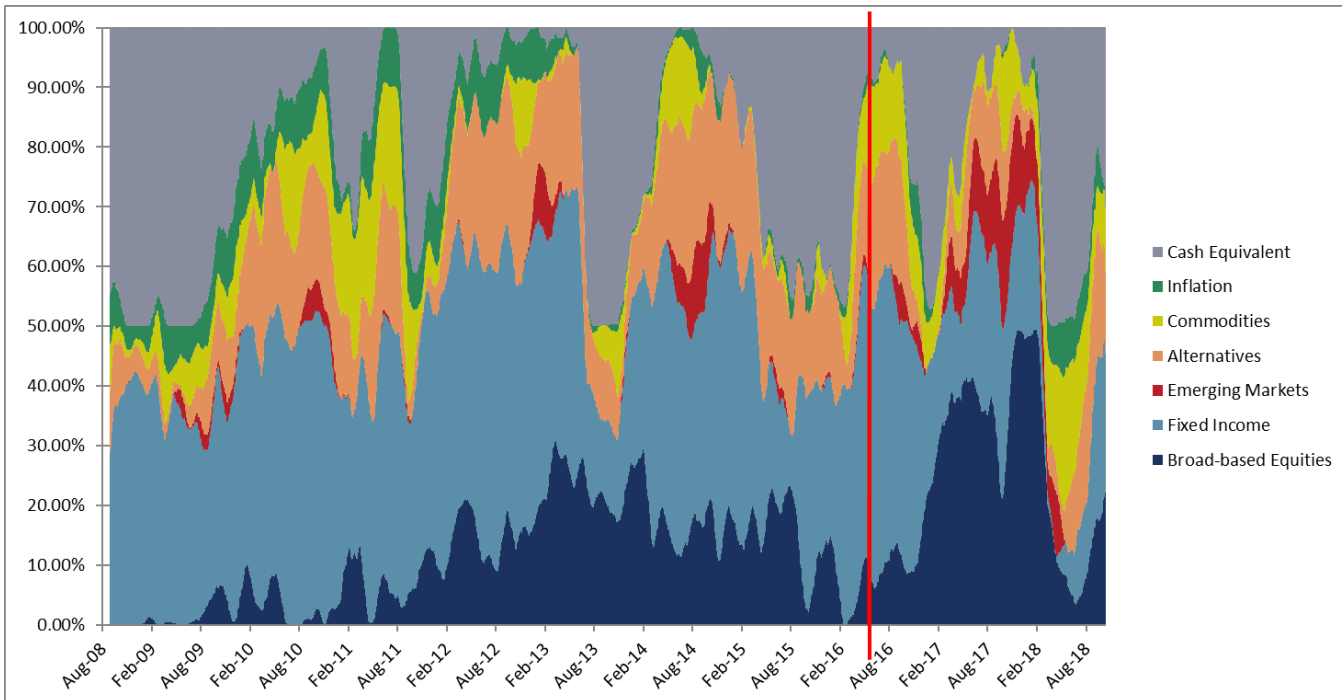
\*\*\* Calculated by dividing the annualized performance by the annualized realized volatility since August 29, 2008.

\*\*\*\* The largest percentage decline experienced in the relevant measure from a previously occurring maximum level.

# Transaction Summary

## Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

The following chart, which is based on historical information and hypothetical data, sets forth the daily allocation on each index business day between each asset class from August 29, 2008 to October 12, 2018. The historical index information from May 16, 2016 (the index launch date) to October 12, 2018 reflects the actual performance of the index. (In the chart, this historical information can be found to the right of the vertical solid line marker.) The hypothetical index data from August 29, 2008 to May 15, 2016 is based on the historical levels of the eligible underlying assets, using the same methodology that is used to calculate the index. **You should not take the historical index information or hypothetical index data as an indication of the future performance of the index.**



### RISKS

Please read the section entitled “Additional Risk Factors Specific to Your Certificates of Deposit” beginning on page S-21 of this disclosure statement supplement as well as the risks described under “Risk Factors” in the accompanying disclosure statement dated May 17, 2018.

## Q&A

### How do the CDs Work?

On each coupon payment date, we will pay you for each \$1,000 face amount of your CDs, an amount in cash based, in part, on the performance of the GS Momentum Builder® Multi-Asset 5S ER Index, as measured from the trade date to each applicable coupon determination date (October 18th of each year, commencing October 2019 and ending October 2023), subject to a minimum coupon rate of 1.10%.

At maturity, we will pay you \$1,000 for each \$1,000 face amount of your CDs *plus* the final coupon.

Payments on the CDs will be based, in part, on the index return, which is calculated on any day by subtracting the initial index level of 102.56 from the closing level of the index on the related coupon determination date and then dividing the resulting number by the initial index level and expressing it as a positive or negative percentage. The index return measures the change in the level of the index from the trade date to the relevant coupon determination date.

If, as measured on any of the annual coupon determination dates, the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date is greater than 1.1%, on such related coupon payment date (the fifth business day following the related coupon determination date to and including the stated maturity date) you will receive a coupon for each \$1,000 face amount of your CDs equal to the index return on the applicable coupon determination date times \$1,000 divided by the number of coupon payment dates that have occurred up to and including such coupon payment date.

On the stated maturity date, you will also receive, in addition to any coupon then due, an amount in cash equal to \$1,000 for each \$1,000 face amount of your CDs.

If, on any coupon determination date, the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date is equal to or less than 1.1%, you will receive a coupon on the corresponding coupon payment date equal to \$11 for each \$1,000 face amount of your CDs. Your coupon is based on the performance of the index from the trade date to each coupon determination date and then divided by the number of coupon payment dates that have occurred up to and including such coupon payment date, subject to a minimum coupon rate of 1.1%. Accordingly, even if the index return is higher from one coupon determination date to the next, the coupon paid on the CDs may not increase in the same proportion and may even decrease.

### What Does the Index Measure and Who Publishes It?

The GS Momentum Builder® Multi-Asset 5S ER Index (the index) measures the extent to which the performance of the exchange-traded funds and a money market position (together with the ETFs, the underlying assets) included in the index outperform the sum of the return on the notional interest rate, which is a rate equal to 3-month USD LIBOR, plus 0.65% per annum (accruing daily). The money market position reflects the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate. The index rebalances on each index business day from among 15 underlying assets that have been categorized in the following asset classes: broad-based equities; fixed income; emerging markets; alternatives; commodities; inflation; and cash equivalent. The index attempts to track the positive price momentum in the underlying assets, subject to limitations on volatility and a minimum and maximum weight for each underlying asset and each asset class, each as described below.

On each index business day (in the following context, a base index rebalancing day) the index is rebalanced. For each day in the weight averaging period related to that base index rebalancing day, the portfolio of underlying assets that would have provided the highest historical return during three return look-back periods (nine months, six months and three months) is calculated. Each portfolio is subject to a limit of 5% on the degree of variation in the daily closing prices or closing level, as applicable, of the aggregate of such underlying assets (a measure known as “realized volatility”) over the related realized volatility look-back period (six months, three months and one month for the nine-month, six-month and three-month return look-back periods, respectively) and subject to a minimum and maximum weight for each underlying asset and each asset class. This results in three potential portfolios of underlying assets (one for each return look-back period) for each day in the applicable weight averaging period. The weight of each underlying asset for a given day in a weight averaging period (the “target weight”) will equal the average of the weights of such underlying asset in the three potential portfolios while the weight of each underlying asset for the base index rebalancing will equal the average of such target weights. The weight averaging period for any base index rebalancing day will be the period from (but excluding) the 22nd index business day on which no index market disruption event occurs or is continuing with respect to any underlying asset prior to such day to (and including) such day. As a result of this rebalancing, the index may include as few as four eligible underlying assets (as few as three eligible ETFs) and may not include some of the underlying assets or asset classes during the entire term of the CDs.

After a base index rebalancing, if on such index business day (in the following context, a daily total return index rebalancing day) the realized volatility of the index underlying assets exceeds the volatility cap of 6% for the applicable volatility cap period (the prior one month), the index will be rebalanced in order to reduce such realized volatility to 6% by ratably reallocating a portion of the exposure to the index ETFs to the money market position. As a result of this step, the index may not include any ETFs and may allocate its entire exposure to the money market position, the return on which will always be less than the sum of the return on 3-month USD LIBOR plus 0.65% per annum (accruing daily). Historically, a significant portion of the index exposure has been to the money market position.

The index reflects the return of the index underlying assets less the sum of the return on the notional interest rate plus 0.65% per annum (accruing daily). Any cash dividend paid on an index ETF is deemed to be reinvested in such index ETF and subject to subsequent changes in the value of the index ETF. In addition, any interest accrued on the money market position is similarly deemed to be reinvested on a daily basis in such money market position and subject to subsequent changes in the notional interest rate. For further information regarding how the index value is calculated see “The Index — How is the index value calculated on any day?” below.

An index committee (as defined in “The Index – Who calculates and oversees the index?” below) is responsible for overseeing the index and its methodology, while the index calculation agent calculates the value of the index and implements the methodology determined by the index committee. The index committee may exercise discretion in the case of any changes to the eligible ETFs and any index market disruption event or potential adjustment event that occurs in relation to one or more eligible underlying assets (as defined in “The Index – Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?” below).

The index is determined, comprised and calculated by the index calculation agent without regard to the offered CDs. For further information, please see “The Index” on page S-55.

For the purpose of the index:

- an “eligible underlying asset” is one of the ETFs or the money market position that is eligible for inclusion in the index on an index business day;
- an “eligible ETF” is one of the ETFs that is eligible for inclusion in the index on an index business day (when we refer to an “ETF” we mean an exchange traded fund, which for purposes of this disclosure statement supplement includes the following exchange traded products: SPDR® S&P 500® ETF Trust and SPDR® Gold Trust;
- an “index underlying asset” is an eligible underlying asset with a non-zero weighting on any index business day;
- an “index ETF” is an ETF that is an eligible ETF with a non-zero weighting on any index business day; and
- an “index business day” is a day on which the New York Stock Exchange is open for its regular trading session.

#### **Are the CDs Insured by the Federal Deposit Insurance Corporation (“FDIC”) and How Will the CDs Rank Against Other Obligations of Goldman Sachs Bank USA?**

The CDs evidence deposit liabilities of Goldman Sachs Bank USA, which are covered, with respect to the face amount and any accrued and unpaid coupon only, by FDIC insurance, up to the maximum limits set by the Federal Deposit Insurance Act (“FDIA”) and the corresponding rules, regulations and interpretations of the FDIC, some of which are described herein. In general, deposits are subject to a maximum FDIC insurance limit of \$250,000 per depositor, or \$250,000 per participant in the case of certain retirement accounts. These maximum limits are the total federal deposit insurance protection available for funds in your CDs, together with any other deposit accounts you may hold at Goldman Sachs Bank USA in the same right and capacity. In addition, the availability of FDIC insurance to an owner of a beneficial interest in a CD represented by a master certificate may be dependent upon, among other things, whether such interest and any intermediary interests are accurately and adequately disclosed on the records of the depository, participants of the depository and persons that hold interests through participants. The records of Goldman Sachs Bank USA will reflect that certain intermediaries hold the CDs. These intermediaries may hold the CDs for the benefit of their customers or for other intermediaries who in turn hold those interests for the benefit of others. Each intermediary in the chain of ownership must properly reflect the capacity in which funds are held and the identity of its customers in order for the FDIC to determine that federal deposit insurance is available to the ultimate depositor on a pass-through basis. In addition, the FDIC has taken the position that any unaccrued coupon as of the date the FDIC is appointed receiver or conservator is not insured by the FDIC. Also, FDIC insurance may not cover the CDs if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage. Further, if Goldman Sachs Bank USA’s status as an insured depository institution is terminated or suspended by the FDIC (including as a result of our actions) or is terminated by us, during the period of temporary insurance following the termination or suspension the FDIC insurance may not cover any amounts in excess of the face amount of the CDs and any coupon accrued prior to the date of such termination or suspension. In

addition, the FDIC has taken the position that any secondary market premium paid by you above the face amount of the CDs is not insured by the FDIC. Under the FDIA, insured depositors are paid from the Deposit Insurance Fund up to the applicable limits in the event of a liquidation or other resolution of Goldman Sachs Bank USA. The claims of holders of uninsured deposit liabilities of Goldman Sachs Bank USA (and the claims of the FDIC, as the subrogee of holders of insured deposits), although subordinated in rights to the claims of a receiver of Goldman Sachs Bank USA for administrative expenses, are entitled to priority over the claims of general unsecured creditors of Goldman Sachs Bank USA (and of secured creditors to the extent the amount of the secured creditor's claims exceeds the value of its collateral). In addition, the CDs will rank *pari passu* with all other deposit liabilities of Goldman Sachs Bank USA, except that the CDs will be subordinate to deposits that are required by law to be secured and subject to any statutory preference. Any amounts owed on the CDs in excess of, or not otherwise eligible for, FDIC insurance will be subject to the creditworthiness of Goldman Sachs Bank USA.

However, the ultimate determination of the insurability and priority of the CDs would be made by the FDIC in response to claims of depositors. For more information, see "Status of Certificates of Deposit" on page 6 of the accompanying disclosure statement and "Additional Risk Factors Specific to Your Certificates of Deposit" on page S-21.

### **Who Should or Should Not Consider an Investment in the CDs?**

The CDs are intended for investors who seek the potential to earn an annual variable coupon based on the performance of the GS Momentum Builder® Multi-Asset 5S ER Index. In order to evaluate whether to invest in the CDs, you should carefully consider and understand the features of the CDs and how they would perform in various situations. The CDs have a different payout structure from, and do not compound interest as is common in more traditional certificates of deposit. On each coupon payment date, your coupon is based, in part, on the index return for the relevant period. As the index return is based on the period from the trade date to the relevant coupon determination date, the index return may be either higher or lower than the index return during the period from the prior coupon determination date, if any, to the relevant coupon determination date. In addition, the performance of the index during the period from the trade date to the final coupon determination date may be either higher or lower than the return reflected in the sum of the coupons paid on your CDs. The effect of the index return on each coupon determination date lessens over time. As a result, an earlier increase in the index will result in a higher coupon than a single increase in the index later in the term, unless the later increase is sufficient to offset the negative effect of dividing the index return by the number of coupon payment dates that have occurred.

The CDs are designed for those investors who are seeking FDIC-insured instruments and who believe that the index return (as reduced by dividing such index return by the number of coupon payment dates that have occurred) on each coupon determination date is likely to be higher than the prevailing per annum fixed interest rate on a similar fixed income investment, and are willing to receive only a minimum coupon if the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date is equal to or less than the minimum coupon.

Because the coupon is variable, your overall return may be less than you would have earned by investing in a bank deposit or debt security that bears a coupon at a prevailing market rate. Therefore, the CDs may not be a suitable investment for you if you prefer the lower risk of fixed income investments with comparable maturities issued by financial institutions with comparable credit that pay interest payments at prevailing market rates.

In addition, the CDs are designed for investors who are willing to hold them to maturity and should not be purchased if you plan to sell them in the secondary market.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity.

### **What Will I Receive If I Sell the CDs Prior to the Stated Maturity Date?**

If you sell your CDs prior to the stated maturity date, you will receive the market price for your CDs. The market price for your CDs may be influenced by many factors, such as the level of the index, the volatility of the index, interest rates, the time remaining until maturity and dealer discount. For more information on the estimated value of your CDs, see "Additional Risk Factors Specific to Your Certificates of Deposit — The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs" on page S-21 of this disclosure statement supplement. You may also be charged a commission in connection with a secondary market transaction. Depending on the impact of these factors, you may receive significantly less than the face amount of your CDs in any sale of your CDs before the stated maturity date. As a result, you should not purchase the CDs unless you plan to hold them to maturity.



### **What About Taxes?**

Some of the U.S. federal income tax consequences of an investment in your CDs are summarized below, but we urge you to read the more detailed discussion in “Supplemental Discussion of United States Federal Income Tax Consequences” on page S-173. The tax treatment of your CDs is uncertain. However, it would be reasonable to treat your CDs as variable rate debt instruments for U.S. federal income tax purposes and we intend to so treat the CDs. Under this characterization, you should include the coupons on the CDs in ordinary income at the time you receive or accrue such payments, in accordance with your regular method of accounting for tax purposes, and any gain or loss you recognize upon the sale, exchange, redemption or maturity of your CDs should be capital gain or loss (except to the extent of any amount attributable to accrued but unpaid coupons). If you are a secondary purchaser of the CDs or if you purchase the CDs for an amount that is different from the issue price of the CDs (as defined under “United States Taxation — United States Holders — Original Issue Discount — General” in the accompanying disclosure statement), the tax consequences to you may be different.

Please see “Supplemental Discussion of United States Federal Income Tax Consequences” below for a more detailed discussion. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your CDs in your particular circumstances.

## **TRUTH IN SAVINGS DISCLOSURES**

### **For the Initial Issuance and Sale of the Certificates of Deposit**

#### **Minimum Balance to Acquire a CD**

Each CD is issued in a minimum denomination of \$1,000 and integral multiples of \$1,000 in excess thereof. If you acquire the CDs as part of the initial offering of CDs or directly from Goldman Sachs Bank USA, you will be required to pay 100% of the face amount of such CDs. If you acquire the CDs on the secondary market through a third party (including without limitation through GS&Co.), you may be required to pay a secondary market premium in addition to 100% of the face amount of the CDs, *plus* any applicable service charges imposed by the third party.

#### **Maturity Date**

The CDs are scheduled to mature on October 25, 2023 (the “stated maturity date”), subject to adjustment if such day is not a business day or the final coupon determination date is postponed, as described under “Specific Terms of Your Certificates of Deposit — Payment of Coupons — Stated Maturity Date” and “— Coupon Determination Dates” on page S-46 and “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions — Business Day” on page S-48.

#### **No Renewal and No Interest**

The CDs will not renew on the stated maturity date. No interest will be paid on the CDs, whether before or after the stated maturity date. Unless we redeem your CDs as described under “— Mandatory Redemption” or under “— Optional Redemption in the Event of Death or Adjudication of Incompetence” below, the amount we will pay on the stated maturity date for your CDs is an amount in cash equal to the face amount of the CDs *plus* the coupon corresponding to the final coupon period, as described in more detail in this disclosure statement supplement. Payment will be made to the holders of the CDs in accordance with the applicable procedures of the depository. See also “Legal Ownership and Payment” on page 41 of the accompanying disclosure statement.

#### **Coupon Payments**

On each coupon payment date, you will receive a coupon as described in this disclosure statement supplement. The coupon payment dates will be five business days following each coupon determination date, subject to adjustment as described in this disclosure statement supplement. Please see “Summary Information — Key Terms” on page S-5 for important information about how the coupons will be determined, including (for example) information about the index return, coupon determination dates and coupon payment dates. Please also see “Specific Terms of Your Certificates of Deposit — Payment of Coupons,” on page S-45 and “— Coupon and Coupon Payment Dates” and “— Coupon Determination Dates” on page S-46.

#### **Mandatory Redemption**

If our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions or if regulatory or statutory changes in the future render the CDs ineligible for FDIC insurance, to the extent permitted by applicable law and regulation, we will redeem your CDs then outstanding on the applicable mandatory redemption date as described under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-47. This commitment to redeem your CDs may not be enforceable under certain circumstances, such as if the FDIC has been appointed our receiver or conservator. The mandatory redemption amount for your CDs then outstanding on the applicable mandatory redemption date will not be less than the face amount of your CDs then outstanding. However, there will be no mandatory redemption if the mandatory redemption date occurs on or after the stated maturity date. The mandatory redemption amount for your CDs then outstanding on the applicable mandatory redemption date will be determined as described under “Specific Terms of Your Certificates of Deposit — Special Calculation Provisions— Mandatory Redemption Amount” on page S-49, but in any event will not be less than the face amount of your CDs then outstanding. In the event that regulatory or statutory changes render the CDs ineligible for FDIC insurance, the amount payable upon such mandatory redemption will be subject to the creditworthiness of Goldman Sachs Bank USA.

#### **Optional Redemption in the Event of Death or Adjudication of Incompetence**

In the event of your death or adjudication of incompetence, your authorized representative will have the option to request a redemption of your CDs as described under “Description of Certificates of Deposit We May Offer — Redemption — Redemption Upon Death or Adjudication of Incompetence” in the accompanying disclosure statement, which we refer to as the “estate feature.”

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal

pursuant to the estate feature, we will limit the combined aggregate principal amount of (i) these CDs and (ii) any other CDs of Goldman Sachs Bank USA subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held.

A joint owner of a joint account with a beneficial owner who has died or been adjudicated incompetent will be entitled to redeem a CD only if such joint owner was a member of the same household with the deceased or incompetent beneficial owner at the time of such beneficial owner's death or declaration of legal incompetency, or if such joint owner is related to the deceased or incompetent beneficial owner, including by blood, marriage or adoption. Any other joint account holder shall have no right to the estate feature. A joint owner so entitled to redeem a CD shall hold all of the rights to take actions with respect to such CD that are granted to an authorized representative under the Disclosure Statement with respect to the estate feature.

In addition, as discussed in the accompanying disclosure statement, written verification acceptable to us will be required to permit early withdrawal pursuant to the estate feature and all questions regarding the eligibility or validity of any exercise of the estate feature will be determined by us in our sole discretion, which determination will be final and binding on all parties. Furthermore, we may waive any applicable limitations with respect to a particular deceased or incompetent beneficial owner, but that does not require us to make the same or similar waivers with respect to any other deceased or incompetent beneficial owner.

Subject to all of the foregoing, if your authorized representative chooses to redeem your CDs, on the redemption date your authorized representative will receive only the face amount of your CDs unless the request for redemption is accepted for payment on a day that is on or after a coupon determination date but before the coupon payment date associated with such coupon determination date, in which case the authorized representative will receive the coupon in respect of that coupon determination date on the coupon payment date for such coupon (and will receive the face amount of the CDs on the redemption date).

Depending on market conditions, the value of the CDs in the secondary market may be greater than the amount your authorized representative would receive on the date of such early redemption. Accordingly, your authorized representative should contact your broker to determine the secondary market price of the CDs, and the amount of fees or commissions that would be payable in a secondary market transaction, and should carefully consider whether to sell the CDs to your broker or another market participant rather than redeem the CDs pursuant to a request for redemption.

### **Transaction Limitations**

You cannot change (increase or decrease) the face amount of a CD. If you want to increase the total amount of CDs you own, you must acquire new CDs. There is no assurance that we will sell any additional CDs subsequent to the date of this disclosure statement supplement.

You may not withdraw or redeem any portion of the face amount of your CDs before the stated maturity date. Unless the CDs are mandatorily redeemed by us as described under “— Mandatory Redemption” above or the CDs are redeemed by your authorized representative in the event of your death or adjudication of incompetence as described under “— Optional Redemption in the Event of Death or Adjudication of Incompetence” above, Goldman Sachs Bank USA is not required (and does not intend) to make any payment other than the coupons on the CDs before the stated maturity date. Except as specifically described in the preceding sentence, the CDs will not be subject to redemption at our option or repayment at your option before the stated maturity date.

### **Selling the CDs Before the Stated Maturity Date**

If you want to receive funds before the stated maturity date for CDs that you have acquired, you may be required to sell the CDs in the secondary market, if any exists. Goldman Sachs Bank USA is not required (and does not intend) to repurchase any CD before the stated maturity date, and is not required to assist you in finding a third party willing to purchase the CDs from you before the stated maturity date. If you are able to sell your CDs before the stated maturity date, you will receive the market price at that time for the CDs. The market price for your CDs could be significantly less than the face amount of the CDs, and could be significantly less than what you paid to acquire your CDs. Furthermore, if you sell your CDs, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount.

### **Additional Information**

Please see the other sections of this disclosure statement supplement and the accompanying disclosure statement for important additional information about the CDs.

For more information relating to these truth in savings disclosures, please contact Goldman Sachs Bank USA at 1-800-323-5678.

## ADDITIONAL RISK FACTORS SPECIFIC TO YOUR CERTIFICATES OF DEPOSIT

*An investment in your CDs is subject to the risks described below, as well as the risks described under “Risk Factors” in the accompanying disclosure statement dated May 17, 2018. Your CDs are a riskier investment than many other bank deposit obligations. Also, your CDs are not equivalent to investing directly in any eligible underlying asset or the assets held by any eligible ETF or in CDs that bear interest at the notional interest rate. You should carefully consider whether the offered CDs are suited to your particular circumstances.*

*Although we have classified the risks described below into three categories (general risks, risks related to the index and risks related to the eligible ETFs), the order in which these categories are presented is not intended to signify any decreasing (or increasing) significance of these risks. You should read all of the risks described below and in the accompanying disclosure statement.*

### **General Risks**

#### **The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs**

The original issue price for your CDs exceeds the estimated value of your CDs as of the time the terms of your CDs are set on the trade date, as determined by reference to GS&Co.’s pricing models and taking into account our credit spreads. Such estimated value on the trade date is set forth above under “Estimated Value of Your CDs”; after the trade date, the estimated value as determined by reference to these models will be affected by changes in market conditions, our creditworthiness and other relevant factors. The price at which GS&Co. would initially buy or sell your CDs (if GS&Co. makes a market, which it is not obligated to do), and the value that GS&Co. will initially use for account statements and otherwise, also exceeds the estimated value of your CDs as determined by reference to these models. As agreed with the distribution participants, this excess (i.e., the additional amount described under “Estimated Value of Your CDs”) will decline to zero on a straight line basis over the period from the date hereof through the applicable date set forth above under “Estimated Value of Your CDs”. Thereafter, if GS&Co. buys or sells your CDs it will do so at prices that reflect the estimated value determined by reference to such pricing models at that time. The price at which GS&Co. will buy or sell your CDs at any time also will reflect its then current bid and ask spread for similar sized trades of structured CDs.

In estimating the value of your CDs as of the time the terms of your CDs are set on the trade date, as disclosed above under “Estimated Value of Your CDs”, GS&Co.’s pricing models consider certain variables, including principally our credit spreads, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the CDs. These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your CDs in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your CDs determined by reference to our models due to, among other things, any differences in pricing models or assumptions used by others. See “— The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors” below.

The difference between the estimated value of your CDs as of the time the terms of your CDs are set on the trade date and the original issue price is a result of certain factors, including principally the placement fee and commissions, the expenses incurred in creating, documenting and marketing the CDs, and an estimate of the difference between the amounts we pay to GS&Co. and the amounts GS&Co. pays to us in connection with your CDs. We pay to GS&Co. amounts based on what we would pay to holders of a non-structured CD with a similar maturity. In return for such payment, GS&Co. pays to us the amounts we owe under your CDs.

In addition to the factors discussed above, the value and quoted price of your CDs at any time will reflect many factors and cannot be predicted. If GS&Co. makes a market in the CDs, the price quoted by GS&Co. would reflect any changes in market conditions and other relevant factors, including any deterioration in our creditworthiness or perceived creditworthiness. These changes may adversely affect the value of your CDs, including the price you may receive for your CDs in any market making transaction. To the extent that GS&Co. makes a market in the CDs, the quoted price will reflect the estimated value determined by reference to GS&Co.’s pricing models at that time, plus or minus its then current bid and ask spread for similar sized trades of structured CDs (and subject to the declining excess amount described above).

Furthermore, if you are able to sell your CDs, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your CDs in a secondary market sale. You must hold the CDs to maturity to receive the stated payout from Goldman Sachs Bank USA and sales in the secondary market, if any, may result in substantial losses.

In addition, if you sell a CD to GS&Co. or any other affiliate of ours after you purchase and pay for it, you will receive less than the principal amount of the CD, as determined at the time. Without limitation of other adjustments to the

purchase price, if we, GS&Co. or any other affiliate of ours purchases CDs in the secondary market within six days after the date of initial issuance of those CDs, the purchase price will be reduced by an early withdrawal penalty of 50 basis points. Thus, if you sell your CDs to GS&Co. or any of our affiliates within six days after you purchase and pay for them, you are likely to receive a reduced price for your CDs.

There is no assurance that GS&Co. or any other party will be willing to purchase your CDs at any price and, in this regard, GS&Co. is not obligated to make a market in the CDs. See “— Your CDs May Not Have an Active Trading Market” below.

### **The Placement Fee, Structuring Fee and Marketing Fee, and Other Expenses, Result in Less Favorable Economic Terms of the CDs and Could Adversely Affect Any Secondary Market Price for the CDs**

The economic terms of the CDs, as well as the difference between the estimated value of your CDs as of the time the terms of your CDs are set on the trade date and the original issue price, take into consideration, among other expenses, the placement fee, structuring fee and marketing fee paid in connection with the CDs. Therefore, the economic terms of the CDs are less favorable to you than they would have been if these expenses had not been paid or had been lower. Further, the price, if any, at which GS&Co. will buy or sell your CDs (if GS&Co. makes a market, which it is not obligated to do) at any time will reflect, among other things, the economic terms of the CDs. Therefore, the secondary market price for the CDs could also be adversely affected by the placement fee, structuring fee and marketing fee, and other expenses paid in connection with the CDs. See “The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs” above.

### **The CDs Differ from Conventional Bank Deposits**

The CDs combine features of equity and debt. The terms of the CDs differ from those of conventional CDs and other bank deposits in that the coupon is based, in part, on the performance of the index. Therefore, the return on your investment in the CDs may be less than the amount that would be paid on a conventional CD or other bank deposit. The payment at maturity of the face amount of your CDs together with the coupons you received on each coupon payment date may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

### **You May Receive Only the Minimum Coupon on Each Coupon Payment Date**

If, on a coupon determination date, the index return divided by the number of coupon payment dates that have occurred up to and including the relevant coupon payment date is equal to or less than 1.1%, you will receive a coupon equal to 1.1% of the face amount of your CDs, or \$11 for each \$1,000 face amount of your CDs, on the corresponding coupon payment date. If this occurs on every coupon determination date, the overall return you earn on your CDs may be less than you would have earned by investing in a CD that bears interest at the prevailing market rate.

### **The Amount Payable on Your CDs Is Not Linked to the Level of the Index at Any Time Other Than the Coupon Determination Dates**

Each coupon will be based on the closing level of the index on the applicable coupon determination date, relative to the initial index level. Therefore, if the closing level of the index decreased on the applicable coupon determination date, the coupon for your CDs will be less than it would have been had the coupon been linked to the closing level of the index prior to such decrease in the closing level of the index. Additionally, the coupon for your CDs may be less than it would have been had the performance of the index been measured based on levels other than the initial index level compared to the closing level on the applicable coupon determination date. For example, an increase from one coupon determination date to the next coupon determination date has no bearing on the coupon payment. Although the actual closing level of the index on a coupon payment date or at other times during the life of your CDs may be higher than the closing level on the applicable coupon determination date, you will not benefit from the closing level of the index at any time other than on the applicable coupon determination date.

### **The Formula for Calculating the Coupon Amount Due Reduces the Impact of Any Positive Index Return**

Although the index return measures the performance of the index from the trade date to the applicable coupon determination date, the formula for calculating the coupon amount due on a coupon payment date reduces the impact of any positive index return by dividing it by the number of coupon payment dates that have occurred up to and including such coupon payment date. Therefore, increases in the level of the index late in the term of the CDs will have a lower impact on the level of the next coupon payment versus increases in the level of the index earlier in the term of the CDs due to the fact that the denominator used to calculate the coupon payment will increase with each coupon payment date that has occurred.

### **An Earlier Increase in the Index Will Result in a Higher Coupon than a Later Increase in the Index**

Due to the formula for calculating the coupon amount due the effect of an increase in the index return on each coupon determination date lessens over time. As a result, an earlier increase in the index will result in a higher coupon than a single increase in the index later in the term, unless the later increase is sufficient to offset the negative effect of dividing the index return by the number of coupon payment dates that have occurred.

#### **The Coupon Does Not Reflect the Actual Performance of the Index from Coupon Determination Date to Coupon Determination Date**

The coupon for each annual coupon payment date is determined by multiplying the index return on the applicable coupon determination date by \$1,000 and then dividing the resulting number by the number of coupon payment dates that have occurred up to and including such coupon payment date. This formulation is intended to account for the amount of time that the CDs have been outstanding. This is different from, and likely will be less than, a coupon determined based on the percentage difference of the index closing levels between the trade date and any coupon determination date or between two coupon determination dates, in each case without the reduction feature set forth in the CDs. Accordingly, the coupons on the CDs likely will be less than the return you could earn on another instrument linked to the index that pays annual interest based on the performance of the index from the trade date to any coupon determination date or from coupon determination date to coupon determination date, in either case without the reduction feature.

#### **If You Sell Your CDs in a Secondary Market Transaction, You May Experience a Loss**

If you sell your CDs prior to the stated maturity date, you will receive the market price for your CDs. The market price for your CDs may be influenced by many factors, such as the volatility and general performance of the index, interest rates, the time remaining until maturity, dealer discount and other factors described below. You may also be charged a commission in connection with a secondary market transaction. Depending on the impact of these factors, you may receive significantly less than the face amount of your CDs in any sale of your CDs before the stated maturity date.

#### **The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors**

The following factors, among others, many of which are beyond our control, may influence the market value of your CDs:

- the level of the index, including the initial index level;
- the volatility — i.e., the frequency and magnitude of changes — in the level of the index (even though the index attempts to limit volatility with daily rebalancing), the eligible underlying assets and the assets that comprise the eligible ETFs;
- the market prices of the eligible ETFs;
- 3-month USD LIBOR;
- economic, financial, regulatory, political, military and other events that affect markets generally and the assets held by the eligible ETFs, and which may affect the closing levels of the index;
- other interest rates and yield rates in the market;
- the time remaining until your CDs mature; and
- our creditworthiness, whether actual or perceived, and including actual or anticipated upgrades or downgrades in our credit ratings or changes in other credit measures.

These factors may influence the market value of your CDs if you sell your CDs before maturity, including the price you may receive for your CDs in any market making transaction. If you sell your CDs prior to maturity, you may receive less than the face amount of your CDs.

You cannot predict the future performance of the index based on its historical performance or on any hypothetical performance data. The actual performance of the index over the life of the CDs, as well as the amount payable on the stated maturity date, may bear little or no relation to the historical index performance information, hypothetical performance data or hypothetical return examples shown elsewhere in this disclosure statement supplement.

#### **Other Investors in the CDs May Not Have the Same Interests as You**

Other investors in the CDs are not required to take into account the interests of any other investor in exercising remedies or other rights in their capacity as holders or in making requests or recommendations to Goldman Sachs as to the establishment of other transaction terms. The interests of other investors may, in some circumstances, be adverse to your interests. For example, certain investors may take short positions (directly or indirectly through derivative transactions) on assets that are the same or similar to your CDs, index, the eligible underlying assets or other similar securities, which may adversely impact the market for or value of your CDs.

## **You Have No Shareholder Rights or Rights to Receive Any Shares or Units of Any Eligible ETF, or Any Assets Held by Any Eligible ETF or the Money Market Position**

Investing in the CDs will not make you a holder of any shares or units of any eligible ETF or any asset held by any eligible ETF or the money market position. Investing in the CDs will not cause you to have any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any eligible ETF, the assets held by any eligible ETF or the money market position. Your CDs will be paid in cash, and you will have no rights to receive delivery of any shares or units of any eligible ETF or the assets held by any eligible ETF.

## **The CD Calculation Agent Will Have the Authority to Make Determinations That Could Affect the Market Value of Your CDs, When Your CDs Mature and the Amount You Receive on Each Coupon Payment Date**

As of the date of this disclosure statement supplement, we have appointed GS&Co. as the CD calculation agent. As CD calculation agent, GS&Co. will make all determinations regarding the initial index level; the coupon payable on each coupon payment date; the closing level of the index on the coupon determination dates; the index return; the coupon determination dates; successor indices; the stated maturity date; the mandatory redemption date, if applicable; business days and trading days; the mandatory redemption amount, if applicable; and any other determination as applicable or specified herein. See “Specific Terms of Your Certificates of Deposit” below. The CD calculation agent also has discretion in making certain adjustments relating to a discontinuation or modification of the index. See “Specific Terms of Your Certificates of Deposit — Discontinuance or Modification of the Index” below. The exercise of this discretion by GS&Co. could adversely affect the value of your CDs. We may change the CD calculation agent at any time without notice and GS&Co. may resign as CD calculation agent at any time upon 60 days’ written notice to Goldman Sachs Bank USA.

## **Your CDs May Not Have an Active Trading Market**

Your CDs will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, and there may be little or no secondary market for your CDs. Even if a secondary market for your CDs develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your CDs in any secondary market could be substantial. You should not purchase our CDs unless you plan to hold them to maturity.

## **The CD Calculation Agent Can Postpone Any Coupon Determination Date if a Non-Trading Day Occurs**

If the CD calculation agent determines that, on a day that would otherwise be a coupon determination date, such date is not a trading day for the index, the applicable coupon determination date will be postponed until the first following trading day, subject to limitation on postponement described under “Specific Terms of Your Certificates of Deposit — Payment of Coupons — Coupon Determination Dates” on page S-46. If any coupon determination date is postponed to the last possible day and such day is not a trading day, such day will nevertheless be the applicable coupon determination date. Because each coupon payment date is the fifth business day following the applicable coupon determination date, if a coupon determination date is postponed or a non-business day occurs between a coupon determination date and the applicable coupon payment date, the applicable coupon payment date may be later than originally expected.

If the final coupon determination date is postponed as a result of any of the foregoing, the stated maturity date for your CDs will also be postponed, as described under “Specific Terms of Your Certificates of Deposit — Payment of Coupons — Stated Maturity Date” on page S-46. In such a case, you may not receive the final coupon and the cash payment that we are obligated to deliver on the stated maturity date until several days after the originally scheduled stated maturity date. If the closing level of the index is not available on any coupon determination date because of a non-trading day or for any other reason (except as described under “Specific Terms of Your Certificates of Deposit — Discontinuance or Modification of the Index” on page S-47), in certain circumstances the CD calculation agent will determine the closing level of the index, based on its assessment, made in its sole discretion, of the level of the index on such day, as described under “Specific Terms of Your Certificates of Deposit — Consequences of a Non-Trading Day” on page S-46.

## **The Full Face Amount of and Coupons Due on Your CDs May Not Be Protected by FDIC Insurance**

The CDs evidence deposit liabilities of Goldman Sachs Bank USA, which are covered, with respect to the face amount and any accrued and unpaid coupon only, by FDIC insurance within the limits and to the extent set forth in the FDIA and in the rules, regulations and interpretations of the FDIC, some of which are described herein. In general, the FDIC insures all deposits maintained by a depositor in the same ownership category at the same depository institution, and per participant for certain retirement accounts, up to a maximum limit of \$250,000. These maximum limits are the total protection available for your CDs, together with any other deposit accounts you may hold at Goldman Sachs Bank USA in the same right and capacity. As a result, the full face amount of your CDs and any return thereon, including accrued but unpaid coupons, may not be protected by FDIC insurance.

Although FDIC insurance coverage includes both the face amount of your CDs and any accrued and unpaid coupon to the date of default of Goldman Sachs Bank USA, if the FDIC was appointed conservator or receiver of Goldman Sachs Bank USA prior to the coupon determination date of the CDs, the FDIC has taken the position that any coupon that has not yet accrued on the date the FDIC was appointed receiver or conservator is not insured because the amount of such unaccrued coupon is not finally ascertained until the coupon determination date and would not be reflected as an accrued coupon on the books of Goldman Sachs Bank USA at the time of such appointment. Thus, the amount insured by the FDIC with respect to the CDs may be substantially less than the amount that would otherwise be payable on the CDs at maturity (and could be less than the applicable FDIC insurance limits). In addition, the FDIC takes the position that any secondary market premium paid by you above the face amount of the CDs is not insured by the FDIC. Also, FDIC insurance may not cover the CDs if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage. Further, if Goldman Sachs Bank USA's status as an insured depository institution is terminated or suspended by the FDIC (including as a result of our actions) or is terminated by us, during the period of temporary insurance following the termination or suspension the FDIC insurance may not cover any amounts in excess of the face amount of the CDs and any coupon accrued prior to the date of such termination or suspension. **If you sell your CDs prior to maturity, FDIC insurance will not cover any resulting losses.**

The FDIC may temporarily suspend the deposit insurance on deposits received by us if it has initiated involuntary FDIC insurance termination proceedings against us and certain other circumstances apply. If our FDIC insurance status were suspended, FDIC deposit insurance would continue to apply to deposits existing at the time of such suspension to the extent provided by the FDIC, but only for the benefit of the owners of deposits at the time of such suspension. Accordingly, any purchaser of a CD following such suspension would not have the benefit of FDIC deposit insurance, which would negatively affect the secondary market, if any, for the CDs.

#### **To the Extent Payments Under the CDs Are Not Insured by the FDIC, You Can Depend Only on Our Creditworthiness for Payment on the CDs**

The CDs will be our obligations only. Except to the extent FDIC insurance is available from the FDIC, no entity other than Goldman Sachs Bank USA (or its receiver or conservator, if applicable, to the extent of any available remaining assets of Goldman Sachs Bank USA) will have any obligation, contingent or otherwise, to make any payments in respect of the CDs. Accordingly, we will be dependent on our assets and earnings to generate the funds necessary to meet our obligations with respect to the CDs. If our assets and earnings are not adequate, we may be unable to make payments in respect of the CDs and you could lose that part of your deposit, if any, that is not covered by FDIC insurance.

In addition, claims in excess of deposit insurance limits are paid as described above under "Q&A — Are the CDs Insured by the Federal Deposit Insurance Corporation ("FDIC") and How Will the CDs Rank Against Other Obligations of Goldman Sachs Bank USA?"

The CDs are obligations solely of Goldman Sachs Bank USA, and are not obligations of The Goldman Sachs Group, Inc. or any other affiliate of Goldman Sachs Bank USA. In addition, the CDs are not guaranteed by The Goldman Sachs Group, Inc. or any other affiliate of Goldman Sachs Bank USA.

#### **Status as Uninsured Deposits Could Reduce Your Recovery of Principal Deposited and/or Adversely Affect Your Return**

If the FDIC were appointed as conservator or receiver of Goldman Sachs Bank USA, the amount actually paid by the FDIC in this capacity on the claims of holders of the CDs in excess of the amount insured by the FDIC and paid under FDIC insurance would depend upon, among other factors, the amount of conservatorship or receivership assets available for the payment of claims of deposit liabilities.

If appointed as conservator or receiver of Goldman Sachs Bank USA, the FDIC also would be authorized to disaffirm or repudiate any contract to which Goldman Sachs Bank USA is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of Goldman Sachs Bank USA's affairs. It is likely that for this purpose deposit obligations, such as the CDs, would be considered "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC as conservator or receiver of Goldman Sachs Bank USA. Such repudiation should result in a claim by a depositor against the conservator or receiver for the face amount of the CDs. No claim would be available, however, for any secondary market premium paid by a depositor above the face amount of a CD and no claims would likely be available for any coupons that have not accrued.

The FDIC as conservator or receiver also may transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including deposit liabilities such as the CDs (or only the insured portion thereof), without



the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs (or the insured portion thereof so transferred) the choice of (i) repayment of the principal amount so transferred or (ii) substitute terms which may be less favorable. If a CD is paid off prior to its stated maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

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

Except to the extent insured by the FDIC as described in this disclosure statement supplement and the accompanying disclosure statement, the CDs are not otherwise insured by any governmental agency or instrumentality or any other person.

### **You Will Not Have the Right to Withdraw the Face Amount of Your CDs Prior to the Stated Maturity Date**

When you purchase the CDs, you agree with Goldman Sachs Bank USA to keep your funds on deposit for the term of the CDs. You will not have the right to withdraw any portion of the face amount of your CDs prior to the stated maturity date. Therefore, you should not rely on the possibility of early withdrawal for gaining access to your funds prior to the stated maturity date.

### **Your CDs Are Subject to Mandatory Redemption**

In the event our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions or if regulatory or statutory changes in the future render the CDs ineligible for FDIC insurance coverage, to the extent permitted by applicable law and regulation we will redeem your CDs in full, unless they mature prior to the redemption date, as described under "Specific Terms of Your Certificates of Deposit — Mandatory Redemption" on page S-47. The payment amount you receive upon such redemption due to the termination of FDIC insurance may be less than the amount you would have otherwise received on your CDs, but will not be less than the face amount. This commitment to redeem your CDs may not be enforceable under certain circumstances, such as if the FDIC has been appointed receiver or conservator of the bank.

### **If Your CDs Are Mandatorily Redeemed You May Not Receive the Mandatory Redemption Amount for up to Almost Two Years and You Will Not Receive Any Interest Payments on Such Amounts. In Addition, the Full Mandatory Redemption Amount May Not Be Protected by FDIC Insurance**

In the event our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, or if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage, to the extent permitted by applicable law and regulation, we will redeem your CDs in full, unless they mature prior to the redemption date, as described under "Specific Terms of Your Certificates of Deposit — Mandatory Redemption" on page S-47. As described therein, in the event our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, the mandatory redemption amount will be determined by the tenth business day after our status as an insured depository institution is terminated by the FDIC, but the mandatory redemption amount will not be paid until the last business day on which any of our outstanding deposit obligations would be insured by the FDIC, which may not occur for a period of six months to up to almost two years after the mandatory redemption amount is determined (depending on the period of temporary deposit insurance provided by the FDIC following the termination of our status as an insured depository institution). During this time period, no coupons will accrue, the mandatory redemption amount will not bear interest and the CDs will not otherwise be exposed to market movements. Thus, the overall return you earn on your CDs in the event of a mandatory redemption may be less than you would have earned if our status as an insured depository institution had not been terminated.

In addition, the temporary deposit insurance that would be provided by the FDIC following termination of our status as an insured depository institution will cover only those amounts accrued with respect to your CDs on the date of such termination. As a result, the mandatory redemption amount, to the extent it exceeds the face amount, may not be covered by FDIC insurance. Therefore, you may be fully exposed to our credit risk to the extent the mandatory redemption amount exceeds the face amount of your CDs.

## **If Regulatory Changes Render the CDs Ineligible for FDIC Insurance Coverage, Your CDs May Not Be Covered by FDIC Insurance and Will Be Subject to Mandatory Redemption**

Amendments to existing legislation or regulations or enactment of new legislation or regulations relating to the FDIC insurance may be introduced at any time. If an amendment or enactment causes the CDs not to be eligible for FDIC insurance coverage, or the FDIC or another regulatory body determines that the CDs are not eligible for FDIC insurance coverage, to the extent permitted by law, we will redeem your CDs in full, unless they mature prior to the redemption date, as described, and subject to the limits set forth, under “Specific Terms of Your Certificates of Deposit — Mandatory Redemption” on page S-47. Until the date of such redemption, which will occur ten business days after the effective date of any such regulation, ruling or interpretation that renders the CDs ineligible for FDIC insurance, you will be fully exposed to our credit risk and you would not be entitled to FDIC insurance if Goldman Sachs Bank USA becomes insolvent and the FDIC is appointed its conservator or receiver.

### **Certain Considerations for Insurance Companies and Employee Benefit Plans**

Any insurance company or fiduciary of a pension plan or other employee benefit plan that is subject to the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended, which we call “ERISA”, or the Internal Revenue Code of 1986, as amended, including an IRA or a Keogh plan (or a governmental plan to which similar prohibitions apply), and that is considering purchasing the CDs with the assets of the insurance company or the assets of such a plan, should consult with its counsel regarding whether the purchase or holding of the CDs could become a “prohibited transaction” under ERISA, the Internal Revenue Code or any substantially similar prohibition in light of the representations a purchaser or holder in any of the above categories is deemed to make by purchasing and holding the CDs. This is discussed in more detail under “Employee Retirement Income Security Act” on page S-174.

### **The Tax Treatment of Your CDs is Uncertain, However, It Would be Reasonable To Treat Your CDs as Variable Rate Debt Instruments for U.S. Federal Income Tax Purposes**

The tax treatment of your CDs is uncertain. However, it would be reasonable to treat your CDs as variable rate debt instruments for U.S. federal income tax purposes and we intend to so treat the CDs. Under those rules, you generally will be required to account for the coupons on the CDs in the manner described under “Supplemental Discussion of United States Federal Income Tax Consequences” below. If you are a secondary purchaser of the CDs or if you purchase the CDs for an amount that is different from the issue price of the CDs (as defined under “United States Taxation—United States Holders—Original Issue Discount—General” in the accompanying disclosure statement), the tax consequences to you may be different. Please see “Supplemental Discussion of United States Federal Income Tax Consequences” below for a more detailed discussion. Please also consult your tax advisor concerning the U.S. federal income tax and any other applicable tax consequences to you of owning your CDs in your particular circumstances.

### **Foreign Account Tax Compliance Act (FATCA) Withholding May Apply to Payments on Your CDs, Including as a Result of the Failure of the Bank or Broker Through Which You Hold the CDs to Provide Information to Tax Authorities**

Your CDs could be subject to a U.S. withholding tax of 30% under FATCA. This tax could apply if you or any non-U.S. person or entity that receives a payment (directly or indirectly) on your behalf (including a bank, custodian, broker or other payee, at any point in the series of payments made on your CDs) does not comply with the U.S. information reporting, withholding, identification, certification, and related requirements imposed by FATCA. The payments potentially subject to this withholding tax include interest (including original issue discount) and other periodic payments as well as payments made upon the sale, exchange, redemption or maturity of your CDs.

You should consult your tax advisor regarding the relevant U.S. law and other official guidance on FATCA. You could be affected by this withholding if, for example, your bank or broker through which you hold the CDs is subject to withholding because it fails to comply with these requirements. This might be the case even if you would not otherwise have been directly subject to withholding. Accordingly, you should consult your bank or broker about the likelihood that payments to it (for credit to you) will become subject to withholding in the payment chain.

The withholding tax described above could currently apply to all interest (including original issue discount) and other periodic payments made on the CDs. In addition, the withholding tax described above could apply to payments made upon the sale, exchange, redemption or maturity of the CDs on or after January 1, 2019.

We will not pay any additional amounts in respect of this withholding tax, so if this withholding applies, you will receive significantly less than the amount that you would have otherwise received with respect to your CDs. Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and

significantly delay your receipt of any withheld amounts. For more information, see “Supplemental Discussion of United States Federal Income Tax Consequences – Foreign Account Tax Compliance Act (FATCA) Withholding” on page S-176 of this disclosure statement supplement.

In addition, your CDs may also be subject to other U.S. withholding tax as described in “United States Taxation” in the accompanying disclosure statement.

### **Risks Related to the Index**

#### **The Index Measures the Performance of the Index Underlying Assets Less the Sum of the Return on the Notional Interest Rate Plus 0.65% Per Annum (Accruing Daily)**

Your CDs are linked to the index. The index measures the performance of the underlying assets included in the index plus, with respect to ETFs included in the index, dividends paid on such ETFs, less the *sum* of the return on the notional interest rate *plus* 0.65% per annum (accruing daily). Increases in the level of the notional interest rate may offset in whole or in part increases in the levels of the index underlying assets. As a result, any return on the index may be reduced or eliminated, which will have the effect of reducing the amount payable in respect of your CDs. Generally speaking, on any day the index underlying assets must produce positive returns at least as great as the *sum* of the return on the notional interest rate *plus* 0.65% per annum (accruing daily) before the index will have a positive return. Historically, a significant portion of the index exposure has been to the money market position.

#### **Your Investment in the CDs May Be Subject to Concentration Risks**

The assets underlying an eligible underlying asset may represent a particular market or commodity sector, a particular geographic region or some other sector or asset class. As a result, your investment in the CDs may be concentrated in a single sector or asset class even though there are maximum weights for each underlying asset and each asset class. This concentration could occur because of concentration in the investment goals of one or more eligible ETFs. As a result of base index rebalancing, the index may include exposure to as few as three eligible ETFs. However, as a result of total return index rebalancing, the exposure of the index at any time could be limited to the money market position. Although your investment in the CDs will not result in the ownership or other direct interest in the assets held by the eligible ETFs, the return on your investment in the CDs will be subject to certain risks similar to those associated with direct investments in the market or commodity sector, geographic region, other sector or class represented by the relevant assets.

In addition, in connection with a base index rebalancing, the index may rebalance to include only index underlying assets that represent a limited number of markets or commodity sectors, geographic regions, other sectors or asset classes. If this were to occur, you will be subject to risks similar to those associated with direct investments in these markets or commodity sectors, geographic regions, other sectors or asset classes. These markets, geographic regions, sectors or asset classes may not be diversified.

#### **You May Not Have Exposure to One or More of the Eligible Underlying Assets During the Term of the CDs**

On any given index business day, the index is expected to have exposure to only a limited subset of the 15 eligible underlying assets (which, including the money market position, initially could be as few as four eligible underlying assets (i.e., as few as three eligible ETFs)) and you may not have any exposure to some of the 15 eligible underlying assets or asset classes during the entire term of the CDs. As a result, you should not expect the index to provide a balanced exposure to all of the eligible underlying assets. Further, after a base index rebalancing, if, on such index business day the realized volatility of the index underlying assets exceeds the volatility cap of 6% for the applicable volatility cap period, the index will ratably rebalance a portion of the exposure to the index ETFs into the money market position to reduce such realized volatility level. This may limit your exposure to the index ETFs during the term of the CDs.

#### **The Weight of Each Index Underlying Asset Reflects the Average of the Average of the Weights of Such Index Underlying Asset Over Three Potential Portfolios For Each Day in the Applicable Weight Averaging Period**

To calculate the weight of each index underlying asset on a daily base index rebalancing day, three potential portfolios are first generated for each day in the applicable weight averaging period related to that base index rebalancing day. Each portfolio is calculated to reflect the highest historical return during three return look-back periods (nine months, six months and three months) subject to a limitation on realized volatility over three related realized volatility look-back periods (the prior six months, three months and one month for the nine-month, six-month and three-month return look-back periods, respectively) and subject to a minimum and maximum weight for each underlying asset and each asset class. Theoretically, all three potential portfolios could be the same, although this is unlikely. The weight of each index underlying asset for a given day in the applicable weight averaging period will equal the average of the weights of such index underlying asset in the three potential portfolios while the weight of each index underlying asset for the daily base index rebalancing will equal the average of such target weights. As a result, the weight of each index underlying asset will be different than it would have been had the index underlying assets been determined based on a single realized volatility

look-back period. In addition, because the weight of each index underlying asset for each base index rebalancing day is the average of the average weights of such underlying asset across three realized volatility look-back periods for each day in the weight averaging period related to that base index rebalancing day, the impact of a low realized volatility for an index underlying asset for one realized volatility look-back period may be lessened by a higher realized volatility for that index underlying asset for one or both of the other realized volatility look-back periods. Also, such impact could be further lessened as a result of averaging over the weight averaging period. For a discussion of how the look-back periods are determined, see “The Index — What is realized volatility and how are the weights of the underlying assets influenced by it?”.

### **The Index May Not Successfully Capture Price Momentum and May Not Achieve its Target Volatility**

The index attempts to track the positive price momentum in the eligible underlying assets. As such, on each daily base index rebalancing day, the index is rebalanced by first calculating, for each day in the applicable weight averaging period related to that base index rebalancing day, the portfolio of underlying assets that would have provided the highest historical return during three return look-back periods (nine months, six months and three months) subject to the limitations on volatility and the minimum and maximum weights for each underlying asset and each asset class. However, there is no guarantee that trends existing in the preceding nine months, six months and three months, as applicable, or during the related realized volatility look-back periods over which volatility is evaluated will continue in the future. The trend of an eligible underlying asset may change at the end of any measurement period and such change may not be reflected in the return of the eligible underlying asset calculated over the return look-back period.

In addition, the volatility controls and maximum weightings may limit the index’s ability to track price momentum. The index is different from an investment that seeks long-term exposure to a constant set of underlying assets. 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. No assurance can be given that the investment methodology used to construct the index will outperform any alternative index that might be constructed from the eligible underlying assets.

No assurance can be given that the investment methodology on which the index is based will be successful or that the index will outperform any alternative methodology that might be employed in respect of the eligible underlying assets. Furthermore, no assurance can be given that the index will achieve its 5% volatility target. The actual realized volatility of the index may be greater or less than 5%.

### **Asset Class Maximum Weights Will in Many Cases Prevent All of the Eligible Underlying Assets in an Asset Class From Being Included in the Index at Their Underlying Asset Maximum Weights and May Also Prevent the Index From Having Exposure to Certain Types of Assets At Any Given Time**

The asset class maximum weights will in many cases prevent all of the eligible underlying assets in an asset class from being included in the index at their underlying asset maximum weights. This is due to the fact that, in many cases, the asset class maximum weight is less than the sum of the underlying asset maximum weights in that asset class.

In addition, the three underlying assets that are categorized in the alternatives asset class are not expected to be highly correlated. One underlying asset of that asset class seeks investment results that correspond generally to an index that tracks the U.S. preferred stock market, another underlying asset seeks investment results that correspond generally to an index that tracks the real estate sector of the U.S. equity market and the other underlying asset seeks investment results that correspond generally to an index that tracks biotechnology companies. However, each of these three underlying assets is subject to the same asset class maximum weight, which is less than the sum of the three underlying asset maximum weights that relate to these three underlying assets. Therefore, it is possible that the asset class maximum weight restriction for the alternatives asset class alone (as opposed to the other restrictions applicable to the index) will prevent all of these eligible ETFs from being index ETFs simultaneously, which would mean that the index might not have exposure to certain U.S. preferred stocks, the real estate sector of the U.S. equity market and biotechnology companies at the same time.

### **Each Index Underlying Asset's Weight Is Limited by Its Underlying Asset Maximum Weight, Its Asset Class Maximum Weight and the Volatility Constraint**

On each daily base index rebalancing day, the index sets the weights for the eligible underlying assets to those weights that would have provided the highest historical return during three return look-back periods (nine months, six months and three months), subject to investment constraints on the maximum weights of each eligible underlying asset and each asset class, and the volatility constraint of 5%. These constraints, as well as the use of the weight averaging period, could lower your return versus an investment that was not limited as to the maximum weighting allotted to any one index underlying asset or asset class or was not subject to the 5% volatility target (or the daily volatility cap of 6%).

The index's 5% volatility target may result in a significant portion of the index's exposure being allocated to the money market position. The 5% volatility target represents an intended trade-off, in which some potential upside is given up in exchange for attempting to limit downside exposure in volatile markets. However, because the CDs provide for the repayment of principal at maturity, the incremental benefit to holders of the CDs from the index's 5% volatility target may be limited. In other words, the CDs themselves limit exposure to decreases in the level of the index by providing for payment amount that will be no less than the face amount of the CDs. Due to this feature of the CDs, the index's 5% volatility target, which attempts to reduce downside exposure to the eligible ETFs, may not be as beneficial as it otherwise may be (including, for example, when used with CDs that provide for a payment amount that could be less than the face amount) and the cost of the index's 5% volatility target, which is reflected in part in the above referenced trade-off, may not be desirable to you.

### **If the Level of the Index Changes, the Market Value of Your CDs May Not Change in the Same Manner**

Your CDs may trade quite differently from the performance of the index. Changes in the level of the index may not result in a comparable change in the market value of your CDs. Even if the level of the index increases above the initial index level during the life of the CDs, the market value of your CDs may not increase by the same amount. We discuss some of the reasons for this disparity under “— The Market Value of Your CDs May Be Influenced by Many Unpredictable Factors” above.

### **Past Index Performance is No Guide to Future Performance**

The actual performance of the index over the life of the CDs, as well as the amount payable on any coupon payment date, may bear little relation to the historical index performance information, hypothetical performance data or hypothetical return examples set forth elsewhere in this disclosure statement supplement. We cannot predict the future performance of the index.

### **The Lower Performance of One Index Underlying Asset May Offset an Increase in the Other Index Underlying Assets**

Your CDs are linked to the index which rebalances daily among 15 eligible underlying assets. Declines in the level of one index underlying asset may offset increases in the levels of the other index underlying assets. As a result, any return on the index may be reduced or eliminated, which will have the effect of reducing the amount payable in respect of your CDs at maturity.

### **Because Historical Returns and Realized Volatility Are Measured on an Aggregate Basis, Index Underlying Assets Could Include Eligible Underlying Assets With a High Realized Volatility and Could Exclude Eligible Underlying Assets With a High Historical Return**

Because historical return and realized volatility are measured on an aggregate basis within each potential portfolio, index underlying assets could include eligible underlying assets with a high realized volatility and could exclude eligible underlying assets with a high historical return. An eligible underlying asset with a relatively high realized volatility may be included as an index underlying asset because its realized volatility is offset by another eligible underlying asset that is also included as an index underlying asset.

In addition, highly correlated eligible underlying assets may be excluded from a potential portfolio, in whole or in part, on a base index observation day, even if, on an independent basis, such eligible underlying assets have a relatively high nine-month, six-month and three-month historical return or relatively low realized volatility for the applicable volatility look-back period.

### **Correlation of Performances Among the Index Underlying Assets May Reduce the Performance of the Index**

Performances of the index underlying assets may become highly correlated from time to time during the term of the CDs, including, but not limited to, periods in which there is a substantial decline in a particular sector or asset type containing such correlated index underlying assets. High correlation among index underlying assets representing any one sector or asset type which has a substantial percentage weighting in the index during periods of negative returns could have an adverse effect on the level of the index.

## **The Policies of the Index Sponsor, Index Committee and Index Calculation Agent, and Changes That Affect the Index or the Eligible ETFs, Could Affect the Amount Payable on Your CDs and Their Market Value**

The policies of the index sponsor, index committee and index calculation agent, as applicable, concerning the calculation of the level of the index, additions, deletions or substitutions of eligible underlying assets and the manner in which changes affecting the eligible underlying assets or, where applicable, their sponsors, such as stock dividends, reorganizations or mergers, are reflected in the level of the index could affect the level of the index and, therefore, the payment amount on your CDs at maturity and the market value of your CDs prior to maturity.

As further described under “The Index” in this disclosure statement supplement, a comparable ETF may be selected by the index committee, if available, to replace an index ETF and/or eligible ETF. The replacement of any index ETF may have an adverse impact on the value of the index. The amount payable on your CDs and their market value could also be affected if the index sponsor, index committee or index calculation agent changes these policies, for example, by changing the manner in which it calculates the level of the index or if the index sponsor discontinues or suspends calculation or publication of the level of the index, in which case it may become difficult to determine the market value of your CDs.

If events such as these occur on the determination date, the CD calculation agent — which initially will be GS&Co., our affiliate — may determine the closing level of the index on the determination date — and thus the amount payable on the stated maturity date — in a manner it considers appropriate, in its sole discretion. We describe the discretion that the CD calculation agent will have in determining the closing level of the index on the determination date and the amount payable on your CDs more fully under “Specific Terms of Your Certificates of Deposit — Discontinuance or Modification of the Index” and “Specific Terms of Your Certificates of Deposit — Role of CD Calculation Agent” below.

### **The Index Calculation Agent Will Have Authority to Make Determinations that Could Affect the Value of Your CDs and the Amount You Receive at Maturity. The Goldman Sachs Group, Inc. Owns a Non-Controlling Interest in the Index Calculation Agent**

The index sponsor has retained Solactive AG to serve as index calculation agent. As index calculation agent, Solactive AG calculates the value of the index and implements the methodology determined by the index committee. As further described under the “The Index” in this disclosure statement supplement, the index calculation agent (in certain cases in consultation with the index committee) has discretion with respect to determining index market disruption events, force majeure events, trading disruptions, exchange disruptions, index dislocations, interest rate disruption events, base index rebalancing days and total return index rebalancing days and with respect to making certain adjustments to the Eligible ETFs upon certain events such as dividend payments, returns of capital and stock splits. The exercise of this discretion by the index calculation agent could adversely affect the value of your CDs.

The Goldman Sachs Group, Inc., our affiliate, owns a non-controlling interest in the index calculation agent.

### **As Index Sponsor, GS&Co. Can Replace the Index Calculation Agent at Any Time**

The index sponsor has retained Solactive AG to serve as index calculation agent. The index calculation agent calculates the value of the index and implements the methodology determined by the index committee. The index sponsor can replace the index calculation agent at any time. In the event the index sponsor appoints a replacement index calculation agent, a public announcement will be made via press release. Any replacement of the index calculation agent may result in reporting delays and other disruptions.

### **The Index Calculation Agent Can Resign Upon Notification to the Index Sponsor**

As index calculation agent, Solactive AG can resign upon 60 days’ written notice to the index sponsor. In the event the index sponsor appoints a replacement index calculation agent, a public announcement will be made via press release. Any resignation by the index calculation agent may result in reporting delays and other disruptions.

### **The Index Weightings May Be Ratably Rebalanced into the Money Market Position on Any or All Days During the Term of the CDs**

The index has a daily volatility control feature which can result in a rebalancing (daily total return index rebalancing) between the index ETFs and the money market position. This has the effect of reducing the exposure of the index to the performance of the index ETFs resulting from base index rebalancing by rebalancing a portion of the exposure into the money market position if the historical realized volatility of the index underlying assets for the applicable one-month volatility cap period (observed and calculated by the index calculation agent on each daily total return index rebalancing day) would otherwise exceed the volatility cap of 6%.

During a daily base index rebalancing on an index business day, there is no guarantee that the index will not be rebalanced so that the money market position represents 50% of the index (i.e., the maximum weight for both the cash equivalent asset class and the money market position). Further, there is no guarantee that on such index business day,

after the base index rebalancing, the index will not be further rebalanced due to the daily volatility control feature (daily total return index rebalancing) so that the money market position represents 100% of the index. This is because the maximum weight for the cash equivalent asset class and the money market position do not apply to daily total return index rebalancing. Any rebalancing into the money market position will limit your return on the CDs.

In addition, there is no guarantee that the 6% volatility cap will successfully reduce the volatility of the index or avoid any volatile movements of any index underlying asset. If there is a rapid and severe decline in the market price of the index underlying assets, the index may not rebalance into the money market position until the index has declined by a substantial amount.

### **The Index May Perform Poorly During Periods Characterized by Increased Short-Term Volatility**

The index's methodology is based on momentum investing. Momentum investing strategies are effective at identifying the current market direction in trending markets. However, in non-trending 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 increased short-term volatility.

### **Index Market Disruption Events Could Affect the Level of the Index on Any Date**

If a daily base index rebalancing day or a daily total return index rebalancing day must be effected on an index business day on which an index market disruption event occurs with respect to any index underlying asset, the index calculation agent shall then rebalance the index as described in "The Index — Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?" herein. Any index market disruption event may have an adverse impact on the level of the index.

### **The Index Has a Limited Operating History**

The CDs are linked to the performance of the index, which was launched on May 16, 2016. Because the index has no index level history prior to that date, limited historical index level information will be available for you to consider in making an independent investigation of the index performance, which may make it difficult for you to make an informed decision with respect to the CDs.

The hypothetical performance data prior to the launch of the index on May 16, 2016 refers to simulated performance data created by applying the index's calculation methodology to historical prices or rates of the underlying assets that comprise the index. Such simulated hypothetical performance data has been produced by the retroactive application of a back-tested methodology. No future performance of the index can be predicted based on the simulated hypothetical performance data or the historical index performance information described herein.

### **U.K. Regulators Will No Longer Persuade or Compel Banks to Submit Rates for Calculation of LIBOR After 2021; Interest Rate Benchmark May Be Discontinued**

On July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority (FCA), which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR (which includes the 3-month USD LIBOR rate) after 2021. Such announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Notwithstanding the foregoing, it appears highly likely that LIBOR will be discontinued or modified by 2021. It is not possible to predict the effect that this announcement or any such discontinuance or modification will have on the 3-month USD LIBOR rate, the index or your CDs.

In accordance with the index methodology, if the index committee determines on a USD LIBOR interest determination date that 3-month USD LIBOR has been discontinued, then the index committee shall replace 3-month USD LIBOR with a substitute or successor rate that it has determined in its sole discretion is most comparable to 3-month USD LIBOR, provided that if the index committee determines there is an industry-accepted successor rate, then the index committee shall use such successor rate. If the index committee has determined a substitute or successor rate in accordance with the foregoing, the index committee in its sole discretion may determine an alternative to London business day, USD LIBOR interest determination date and notional interest rate reset date to be used, and any other relevant methodology for calculating such substitute or successor rate, including any adjustment factor needed to make such substitute or successor rate comparable to 3-month USD LIBOR, in a manner that is consistent with industry-accepted practices for such substitute or successor rate. See "The Index — General Overview" on page S-55. As discussed above under "— The Index Measures the Performance of the Index Underlying Assets Less the Sum of the Return on the Notional Interest Rate Plus 0.65% Per Annum (Accruing Daily)", changes in the level of the notional interest rate may offset changes in the levels of the index underlying assets. In addition, historically, a significant portion of the index exposure has been to the money market position, which reflects the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate. As a result, the

discontinuance of 3-month USD LIBOR and the use of a substitute or successor rate may affect the performance of the index and the amount payable in respect of your CDs.

**Regulation and Reform of “Benchmarks”, Including LIBOR and Other Types of Benchmarks, May Cause such “Benchmarks” to Perform Differently Than in the Past, or to Disappear Entirely, or Have Other Consequences Which Cannot be Predicted**

LIBOR and other interest rate, equity, foreign exchange rate and other types of indices which are deemed to be “benchmarks” are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such “benchmarks” to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on your CDs.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of “benchmarks” could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”. The disappearance of a “benchmark” or changes in the manner of administration of a “benchmark” could result in discretionary valuation by the index sponsor (including any index calculation agent acting on the index sponsor’s behalf) or the CD calculation agent or other consequence in relation to your CDs. Any such consequence could have a material adverse effect on the value of and return on your CDs.

**The Historical Levels of the Notional Interest Rate Are Not an Indication of the Future Levels of the Notional Interest Rate**

In the past, the level of the notional interest rate (3-month USD LIBOR) has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of the notional interest rate are not necessarily indicative of future levels. Any historical upward or downward trend in the notional interest rate is not an indication that the notional interest rate is more or less likely to increase or decrease at any time, and you should not take the historical levels of the notional interest rate as an indication of its future performance.

**Risks Related to the Eligible ETFs**

**General risks related to the eligible ETFs**

**The Eligible ETFs Are Passively Managed To Track an Index and May Not Perform as Well as an Actively Managed Fund or Another Investment**

The eligible ETFs are not actively managed and may be affected by a general decline in the assets tracked by their underlying indices. Each passively managed eligible ETF invests in assets included in, or representative of, the underlying index. These eligible ETFs’ investment advisors do not attempt to take defensive positions under any market conditions, including during declining markets. This means, among other things, that the investment advisor typically will not sell a particular holding just because it is performing poorly. Instead, the ETF seeks to track the index regardless of whether the index level is increasing or decreasing. As a result, shares of the passively managed eligible ETFs may not perform as well as an investment in actively managed ETFs or a basket comprised solely of actively managed ETFs or some other investment that seeks to outperform a benchmark or market.

**Except to the Extent That The Goldman Sachs Group, Inc. is the Issuer of Equity, Debt Securities or Preferred Stock in an Underlying Index, There is No Affiliation Between Us and Any Issuer of Assets Held by Any Eligible ETF or Any Sponsor of Any Eligible ETF**

The common stock of The Goldman Sachs Group, Inc., our affiliate, is one of the index stocks comprising the S&P 500® Index and its debt securities and preferred stock are part of the Markit iBoxx USD Liquid Investment Grade Index and the iShares® U.S. Preferred Stock ETF, respectively. GS&Co. and one or more of our other affiliates may act, from time to time, as authorized participants in the distribution of shares of eligible ETFs, and, at any time, may hold shares of eligible ETFs. We are not otherwise affiliated with the issuers of the assets held by the eligible ETFs, the underlying index sponsors or the eligible ETF sponsors or investment advisors. However, we or our affiliates may currently or from time to time in the future own securities of, or engage in business with, the eligible ETFs, their sponsors, their investment advisors, the sponsors of the underlying indexes or the issuers of assets held by the eligible ETFs. Nevertheless, neither we nor any of our affiliates has verified the accuracy or the completeness of any information about the eligible ETFs, the investment advisors or the issuers of assets held by the eligible ETFs, and we have consulted only publicly available



sources of information about them. You, as an investor in the CDs, should make your own investigation into the eligible ETFs, the investment advisors and the issuers of the assets held by the eligible ETFs. See “The Eligible Underlying Assets” below for additional information about the eligible ETFs.

None of the eligible ETF sponsors, the sponsors of the underlying indexes, the eligible ETFs’ investment advisors and the issuers of assets held by the eligible ETFs are involved in the offering of your CDs in any way and none of them have any obligation of any sort with respect to your CDs. Thus, none of the eligible ETF sponsors, the sponsors of the underlying indexes, the eligible ETFs’ investment advisors and the issuers of assets held by the eligible ETFs have any obligation to take your interests into consideration for any reason, including in taking any corporate actions that might adversely affect the level of an index or making any investment decision for the eligible ETFs.

### **The Policies of the Eligible ETF Sponsors and/or Investment Advisor, and the Policies of Any Sponsor of an Underlying Index Tracked by an Eligible ETF, Could Affect the Level of the Index**

Any eligible ETF sponsor or investment advisor may from time to time be called upon to make certain decisions or judgments with respect to the implementation of the strategy of the eligible ETF’s investment advisor concerning additions, deletions or substitutions of securities or assets held by the eligible ETF, the manner in which changes affecting the underlying index, if any, are reflected in the eligible ETF, the means of executing trading on behalf of an eligible ETF, and the best means of tracking an underlying index, if any. The eligible ETF sponsor’s or investment advisor’s decisions or judgments could affect the market price of the shares of the eligible ETF and may adversely affect the level of the index.

In addition, the sponsor of an underlying index tracked by an eligible ETF is responsible for the design and maintenance of such underlying index. The policies of the sponsor of such underlying index concerning the calculation of the underlying index, including decisions regarding the addition, deletion or substitution of the assets included in the underlying index, could affect the level of the underlying index and, consequently, could affect the market price of shares of the eligible ETF and could adversely affect the level of the index, any coupons payable on your CDs and the market value of your CDs.

### **There Are Risks Associated with the Eligible ETFs**

Although all of the shares of the eligible ETFs are listed for trading on NYSE Arca, Inc. (NYSE Arca) or the NASDAQ Stock Market (NASDAQ) and a number of similar products have been traded on the NYSE Arca, NASDAQ or other securities exchanges for varying periods of time, there is no assurance that an active trading market will continue for the eligible ETFs or that there will be liquidity in any such trading market.

Further, each eligible ETF is subject to custody risk, which refers to the risks in the process of clearing and settling trades and the holding of securities by local banks, agents and depositories. Low trading volumes and volatile prices in less developed markets make trades harder to complete and settle, and governments or trade groups may compel local agents to hold securities in designated depositories that are not subject to independent evaluation. The less developed a country’s securities market is, the greater the likelihood of custody problems.

Further, under continuous listing standards adopted by NYSE Arca and NASDAQ, each eligible ETF will be required to confirm on an ongoing basis that the components of its underlying index satisfy the applicable listing requirements. In the event that an underlying index of an eligible ETF does not comply with the applicable listing requirements, such eligible ETF would be required to rectify such non-compliance by requesting that the applicable underlying index sponsor modify such underlying index, adopting a new underlying index or obtaining relief from the Securities and Exchange Commission. There can be no assurance that an underlying index sponsor would so modify such underlying index or that relief would be obtained from the Securities and Exchange Commission and, therefore, non-compliance with the continuous listing standards may result in an eligible ETF being delisted by the exchange on which it is currently listed.

### **The Eligible ETFs May Be Subject to Pricing Dislocations and Other Market Forces, Which May Adversely Affect the Level of the Index**

Even if the net asset value of an eligible ETF’s assets is increasing, the market price of its shares may not. Shares of an eligible ETF may trade in the secondary market at times when the eligible ETF does not accept orders to purchase or redeem shares. At such times, shares may trade in the secondary market with more significant premiums or discounts than might be experienced at times when the eligible ETF accepts purchase and redemption orders. Further, from time to time, an authorized participant, a third party investor, an eligible ETF advisor, an affiliate of an eligible ETF advisor or a

fund may invest in an eligible ETF and hold its investment for a specific period of time in order to facilitate commencement of an eligible ETF's operations or for the eligible ETF to achieve size or scale, which could negatively impact such eligible ETF. In addition, shares of each eligible ETF trade at prices at, above or below the most recent net asset value of the ETF's assets. The trading prices of an eligible ETF's shares fluctuate continuously throughout trading hours based on market supply and demand rather than the net asset value. The trading prices of the eligible ETF's shares may deviate significantly from the ETF's net asset value during periods of market volatility, and disruptions due to creations and redemptions of the eligible ETF's shares by authorized participants (or disruptions due to the lack of authorized participants able to create or redeem the eligible ETF's shares) or the existence of extreme market volatility may result in trading prices for shares of the eligible ETF that differ significantly from its net asset value. If any of these dislocations were to occur, the level of the index, the amount payable on your CDs and the market value of your CDs may be adversely affected.

### **The Values of the Eligible ETFs May Not Completely Track the Level of the Indices Underlying Such Eligible ETFs**

Although the trading characteristics and valuations of the shares of an eligible ETF will usually mirror to some extent the characteristics and valuations of the underlying index, the value of the shares of an eligible ETF may not completely track the level of the underlying index. One of the common reasons this occurs is that an index is a theoretical financial calculation of the performance of certain assets, but an eligible ETF holds an actual investment portfolio. The value of a share of the eligible ETF may reflect transaction costs and fees incurred or imposed by the investment advisor of the eligible ETF as well as the costs to the ETF to buy and sell its assets. These costs and fees are not included in the calculation of the underlying index. Additionally, because an eligible ETF may not actually hold all of the assets that comprise the underlying index, and may invest in securities that are not part of the underlying index, the eligible ETF may not closely track the performance of the underlying index. Some additional reasons for these tracking differences are described under "The Eligible Underlying Assets" below. As a result of these tracking differences, the index may not perform as well as an investment linked directly to the underlying indices of the eligible ETFs.

### **The Eligible ETFs May Be Subject to Global or Regional Financial Risks, Which May Adversely Affect the Level of the Index**

Many of the eligible ETFs invest wholly or substantially in regionally-focused debt or equity securities. If a financial crisis occurs in a region, or if there is another global financial crisis such as the one experienced beginning in 2007/2008, any number (if not all) of the eligible ETFs may be severely affected, which may adversely affect the level of the index.

#### **Risks related to eligible ETFs holding foreign assets**

*(including the iShares® MSCI EAFE ETF, the iShares® MSCI Japan ETF, the iShares® iBoxx \$ High Yield Corporate Bond ETF, the iShares® iBoxx \$ Investment Grade Corporate Bond ETF and the iShares® Emerging Markets ETF)*

### **Your CDs Will Be Subject to Foreign Currency Exchange Rate Risk**

Certain eligible ETFs hold assets that are denominated or trade in non-U.S. dollar currencies. The value of the assets held by such eligible ETFs that are denominated in non-U.S. dollar currencies may be adjusted to reflect their U.S. dollar value by converting the price of such assets from the non-U.S. dollar currency to U.S. dollars. Consequently, if the value of the U.S. dollar strengthens against the non-U.S. dollar currency in which an asset is denominated or trades, the market price of the eligible ETF's shares may not increase even if the non-dollar value of the asset held by the eligible ETF increases. This also may occur because the income received by the eligible ETF on its assets is adversely affected, in dollar terms, by the exchange rate.

Foreign currency exchange rates vary over time, and may vary considerably during the term of your CDs. Changes in a particular exchange rate result from the interaction of many factors directly or indirectly affecting economic and political conditions. Of particular importance are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments among countries;
- the extent of government surpluses or deficits in the relevant foreign country and the United States; and
- other financial, economic, military and political factors.

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

The market price of the CDs and level of the index could also be adversely affected by delays in, or refusals to grant, any required governmental approval for conversions of a local currency and remittances abroad or other de facto restrictions on the repatriation of U.S. dollars.

### **Regulators Are Investigating Potential Manipulation of Published Currency Exchange Rates**

It has been reported that the U.K. Financial Conduct Authority and regulators from other countries, including the United States, are in the process of investigating the potential manipulation of published currency exchange rates. If such manipulation has occurred or is continuing, certain published exchange rates may have been, or may be in the future, artificially lower (or higher) than they would otherwise have been. Any such manipulation could have an adverse impact on any payments on, and the value of, your CDs and the trading market for your CDs. In addition, we cannot predict whether any changes or reforms affecting the determination or publication of exchange rates or the supervision of currency trading will be implemented in connection with these investigations. Any such changes or reforms could also adversely impact your CDs.

### **Even Though Currencies Trade Around-The-Clock, Your CDs Will Not**

Certain eligible ETFs hold assets that are denominated or trade in non-U.S. dollar currencies and that are adjusted to reflect their U.S. dollar value. The interbank market in foreign currencies is a global, around-the-clock market. Therefore, the hours of trading for your CDs, if any trading market develops, will not conform to the hours during which the currencies trade. Significant price and rate movements may take place in the underlying foreign currency exchange markets that will not be reflected immediately in the price of your CDs. The possibility of these movements should be taken into account. There is no systematic reporting of last-sale information for foreign currencies. Reasonably current bid and offer information is available in certain brokers' offices, in bank foreign currency trading offices and to others who wish to subscribe for this information, but this information will not necessarily be reflected in the level of the index. There is no regulatory requirement that those quotations be firm or revised on a timely basis. The absence of last-sale information and the limited availability of quotations to individual investors may make it difficult for many investors to obtain timely, accurate data about the state of the underlying foreign currency exchange markets.

### **Intervention in the Foreign Currency Exchange Markets by the Countries Issuing Any Currency In Which an Asset Held by an Eligible ETF Trades or Is Denominated Could Adversely Affect the Level of the Index**

Foreign currency exchange rates can be volatile and are affected by numerous factors specific to each foreign country. Foreign currency exchange rates can be fixed by the sovereign government, allowed to float within a range of exchange rates set by the government, or left to float freely. Governments, including those issuing the currencies in which the underlying assets held by the eligible ETFs trade or are denominated, use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Currency developments may occur in any of the countries issuing the currencies in which the underlying assets held by the eligible ETFs trade or are denominated. Often, these currency developments impact foreign currency exchange rates in ways that cannot be predicted.

Governments may also issue a new currency to replace an existing currency, fix the exchange rate or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing the CDs is that the market price of certain of the eligible ETFs' shares and the income it receives from its assets, and therefore the index, could be affected by the actions of sovereign governments that could change or interfere with previously freely determined currency valuations, fluctuations in response to other market forces and the movement of currencies across borders.

The CD calculation agent is not obligated to make any offsetting adjustment or change in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting any eligible ETF or any asset held by an eligible ETF during the life of your CDs.

Because certain eligible ETFs may convert the prices of underlying assets that trade in foreign currencies to their U.S. dollar equivalents or hold assets denominated in foreign currencies, a weakening in the exchange rate of any such foreign currency relative to the U.S. dollar may have an adverse effect on the level of the index.

## **Suspensions or Disruptions of Market Trading in One or More Foreign Currencies May Adversely Affect the Value of Your CDs**

The foreign currency exchange markets are subject to temporary distortions or other disruptions due to various factors, including government regulation and intervention, the lack of liquidity in the markets and the participation of speculators. Because the eligible ETFs convert the prices of underlying assets that trade in foreign currencies to their U.S. dollar equivalents, circumstances could adversely affect the relevant foreign currency exchange rates and, therefore, the share price of certain of the eligible ETFs and the level of the index.

### **Your Investment in the CDs Will Be Subject to Risks Associated with Foreign Securities Markets**

Certain eligible ETFs hold assets issued by foreign companies or entities. Investments in foreign securities markets involve particular risks. Any foreign securities market, and in particular emerging markets, in which assets held by the eligible ETFs trade may be less liquid, more volatile and affected by global or domestic market developments in a different way than are the U.S. securities market or other foreign securities markets. Both government intervention in a foreign securities market, either directly or indirectly, and cross-shareholdings in foreign companies, may affect trading prices and volumes in that market. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission (SEC). Further, foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

The prices of securities in a foreign country are subject to political, economic, financial and social factors that are unique to such foreign country's geographical region. These factors include: recent changes, or the possibility of future changes, in the applicable foreign government's economic and fiscal policies; the possible implementation of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities; fluctuations, or the possibility of fluctuations, in currency exchange rates; and the possibility of outbreaks of hostility, political instability, natural disaster or adverse public health developments. The United Kingdom has voted to leave the European Union (popularly known as "Brexit"). The effect of Brexit is uncertain, and Brexit has and may continue to contribute to volatility in the prices of securities of companies located in Europe and currency exchange rates, including the valuation of the euro and British pound in particular. Any one of these factors, or the combination of more than one of these factors, could negatively affect such foreign securities market and the price of securities therein. Further, geographical regions may react to global factors in different ways, which may cause the prices of securities in a foreign securities market to fluctuate in a way that differs from those of securities in the U.S. securities market or other foreign securities markets. Foreign economies may also differ from the U.S. economy in important respects, including growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency, which may have a positive or negative effect on foreign securities prices.

The eligible ETFs may hold assets that trade in countries considered to be emerging markets. Countries with emerging markets may have relatively less stable governments, may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and may have less protection of property rights than more developed countries. The economies of countries with emerging markets may be based on only a few industries, may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme and volatile debt burdens or inflation rates. 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. It will also likely be more costly and difficult for an eligible ETF sponsor to enforce the laws or regulations of a foreign country or trading facility, and it is possible that the foreign country or trading facility may not have laws or regulations which adequately protect the rights and interests of investors in the assets included in such eligible ETFs. In particular, the iShares® MSCI Emerging Markets ETF invests in equity securities issued by foreign companies in countries that are considered emerging markets and the iShares® MSCI EAFE ETF and the iShares® MSCI Japan ETF invests in equity securities issued by foreign companies, many of which trade on foreign securities markets. The iShares® iBoxx \$ High Yield Corporate Bond ETF and the iShares® iBoxx \$ Investment Grade Corporate Bond ETF also may invest in foreign company debt securities so long as they are U.S.-dollar denominated.

In addition, because foreign exchanges may be open on days when the eligible ETFs are not traded, the value of the assets underlying such eligible ETFs may change on days when the exchanges on which the eligible ETFs are listed are closed. This could result in premiums or discounts to such eligible ETF's net asset value that may be greater than those experienced by eligible ETFs that do not hold foreign assets.

## **Risks related to eligible ETFs holding U.S. government debt securities**

### **Your Investment is Subject to Concentration Risks**

Certain of the eligible ETFs invest in U.S. Treasury bonds that are all obligations of the United States, including the iShares® 20+ Year Treasury Bond ETF, the iShares® 7-10 Year Treasury Bond ETF and the iShares® TIPS Bond ETF. In addition, the iShares® 20+ Year Treasury Bond ETF invests in securities with a similar remaining time to maturity. As a result, these eligible ETFs are concentrated in the performance of bonds issued by a single issuer and having the same general tenor and terms. Although your investment in the CDs will not result in the ownership or other direct interest in the U.S. Treasury bonds held by any eligible ETF, the return on your investment in the CDs will be subject to certain risks similar to those associated with direct investment in a U.S. Treasury bonds. This increases the risk that any downgrade of the credit ratings of the U.S. government from its current ratings, any increase in risk that the U.S. Treasury may default on its obligations by the market (whether for credit or legislative process reasons) or any other market events that create a decrease in demand for U.S. Treasury bonds would significantly adversely affect such eligible ETFs and may adversely affect the level of the index. In addition, to the extent that any such decrease in demand is more concentrated in particular U.S. Treasury bond maturities, the eligible ETFs that are concentrated in those maturities could be severely affected, which may adversely affect the level of the index.

### **ETFs Holding U.S. Government Bonds May Change in Unexpected Ways**

The indexes to which ETFs holding U.S. Treasury bonds tend to be linked tend to have very limited public disclosure about the underlying indexes. The index sponsors of these indexes retain discretion to make changes to the indexes at any time. The lack of detailed information about the indexes and how their constituents may change in the future creates the risk that the indexes could change in the future to perform much differently from the way they would perform if such changes were not made. If the indexes are changed in unexpected ways, the ETFs holding such bonds would similarly change to better reflect the indexes. The performance of the ETFs holding such bonds could be adversely affected in that case, which could adversely affect your investment in the CDs.

## **Risks related to eligible ETFs holding debt securities**

### **Your Investment is Subject to Income Risk and Interest Rate Risk**

The income of eligible ETFs that invest in debt securities, or “bonds,” may decline when interest rates fall. This decline can occur because the eligible ETF must invest in lower-yielding bonds as bonds in its portfolio fall outside the time to maturity limits required by the eligible ETF’s investment objective or are called, bonds in the underlying index are substituted or the eligible ETF otherwise needs to purchase additional bonds. In addition, an increase in interest rates may cause the value of the fixed rate bonds held by an eligible ETF to decrease, may lead to heightened volatility in the fixed income markets and may adversely affect the liquidity of certain fixed income bonds. Securities with longer durations tend to be more sensitive to interest rate changes, usually making them more volatile than securities with shorter durations. If any of these events occur, the shares of the eligible ETFs invested in bonds and the level of the index could be adversely affected.

### **Your Investment is Subject to Investment-Grade Credit Risk**

Generally, the prices of debt securities are influenced by the creditworthiness of the issuers of those debt securities. The credit ratings of investment grade debt securities in particular may be downgraded to non-investment grade levels, which could lead to a significant decrease in the value of those debt securities and a lack of liquidity in the trading markets for those debt securities. If that occurs, the share price of the eligible ETFs holding the formerly investment-grade debt and level of the index may be adversely affected. The iShares® iBoxx \$ Investment Grade Corporate Bond ETF holds mostly, if not solely, investment grade securities.

## **Risks related to the iShares® 20+ Year Treasury Bond ETF**

### **The iShares® 20+ Year Treasury Bond ETF Recently Changed the Index it Tracks**

The iShares® 20+ Year Treasury Bond ETF will generally invest in the securities included in the index it tracks, but may invest in cash, cash equivalents and other securities not included in the index. Previously, the iShares® 20+ Year Treasury Bond ETF tracked the Barclays U.S. 20+ Year Treasury Bond Index, but, beginning on April 1, 2016, the iShares® 20+ Year Treasury Bond ETF began tracking the ICE U.S. Treasury 20+ Year Bond Index. Any historical information about the performance of the iShares® 20+ Year Treasury Bond ETF for any period before April 1, 2016 was

during a period in which the iShares® 20+ Year Treasury Bond ETF tracked a different index, and therefore should not be considered information relevant to how the iShares® 20+ Year Treasury Bond ETF will perform as it tracks the ICE U.S. Treasury 20+ Year Bond Index. It is impossible to predict the effect the change in index will have on the iShares® 20+ Year Treasury Bond ETF.

**The Index Which the iShares® 20+ Year Treasury Bond ETF Tracks Is a New Index Without a Historical Track Record**

The ICE U.S. Treasury 20+ Year Bond Index was launched on December 31, 2015. Because it is a new index, it is impossible to predict how it, and therefore the iShares® 20+ Year Treasury Bond ETF, will perform. The index sponsor of the ICE U.S. Treasury 20+ Year Bond Index has published hypothetical historical information regarding the historical performance of ICE U.S. Treasury 20+ Year Bond Index prior to December 31, 2015. Because the ICE U.S. Treasury 20+ Year Bond Index was not published during those periods, these levels should not be relied upon when making your investment decision.

**Risks related to the iShares® 7-10 Year Treasury Bond ETF**

**The iShares® 7-10 Year Treasury Bond ETF Recently Changed the Index it Tracks**

The iShares® 7-10 Year Treasury Bond ETF will generally invest in the securities included in the index it tracks, but may invest in cash, cash equivalents and other securities not included in the index. Previously, the iShares® 7-10 Year Treasury Bond ETF tracked the Barclays U.S. 7-10 Year Treasury Bond Index, but, beginning on April 1, 2016, the iShares® 7-10 Year Treasury Bond ETF began tracking the ICE U.S. Treasury 7-10 Year Bond Index. Any historical performance of the iShares® 7-10 Year Treasury Bond ETF for any period before April 1, 2016 was during a period in which the iShares® 7-10 Year Treasury Bond ETF tracked a different index, and therefore should not be considered information relevant to how the iShares® 7-10 Year Treasury Bond ETF will perform as it tracks the ICE U.S. Treasury 7-10 Year Bond Index. It is impossible to predict the effect the change in index will have on the iShares® 7-10 Year Treasury Bond ETF.

**The Index Which the iShares® 7-10 Year Treasury Bond ETF Tracks Is a New Index Without a Historical Track Record**

The ICE U.S. Treasury 7-10 Year Bond Index was launched on December 31, 2015. Because it is a new index, it is impossible to predict how it, and therefore the iShares® 7-10 Year Treasury Bond ETF, will perform. The index sponsor of the ICE U.S. Treasury 7-10 Year Bond Index has published hypothetical historical information regarding the historical performance of ICE U.S. Treasury 7-10 Year Bond Index prior to December 31, 2015. Because the ICE U.S. Treasury 7-10 Year Bond Index was not published during those periods, these levels should not be relied upon when making your investment decision.

**Risks related to the iShares® Nasdaq Biotechnology ETF**

**The Sponsor of the Underlying Index Tracked by the iShares Nasdaq Biotechnology ETF Retains Significant Control and Discretionary Decision-Making Over the Underlying Index, Which May Have an Adverse Effect on the Level of the Underlying Index and on Your CDs**

Under the methodology document that governs the NASDAQ Biotechnology Index, which is the index underlying the iShares® Nasdaq Biotechnology ETF, the index sponsor of the NASDAQ Biotechnology Index retains the right, from time to time, to exercise reasonable discretion as it deems appropriate in order to ensure index integrity. Although it is unclear how and to what extent this discretion could or would be exercised, it is possible that it could be exercised by the index sponsor in a manner that adversely affects the level of the NASDAQ Biotechnology Index and therefore the iShares® Nasdaq Biotechnology ETF. The index sponsor of the NASDAQ Biotechnology Index is not obligated to, and will not, take account of your interests in exercising the discretion described above.

**Risks related to the iShares® U.S. Preferred Stock ETF**

The iShares® U.S. Preferred Stock ETF holds primarily preferred stock. Unlike interest payments on debt securities, dividend payments on a preferred stock typically must be declared by the issuer's board of directors. An issuer's board of directors is generally not under any obligation to pay a dividend (even if such dividends have accrued) and may suspend payment of dividends on a preferred stock at any time. In the event an issuer of preferred stock experiences economic difficulties, the issuer's preferred stock may lose substantial value due to the reduced likelihood that the issuer's board of directors will declare a dividend and the fact that the preferred stock may be subordinated to other securities of the same issuer. Certain additional risks associated with preferred stock could adversely affect the value of the iShares® U.S. Preferred Stock ETF. Because many preferred stocks pay dividends at a fixed rate, their market price can be sensitive to

changes in interest rates in a manner similar to bonds — that is, as interest rates rise, the value of any preferred stocks held by the iShares® U.S. Preferred Stock ETF are likely to decline. To the extent that the iShares® U.S. Preferred Stock ETF invests in fixed-rate preferred stocks, rising interest rates may cause the value of the iShares® U.S. Preferred Stock ETF's investments to decline. In addition, because many preferred stocks allow holders to convert the preferred stock into common stock of the issuer, their market price can be sensitive to changes in the value of the issuer's common stock. To the extent that the iShares® U.S. Preferred Stock ETF invests in convertible preferred stocks, declining common stock values may also cause the value of the iShares® U.S. Preferred Stock ETF's investments to decline. There is a chance that the issuer of any preferred stock held by the iShares® U.S. Preferred Stock ETF will have its ability to pay dividends deteriorate or will default (i.e. fail to make scheduled dividend payments on the preferred stock or scheduled interest payments on other obligations of the issuer not held by the iShares® U.S. Preferred Stock ETF), which would negatively affect the value of any such holding. Preferred stocks are subject to market volatility and the prices of preferred stocks will fluctuate based on market demand. Preferred stocks often have call features which allow the issuer to redeem the security at its discretion. If a preferred stock is redeemed by the issuer, it will be removed from the index the iShares® U.S. Preferred Stock ETF tracks. The redemption of preferred stocks having a higher than average yield may cause a decrease in the yield of the iShares® U.S. Preferred Stock ETF and the index it tracks.

#### **Risks related to the iShares® TIPS Bond ETF**

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. If inflation is low, the benefit received from the inflation-protected feature of the underlying bonds may not sufficiently compensate for this reduced yield. The performance of the iShares® TIPS Bond ETF is also affected by the Consumer Price Index (CPI). The Bureau of Labor Statistics (BLS) revises the calculation of CPI whenever there are significant changes in consumer buying habits or shifts in population distribution or demographics. The BLS monitors changing buying habits on an annual basis, and the census conducted every 10 years by the Census Bureau provides information that enables the BLS to reselect a new geographic sample that accurately reflects the current population distribution and other demographic factors. In addition, as a matter of policy, BLS continually researches improved statistical methods. Thus, even between major revisions, changes to the calculation of the CPI are made. Any of these changes may affect the performance of treasury inflation protected securities held by the iShares® TIPS Bond ETF, and therefore may adversely affect the index.

#### **Risks related to the iShares® iBoxx \$ High Yield Corporate Bond ETF**

The iShares® iBoxx \$ High Yield Corporate Bond ETF holds generally U.S. dollar-denominated liquid high yield corporate bonds, sometimes referred to as "junk" bonds. High yield bonds (rated below investment grade, which means a rating of BB+ or lower by S&P or Fitch and Ba1 or lower by Moody's), compared to higher-rated securities of similar maturities, tend to have more volatile prices and increased price sensitivity to changing interest rates and to adverse economic and business developments, greater risk of loss due to default or declining credit quality, greater likelihood that adverse economic or company specific events will make the issuer of such bonds unable to make interest and/or principal payments, and greater susceptibility to negative market sentiments leading to depressed prices and decrease in liquidity. In addition, even under normal economic conditions, high yield bonds may be less liquid than higher rated fixed-income securities and judgment may play a greater role in valuing certain of the iShares® iBoxx \$ High Yield Corporate Bond ETF's securities than is the case with securities trading in a more liquid market.

The companies that issue high yield bonds are often highly leveraged, and their ability to service their debt obligations during an economic downturn or periods of rising interest rates may be impaired. In addition, these companies may not have access to more traditional methods of financing and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by these issuers is significantly greater than with higher quality securities because medium and lower quality securities generally are unsecured and subordinated to senior debt. Default, or the market's perception that a high yield issuer is likely to default, could reduce the value and liquidity of the issuer's securities.

#### **Risks related to the iShares® U.S. Real Estate ETF**

The iShares® U.S. Real Estate ETF invests in shares of companies that directly or indirectly invest in real estate. The performance of the real estate industry is affected by multiple factors, including general economic and political conditions, the availability of financing for real estate, governmental actions that affect real estate, liquidity in the real estate market and interest rates. The value of shares of companies that invest in real estate and the performance of the iShares® U.S. Real Estate ETF will be negatively affected by a downturn in the real estate industry and may remain flat or decrease in periods of low growth. In addition, real estate markets tend to be local or regional, and an increase in one area may not offset a downturn in another area. Further, the iShares® U.S. Real Estate ETF invests in real estate investment trusts, the

performance of which is subject to concentration and management risks similar to those to which the eligible ETFs are subject.

### **Risks related to SPDR® S&P® Oil & Gas Exploration & Production ETF**

#### **The SPDR® S&P® Oil & Gas Exploration & Production ETF is Concentrated in Oil & Gas Companies and Does Not Provide Diversified Exposure**

The SPDR® S&P® Oil & Gas Exploration & Production ETF is not diversified. The SPDR® S&P® Oil & Gas Exploration & Production ETF's assets will be concentrated in oil and gas companies, which means the SPDR® S&P® Oil & Gas Exploration & Production ETF is more likely to be more adversely affected by any negative performance of oil and gas companies than an ETF that has more diversified holdings across a number of sectors. Oil and gas companies develop and produce crude oil and natural gas and provide drilling and other energy resources production and distribution related services. Stock prices for these types of companies are affected by supply and demand both for their specific product or service and for energy products in general. The price of oil and gas, exploration and production spending, government regulation, world events and economic conditions will likewise affect the performance of these companies. Correspondingly, securities of companies in the energy field are subject to swift price and supply fluctuations caused by events relating to international politics, energy conservation, the success of exploration projects, and tax and other governmental regulatory policies. Weak demand for the companies' products or services or for energy products and services in general, as well as negative developments in these other areas, would adversely impact the performance of the SPDR® S&P® Oil & Gas Exploration & Production ETF. For example, the SPDR® S&P® Oil & Gas Exploration & Production ETF suffered a significant negative performance for each of the years 2014 and 2015 primarily due to negative developments in the oil & gas sector, while the broader S&P® 500 index achieved a positive return for each of the same periods. In addition, oil and gas exploration and production can be significantly affected by natural disasters as well as changes in exchange rates, interest rates, government regulation, world events and economic conditions. Companies in the oil & gas sector may also be at risk for environmental damage claims.

### **Risks related to SPDR® Gold Trust**

#### **Termination or Liquidation of the SPDR® Gold Trust Could Adversely Affect the Value of the Index**

The SPDR® Gold Trust is a Delaware statutory trust. The trust may be required to terminate and liquidate at a time that is disadvantageous to you. If the trust is required to terminate and liquidate, such termination and liquidation could occur at a time when the price of gold is lower than the price of gold at the time when you purchased your CDs, which could have an adverse impact on the level of the index.

#### **Your Investment is Subject to Concentration Risks**

The SPDR® Gold Trust is concentrated in a single commodity. As a result, the performance of the SPDR® Gold Trust will be concentrated in the performance of that specific commodity. Although your investment in the CDs will not result in the ownership or other direct interest in the commodity held (directly or indirectly) by the SPDR® Gold Trust, the return on your investment in the CDs will be subject to certain risks similar to those associated with direct investment in that commodity. This increases the risk that any market events that create a decrease in demand for or the trading price of the commodity would significantly adversely affect the SPDR® Gold Trust and could have an adverse impact on the level of the index.

#### **Fees and Expenses Payable by the SPDR® Gold Trust Are Charged Regardless of Profitability and May Result in a Depletion of its Assets**

The SPDR® Gold Trust is subject to fees and expenses, which are payable irrespective of profitability. Interest earned on the assets posted as collateral is paid to the SPDR® Gold Trust and is used to pay fees and expenses. A prolonged decline in interest rates could materially affect the amount of interest paid to the SPDR® Gold Trust. In the case of either an extraordinary expense and/or insufficient interest income to cover ordinary expenses, the SPDR® Gold Trust could be forced to liquidate its positions in gold to pay such expenses.

#### **Legal and Regulatory Changes Could Adversely Affect the Level of the Index**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), which effected substantial changes to the regulation of the futures and over-the-counter (OTC) derivatives markets, was enacted in July 2010. Dodd-Frank requires regulators, including the Commodity Futures Trading Commission (CFTC), to adopt regulations to implement many of the requirements of the legislation. While the CFTC has adopted many of the required regulations, a number of them have only recently become effective, and certain requirements remain to be finalized. The ultimate impact of the



regulatory scheme, therefore, cannot yet be fully determined. Under Dodd-Frank, the CFTC approved a final rule to impose limits on the size of positions that can be held by market participants in futures and OTC derivatives on physical commodities. Those rules were challenged in federal court by industry groups and were vacated by a decision of the court in 2012. While the CFTC subsequently proposed new rules that have not yet been adopted governing position limits, and has recently adopted final rules governing the aggregation of positions by market participants under common control and by trading managers, their ultimate scope and impact, as well as the content, scope or impact of other CFTC rules, cannot be conclusively determined at present, and these limits could restrict the ability of certain market participants to participate in the commodities, futures and swap markets and markets for other OTC derivatives on physical commodities to the extent and at the levels that they have in the past. These factors may also have the effect of reducing liquidity and increasing costs in these markets as well as affecting the structure of the markets in other ways.

In addition, these legislative and regulatory changes have increased, and will continue to increase, the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivatives markets. Without limitation, these changes require many OTC derivatives transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers (as defined by the CFTC) are also required to be registered and are subject to various regulatory requirements, including, but not limited to, margin, recordkeeping, reporting and various business conduct requirements, as well as proposed minimum financial capital requirements. These legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. In addition, transaction costs incurred by market participants are likely to be higher than in the past, reflecting the costs of compliance with the new regulations. These consequences could adversely affect the level of the index, which could in turn adversely affect the return on and value of your CDs.

In addition, other regulatory bodies have passed or proposed, or may propose in the future, legislation similar to that proposed by Dodd-Frank or other legislation containing other restrictions that could adversely impact the liquidity of and increase costs of participating in the commodities markets. For example, the European Union (“EU”) Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014) (together “MiFID II”), which has applied since January 3, 2018, governs the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. In particular, MiFID II requires EU Member States to apply position limits to the size of a net position which a person can hold at any time in commodity derivatives traded on EU trading venues and in “economically equivalent” OTC contracts. By way of further example, the European Market Infrastructure Regulation (Regulation (EU) No 648/2012) (“EMIR”) introduced certain requirements in respect of OTC derivatives including: (i) the mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts, including the mandatory margining of uncleared OTC derivative contracts; and (iii) reporting and recordkeeping requirements in respect of all derivative contracts. In the event that the requirements under EMIR and MiFID II apply, these are expected to increase the cost of transacting derivatives.

#### **Ongoing Commodities-Related Regulatory Investigations And Private Litigation Could Affect Prices for Commodities, Which Could Adversely Affect Your CDs**

An increased focus on price setting and trading prices by regulators and exchanges recently have resulted in a number of changes to the ways in which prices are determined, including prices for commodities. This increased focus also resulted in the publication of standards for benchmark setting by the International Organization of Securities Commissions. Investigations by regulatory authorities, enforcement actions and criminal proceedings in the United States and around the world, and private litigation regarding potential direct and indirect manipulation of the trading prices of certain commodities, are ongoing against a number of firms.

These ongoing investigations, actions, proceedings and litigations may result in further review by exchanges and regulators of the methods by which commodities prices are determined and the manner in which commodities are traded and changes to those methods. In addition, changes to other commodity-related activities, such as storage facilities and delivery methods, may also occur. If any of these changes occur, the price of the commodity to which your CDs may be linked may be affected, which may thereby adversely affect the level of the index and your CDs.

In addition, if alleged trading price manipulation or other alleged conduct that may have artificially affected prices has occurred or is continuing, certain published commodity prices (including historical prices) may have been, or may be in the future, artificially lower (or higher) than they would otherwise have been. In particular, the historical trading information of the commodity to which your CDs may be linked may be incorrect and, as a result, may not be representative of the prices or changes in prices or the volatility of the commodity to which your CDs may be linked. In the

future, any such artificially lower (or higher) prices could have an adverse impact on the relevant commodities or commodity contracts and any payments on, and the value of, your CDs and the trading market for your CDs.

### **Potential Discrepancies, or Future Changes, in the Calculation of the LBMA Gold Price PM Could Have an Adverse Effect on the Value of the SPDR® Gold Trust Shares**

The value of the gold held by the SPDR® Gold Trust is determined using the LBMA Gold Price PM, which is the LBMA Gold Price determined at 3:00 pm (London time) on the particular day. ICE Benchmark Administration (IBA) is the administrator for the LBMA Gold Price PM, and IBA provides the auction platform, methodology as well as overall independent administration and governance for the LBMA Gold Price. As the administrator of the LBMA Gold Price, IBA operates an electronic and tradeable auction process. The price formation is in U.S. dollars only and prices are set twice daily at 10:30 a.m. and 3:00 p.m. (London time). Within the process, aggregated gold bids and offers are updated in real-time with the imbalance calculated and the price updated every 30 seconds until the buy and sell orders are matched. If the LBMA Gold Price PM does not prove to be an accurate benchmark, and the LBMA Gold Price PM varies materially from the price of gold determined by other mechanisms, the net asset value of the SPDR® Gold Trust and, therefore, the value of an investment in the shares could be adversely impacted. Further, the calculation of the LBMA Gold Price PM is not an exact process, but is based upon a procedure of matching orders from participants in the auction process and their customers to sell gold with orders from participants in the auction process and their customers to buy gold at particular prices. The LBMA Gold Price PM does not therefore purport to reflect each buyer or seller of gold in the market, nor does it purport to set a definitive price for gold at which all orders for sale or purchase will take place on that particular day or time. All orders placed into the auction process by the participants will be executed on the basis of the price determined pursuant to the LBMA Gold Price PM auction process. Any future developments or changes in the determination of the LBMA Gold price PM, to the extent they have a material impact on the LBMA Gold Price PM, could adversely impact the net asset value of the SPDR® Gold Trust and the value of the shares and therefore the index.

### **The Value of the Shares of SPDR® Gold Trust Relates Directly to the Value of the Gold Held by SPDR® Gold Trust and Fluctuations in the Price of Gold Could Materially Adversely Affect an Investment in SPDR® Gold Trust's Shares**

The shares are designed to mirror as closely as possible the performance of the price of gold, and the value of the shares relates directly to the value of the gold held by SPDR® Gold Trust, less the trust's liabilities (including estimated accrued expenses). The price of gold has fluctuated widely over the past several years. Several factors may affect the price of gold, including, but not limited to:

- global supply and demand of gold, which may be influenced by such factors as gold's uses in jewelry, technology and industrial applications, purchases made by investors in the form of bars, coins and other gold products, forward selling by gold producers, purchases made by gold producers to unwind their hedge positions, central bank purchases and sales, and production and cost levels in the major gold-producing countries such as South Africa, the United States and Australia;
- interest rates;
- investors' expectations concerning inflation rates;
- currency exchange rates;
- investment and trading activities of hedge funds and commodity funds;
- global or regional political, economic or financial events and situations, especially those unexpected in nature; and
- other economic variables such as income growth, economic output and monetary policies.

If gold markets continue to be subject to sharp fluctuations, this may result in potential losses if the index allocates away from shares at a time when the price of gold is lower. In addition, gold markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations.

### **The Amount of Gold Represented by the Shares of SPDR® Gold Trust Will Continue to Be Reduced During the Life of SPDR® Gold Trust Due to SPDR® Gold Trust's Expenses**

Each outstanding share represents a fractional, undivided interest in the gold held by SPDR® Gold Trust. The SPDR® Gold Trust does not generate any income and regularly sells gold to pay for its ongoing expenses. Therefore, the amount of gold represented by each share has gradually declined over time. This is also true with respect to shares that are

issued in exchange for additional deposits of gold into the SPDR® Gold Trust, as the amount of gold required to create shares proportionately reflects the amount of gold represented by the shares outstanding at the time of creation. Assuming a constant gold price, the trading price of the shares is expected to gradually decline relative to the price of gold as the amount of gold represented by the shares gradually declines.

## SPECIFIC TERMS OF YOUR CERTIFICATES OF DEPOSIT

*Please note that in this section entitled “Specific Terms of Your Certificates of Deposit”, references to “holders” mean those who own CDs registered in their own names, on the books that we or the paying agent may maintain for this purpose, and not those who own beneficial interests in a master certificate registered in street name through The Depository Trust Company. Please review the special considerations that apply to owners of beneficial interests in the accompanying disclosure statement, under “Legal Ownership and Payment”.*

This disclosure statement supplement summarizes specific financial and other terms that apply to the offered CDs, including your CDs; terms that apply generally to all CDs are described in “Description of Certificates of Deposit We May Offer” in the accompanying disclosure statement. The terms described here supplement those described in the accompanying disclosure statement and, if the terms described here are inconsistent with those described there, the terms described here are controlling. The offered CDs are “indexed CDs” as described in the accompanying disclosure statement.

Please note that the information about the settlement date or trade date, issue price, placement fee and net proceeds to Goldman Sachs Bank USA on the front cover page or elsewhere in this disclosure statement supplement relates only to the initial issuance and sale of the CDs. If you have purchased your CDs in a market-making transaction after the initial issuance and sale of the CDs, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity.

In addition to those terms described on the cover page and under “Summary Information” of this disclosure statement supplement, the following terms will apply to your CDs:

### Denominations

Each CD registered in the name of a holder must have a face amount of \$1,000 or an integral multiple of \$1,000 in excess thereof.

### Index and Index Sponsor

In this disclosure statement supplement, when we refer to the index, we mean the index specified on the front cover page, or any successor index as it may be modified, replaced or adjusted from time to time as described under “—Discontinuance or Modification of the Index” below. When we refer to the index sponsor as of any time, we mean the entity, including any successor sponsor, that determines and publishes the index as then in effect.

### Payment on Stated Maturity Date

Unless we redeem your CDs as described under “—Mandatory Redemption” or “—Optional Redemption in the Event of Death or Adjudication of Incompetence” below, on the stated maturity date we will pay you for each \$1,000 face amount of your CDs an amount in cash equal to \$1,000 *plus* the final coupon.

### Payment of Coupons

On each coupon payment date, for each \$1,000 face amount of your CDs we will pay you an amount in cash equal to the *greater of*:

- the *quotient* of (i) \$1,000 *times* the index return *divided by* (ii) the number of coupon payment dates that have occurred up to and including such coupon payment date; and
- \$11 (the minimum coupon).

The initial index level is 102.56. The CD calculation agent will determine the closing level of the index on each coupon determination date as calculated and published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf), subject to adjustment in certain circumstances described under “— Consequences of a Non-Trading Day” and “— Discontinuance or Modification of the Index” below.

The closing level of the index on any trading day is the official closing level of the index or any successor index published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf).

The index return is calculated by *subtracting* the initial index level from the closing level of the index on the relevant coupon determination date and *dividing* the result by the initial index level, with the quotient expressed as a percentage.

Although the index return measures the performance of the index from the trade date to the applicable coupon determination date, the formula for calculating the coupon amount due on a coupon payment date reduces the impact of any positive index return by dividing it by the number of coupon payment dates that have occurred up to and including such coupon payment date. Therefore, increases in the level of the index late in the term of the CDs will have a lower impact on the level of the next coupon payment versus increases in the level of the index earlier in the term of the CDs due to the fact that the denominator used to calculate the coupon payment will increase with each coupon payment date that has occurred.

### ***Stated Maturity Date***

The stated maturity date is October 25, 2023, unless that day is not a business day, in which case the stated maturity date will be the next following business day. If the final coupon determination date is postponed as described under “— Coupon Determination Dates” below, the stated maturity date will be postponed by the same number of business day(s) from but excluding the originally scheduled date for such coupon determination date to and including the actual postponed coupon determination date.

### ***Coupon and Coupon Payment Dates***

The coupons will be calculated and paid as described in this disclosure statement supplement.

The coupons on the offered CDs will be paid on the coupon payment dates. The coupon payment dates are the fifth business day after each coupon determination date to and including the stated maturity date, subject to adjustment as described under “— Coupon Determination Dates” below.

### ***Coupon Determination Dates***

The coupon determination dates are October 18th of each year, commencing October 2019 and ending October 2023, unless the CD calculation agent determines that such day is not a trading day. In that event, the applicable coupon determination date will be the first following trading day. In no event, however, will the applicable coupon determination date be postponed to a date after the applicable originally scheduled coupon payment date or, if the originally scheduled coupon payment date is not a business day, later than the first business day after the originally scheduled coupon payment date, or in the case of the coupon determination date occurring in 2023, to a date later than the originally scheduled stated maturity date or, if the originally scheduled stated maturity date is not a business day, later than the first business day after the originally scheduled stated maturity date. If any coupon determination date is postponed to the last possible day for that period, but that day is not a trading day, that day will nevertheless be the applicable coupon determination date.

### ***Consequences of a Non-Trading Day***

If a day that would otherwise be the applicable originally scheduled coupon determination date is not a trading day, then such coupon determination date will be postponed as described under “— Coupon Determination Dates” above.

If the CD calculation agent determines that the closing level of the index is not available on the last possible applicable coupon determination date because of a non-trading day or for any other reason (other than as described under “— Discontinuance or Modification of the Index” below), then the CD calculation agent will nevertheless determine the level of the index based on its assessment, made in its sole discretion, of the level of the index on that day.

### **Discontinuance or Modification of the Index**

If the index sponsor discontinues publication of the index and the index sponsor or anyone else publishes a substitute index that the CD calculation agent determines is comparable to the index, or if the CD calculation agent designates a substitute index, then the CD calculation agent will determine the amount payable on the applicable coupon payment date by reference to the substitute index. We refer to any substitute index approved by the CD calculation agent as a successor index.

If the CD calculation agent determines that the publication of the index is discontinued and there is no successor index, the CD calculation agent will determine the amount payable on the applicable coupon payment date by a computation methodology that the CD calculation agent determines will as closely as reasonably possible replicate the index.

If the CD calculation agent determines that the index or the method of calculating the index is changed at any time in any respect — including any split or reverse split and any addition, deletion or substitution and any reweighting or rebalancing of the index or of the index ETFs and whether the change is made by the index sponsor under its existing policies or following a modification of those policies, is due to the publication of a successor index, is due to events affecting one or more of the index ETFs or its sponsor or is due to any other reason — and is not otherwise reflected in the level of the index by the index sponsor pursuant to the then-current index methodology of the index, then the CD calculation agent will be permitted (but not required) to make such adjustments in the index or the method of its calculation as it believes are appropriate to ensure that the level of the index used to determine the amount payable on the applicable coupon payment date is equitable.

All determinations and adjustments to be made by the CD calculation agent with respect to the index may be made by the CD calculation agent in its sole discretion. The CD calculation agent is not obligated to make any such adjustments.

### **Mandatory Redemption**

If our status as an insured depository institution is terminated by the FDIC or us or as a result of our actions, or if a regulatory or statutory change renders the CDs ineligible for FDIC insurance coverage, to the extent permitted by applicable law and regulation, we will redeem your CDs then outstanding on the applicable mandatory redemption date in full at a price equal to the mandatory redemption amount, which is described under “—Special Calculation Provisions—Mandatory Redemption Amount” below. This commitment to redeem your CDs may not be enforceable under certain circumstances, such as if the FDIC has been appointed receiver or conservator of the bank. No coupons will accrue following the effective date of such regulatory or statutory change or such termination of our status as an insured depository institution if such termination were to occur. The mandatory redemption date following any such termination, however, will be the last business day on which any of our outstanding deposit obligations would be insured by the FDIC pursuant to temporary deposit insurance provided by the FDIC. Such date may not occur for a period of six months to up to almost two years after the mandatory redemption amount is determined (depending on the period of temporary deposit insurance provided by the FDIC following the termination of our status as an insured depository institution). If regulatory or statutory changes render the CDs ineligible for FDIC insurance, the mandatory redemption date following such change will be the tenth business day after the effective date of any such regulation, ruling or interpretation which renders the CDs ineligible for FDIC insurance coverage. The mandatory redemption amount will not bear interest. We describe the mandatory redemption amount under “—Special Calculation Provisions” below. You may not receive the mandatory redemption amount for up to almost two years and the full mandatory redemption amount may not be covered by FDIC insurance. In addition, if the mandatory redemption results from regulatory or statutory changes in the future that render the CDs ineligible for FDIC insurance, the mandatory redemption amount in such scenario will not be covered by FDIC insurance and will be subject to the credit risk of Goldman Sachs Bank USA until the date of such redemption, which will occur ten business days after the effective date of any such regulatory or statutory change. *See “Additional Risk Factors Specific to Your Certificates of Deposit — If Your CDs Are Mandatorily Redeemed You May Not Receive the Mandatory Redemption Amount for Up to Almost Two Years. In Addition, the Full Mandatory Redemption Amount May Not Be Protected by FDIC Insurance” and “—If Regulatory Changes Render the CDs Ineligible for FDIC Insurance Coverage, Your CDs May Not Be Covered by FDIC Insurance and Will Be Subject to Mandatory Redemption.”*

Notwithstanding the foregoing, in the event the mandatory redemption date occurs on or after the stated maturity date, you will receive the amount described under “—Payment on Stated Maturity Date” above.

### **Optional Redemption in the Event of Death or Adjudication of Incompetence**

The authorized representative of a deceased or adjudicated incompetent beneficial owner of a CD will have the option to request a redemption of the CDs as described under “Description of the Certificates of Deposit We May Offer — Redemption — Redemption Upon Death or Adjudication of Incompetence” on page 37 of the accompanying disclosure

statement and “Truth in Savings Disclosure — Optional Redemption in the Event of Death or Adjudication of Incompetence” herein, which we refer to as the “estate feature.”

By your purchase of a CD, you are deemed to represent to us and any dealer through which you purchase the CD that your deposits with Goldman Sachs Bank USA, including the CDs, when aggregated in accordance with FDIC regulations, are within the \$250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal pursuant to the estate feature, we will limit the combined aggregate principal amount of (i) these CDs and (ii) any other CDs of Goldman Sachs Bank USA subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held.

A joint owner of a joint account with a beneficial owner who has died or been adjudicated incompetent will be entitled to redeem a CD only if such joint owner was a member of the same household with the deceased or incompetent beneficial owner at the time of such beneficial owner’s death or declaration of legal incompetency, or if such joint owner is related to the deceased or incompetent beneficial owner, including by blood, marriage or adoption. Any other joint accountholder shall have no right to the estate feature. A joint owner so entitled to redeem a CD shall hold all of the rights to take actions with respect to such CD that are granted to an authorized representative under the Disclosure Statement with respect to the estate feature.

In addition, as discussed in the accompanying disclosure statement, written verification acceptable to us will be required to permit early withdrawal pursuant to the estate feature and all questions regarding the eligibility or validity of any exercise of the estate feature will be determined by us in our sole discretion, which determination will be final and binding on all parties. Furthermore, we may waive any applicable limitations with respect to a particular deceased or incompetent beneficial owner, but that does not require us to make the same or similar waivers with respect to any other deceased or incompetent beneficial owner.

Subject to all of the foregoing, if your authorized representative chooses to redeem your CDs, on the redemption date your authorized representative will receive only the face amount of your CDs unless the request for redemption is accepted for payment on a day that is on or after a coupon determination date but before the coupon payment date associated with such coupon determination date, in which case the authorized representative will receive the coupon in respect of that coupon determination date on the coupon payment date for such coupon (and will receive the face amount of the CDs on the redemption date).

The value of the CDs may be greater than their face amount on the date of such early redemption. Accordingly, the authorized representative should contact your broker to determine the market price of the CDs and should otherwise carefully consider whether to sell the CDs to your broker or another market participant rather than redeeming the CDs at the face amount pursuant to a request for redemption.

#### **Manner of Payment**

We will make any payments in accordance with the applicable procedures of the depository.

#### **Role of CD Calculation Agent**

The CD calculation agent will make all determinations regarding the index; successor indices; the stated maturity date; the coupon determination dates; the coupon payment dates; the mandatory redemption date, if applicable; business days; trading days; the index return; the mandatory redemption amount, if applicable; the coupons; and any other determination as applicable or specified herein. Absent manifest error, all determinations of the CD calculation agent will be final and binding on you and us, without any liability on the part of the CD calculation agent.

Please note that GS&Co., our affiliate, is currently serving as the CD calculation agent as of the original issue date of your CDs. We may change the CD calculation agent at any time after the original issue date without notice and GS&Co. may resign as CD calculation agent at any time upon 60 days’ written notice to us.

#### **Special Calculation Provisions**

##### ***Business Day***

When we refer to a business day with respect to your CDs, we mean each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close. A day is a scheduled business day if, as of the trade date, such day is scheduled to be a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.

## ***Trading Day***

When we refer to a trading day with respect to your CDs, we mean a day on which the index is calculated and published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf). For the avoidance of doubt, if the index calculation agent determines that an index market disruption event occurs or is continuing on any day, such day will not be a trading day. See "The Index — Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?" herein.

## ***Closing Level of the Index***

When we refer to the closing level of the index on any trading day, we mean the official closing level of the index or any successor index published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf) on such trading day.

## ***Level of the Index***

When we refer to the level of the index at any time on any trading day, we mean the official level of the index or any successor index published by the index sponsor (including any index calculation agent acting on the index sponsor's behalf) at such time on such trading day.

## ***Mandatory Redemption Amount***

The mandatory redemption amount for your CDs on any day will be an amount equal to the greater of:

- the face amount of your CDs plus any accrued and unpaid coupon, and
- the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all of our payment and other obligations with respect to your CDs as of that day and as if our insured status had not been terminated or the CDs had not been rendered ineligible for FDIC insurance coverage, or to undertake other obligations providing substantially equivalent economic value to you with respect to your CDs.

That cost will equal:

- the lowest amount that a qualified financial institution would charge to effect this *assumption* or undertaking, *plus*
- the reasonable expenses, including *reasonable* attorneys' fees, incurred by the holder of the CDs in *preparing* any documentation necessary for this assumption or undertaking.

In no event, however, will the mandatory redemption amount for your CDs be less than the face amount of your CDs.

During the mandatory redemption quotation period for your CDs, which we describe below, the holder and/or we may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest — or, if there is only one, the only — quotation obtained, and as to which notice is so given, during the mandatory redemption quotation period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the qualified financial institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the mandatory redemption quotation period, in which case that quotation will be disregarded in determining the mandatory redemption amount.

## ***Mandatory Redemption Quotation Period***

The mandatory redemption quotation period is the period beginning, as applicable, on: (i) the day on which our status as an insured depository institution is terminated by the FDIC, or (ii) the effective date of any regulation, ruling or interpretation that renders the CDs ineligible for FDIC insurance, in each case ending on the third business day after that day, unless:

- no quotation of the kind referred to above is obtained,
- every quotation of that kind obtained is objected to within five business days after the day on which our status as an insured depository institution is terminated or the effective date of any regulation, ruling or interpretation that renders the CDs ineligible for FDIC insurance, as applicable, or
- the mandatory redemption amount based on the quotation of that kind obtained and not objected to would be less than the face amount of your CDs.



If any of these three events occurs, the mandatory redemption quotation period will continue until the third business day after the first business day on which prompt notice of a quotation is given as described above. If that quotation is objected to as described above within five business days after that first business day or if the mandatory redemption amount based on that quotation would be less than the face amount of your CDs, however, the mandatory redemption quotation period will continue as described in the prior sentence and this sentence.

In any event, in the case of a regulatory or statutory change-related mandatory redemption, if the mandatory redemption quotation period and the subsequent two business day objection period have not ended before the business day preceding the mandatory redemption date, or in the case of an insurance status-related mandatory redemption, if the mandatory redemption quotation period and subsequent two business day objection period have not ended before the tenth business day after the start of the mandatory redemption quotation period, then the mandatory redemption amount will equal the face amount of your CDs.

Because the mandatory redemption date with respect to a termination of our status as an insured depository institution will occur only at the end of the applicable grace period during which our deposits remain insured pursuant to temporary insurance after our status as an insured depository institution has been terminated by the FDIC, you may not receive the mandatory redemption amount for a period of up to almost two years after the end of the mandatory redemption quotation period and you will not earn interest on that amount or on the face amount of the CDs during that period.

### ***Qualified Financial Institutions***

For the purpose of determining the mandatory redemption amount at any time, a qualified financial institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue and that is, or whose securities are, rated *either*:

- A-1 or higher by Standard & Poor's Ratings Services or any successor, or any other comparable rating then used by that rating agency, *or*
- P-1 or higher by Moody's Investors Service, Inc. or any successor, or any other comparable rating then used by that rating agency.

## HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that various hypothetical closing levels of the index on the applicable coupon determination date could have on the related coupon payment date assuming all other variables remain constant.

The examples below are based on a range of index levels that are entirely hypothetical; no one can predict what the level of index will be on any day throughout the life of your CDs, and no one can predict what the closing level of the index will be on any coupon determination date. The index has been highly volatile in the past — meaning that the level of the index has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered CDs assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date. If you are able to sell your CDs in a secondary market prior to the stated maturity date, your return will depend upon the market value of your CDs at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as the volatility of the index and our creditworthiness. In addition, the estimated value of your CDs at the time the terms of your CDs are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your CDs. For more information on the estimated value of your CDs, see “Additional Risk Factors Specific to Your Certificates of Deposit — The Estimated Value of Your CDs At the Time the Terms of Your CDs Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your CDs” on page S-21 of this disclosure statement supplement and the cover of this disclosure statement supplement. The information in the examples also reflects the key terms and assumptions in the box below.

For these reasons, the actual performance of the index over the life of your CDs, particularly on each coupon determination date, may bear little relation to the hypothetical examples shown below or to the historical index performance information or hypothetical performance data shown elsewhere in this disclosure statement supplement. For information about the historical index performance levels and hypothetical performance data of the index during recent periods, see “The Index —Daily Closing Levels of the Index” on page S-55.

### Key Terms and Assumptions

Face amount .....	\$1,000
Minimum coupon rate .....	1.1%
Hypothetical initial index level .....	110
No non-trading day occurs on the originally scheduled coupon determination dates	
No change in or affecting any of the eligible underlying assets or the method by which the index sponsor calculates the index	
CDs purchased on original issue date and held to the stated maturity date	

Before investing in the offered CDs, you should consult publicly available information to determine the level of the index between the date of this disclosure statement supplement and the date of your purchase of the offered CDs.

Any rate of return you may earn on an investment in the CDs may be lower than that which you could earn on a comparable investment in the index underlying assets.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your CDs, tax liabilities could affect the after-tax rate of return on your CDs to a comparatively greater extent than the after-tax return on the index ETFs.

The examples below show hypothetical index performances as well as the hypothetical coupons that we would pay on each coupon payment date with respect to each \$1,000 face amount of the CDs if the closing level on the applicable coupon determination date were any of the hypothetical closing levels shown.

### Scenario 1

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	111.210	1.100%	1.100%	1.100%	\$11
Second	112.420	2.200%	1.100%	1.100%	\$11
Third	113.630	3.300%	1.100%	1.100%	\$11
Fourth	114.840	4.400%	1.100%	1.100%	\$11
Fifth	116.050	5.500%	1.100%	1.100%	\$11

Total Hypothetical Coupons: \$55

In Scenario 1, the index increases by 1.1% during each year over the term of the CDs. Because, with respect to each coupon payment date, the index return on the relevant coupon determination date *divided* by the number of coupon payment dates that have occurred up to and including such coupon payment date is equal to 1.1%, which is equal to the minimum coupon rate of 1.1%, the hypothetical coupon paid on each coupon payment date is \$11 (the minimum coupon) and the total of the hypothetical coupons in Scenario 1 is \$55.

### Scenario 2

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	107.800	-2.000%	-2.000%	1.100%	\$11
Second	105.600	-4.000%	-2.000%	1.100%	\$11
Third	103.400	-6.000%	-2.000%	1.100%	\$11
Fourth	101.200	-8.000%	-2.000%	1.100%	\$11
Fifth	99.000	-10.000%	-2.000%	1.100%	\$11

Total Hypothetical Coupons: \$55

In Scenario 2, the index decreases by 2.000% during each year over the term of the CDs. Because, with respect to each coupon payment date, the index return on the relevant coupon determination date *divided* by the number of coupon payment dates that have occurred up to and including such coupon payment date is equal to -2.000%, which is less than the minimum coupon rate of 11%, the hypothetical coupon paid on each coupon payment date is \$11 (the minimum coupon) and the total of the hypothetical coupons in Scenario 2 is \$55.

### Scenario 3

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	112.200	2.000%	2.000%	2.000%	\$20
Second	111.650	1.500%	0.750%	1.100%	\$11
Third	116.600	6.000%	2.000%	2.000%	\$20
Fourth	117.700	7.000%	1.750%	1.750%	\$17.5
Fifth	116.325	5.750%	1.150%	1.150%	\$11.5

Total Hypothetical Coupons: \$80

In Scenario 3, the index increases from the hypothetical initial index level by varying amounts during each year over the term of the CDs. Even though the index increases over the term of the CDs, because the formula for calculating the coupon reduces the index return, the coupon payments do not increase at the same rate and, in some cases, the coupon payments decrease. As a result, the total of the hypothetical coupons in Scenario 3 is \$80.

## Scenario 4

Hypothetical Coupon Payment Date	Hypothetical Closing Level of the Index on the Relevant Coupon Determination Date	Index Return	Index Return / Number of Hypothetical Coupon Payment Dates	Hypothetical Coupon Rate	Hypothetical Coupon per \$1,000 Face Amount
First	112.200	2.000%	2.000%	2.000%	\$20
Second	114.400	4.000%	2.000%	2.000%	\$20
Third	116.600	6.000%	2.000%	2.000%	\$20
Fourth	118.800	8.000%	2.000%	2.000%	\$20
Fifth	121.000	10.000%	2.000%	2.000%	\$20

**Total Hypothetical Coupons:** \$100

In Scenario 4, the index increases by 2.000% during each year over the term of the CDs. Because, with respect to each coupon payment date, the index return on the relevant coupon determination date *divided* by the number of coupon payment dates that have occurred up to and including such coupon payment date is equal to 2.000%, the total of the hypothetical coupons in Scenario 4 is \$100.

Payments on the CDs are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the CDs are economically equivalent to a combination of a zero coupon bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the CDs or the U.S. federal income tax treatment of the CDs, as described elsewhere in this disclosure statement supplement.

*We cannot predict the actual closing levels of the index on each of the coupon determination dates or the market value of your CDs, nor can we predict the relationship between the level of the index and the market value of your CDs at any time prior to the stated maturity date. The actual coupon payment that a holder of the CDs will receive on each coupon payment date and the rate of return on the offered CDs will depend on the actual closing level of the index on each coupon determination date, as determined by the CD calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your CDs on each of the coupon payment dates may be very different from the information reflected in the examples above.*

## USE OF PROCEEDS

We will use the net proceeds we receive from the sale of the offered CDs for the purposes we describe in the accompanying disclosure statement under “Use of Proceeds”. We or our affiliates may also use those proceeds in transactions intended to hedge our obligations under the offered CDs as described below.

## HEDGING

In anticipation of the sale of the CDs, we and/or our affiliates have entered into or expect to enter into cash-settled hedging transactions involving purchases of listed or over-the-counter options, futures and/or other instruments linked to the index, the eligible underlying assets or 3-month USD LIBOR on or before the trade date. In addition, from time to time after we issue the CDs, we and/or our affiliates expect to enter into additional hedging transactions and to unwind those we have entered into, in connection with the CDs and perhaps in connection with other index-linked CDs we issue, some of which may have returns linked to the index, the eligible underlying assets or 3-month USD LIBOR. Consequently, with regard to your CDs, from time to time, we and/or our affiliates:

- expect to acquire, or dispose of, cash-settled positions in listed or over-the-counter options, futures or other instruments linked to the index or some or all of the eligible underlying assets or 3-month USD LIBOR,
- may take or dispose of positions in the assets held by the eligible ETFs,
- may take or dispose of positions in listed or over-the-counter options or other instruments based on indices designed to track the performance of the New York Stock Exchange or other components of the U.S. equity market,
- may take short positions in the eligible underlying assets or other securities of the kind described above — i.e., we and/or our affiliates may sell securities of the kind that we do not own or that we borrow for delivery to purchaser, and/or
- may take or dispose of positions in interest rate swaps, options swaps and treasury bonds.

We and/or our affiliates may acquire a long or short position in securities similar to the offered CDs from time to time and may, in our or their sole discretion, hold or resell those securities.

In the future, we and/or our affiliates expect to close out hedge positions relating to the CDs and perhaps relating to other CDs with returns linked to the index, the eligible underlying assets, 3-month USD LIBOR or assets held by the eligible ETFs. We expect our affiliates' steps to involve sales of instruments linked to the index, the eligible underlying assets, 3-month USD LIBOR or assets held by the eligible ETFs on or shortly before any coupon determination date. Our affiliates' steps also may involve sales and/or purchases of some or all of the listed or over-the-counter options, futures or other instruments linked to the index.

The hedging activity discussed above may adversely affect the market value of your CDs from time to time and the value of the consideration that we will deliver on your CDs at maturity. See “Risk Factors — Our Affiliate’s Anticipated Hedging Activities May Negatively Impact Investors in the CDs and Cause our Interests and Those of Our Clients and Counterparties to be Contrary to Those of Investors in the CDs” and “Risk Factors — Trading and Investment Activities for its Own Account or for its Clients, Could Negatively Impact Investors in the CDs” in the accompanying disclosure statement for a discussion of these adverse effects.

## THE INDEX

### General Overview

The GS Momentum Builder® Multi-Asset 5S ER Index (the index) measures the extent to which the performance of the exchange-traded funds and a money market position (together with the ETFs, the underlying assets) included in the index outperform the sum of the return on the notional interest rate, which is a rate equal to 3-month USD LIBOR, plus 0.65% per annum (accruing daily). The money market position reflects the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate. The index rebalances on each index business day from among 15 underlying assets that have been categorized in the following asset classes: broad-based equities; fixed income; emerging markets; alternatives; commodities; inflation; and cash equivalent. The index attempts to track the positive price momentum in the underlying assets, subject to limitations on volatility and a minimum and maximum weight for each underlying asset and each asset class, each as described below.

On each index business day (in the following context, a base index rebalancing day), the index is rebalanced. For each day in the weight averaging period related to that base index rebalancing day, the portfolio of underlying assets that would have provided the highest historical return during three return look-back periods (nine months, six months and three months) is calculated. Each portfolio is subject to a limit of 5% on the degree of variation in the daily closing prices or closing level, as applicable, of the aggregate of such underlying assets (a measure known as “realized volatility”) over the related realized volatility look-back period (the prior six months, three months and one month for the nine-month, six-month and three-month return look-back periods, respectively) and subject to a minimum and maximum weight for each underlying asset and each asset class. This results in three potential portfolios of underlying assets (one for each return look-back period) for each day in that weight averaging period. The weight of each underlying asset for a given day in a weight averaging period (the “target weight”) will equal the average of the weights of such underlying asset in the three potential portfolios while the weight of each underlying asset for the base index rebalancing will equal the average of such target weights. The weight averaging period for any base index rebalancing day will be the period from (but excluding) the 22nd index business day on which no index market disruption event occurs or is continuing with respect to any underlying asset prior to such day to (and including) such day. As a result of this step, the index may include as few as four eligible underlying assets (as few as three eligible ETFs) and may not include some of the underlying assets or asset classes during the entire term of the CDs.

After a base index rebalancing, if on such index business day (in the following context, a daily total return index rebalancing day) the realized volatility of the index underlying assets exceeds the volatility cap of 6% for the applicable volatility cap period (the prior one month), the index will be rebalanced again in order to reduce such realized volatility to 6% by ratably reallocating a portion of the exposure to the index ETFs to the money market position. As a result of this step, the index may not include any ETFs and may allocate its entire exposure to the money market position, which will always be less than the sum of the return on the notional interest rate plus 0.65% per annum (accruing daily). Historically, a significant portion of the index exposure has been to the money market position.

The index reflects the return of the index underlying assets less the *sum* of the return on the notional interest rate *plus* 0.65% per annum (accruing daily). Any cash dividend paid on an index ETF is deemed to be reinvested in such index ETF and subject to subsequent changes in the value of the index ETF. In addition, any interest accrued on the money market position is similarly deemed to be reinvested on a daily basis in such money market position and subject to subsequent changes in the notional interest rate. For further information regarding how the index value is calculated see “— How is the index value calculated on any day?” below.

The notional interest rate is a rate equal to 3-month USD LIBOR, which generally will be the offered rate for 3-month deposits in U.S. dollars, as that rate appears on the Reuters screen 3750 page as of 11:00 a.m., London time, as observed two London business days prior to the relevant notional interest rate reset date (such day, a “USD LIBOR interest determination date”). A notional interest rate reset date will occur daily, or, if such date is not an index business day, on the index business day immediately following such date on which the notional interest rate is reset. A London business day is a day on which commercial banks and foreign currency markets settle payments and are open for general business in London.

If the index committee determines that 3-month USD LIBOR has been discontinued, then the index committee shall replace 3-month USD LIBOR with a substitute or successor rate that it has determined in its sole discretion is most comparable to 3-month USD LIBOR, provided that if the index committee determines there is an industry accepted successor rate, then the index committee shall use such successor rate. If the index committee has determined a

substitute or successor rate in accordance with the foregoing, the index committee in its sole discretion may determine an alternative to London business day, USD LIBOR interest determination date and notional interest rate reset date to be used and any other relevant methodology for calculating such substitute or successor rate, including any adjustment factor needed to make such substitute or successor rate comparable to 3-month USD LIBOR, in a manner that is consistent with industry-accepted practices for such substitute or successor rate. Unless the index committee replaces 3-month USD LIBOR with a substitute or successor rate as so provided, the following will apply:

If the rate described above does not so appear on the Reuters screen 3750 page, then 3-month USD LIBOR will be determined on the basis of the rates at which three-month deposits in U.S. dollars are offered by four major banks in the London interbank market selected by the index calculation agent at approximately 12:00 p.m., London time, on the relevant USD LIBOR interest determination date, to prime banks in the London interbank market, beginning on the relevant notional interest rate reset date, and in a representative amount. The index calculation agent will request the principal London office of each of these major banks to provide a quotation of its rate. If at least two quotations are provided, 3-month USD LIBOR for the relevant notional interest rate reset date will be the arithmetic mean of the quotations. If fewer than two of the requested quotations described above are provided, 3-month USD LIBOR for the relevant notional interest rate reset date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the index calculation agent, at approximately 11:00 a.m., New York City time, on the relevant notional interest rate reset date, for loans in U.S. dollars to leading European banks for a period of three months, beginning on the relevant notional interest rate reset date, and in a representative amount.

If no quotation is provided as described in the preceding paragraph, then the index calculation agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate 3-month USD LIBOR or any of the foregoing lending rates, shall determine 3-month USD LIBOR for that notional interest rate reset date in its sole discretion.

The value of the index is calculated in U.S. dollars on each index business day by reference to the performance of the total return index value net of the sum of the return on the notional interest rate in effect at that time plus 0.65% per annum (accruing daily). The total return index value on each index business day is calculated by reference to the weighted performance of:

- the base index, which is the weighted combination of underlying assets that comprise the index at the applicable time as a result of the most recent daily base index rebalancing; and
- any additional exposure to the money market position resulting from any daily total return index rebalancing.

The underlying assets that comprise the base index as the result of the most recent daily base index rebalancing may include a combination of ETFs and the money market position, or solely ETFs. A daily total return index rebalancing will occur effective after the close of business on any daily total return index rebalancing day if the realized volatility of the base index exceeds the volatility cap of 6% for the volatility cap period applicable to such index business day. As a result of a daily total return index rebalancing, the index will have exposure to the money market position even if the base index has no such exposure resulting from its most recent daily base index rebalancing.

For the purpose of the index:

- an “eligible underlying asset” is one of the ETFs or the money market position that is eligible for inclusion in the index on an index business day;
- an “eligible ETF” is one of the ETFs that is eligible for inclusion in the index on an index business day (when we refer to an “ETF” we mean an exchange traded fund, which for purposes of this disclosure statement supplement includes the following exchange traded products: SPDR® S&P 500® ETF Trust and SPDR® Gold Trust;
- an “index underlying asset” is an eligible underlying asset with a non-zero weighting on any index business day;
- an “index ETF” is an ETF that is an eligible ETF with a non-zero weighting on any index business day; and
- an “index business day” is a day on which the New York Stock Exchange is open for its regular trading session.

#### ***How frequently is the index rebalanced?***

On each daily base index rebalancing day, the index rebalances from among the 15 eligible underlying assets by calculating, for each day in the weight averaging period related to that base index rebalancing day, the portfolio of underlying assets that would have provided the highest historical return during three return look-back periods (nine

months, six months and three months). Each portfolio is subject to a limit of 5% on the degree of variation in the daily closing prices or closing level, as applicable, of the aggregate of such underlying assets (a measure known as “realized volatility”) over the related realized volatility look-back period (the prior six months, three months and one month for the nine-month, six-month and three-month return look-back periods, respectively) and subject to a minimum and maximum weight for each underlying asset and each asset class. This results in three potential portfolios of underlying assets (one for each return look-back period) for each day in that weight averaging period. The weight of each underlying asset for a given day in a weight averaging period will equal the average of the weights of such underlying asset in the three potential portfolios while the weight of each underlying asset for the daily base index rebalancing will equal the average of such target weights. This daily rebalancing is referred to as the base index rebalancing and the resulting portfolio of index underlying assets comprise the base index effective after the close of business on the day such daily rebalancing occurs. The weight averaging period for any base index rebalancing day will be the period from (but excluding) the 22nd index business day on which no index market disruption event occurs or is continuing with respect to any underlying asset prior to such day to (and including) such day. Certain aspects of index business day and base index rebalancing day adjustments are described under “— Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?” below.

After a base index rebalancing, if, on such index business day, the realized volatility of the base index exceeds the volatility cap of 6% for the applicable volatility cap period (the prior one month), the index will be rebalanced again in order to reduce such realized volatility to 6% by ratably reallocating a portion of the exposure to the eligible ETFs to the money market position. This type of rebalancing has the effect of reducing the exposure of the index to the performance of the eligible ETFs. This daily rebalancing is referred to as the daily total return index rebalancing.

For a discussion of how the look-back periods for rebalancing are determined, see “— What is realized volatility and how are the weights of the underlying assets influenced by it?” and “— How do the weights of the index underlying assets change as a result of a daily total return index rebalancing?”, respectively, below.

#### ***How is the index value calculated on any day?***

The value of the index was set to 100 on the index base date, July 31, 2015. On each index business day, the value of the index changes by reference to the performance of the total return index value net of the sum of the return on the notional interest rate in effect at that time plus 0.65% per annum (accruing daily). The total return index value on each index business day is calculated by reference to the weighted performance of:

- the base index, which is the weighted combination of underlying assets that comprise the index at the applicable time as a result of the most recent daily base index rebalancing (whether partially or fully implemented); and
- any additional exposure to the money market position resulting from any daily total return index rebalancing.

The underlying assets that comprise the base index as the result of the most recent daily base index rebalancing may include a combination of ETFs and the money market position, or solely ETFs. A daily total return index rebalancing will occur effective after the close of business on any daily total return index rebalancing day if the realized volatility of the base index exceeds the volatility cap of 6% for the volatility cap period applicable to such daily total return index rebalancing day. As a result of a daily total return index rebalancing, the index will have exposure to the money market position even if the base index has no such exposure resulting from its most recent daily base index rebalancing.

On any index business day, the index value will equal (a) the index value on the immediately preceding notional interest rate reset date *multiplied* by (b) the return on the total return index on such index business day reduced by the *sum* of (i) the prorated notional interest rate (compounded daily) and (ii) the prorated 0.65% per annum (accruing daily), with such prorated 0.65% per annum applied after such return on the total return index is reduced by such prorated notional interest rate. The return on the total return index for any such index business day will equal the *quotient* of the total return index value as of such index business day *divided* by the total return index value as of the immediately preceding notional interest rate reset date. The prorated notional interest rate and prorated 0.65% per annum are each calculated on an actual/360 day count basis from but excluding the immediately preceding notional interest rate reset date. The notional interest rate is reset on daily notional interest rate reset dates, or, if such date is not an index business day, on the index business day immediately following such date. Regardless of whether the index underlying assets include the money market position on a base index rebalancing day, if the index has ratably rebalanced into the money market position as a result of the daily volatility control feature, then the index also will include the value of the money market position.



The value of any index ETF is equal to the result of *multiplying* the weight applicable to such index ETF and the adjusted level of such index ETF. The adjusted level of such index ETF reflects any price change in such index ETF as well as any cash dividend paid on such index ETF. Any cash dividend paid on an index ETF is deemed to be reinvested in such index ETF and subject to subsequent changes in the value of the index ETF.

The value of the money market position reflects, on any day, the amount of interest accrued at the notional interest rate on an investment in a notional U.S. dollar denominated money market account. The money market position will have a positive notional return if the notional interest rate is positive. Any interest accrued on the money market position is deemed to be reinvested on a daily basis in such money market position and subject to subsequent changes in the notional interest rate.

The contribution of any index underlying asset to the performance of the index will depend on its weight and performance. The effects of potential adjustment events are described under “— Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?” below.

#### ***How does the index attempt to provide exposure to price momentum?***

The index uses the historical return performance of the eligible underlying assets to determine the composition of the index on a base index rebalancing day. The nine-month, six-month and three-month historical returns are used as an indication of price momentum. Although the index methodology seeks to select index underlying assets with the highest nine-month, six-month and three-month historical return reflecting price momentum, the underlying asset maximum weights, the asset class maximum weights, the 5% volatility target, the averaging of eligible underlying asset weights in the realized volatility look-back periods, the further averaging of such target weights during the applicable weight averaging period and the daily volatility control, as well as how the eligible underlying assets correlate, may limit the exposure to those underlying assets with the highest nine-month, six-month and three-month historical returns.

The nine-month, six-month and three-month historical return for an eligible underlying asset is calculated to include, with respect to the ETFs, price changes and any cash dividends paid during the relevant nine-month, six-month and three-month period being evaluated.

#### ***Who calculates and oversees the index?***

The index is calculated using a methodology developed by GS&Co., the index sponsor. The complete index methodology, which may be amended from time to time, is available at [solactive.com/indexing-en/indices/complex/](http://solactive.com/indexing-en/indices/complex/). We are not incorporating by reference this website or any material it includes into this disclosure statement supplement.

An index committee is responsible for overseeing the index and its methodology. The index committee may exercise discretion in the case of any changes to the eligible underlying assets and any index market disruption event or potential adjustment event that occurs in relation to one or more eligible underlying assets. The index committee is comprised of employees of The Goldman Sachs Group, Inc. or one or more of its affiliates. At least forty percent of the committee is comprised of employees of control side functions, with at least two members from the compliance department and two members from the legal department. Other members consist of employees of The Goldman Sachs Group, Inc.’s securities division, which includes employees who regularly trade the eligible ETFs. If the index committee exercises any discretion related to the index, it must be approved by 100% of the control side employees present at the relevant index committee meeting.

Changes to the index methodology made by the index committee will be publicly announced on the index calculation agent’s website at least 60 index business days prior to their effective date. Adjustments made by the index calculation agent in response to index market disruption events and potential adjustment events will be publicly announced as promptly as is reasonably practicable on the index calculation agent’s website.

The index committee may exercise limited discretion with respect to the index, including in the situations described below under “— Can the eligible underlying assets change?”. Any such changes or actions are publicly announced as promptly as is reasonably practicable and normally at least five index business days prior to their effective date.

The index sponsor has retained Solactive AG to serve as index calculation agent. The index calculation agent calculates the value of the index and implements the methodology determined by the index committee. The index sponsor can replace the index calculation agent at any time, or the index calculation agent can resign on 60 days notice to the index sponsor. In the event the index sponsor appoints a replacement index calculation agent, a public announcement will be made via press release.

The index calculation agent is responsible for the day to day implementation of the methodology of the index and for its calculation. The index calculation agent calculates and publishes the value of the index every 15 seconds on each index business day and publishes it on the Bloomberg page GSMBMA5S Index and Reuters page .GSMBMA5S. The index calculation agent may from time to time consult the index committee on matters of interpretation with respect to the methodology.

***What underlying assets are included in the universe of potential index underlying assets?***

As of the date of this disclosure statement supplement, there are 14 eligible ETFs included in the 15 eligible underlying assets. These eligible underlying assets track assets that have been categorized in the following asset classes: broad-based equities; fixed income; emerging markets; alternatives; commodities; inflation; and cash equivalent. The 14 ETFs are as follows:

- SPDR® S&P 500® ETF Trust (SPY) — SPY seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in leading industries of the U.S. economy, as measured by the S&P 500® Index. SPY has been categorized in the equities asset class.
- iShares® MSCI EAFE ETF (EFA) — 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 EAFE® Index. EFA has been categorized in the equities asset class.
- iShares® MSCI Japan ETF (EWJ) — EWJ seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in the Japanese market as measured the MSCI Japan Index. EWJ has been categorized in the equities asset class.
- iShares® 20+ Year Treasury Bond ETF (TLT) — TLT seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of public obligations of the U.S. Treasury that have a minimum term to maturity of greater than 20 years, as measured by the ICE U.S. Treasury 20+ Year Bond Index. TLT has been categorized in the fixed income asset class.
- iShares® iBoxx \$ Investment Grade Corporate Bond ETF (LQD) — LQD seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of U.S. dollar-denominated, investment grade corporate bonds, as measured by the Markit iBoxx® USD Liquid Investment Grade Index. LQD has been categorized in the fixed income asset class.
- iShares® iBoxx \$ High Yield Corporate Bond ETF (HYG) — HYG seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the U.S. dollar-denominated liquid high yield corporate bond market, as measured by the Markit iBoxx® USD Liquid High Yield Index. HYG has been categorized in the fixed income asset class.
- iShares® 7-10 Year Treasury Bond ETF (IEF) — IEF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of public obligations of the U.S. Treasury that have a minimum term to maturity of greater than 7 years and less than or equal to 10 years, as measured by the ICE U.S. Treasury 7-10 Year Bond Index. IEF has been categorized in the fixed income asset class.
- iShares® MSCI Emerging Markets ETF (EEM) — EEM seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in emerging markets, as measured by the MSCI Emerging Markets Index. EEM has been categorized in the emerging markets asset class.
- iShares® U.S. Real Estate ETF (IYR) — IYR seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the real estate sector of the U.S. equity market, as represented by the Dow Jones U.S. Real Estate Index. The Dow Jones U.S. Real Estate Index is designed to represent Real Estate Investment Trusts (REITs) and other companies that invest directly or indirectly in real estate through development, management or ownership, including property agencies. IYR has been categorized in the alternatives asset class.
- iShares® U.S. Preferred Stock ETF (PFF) — PFF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the U.S. preferred stock market, as represented by the S&P U.S. Preferred Stock Index. PFF has been categorized in the alternatives asset class.
- iShares® Nasdaq Biotechnology ETF (IBB) — IBB seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of securities listed on The NASDAQ Stock Market that are

classified as either biotechnology or pharmaceutical according to the Industry Classification Benchmark, as measured by the NASDAQ Biotechnology Index. IBB has been categorized in the alternatives asset class.

- SPDR® S&P® Oil & Gas Exploration & Production ETF (XOP) — XOP seeks investment results that correspond generally to the total return performance, before fees and expenses, of securities listed in the S&P Total Market Index that are classified under the Global Industry Classification Standard in the oil and gas exploration & production industry group, as measured by the S&P Oil & Gas Exploration & Production Select Industry Index. XOP has been categorized in the commodities asset class.
- SPDR® Gold Trust (GLD) — GLD seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of gold bullion held by the SPDR® Gold Trust. GLD has been categorized in the commodities asset class.
- iShares® TIPS Bond ETF (TIP) — TIP seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of inflation-protected public obligations of the U.S. Treasury that have at least one year remaining to maturity, are rated investment grade and have \$250 million or more of outstanding face value, as measured by the Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L). TIP has been categorized in the short-term U.S. treasury bills and inflation asset class.

In addition to the above referenced ETFs, the eligible underlying assets also include the money market position. The money market position is included in the cash equivalent asset class and reflects the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is a rate equal to 3-month USD LIBOR.

For further description of these eligible underlying assets, please see “The Eligible Underlying Assets” herein.

***What are the minimum and maximum potential weights of each eligible underlying asset and each asset class for the base index rebalancing on a base index rebalancing day?***

The maximum potential weight and minimum potential weight of each eligible underlying asset and each asset class on each base index rebalancing day is listed below. The maximum weight of each eligible underlying asset and each asset class limits the exposure to each eligible underlying asset and each asset class. Thus, even if the 5% volatility target would be met during each realized volatility look-back period (the prior six months, three months and one month), the index would not allocate its entire exposure to the single eligible underlying asset that has the highest historical return during the related return look-back period (the prior nine months, six months and three months for the six-month, three-month and one-month volatility look-back period, respectively) among all of the eligible underlying assets because of the maximum weight limitations. The minimum weight restricts short exposure to any eligible underlying asset or any asset class. Because of these limitations, after giving effect to a daily base index rebalancing, the index is expected to have exposure to only a limited subset of the 15 eligible underlying assets (which could be as few as four eligible underlying assets) and you may not have any exposure to some of the 15 eligible underlying assets or asset classes during the entire term of the CDs. Further, as a result of a daily total return index rebalancing, the index may not include any ETFs and may allocate its entire exposure to the money market position.

ASSET CLASS	ASSET CLASS MINIMUM WEIGHT	ASSET CLASS MAXIMUM WEIGHT	ELIGIBLE UNDERLYING ASSET*	TICKER	UNDERLYING ASSET MINIMUM WEIGHT	UNDERLYING ASSET MAXIMUM WEIGHT
Broad-Based Equities	0%	50%	SPDR® S&P 500® ETF Trust	SPY	0%	20%
			iShares® MSCI EAFE ETF	EFA	0%	20%
			iShares® MSCI Japan ETF	EWJ	0%	10%
Fixed Income	0%	50%	iShares® 20+ Year Treasury Bond ETF	TLT	0%	20%
			iShares® iBoxx \$ Investment Grade Corporate Bond ETF	LQD	0%	20%
			iShares® iBoxx \$ High Yield Corporate Bond ETF	HYG	0%	20%
Emerging Markets	0%	20%	iShares® 7-10 Year Treasury Bond ETF	IEF	0%	20%
			iShares® MSCI Emerging Markets ETF	EEM	0%	20%
Alternatives	0%	25%	iShares® U.S. Real Estate ETF	IYR	0%	20%
			iShares® U.S. Preferred Stock ETF	PFF	0%	10%
			iShares® Nasdaq Biotechnology ETF	IBB	0%	10%
Commodities	0%	25%	SPDR® S&P® Oil & Gas Exploration &	XOP	0%	20%

			Production ETF			
			SPDR® Gold Trust	GLD	0%	20%
Inflation	0%	10%	iShares® TIPS Bond ETF	TIP	0%	10%
Cash Equivalent	0%	50%**	Money Market Position	N/A	0%	50%**

\* The value of a share of an eligible ETF may reflect transaction costs and fees incurred or imposed by the investment advisor of the eligible ETF as well as the costs to the ETF to buy and sell its assets. These costs and fees are not included in the calculation of the index underlying the eligible ETF. For more fee information relating to an eligible ETF, see “The Eligible Underlying Assets” on page S-78.

\*\* With respect to the money market position, the related asset class maximum weight and underlying asset maximum weight limitations do not apply to daily total return index rebalancing, and, therefore, as a result of daily total return index rebalancing, the index may allocate its entire exposure to the money market position.

### ***What is realized volatility and how are the weights of the underlying assets influenced by it?***

Realized volatility is a measurement of the degree of movement in the price or value of an asset observed over a specified period. Realized volatility is calculated by specifying a measurement period, determining the average value during such measurement period and then comparing each measured point during such measurement period to such average. The index utilizes historical realized volatility over three separate realized volatility look-back periods (six-months, three-months and one-month) for each daily base index rebalancing, which is calculated by the index calculation agent from daily closing net asset prices or the closing level, as applicable, over the prior six month, three month and one month period, as applicable. For example, an eligible underlying asset will have a higher realized volatility during a specific historical period than another eligible underlying asset if such eligible underlying asset has greater price movement (increases or decreases) relative to its average price during the measurement period. An eligible underlying asset with a stable price during a specific historical period will have a lower realized volatility than an eligible underlying asset which has relatively larger price movements during that same period. Further, an eligible underlying asset will have a higher realized volatility with respect to a specific measurement period if such underlying asset has greater price movements (increases and decreases) in such measurement period as compared to the price movements of the same underlying asset in a different measurement period.

In choosing the weights for the index underlying assets for any base index rebalancing day, the 5% volatility target limits the overall level of realized volatility that may be reflected by the index underlying assets. Since the volatility target limits the base index as a whole, when creating the three potential portfolios the realized volatility of each eligible underlying asset for the applicable look-back period needs to be compared relative to the realized volatilities of the remaining eligible underlying assets for the same look-back period. An eligible underlying asset may have a relatively high historical return during one or more return look-back periods relative to other eligible underlying assets, but may be excluded from inclusion as an index underlying asset for a given base index rebalancing day (or may be assigned a weight below its maximum weight) because that eligible underlying asset has a high realized volatility in the related volatility look-back period (or periods) relative to other eligible underlying assets. However, because the weight of each underlying asset for each base index rebalancing will equal the average of the average of the weights of such underlying asset across three potential portfolios (one for each return look-back period) for each day in the weight averaging period related to that base index rebalancing day, the impact of a low realized volatility for one look-back period may be lessened by a higher realized volatility for a different look-back period. In addition, an eligible underlying asset with a relatively high realized volatility may be included as an index underlying asset because its realized volatility is offset by another eligible underlying asset that is also included as an index underlying asset. Because the historical returns and realized volatility are measured on an aggregate basis within each potential portfolio, highly correlated eligible underlying assets may be excluded from a potential portfolio, in whole or in part, on a base index rebalancing day. Such highly correlated eligible underlying assets may be excluded even if, on an independent basis, such eligible underlying assets have a relatively high historical return or relatively low realized volatility for the applicable look-back period. Since realized volatility is based on historical data, there is no assurance that the historical level of volatility of an index underlying asset included in the index in a base index rebalancing day rebalancing will continue.

The look-back period relevant for calculating the applicable historical return and applicable historical realized volatility of each combination of eligible underlying assets is the period beginning on (and including) the day that is nine, six, three or one calendar months (or, if any such day is not an index business day, the preceding index business day), as applicable, before the third index business day immediately preceding such base index rebalancing day to (but excluding) the third index business day prior to the given index business day. The weight averaging period for any base index rebalancing day will be the period from (but excluding) the 22nd index business day on which no index market disruption event occurs or is continuing with respect to any underlying asset prior to such day to (and including) such day.

With respect to each potential portfolio, if at a base index rebalancing day no combination of eligible underlying assets complies with the 5% volatility target, asset class maximum weights and underlying asset maximum weights, then such portfolio will select, from all combinations of eligible underlying assets that comply with the asset class maximum weights and the underlying asset maximum weights, the combination with the lowest historical realized volatility for the realized volatility look-back period applicable to such potential portfolio, regardless of that combination's nine-month, six-month and three-month performance, as applicable. The particular combination so selected will exceed the 5% volatility target.

***How do the weights of the index underlying assets change as a result of a daily total return index rebalancing?***

The index calculation agent calculates the historical realized volatility of the base index for the applicable volatility cap period, which is the prior one month as determined below. As long as, on any given daily total return index rebalancing day, the calculated one-month realized volatility of the base index for the applicable volatility cap period is equal to or less than the volatility cap, no change to the then-current weights of the index underlying assets is made on that daily total return index rebalancing day. However, if on any given daily total return index rebalancing day the calculated volatility of the base index for the volatility cap period exceeds the volatility cap of 6%, the exposure of the index is partially rebalanced into the money market position to reduce the historical realized volatility for such volatility cap period. This is achieved by partially rebalancing, to the money market position, the exposure of the total return index to the base index through a reduction of the base index weight to the percentage that is equal to the volatility cap divided by such calculated volatility. As a result of a daily total return index rebalancing, the index may not include any ETFs (e.g., if the base index weight is reduced to zero) and may allocate its entire exposure to the money market position.

With respect to any given daily total return index rebalancing day, the volatility cap period is the period beginning on (and including) the day which is one calendar month (or, if any such date is not an index business day, the preceding index business day) before the second index business day prior to the given daily total return index rebalancing day to (and including) the third index business day prior to the given daily total return index rebalancing day. The volatility cap period with respect to any given total return index rebalancing day will not be affected by the occurrence of an index market disruption event, and the exposure to the base index will be calculated on the total return index rebalancing day as described under “— Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?” below.

***Examples of hypothetical daily total return index rebalancing***

The following table displays hypothetical one-month realized volatility for the base index and the percent weighting of the base index for purposes of calculating the total return index value as a result of hypothetical daily total return index rebalancing in different situations. You should note that the base index itself may contain exposure to the money market position which would be in addition to any exposure to the money market position that the index reflects as a result of a daily total return index rebalancing. For purposes of highlighting the effect of a daily total return index rebalancing, the table assumes that the base index itself did not contain exposure to the money market position as a result of a daily base index rebalancing. This information is intended to illustrate the operation of the index on each daily total return index rebalancing day and is not indicative of how the index may perform in the future.

Day	1	2	3	4	5	6	7	8	9	10
Historical One-Month Realized Volatility of the Base Index	3.0	4.9	6.1	5.3	6.2	5.6	8.5	6.0	7.4	3.9
Weight of Base Index For Purposes of Calculating the Total Return Index Value	100.00%	100.00%	98.36%	100.00%	96.77%	100.00%	70.59%	100.00%	81.08%	100.00%
Weight of Money Market Position	0.00%	0.00%	1.64%	0.00%	3.23%	0.00%	29.41%	0.00%	18.92%	0.00%

On days 1, 2, 4, 6, 8 and 10 the historical realized volatility of the base index for the applicable volatility cap period is equal to or less than the volatility cap, so the index did not ratably rebalance into the money market position on such daily total return index rebalancing day.

On days 3, 5, 7 and 9, because the historical realized volatility of the base index for the applicable volatility cap period is greater than the volatility cap, then the weight allocated to the base index for such daily total return index rebalancing day is ratably rebalanced into the money market position. Please see “Underlying Asset Weightings” below for data regarding the frequency of daily total return index rebalancing.

#### ***What is the money market position?***

The money market position is a hypothetical investment intended to express the notional returns accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at the notional interest rate, which is a rate equal to 3-month USD LIBOR. Allocation of the index to the money market position is intended to reduce the volatility of the index.

The index will provide exposure to the money market position (1) if on a daily base index rebalancing day the money market position has a relatively high performance compared to the other eligible underlying assets in a potential portfolio and/or, with respect to a realized volatility look-back period, such index underlying asset has a comparatively low realized volatility compared to the other eligible index underlying assets and is used to reduce the realized volatility of the index underlying assets in a potential portfolio on an aggregate basis and/or (2) on a daily total return index rebalancing day, if the realized volatility of the index underlying assets for the applicable volatility cap period is higher than the volatility cap, resulting in a daily total return index rebalancing.

#### ***Can the eligible underlying assets change?***

Except as otherwise noted above, the eligible underlying assets and the notional interest rate are not expected to change or be replaced. However, the index committee, in its sole discretion, may eliminate an eligible ETF or notional interest rate (and/or designate a successor) if for any reason any of the following events occur with respect to such ETF or rate, in the determination of the index committee in its sole discretion:

- the ETF ceases to exist, is delisted, terminated, wound up, liquidated or files for bankruptcy, is combined with another ETF that has a different investment objective, or changes its currency of denomination;

- the ETF suspends creations or redemptions for five consecutive index business days or announces a suspension of unlimited or unspecified duration for such creations or redemptions;
- the net asset value of the ETF is not calculated or is not announced by either the ETF or its sponsor for five consecutive index business days, or an index market disruption event occurs and is continuing for five consecutive index business days;
- there has been a material diminution in the daily trading volume of the ETF or the net asset value of such ETF (where net asset value is measured as the value of an entity's assets less the value of its liabilities as publicly disclosed by this ETF or its sponsor);
- the sponsor or investment adviser of the ETF files for bankruptcy and there is no solvent immediate successor;
- limitations on ownership are imposed on the ETF due to a change in law or regulation, loss of regulatory exemptive relief or otherwise, and the index committee, in its sole discretion, determines that such limitations materially adversely affect the ability of holders of the ETF to hold, acquire or dispose of shares of such ETF;
- the tax treatment of the ETF changes in a way that would have a material adverse effect on holders of shares of such ETF;
- there has been a material change to the expense ratio or fee structure of such ETF that is adverse to holders of shares of such ETF;
- the ETF has changed the index underlying or otherwise referenced by such ETF to an index that is materially different, or the methodology for the index is materially modified (other than a modification in the ordinary course of administration of the index underlying or otherwise referenced by such ETF);
- the index underlying or otherwise referenced by the ETF is no longer compiled, or the closing level of such index is not calculated or published for five consecutive index business days;
- the index sponsor determines in its sole discretion that it is not practicable for the ETF to continue to be included in the index for any reason, including due to:
  - a) a dispute as to whether a license is required to use the ETF or the related index, or
  - b) to the extent there is an agreement in place governing such use, changes in the terms upon which the ETF or related index is made available to the index sponsor for inclusion in the index that the index sponsor, in its sole discretion, determines to be materially adverse to it; or
- the notional interest rate has been discontinued.

The successor ETF or rate shall be that which, in the determination of the index committee in its sole discretion, (i) with respect to a successor ETF, most closely replicates the relevant ETF or (ii) with respect to the successor rate, is determined in accordance with the procedures set forth above under "The Index – General Overview". If the index committee determines in its sole discretion that no successor ETF exists, such ETF will be removed from the index. No successor ETF or rate may fail to satisfy any of the conditions described above for replacing or removing an ETF or rate at the time the index committee decides to appoint such successor ETF or rate.

***Could index market disruption events or corporate events impact the calculation of the index or a daily base index rebalancing or a daily total return index rebalancing by the index calculation agent?***

If a daily base index rebalancing day must be effected on an index business day which corresponds to the first day of a given index market disruption event (as defined below) with respect to any index underlying asset, the index calculation agent shall then rebalance the index as if (i) for each index underlying asset that had not been affected by an index market disruption event, the daily base index rebalancing day occurred on such day and (ii) for each index underlying asset that had been affected by such index market disruption event, such daily base index rebalancing day did not occur on such day. (i.e., each index underlying asset that was affected by such index market disruption event is disregarded for purposes of base index rebalancing). A base index rebalancing day will be deemed not to occur on an index business day if an index market disruption event is continuing (as opposed to occurring for the first time).

If a daily total return index rebalancing day must be effected on an index business day which corresponds to the first day of a given index market disruption event or on which an index market disruption event is continuing from the prior index business day with respect to any index underlying asset, the index calculation agent shall then rebalance the index as if (i) for each index underlying asset that had not been affected by an index market disruption event, the daily total

return index rebalancing day occurred on such day and (ii) for each index underlying asset that had been affected by such index market disruption event, the daily total return index rebalancing day did not occur on such day, provided that for purposes of calculating realized volatility the alternative calculations set forth in the next paragraph apply (i.e., other than for purposes of calculating the realized volatility in the manner set forth in the next paragraph, each index underlying asset that was affected by such index market disruption event is disregarded for purposes of daily total return index rebalancing). Consequently, if, for example, an index market disruption event were to occur for the first time on a base index rebalancing day with respect to only one of the index underlying assets, then on the base index rebalancing day on which the index market disruption event occurred the weight of all index underlying assets not affected by the index market disruption event would be determined and the weight of the affected index underlying asset would be disregarded. Further, for purposes of any daily total return index rebalancing, the exposure of the total return index to the affected index underlying asset would not be reduced but the exposure of the total return index to the remainder of the base index would be reduced so that the base index (including the affected index underlying asset) and the money market position together do not exceed the volatility cap. As a result, the weight of an index underlying asset affected by an index market disruption event could be temporarily underrepresented or overrepresented in the base index.

Solely for purposes of calculating realized volatility which includes an index business day on which a market disruption event has occurred or is continuing with respect to any eligible underlying asset, the value of the base index will include any underlying asset that has been affected by an index market disruption event and will be calculated (i) in the event of a trading disruption related to movements in price that exceed limits established by the relevant exchange, by assuming the level of the affected eligible underlying asset is equal to such price limit on such index business day or (ii) in the event of an index market disruption event which is not a trading disruption related to movements in price that exceed limits established by the relevant exchange, by multiplying the level of the affected eligible underlying asset on the immediately preceding relevant index business day by the percentage change (whether positive or negative) of the underlying asset having the largest absolute change in value from the immediately preceding relevant index business day to the relevant index business day; *provided*, that if a market disruption event has occurred and is continuing with respect to more than one eligible underlying asset on an index business day, then the index calculation agent shall consult with the index committee to determine the values to be used for such disrupted eligible underlying assets for purposes of calculating realized volatility and such determination to be made by the index committee in its sole discretion based on its review of such market and other information as it believes relevant to such determination.

On the sixth index business day following the occurrence of an index market disruption event with respect to any index underlying asset, if such index market disruption event is continuing, the index committee may instruct the index calculation agent to rebalance the index using a specified price. In the event the index committee determines on such sixth index business day, in its sole discretion, that no such instructions should be given to the index calculation agent, the index committee may revisit such determination on any index business day thereafter on which the index market disruption event is continuing. Notwithstanding the foregoing, in the event of a force majeure event (as defined below) in which all of the index underlying assets are affected, the calculation and publication of the index shall be postponed until, in the determination of the index calculation agent, such force majeure event has been resolved.

An "index market disruption event" will have occurred in any of the following situations: (i) the official closing price, level, rate or other measure of any eligible underlying asset is unavailable on any relevant day on which such measure is scheduled to be published, (ii) a relevant exchange (as defined below) is not open for trading during its regular trading session, or closes prior to its scheduled closing time, on any relevant day or there is a material exchange disruption (as defined below) as determined by the index calculation agent, (iii) upon the occurrence or existence of a trading disruption (as defined below) for more than two hours of trading or at any time during the one-hour period that ends at the scheduled closing time of the exchange, (iv) the net asset value per share of an eligible ETF is not calculated or is not announced by the eligible ETF or the sponsor of such ETF and such event has a material impact on the index as determined by the index sponsor, (v) the eligible ETF or the relevant sponsor of any eligible ETF suspends creations or redemptions of shares of such ETF and such event has a material impact on the index as determined by the index sponsor, (vi) upon the occurrence or existence of an index dislocation (as defined below), (vii) upon the occurrence or existence of a force majeure event (as defined below) or (viii) upon the occurrence of an interest rate disruption event (as defined below).

A "trading disruption" means any suspension of or limitation imposed on trading by the exchange or related exchange (as defined below), and whether by reason of movements in price exceeding limits permitted by the exchange or otherwise, relating to the eligible ETF shares, related index or futures or options on the eligible ETF shares or underlying index.

An "exchange disruption" means any event that disrupts or impairs (as determined by the index calculation agent in consultation with the index committee) the ability of market participants in general to effect transactions in, or obtain



market values for, the shares of the ETF on the exchange or futures or options on the ETF shares or underlying index, in each case on the relevant related exchange.

An “exchange” means the primary exchange on which shares of an eligible ETF are listed.

A “related exchange” means, in respect of an eligible ETF or underlying index, as the case may be, the primary exchange (or exchanges) or quotation system (or quotation systems) on which futures or options contracts relating to such eligible ETF or underlying index, as the case may be, are traded, if any.

An “index dislocation” means the index calculation agent (in consultation with the index committee) determines that a market participant, as a result of a market-wide condition relating to the index or any eligible underlying asset, would (i) be unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind, or dispose of all or a material portion of any hedge position relating to the index or an eligible underlying asset or (ii) incur a materially increased cost in doing so, including due to any capital requirements or other law or regulation.

A “force majeure event” will have occurred if the index calculation agent determines that there has been the occurrence of a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance that is beyond the reasonable control of the index sponsor, index calculation agent or any of their respective affiliates that the index calculation agent determines is likely to have a material effect on an eligible underlying asset, or on its ability to perform its role in respect of the index.

An “interest rate disruption event” means (and an interest rate disruption event shall be deemed to have occurred if), with respect to the notional interest rate and a relevant day: (i) such notional interest rate is not published on a date on which it is scheduled for publication or (ii) such notional interest rate is no longer published.

In the event that an index ETF is affected by a potential adjustment event, the index committee may make adjustments to the level of such index ETF and/or the quantities of the index underlying assets. Any of the following will be a potential adjustment event with respect to an index ETF:

Potential Adjustment Event	Adjustment	Adjustment Description
Cash Dividends	Yes	The dividend is reinvested in that index ETF.
Special / Extraordinary Dividends	Yes	The dividend is reinvested in that index ETF.
Return of Capital	Yes	The capital is reinvested in that index ETF.
Stock Dividend	Yes	Where shareholders receive “B” new shares for every “A” share held, the number of shares is adjusted by multiplying the original number of shares by the quotient of (a) the sum of A and B divided by (b) A.

Stock Split	Yes	Where shareholders receive “B” new shares for every “A” share held, the number of shares is adjusted by multiplying the original number of shares by the quotient of B divided by A.
-------------	-----	--

Potential adjustment events also include any other event that could have a diluting or concentrative effect on the theoretical value of the index ETF shares and would not otherwise be accounted for in the index. The index calculation agent may make adjustments in such cases.

If the index calculation agent determines that the price made available for an index ETF (or the published level of a notional interest rate) reflects a manifest error, the calculation of the index or level shall be delayed until such time as a corrected price or level is made available. In the event a corrected price or level is not made available on a timely basis or in the event that the price made available for an index ETF (or the published level of a notional interest rate) is subsequently corrected and such correction is published, then the index calculation agent may, if practicable and if the index calculation agent determines acting in good faith that such error is material, adjust or correct the relevant calculation or determination, including the level of the index ETF, as of any index business day to take into account such correction. This convention, however, will not change the starting index value for the CDs. However, the CD calculation agent may adjust the method of calculation of the level of the index to ensure that the level of the index used to determine the amount payable on the stated maturity date is equitable. See “Specific Terms of Your Certificates of Deposit — Discontinuance or Modification of the Index” above.

On any index business day during which the price for an eligible ETF reflects such an error (and such error has not been corrected), the weights will be calculated using the price made available by the relevant exchange (notwithstanding any manifest error). If the index calculation agent determines that any such error is material (as described above) and if the relevant exchange subsequently corrects such price it has made available, the index value may be calculated using such corrected price, but the quantities of the underlying assets implied by the weights (prior to the error being corrected) will not be adjusted.

#### ***What is the historical performance of the index?***

The closing level of the index has fluctuated in the past and may, in the future, experience significant fluctuations. Any upward or downward trend in the historical or hypothetical closing level of the index during any period shown below is not an indication that the index is more or less likely to increase or decrease at any time during the life of your CDs.

**You should not take the historical index performance information or hypothetical performance data of the index as an indication of the future performance of the index.** We cannot give you any assurance that the future performance of the index, the index underlying assets, the notional interest rate will result in receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date.

Neither we nor any of our affiliates make any representation to you as to the performance of the index. Before investing in the offered CDs, you should consult publicly available information to determine the relevant index levels between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the index over the life of the offered CDs, as well as the payment amount at maturity, may bear little relation to the historical index performance information or hypothetical performance data shown below.

#### **Daily Closing Levels of the Index**

The following graph shows the daily closing levels of the index from October 19, 2008 to October 19, 2018. Since the index was launched on May 16, 2016 and has a limited operating history, the graph includes hypothetical performance data for the index prior to its launch on May 16, 2016.

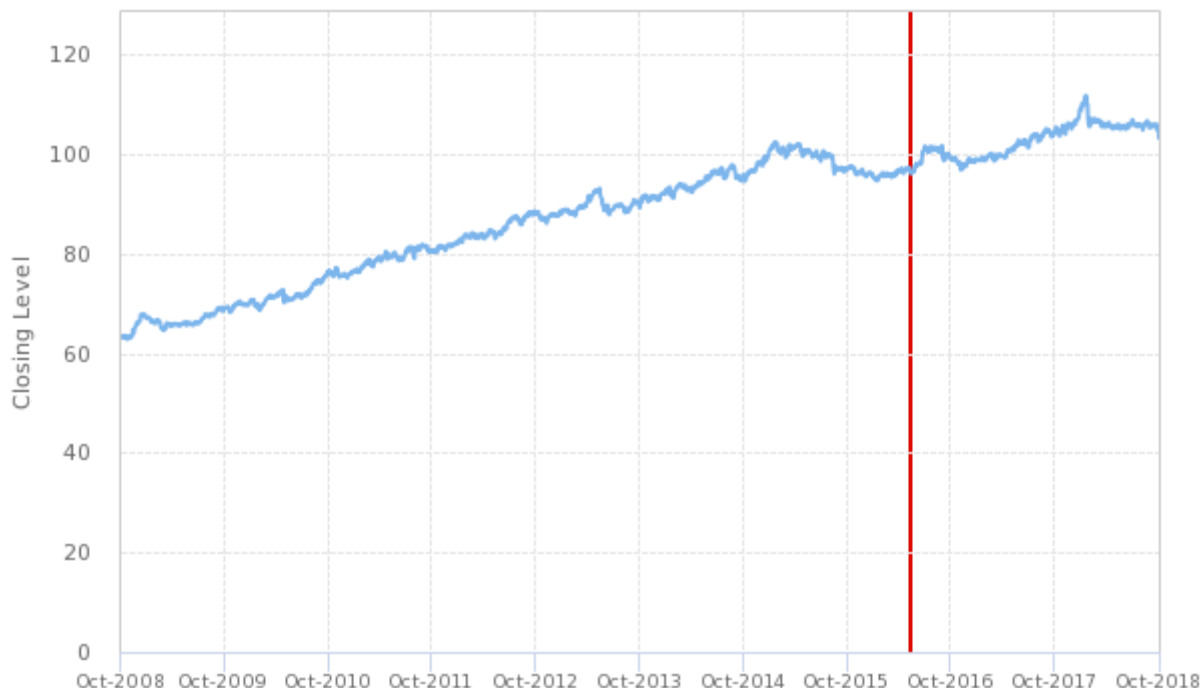
The historical closing levels from May 16, 2016 (the index launch date) to October 19, 2018 were obtained from Bloomberg Financial Services and Solactive AG, without independent verification. (In the graph, historical closing levels can be found to the right of the vertical solid line marker.) **You should not take the historical index performance information as an indication of the future performance of the index.**

The hypothetical performance data from October 19, 2008 to May 15, 2016 is based on the historical levels of the eligible underlying assets using the same methodology that is used to calculate the index. The hypothetical performance data prior to the launch of the index on May 16, 2016 refers to simulated performance data created by applying the

index's calculation methodology to historical levels of the underlying assets that comprise the index. Such simulated performance data has been produced by the retroactive application of a back-tested methodology, and may reflect a bias towards underlying assets or related indices that have performed well in the past. No future performance of the index can be predicted based on the simulated performance described herein. **You should not take the hypothetical performance data as an indication of the future performance of the index.**

While the following graph shows the daily closing levels of the index through October 19, 2018, the eligible underlying asset graphs and notional interest rate graph included under “The Eligible Underlying Assets” and “The Notional Interest Rate”, respectively, show daily historical prices and levels, as applicable, through October 18, 2018.

#### Historical Performance of the GS Momentum Builder® Multi Asset 5S ER Index



### Underlying Asset Weightings

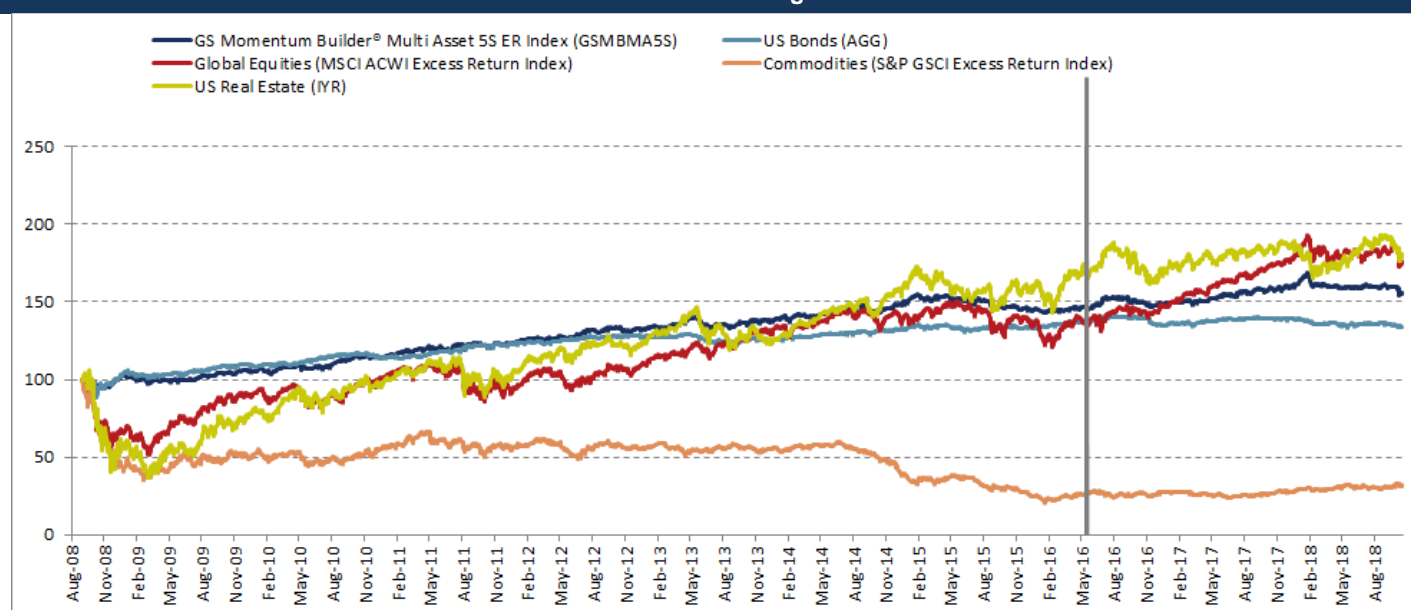
As of October 12, 2018, the following chart sets forth the weighting of each eligible underlying asset and the hypothetical and historical average percentage weightings of the eligible underlying assets, the highest percentage weightings of the eligible underlying assets and the percentage of index business days with positive weightings for the eligible underlying assets from August 29, 2008 to October 12, 2018 (the period for which eligible underlying assets is available). This data reflects the same historical information and hypothetical data as in the previous tables. **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**

Eligible Underlying Asset	Weighting (as of October 12, 2018)*	Average Weighting	Highest Weighting	Percentage of Index Business Days When Underlying Asset is Included as an Index Underlying Asset
SPDR® S&P 500® ETF Trust	18.95%	8.80%	20.00%	89.92%
iShares® MSCI EAFE ETF	1.27%	3.20%	20.01%	51.51%
iShares® MSCI Japan ETF	2.10%	2.26%	10.00%	69.24%
iShares® 20+ Year Treasury Bond ETF	0.38%	8.78%	20.00%	89.53%
iShares® iBoxx \$ Investment Grade Corporate Bond ETF	5.03%	8.88%	20.00%	90.39%
iShares® iBoxx \$ High Yield Corporate Bond ETF	17.05%	7.55%	20.00%	91.68%
iShares® 7-10 Year Treasury Bond ETF	0.45%	9.08%	20.00%	89.21%
iShares® MSCI Emerging Markets ETF	0.00%	2.41%	18.26%	59.40%
iShares® U.S. Real Estate ETF	9.13%	4.76%	18.09%	82.78%
iShares® U.S. Preferred Stock ETF	0.00%	5.14%	10.01%	90.39%
iShares® Nasdaq Biotechnology ETF	4.63%	4.25%	10.02%	92.51%
SPDR® S&P® Oil & Gas Exploration & Production ETF	10.44%	2.49%	17.21%	70.97%
SPDR® Gold Trust	0.00%	4.80%	19.77%	80.97%
iShares® TIPS Bond ETF	0.00%	4.32%	10.00%	90.11%
Money Market Position	30.56%	23.30%	50.00%	98.63%

\*Current weighting information is updated from time to time by Solactive AG, the index calculation agent, at [solactive.com/indexing-en/indices/complex/](http://solactive.com/indexing-en/indices/complex/). We are not incorporating by reference the website or any material it includes in this disclosure statement supplement.

The following chart and table provide a comparison between the index (using historical information and hypothetical data, as explained below) and certain classes of assets (in each case, represented by a benchmark ETF or a benchmark index, which are distinct from the asset classes in which the 15 underlying assets have been categorized for purposes of this index) from August 29, 2008 to October 19, 2018. Benchmark ETF data and benchmark index data is based on the historical levels of the benchmark ETFs and benchmark indices, respectively. The historical index information from May 16, 2016 (the index launch date) to October 19, 2018 reflects the actual performance of the index. (In the chart, this historical index information can be found to the right of the vertical solid line marker.) The hypothetical index data from August 29, 2008 to May 15, 2016 is based on the historical levels of the eligible underlying assets, using the same methodology that is used to calculate the index. Please note that the hypothetical index data is presented from August 29, 2008 to minimize assumptions about the level of the iShares® U.S. Preferred Stock ETF prior to November 29, 2007, which is the first date on which such ETF had a continuously published level. As a result, the following chart and table do not reflect the entirety of the global financial crisis, which had a severe and negative effect on certain of the benchmark ETFs, benchmark indices and eligible underlying assets and would have had a severe and negative effect on the index. Please also note that the benchmark ETFs and benchmark indices that are used to represent asset classes for purposes of the following table and chart may not be eligible underlying assets for purposes of the index and in some cases differ from the eligible underlying assets that are used to represent classes of assets with the same or similar titles for purposes of the index. **You should not take the historical index information, hypothetical index data or historical benchmark ETF and benchmark index data as an indication of the future performance of the index.**

## Performance Since August 2008



As of 10/19/2018	GS Momentum Builder® Multi Asset 5S ER Index (GSMBMA5S)	US Bonds (AGG)	Global Equities (MSCI ACWI Excess Return Index)	Commodities (S&P GSCI Excess Return Index)	US Real Estate (IYR)
Effective Performance (1 Month)	-2.71%	-0.76%	-5.38%	0.73%	-3.43%
Effective Performance (6 Month)	-3.35%	-1.40%	-4.33%	1.44%	5.27%
Annualized* Performance (since August 2008)	4.42%	2.91%	5.62%	-10.85%	6.05%
Annualized* Realized Volatility (since August 2008)**	5.13%	4.92%	16.82%	22.64%	31.33%
Return over Risk (since August 2008)***	0.86	0.59	0.33	-0.48	0.19
Maximum Peak-to-Trough Drawdown****	-8.64%	-12.96%	-48.43%	-78.65%	-65.74%

\* Calculated on a per annum percentage basis.

\*\* Calculated on the same basis as realized volatility used in calculating the index.

\*\*\* Calculated by dividing the annualized performance by the annualized realized volatility since August 29, 2008.

\*\*\*\* The largest percentage decline experienced in the relevant measure from a previously occurring maximum level.

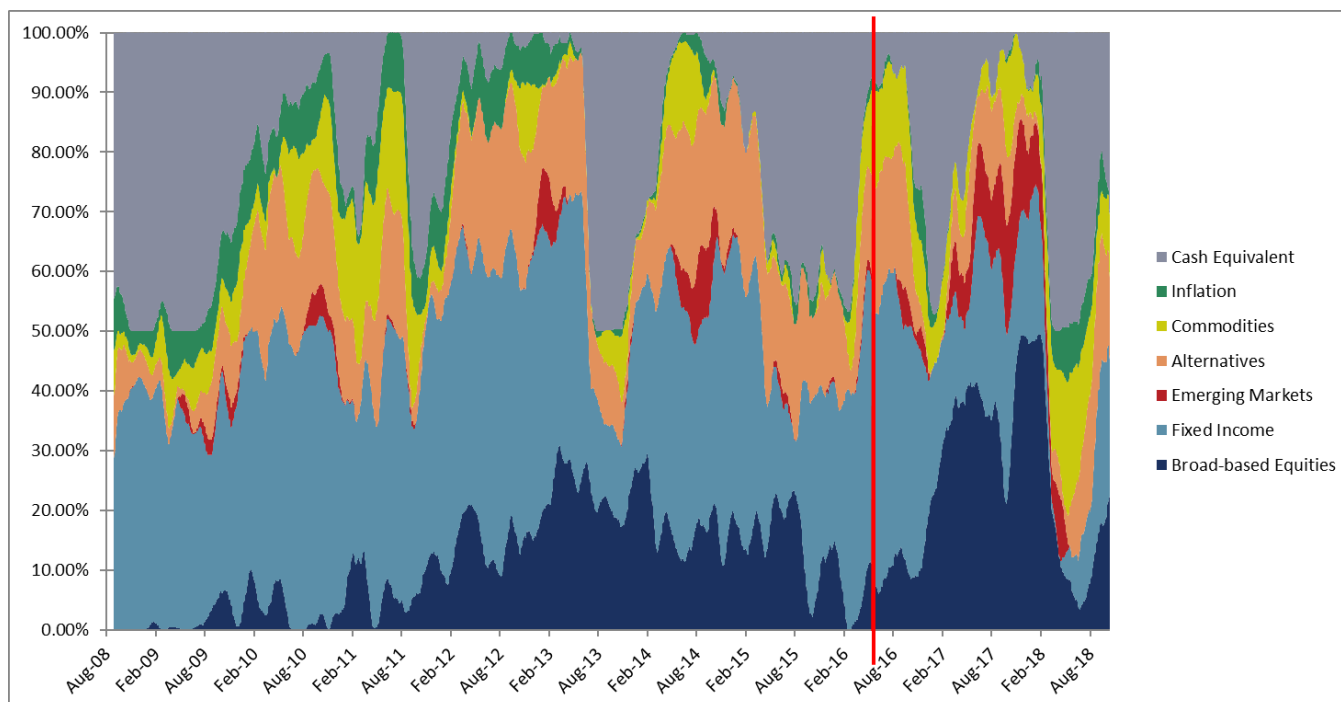
While reviewing the charts and related information that follow, you should consider the following:

- On any given day, we expect that the index will have exposure to only a limited subset of the 15 underlying assets. For example, on the rebalancing conducted on June 14, 2016, only 12 eligible underlying assets (11 of which were ETFs) were selected for the upcoming day. Thus, the index did not target any exposure upon such rebalancing to 3 of the eligible underlying assets.
- The index will not necessarily allocate the maximum weight or any weight to eligible underlying assets with relatively high historical returns on an index business day due to the limitation imposed by the 5% volatility target (which volatility is measured on a basket basis and is not determined based on the realized volatility of each eligible underlying asset standing alone). To illustrate, even an underlying asset with the highest average historical returns over the applicable 22-day weight averaging period may have less than its maximum weight on any index business day due the 5% volatility target limitations.
- Asset class maximum weight limitations may prevent an eligible underlying asset from being allocated its maximum weight in the index despite relatively high historical returns on an index business day. This result could, in part, be due to each of the other assets in that asset class being allocated their respective maximum weights.

- Positive returns during the period used to calculate the historical returns do not ensure that an underlying asset will provide positive returns after a daily rebalancing if selected as an index underlying asset. To illustrate, an underlying asset that had a positive historical return on a base index rebalancing day could have a negative return for the day immediately following such base index rebalancing day.

**You should not take the historical information above as an indication of the future performance of the index.**

The following chart sets forth the daily allocation on each index business day between each asset class from August 29, 2008 to October 12, 2018, using the historical index information and hypothetical index data previously supplied above. (In the chart, this historical information can be found to the right of the vertical solid line marker.) **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**



The following chart sets forth the number of index underlying assets included in the index on each index business day during the period from August 29, 2008 to October 12, 2018 based on the historical index information and hypothetical index data previously supplied above. **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**

Number of Index Underlying Assets	Percent of Days Included
0	0.00%
1	0.00%
2	0.00%
3	0.00%
4	0.00%
5	0.00%
6	0.00%
7	0.00%
8	1.06%
9	2.31%
10	7.18%
11 or more	89.45%

The following chart sets forth the percentage of index business days during the period from August 29, 2008 to October 12, 2018 on which the asset class maximum weight restrictions reduced the weighting of one or more index underlying assets or prevented one or more eligible underlying assets from becoming an index underlying asset due to its affect on some or all of the weight averaging period with respect to the relevant index business day. These percentages are based on the historical index information and hypothetical index data previously supplied above. **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**

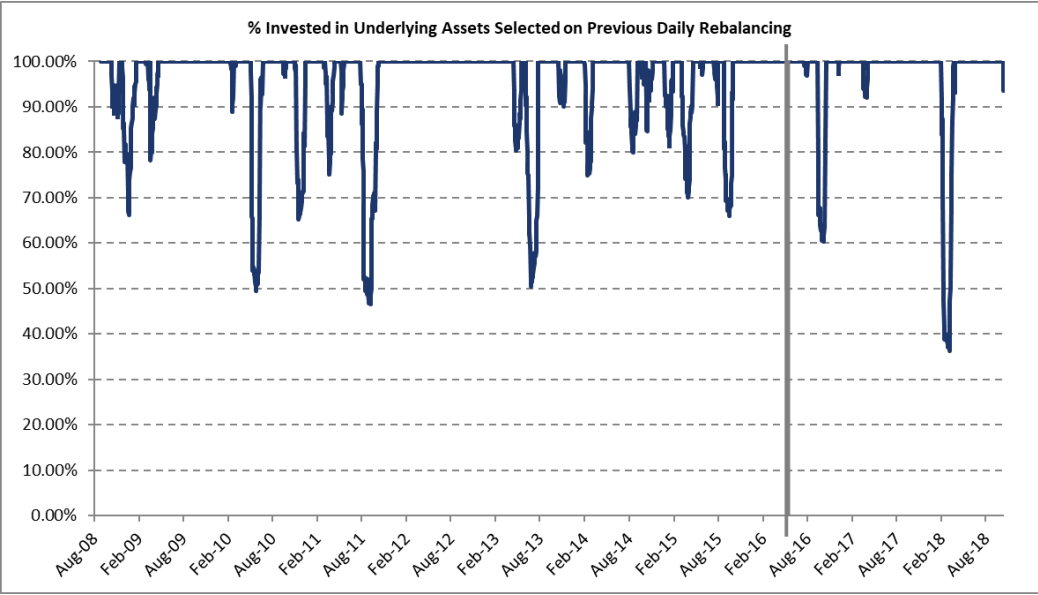
Asset Class	Percent of Index Business Days That Asset Class Maximum Weight Restriction Reduced an Index Underlying Asset Weighting or Prevented an Eligible Underlying Asset From Becoming an Index Underlying Asset Due to its Affect on Some or All of the Weight Averaging Period With Respect to the Relevant Index Business Day
Broad-Based Equities	3.22%
Fixed Income	25.66%
Emerging Markets	0.94%
Alternatives	21.62%
Commodities	0.94%
Inflation	36.60%
Cash Equivalent	20.56%

The following chart sets forth the percentage of index business days during the period from August 29, 2008 to October 12, 2018 on which the underlying asset maximum weight restrictions reduced the weighting of the applicable index underlying assets due to its affect on some or all of the weight averaging period with respect to the relevant index business day. These percentages are based on the historical index information and hypothetical index data previously supplied above. **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**

Eligible Underlying Asset	Percent of Index Business Days That Underlying Asset Maximum Weight Restriction Reduced an Index Underlying Asset Weighting or Prevented an Eligible Underlying Asset From Becoming an Index Underlying Asset Due to its Affect on Some or All of the Weight Averaging Period With Respect to the Relevant Index Business Day
SPDR® S&P 500® ETF Trust	24.44%
iShares® MSCI EAFE ETF	10.75%
iShares® MSCI Japan ETF	9.45%
iShares® 20+ Year Treasury Bond ETF	23.93%
iShares® iBoxx \$ Investment Grade Corporate Bond ETF	23.26%
iShares® iBoxx \$ High Yield Corporate Bond ETF	20.16%
iShares® 7-10 Year Treasury Bond ETF	33.74%
iShares® MSCI Emerging Markets ETF	0.94%
iShares® U.S. Real Estate ETF	0.94%
iShares® U.S. Preferred Stock ETF	47.27%
iShares® Nasdaq Biotechnology ETF	25.46%
SPDR® S&P® Oil & Gas Exploration & Production ETF	0.00%
SPDR® Gold Trust	5.37%
iShares® TIPS Bond ETF	36.60%
Money Market Position	20.56%

The index ratably rebalanced some or all of the exposure to the index ETFs into the money market position on 22.87% of the total return index rebalancing days during the period from August 29, 2008 to October 12, 2018, based on the historical index information and hypothetical index data previously supplied above. Daily total return index rebalancing occurs on some daily base index rebalancing days because daily base index rebalancing is based on realized volatility over the three realized volatility look-back periods (the prior six months, three months and one month for the nine-month, six-month and three-month return look-back periods, respectively) and the daily total return index rebalancing mechanic is based on the realized volatility of the base index for the applicable volatility cap period, which is the prior one month. **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**

The following chart displays the percentage of index exposure to the index underlying assets during the period from August 29, 2008 to October 12, 2018 based on the historical index information and hypothetical index data previously supplied above. (In the chart, this historical information can be found to the right of the vertical solid line marker.) A percentage less than 100% means that a daily total return index rebalancing has occurred, reducing exposure in the existing ETFs and increasing exposure to the money market position. **You should not take the historical information or hypothetical data as an indication of the future performance of the index.**





### **Examples of Index Return Calculations**

The following examples are provided to illustrate how the return on the index is calculated on an index business day given the key assumptions specified below. The examples assume the specified index underlying assets specified below. The return of the index underlying assets will be calculated as the *sum* of the *products*, as calculated for each index underlying asset, of the return for each index underlying asset *multiplied* by its weighting, expressed as a percentage. The examples are based on a range of final levels for the specified index underlying assets that are entirely hypothetical; no one can predict which eligible underlying assets will be chosen as index underlying assets on any day, the weightings of the index underlying assets or what the returns will be for any index underlying assets. The actual performance of the index on any index business day may bear little relation to the hypothetical examples shown below or to the historical index performance information and hypothetical performance data shown elsewhere in this disclosure statement supplement. These examples should not be taken as an indication or prediction of future performance of the index and investment results. The numbers in the examples below have been rounded for ease for analysis.

<b>Key Assumptions</b>	
Index underlying assets during hypothetical period and percentage weighting	EEM 20%
	LQD 5%
	IYR 20%
	PFF 5%
	Money Market Position 50%
Notional interest rate	6% per annum
Neither an index market disruption event nor a non-index business day occurs.	
No change in or affecting any of the index underlying assets, index stocks or the policies of the applicable investment advisor or the method by which the underlying indices are calculated.	
No dividends are paid on any index ETF.	

**Example 1: Each index underlying asset appreciates. The sum of the weighted returns of each index underlying asset is greater than the sum of the notional interest rate plus the accrued portion of the 0.65% per annum for the day. The volatility cap is never breached.**

	Column A	Column B	Column C	Column D	Column E
Index Underlying Asset (Ticker)	Hypothetical Initial Level	Hypothetical Final Level	Return of Index Underlying Asset (Column B / Column A)-1	Weighting	Column C x Column D
EEM	100.000	100.500	0.500%	20.000%	0.100%
LQD	100.000	100.750	0.750%	5.000%	0.038%
IYR	100.000	101.000	1.000%	20.000%	0.200%
PFF	100.000	101.250	1.250%	5.000%	0.063%
Money Market Position	100.000	100.017	0.017%	50.000%	0.008%

Return of Index Underlying Assets: 0.408%

Return of Notional Cash Investment in the Notional Interest Rate: 0.017%

Accrued Portion of the 0.65% Per Annum: 0.002%

Index Return: 0.390%

In this example, the index underlying assets all had positive returns. The return of the index underlying assets prior to adjustment for the notional interest rate and the accrued portion of the 0.65% per annum for the day equals 0.408% for the day and, once the notional interest rate for the day and accrued portion of the 0.65% per annum for the day are subtracted, the return of the index for the day equals 0.390%.

**Example 2: Each index underlying asset appreciates. The sum of the weighted returns of each index underlying asset is less than the sum of the notional interest rate plus the accrued portion of the 0.65% per annum for the day. The volatility cap is never breached.**

	Column A	Column B	Column C	Column D	Column E
Index Underlying Asset (Ticker)	Hypothetical Initial Level	Hypothetical Final Level	Return of Index Underlying Asset (Column B / Column A)-1	Weighting	Column C x Column D
EEM	100.000	100.010	0.010%	20.000%	0.002%
LQD	100.000	100.010	0.010%	5.000%	0.001%
IYR	100.000	100.010	0.010%	20.000%	0.002%
PFF	100.000	100.010	0.010%	5.000%	0.001%
Money Market Position	100.000	100.017	0.017%	50.000%	0.008%

Return of Index Underlying Assets: 0.013%

Return of Notional Cash Investment in the Notional Interest Rate: 0.017%

Accrued Portion of the 0.65% Per Annum: 0.002%

Index Return: -0.005%

In this example, the index underlying assets all had positive returns. The return of the index underlying assets prior to adjustment for the notional interest rate equals 0.013% for the day and, since the sum of the notional interest rate plus the accrued portion of the 0.65% per annum for the day is greater than such return, once the notional interest rate for the day and accrued portion of the 0.65% per annum for the day are subtracted, the return of the index for the day is negative and equals -0.005%.

**Example 3: Each index underlying asset depreciates. The volatility cap is never breached.**

	Column A	Column B	Column C	Column D	Column E
Index Underlying Asset (Ticker)	Hypothetical Initial Level	Hypothetical Final Level	Return of Index Underlying Asset (Column B / Column A)-1	Weighting	Column C x Column D
EEM	100.000	99.500	-0.500%	20.000%	-0.100%
LQD	100.000	99.250	-0.750%	5.000%	-0.038%
IYR	100.000	99.000	-1.000%	20.000%	-0.200%
PFF	100.000	98.750	-1.250%	5.000%	-0.063%
Money Market Position	100.000	100.017	0.017%	50.000%	0.008%

Return of Index Underlying Assets: -0.392%

Return of Notional Cash Investment in the Notional Interest Rate: 0.017%

Accrued Portion of the 0.65% Per Annum: 0.002%

Index Return: -0.410%

In this example, the index underlying assets all had negative returns. The return of the index underlying assets prior to adjustment for the notional interest rate and the accrued portion of the 0.65% per annum for the day equals -0.392% for the day and once the notional interest rate for the day and accrued portion of the 0.65% per annum for the day are subtracted the return of the index for the day is further reduced and equals -0.410%.

**Example 4: The index underlying assets have mixed returns. The volatility cap is never breached.**

	Column A	Column B	Column C	Column D	Column E
Index Underlying Asset (Ticker)	Hypothetical Initial Level	Hypothetical Final Level	Return of Index Underlying Asset (Column B / Column A)-1	Weighting	Column C x Column D
EEM	100.000	100.500	0.500%	20.000%	0.100%
LQD	100.000	100.750	0.750%	5.000%	0.038%
IYR	100.000	99.000	-1.000%	20.000%	-0.200%
PFF	100.000	98.750	-1.250%	5.000%	-0.063%
Money Market Position	100.000	100.017	0.017%	50.000%	0.008%

Return of Index Underlying Assets: -0.117%

Return of Notional Cash Investment in the Notional Interest Rate: 0.017%

Accrued Portion of the 0.65% Per Annum: 0.002%

Index Return: -0.135%

In this example, three of the index underlying assets had a negative return and two had positive returns. The return of the index underlying assets prior to adjustment for the notional interest rate and the accrued portion of the 0.65% per annum for the day equals -0.117% for the day and, once the notional interest rate for the day and accrued portion of the 0.65% per annum for the day are subtracted, the return of the index for the day is further reduced and equals -0.135%.

**Example 5: As a result of daily total return index rebalancing, the index ratably rebalances into the money market position on an index business day.**

		Column A	Column B	Column C	Column D	Column E
	Index Underlying Asset (Ticker)	Hypothetical Initial Level	Hypothetical Final Level	Return of Index Underlying Asset (Column B / Column A)-1	Weighting	Column C x Column D
<b>With Initial Exposure to the Money Market Position (prior to daily total return index rebalancing)</b>	EEM	100.000	100.500	0.500%	20.000%	0.100%
	LQD	100.000	100.750	0.750%	5.000%	0.038%
	IYR	100.000	101.000	1.000%	20.000%	0.200%
	PFF	100.000	101.250	1.250%	5.000%	0.063%
	Money Market Position	100.000	100.017	0.017%	50.000%	0.008%
					Return of Index Underlying Assets:	0.408%
					Return of Notional Cash Investment in the Notional Interest Rate:	0.017%
					Accrued Portion of the 0.65% Per Annum:	0.002%
					Index Return:	0.390%

		Column A	Column B	Column C	Column D	Column E
	Index Underlying Asset (Ticker)	Hypothetical Initial Level	Hypothetical Final Level	Return of Index Underlying Asset (Column B / Column A)-1	Weighting	Column C x Column D
With Additional Exposure to the Money Market Position (after daily total return index rebalancing)	EEM	100.000	100.500	0.500%	16.000%	0.080%
	LQD	100.000	100.750	0.750%	4.000%	0.030%
	IYR	100.000	101.000	1.000%	16.000%	0.160%
	PFF	100.000	101.250	1.250%	4.000%	0.050%
	Money Market Position	100.000	100.017	0.017%	60.000%	0.010%
					Return of Index Underlying Assets:	0.330%
					Return of Notional Cash Investment in the Notional Interest Rate:	0.017%
					Accrued Portion of the 0.65% Per Annum:	0.002%
					Index Return:	0.312%

In this example, in order to highlight the effect of rebalancing into the money market position as a result of daily total return index rebalancing, we have assumed that the realized volatility for the applicable cap period exceeds the volatility cap by 1.5%, thereby reducing the exposure to the base index (and, consequently, each index underlying asset) by 20%. We have shown what the index underlying assets' returns would have been for the index business day both without and with the daily total return index rebalancing. Since the returns on EEM, LQD, IYR and PFF were higher than the money market position, the increased weighting to the money market position for the index business day caused the return of the index to be lower than it would have been without the daily total return index rebalancing feature.

*We cannot predict which eligible underlying assets will be chosen as index underlying assets on any day,*

*the weights of the index underlying assets or what the final levels will be for any index underlying assets or the notional interest rate. The actual amount that you will receive maturity and the rate of return on the offered CDs will depend on the performance of the index which will be determined by the index underlying assets chosen and their weightings.*



## THE ELIGIBLE UNDERLYING ASSETS

The defined terms provided in the description of each eligible underlying asset apply only in the description in which they are used. Unless otherwise indicated, these definitions are not intended to be used in other sections of this disclosure statement supplement.

The eligible underlying asset descriptions below are provided in the following order:

ASSET CLASS	ELIGIBLE UNDERLYING ASSET	TICKER
Broad-Based Equities	SPDR® S&P 500® ETF Trust	SPY
	iShares® MSCI EAFE ETF	EFA
	iShares® MSCI Japan ETF	EWJ
Fixed Income	iShares® 20+ Year Treasury Bond ETF	TLT
	iShares® iBoxx \$ Investment Grade Corporate Bond ETF	LQD
	iShares® iBoxx \$ High Yield Corporate Bond ETF	HYG
	iShares® 7-10 Year Treasury Bond ETF	IEF
Emerging Markets	iShares® MSCI Emerging Markets ETF	EEM
Alternatives	iShares® U.S. Real Estate ETF	IYR
	iShares® U.S. Preferred Stock ETF	PFF
	iShares® Nasdaq Biotechnology ETF	IBB
Commodities	SPDR® S&P® Oil & Gas Exploration & Production ETF	XOP
	SPDR® Gold Trust	GLD
Inflation	iShares® TIPS Bond ETF	TIP
Cash Equivalent	Money Market Position	N/A

### Some Common Concepts

Each of the eligible ETFs may be an exchange-traded fund, a unit investment trust, a commodity pool or another entity. Each description of an eligible ETF provides information about the particular structure (type of entity) of that eligible ETF. Each of the eligible ETFs files information with the SEC. Information provided to or filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at sec.gov. The descriptions below will provide the "CIK number" for each of the eligible ETFs, which is an identifying number that will assist you in finding information about the eligible ETFs filed with the SEC.

Each of the eligible ETFs also has certain concepts in common with most or all of the other eligible ETFs. We have described some of these common concepts below.

#### Investment Objective

The investment objective of most eligible ETFs is to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. That type of eligible ETF, sometimes called a "tracking ETF," uses a passive or indexing approach to try to achieve the ETF's investment objective. The investment advisor to the ETF does not try to beat the index; the ETF tracks and does not seek temporary defensive positions when markets decline or appear overvalued. This means, among other things, that a tracking ETF typically will not sell a particular holding just because it is performing poorly. Instead, the ETF seeks to track the index regardless of whether the index level is increasing or decreasing. The descriptions below will indicate the investment objective of each ETF and will indicate which index a particular ETF tracks if it is a tracking ETF. The description also will state how much of the ETF's assets generally will be invested in the securities in the index and what else the ETF may invest in. The descriptions also will state the strategy the investment advisor uses to track the index.

The eligible ETFs that track an equity index seek to track the performance of the "total return" version of such index. A total return index represents the total return earned in a portfolio that tracks the price return index and reinvests dividend income in the overall index, not in the specific stock paying the dividend. The difference between the price return calculation and the total return calculation of an index is that, with respect to the price return calculation, changes in the index level reflect changes in stock prices, whereas with respect to the total return calculation of the index, changes in the index level reflect both movements in stock prices and the reinvestment of dividend income. In addition, some of the eligible ETFs track an index that is calculated on a net daily total return basis, which tracks the price return index and

reinvests dividend income in the overall index, except that the dividend income is reinvested net of certain withholding taxes. Notwithstanding an eligible ETF's investment objective to track the performance of the total return version of an index, the return on your CDs will not reflect any dividends paid on the ETF shares, on the securities purchased by the ETF or on the securities that comprise the index such as ETF tracks. See "Additional Risk Factors Specific to Your Certificates of Deposit — You Have No Shareholder Rights or Rights to Receive Any Shares or Units of Any Eligible ETF, or Any Assets Held by Any Eligible ETF or the Money Market Position" on page S-21 of this disclosure statement supplement.

#### Tracking Error

In the case of a tracking ETF, as described above, the difference between the performance of the ETF over a period of time and the performance of the index over such period of time is called the "tracking error" over that period of time. This is typically measured as the difference between the ETF's returns and the index returns over the same period of time. This is also sometimes referred to as the "correlation" between the index and the tracking ETF. An index and ETF are perfectly correlated if the correlation is 1.00 (*i.e.*, the tracking error is 0.00%). Tracking errors can result for a variety of reasons, but one of the common reasons is that an index is a theoretical financial calculation of the performance of certain assets, but an eligible ETF holds an actual investment portfolio. The descriptions below will discuss some of the additional reasons for tracking errors in the eligible ETFs. The eligible ETFs provide information about the performance of the index and the performance of the eligible ETF for the same period. In some cases, the eligible ETFs assume reinvestment of share distributions when calculating the performance of the market price of the shares.

#### Creation Units

Prior to trading in the secondary market, shares of an eligible ETF are issued at net asset value to certain institutional investors (typically market makers or other broker-dealers) only in large block-size units, known as creation units. As a practical matter, only institutions, market makers or large investors purchase or redeem creation units. Except when aggregated in creation units (or upon the liquidation of the ETF), shares of an eligible ETF are not redeemable securities. The descriptions below will describe the size of the creation units for each eligible ETF. For most investors, the important thing to know is that redemptions of creation units may cause temporary dislocations in tracking errors for tracking ETFs.

#### Investment Advisor

Each of the eligible ETFs has an investment advisor. Depending on the structure of the eligible ETF, there may be other key roles with respect to that eligible ETF. Those roles and the entities that perform them will be described below.

#### Indicative Values, Net Asset Value and Share Prices

Each of the eligible ETFs calculates a net asset value, or NAV, at the end of each trading day. This value represents the value of the eligible ETF's assets less any applicable fees and expenses. The actual trading price of an eligible ETF's shares or units in the secondary market generally differs (and may deviate significantly during periods of market volatility) from the eligible ETF's daily net asset value. This is because the trading price is affected by market forces such as supply and demand, economic conditions and other factors.

The eligible ETFs are required for regulatory reasons to disseminate an approximate net asset value, often called an "indicative value," every fifteen seconds throughout the trading day. These indicative values are disseminated by information providers or market data vendors. These approximate or indicative values should not be viewed as a "real-time" update of the net asset value of the ETF, because the approximate value may not be calculated in the same manner as the net asset value, which is computed once a day. The approximate value is generally based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. In most cases, the approximate value is not calculated by the eligible ETF and may not be calculated using the same methodology. In any event, for purposes of your CDs and the index, the trading prices of the shares or units of the eligible ETFs included in the calculation of the index will be based on the trading prices alone and not the NAV or these approximate values.

### **SPDR® S&P 500® ETF Trust**

The units of the SPDR® S&P 500®ETF Trust (the “units”) are issued by SPDR® S&P 500® ETF Trust (the “trust”), a unit investment trust that is a registered investment company.

- The trust is like a tracking ETF in that it seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the S&P 500® Index (the “index”).
- The trust does not have an investment advisor. Its investments are adjusted by the trustee.
- Trustee: State Street Global Advisors Trust Company.
- Trust sponsor: PDR Services, LLC.
- The units trade on the NYSE Arca under the ticker symbol “SPY”.
- The trust’s SEC CIK Number is 0000884394.
- The inception date for purposes of the units was January 22, 1993.
- The trust’s units are issued or redeemed only in creation units of 50,000 units.

We obtained the following fee information from the trust’s publicly available information without independent verification. The Trustee is entitled to receive a fee for services performed for the trust corresponding to the net asset value of the trust, at an annual rate of 0.10% per annum for the first \$499,999,999 of assets, 0.08% per annum for assets over \$499,999,999 and up to \$2,499,999,999 and 0.06% per annum for assets of \$2,500,000,000 or more (in each case reduced or increased by an adjustment amount for transaction fees, creation and redemption expenses and interest earned on cash). As of September 30, 2018, the trust’s gross expense ratio is 0.0945% per annum. The trustee has agreed to waive a portion of its fee until February 1, 2018 to the extent operating expenses exceed 0.0945% after earnings credits are applied. After February 1, 2018, the trustee may discontinue this fee waiver.

For additional information regarding SPDR® S&P 500® ETF Trust, please consult the reports (including the Semi-Annual Report to Shareholders on Form N30-D for the period ended March 31, 2018) and other information the trust files with the SEC. Additional information regarding the trust, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the SPDR® S&P 500®ETF Trust website at [spdrs.com/product/fund.seam?ticker=SPY](http://spdrs.com/product/fund.seam?ticker=SPY). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective and Strategy**

The trust seeks investment results that, before expenses, correspond generally to the price and yield performance of the index. The trust strives to achieve its investment objective by holding a portfolio of the common stocks that are included in the index, with the weight of each stock in the trust’s portfolio substantially corresponding to the weight of such stock in the index. Although the trust may fail to own certain securities included in the index at any particular time, the trust generally will be substantially invested in index securities.

To maintain the correspondence between the composition and weightings of the common stocks that are actually held by the trust and the common stocks that are included in the index, the trustee adjusts the trust portfolio from time to time to conform to periodic changes made by the index sponsor to the identity and/or relative weightings of the common stocks that are included in the index. The trustee aggregates certain of these adjustments and makes changes to the trust’s portfolio at least monthly, or more frequently in the case of significant changes to the index. The trust does not hold or trade futures or swaps and is not a commodity pool.

The following table displays the top ten holdings and weightings by industry sector of the trust and index. (Sector designations are determined by the trust sponsor using criteria it has selected or developed. Index and trust sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or trusts with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or trusts.) We obtained the information in the tables below from the trust website without independent verification.

**Top Ten Holdings of Trust and Index as of October 12, 2018**

<u>Trust Issuer</u>	<u>Percentage of Trust (%)</u>	<u>Index Issuer</u>	<u>Percentage of Index (%)</u>
APPLE INC.	4.36%	APPLE INC.	4.36%
MICROSOFT CORPORATION	3.60%	MICROSOFT CORPORATION	3.60%
AMAZON.COM INC.	3.14%	AMAZON.COM INC.	3.14%
BERKSHIRE HATHAWAY INC. CLASS B	1.73%	BERKSHIRE HATHAWAY INC. CLASS B	1.73%
FACEBOOK INC. CLASS A	1.59%	FACEBOOK INC. CLASS A	1.59%
JPMORGAN CHASE & CO.	1.54%	JPMORGAN CHASE & CO.	1.54%
JOHNSON & JOHNSON	1.54%	JOHNSON & JOHNSON	1.54%
EXXON MOBIL CORPORATION	1.48%	EXXON MOBIL CORPORATION	1.48%
ALPHABET INC. CLASS C	1.46%	ALPHABET INC. CLASS C	1.46%
ALPHABET INC. CLASS A	1.43%	ALPHABET INC. CLASS A	1.43%

**Weighting by Sector of Trust and Index as of October 12, 2018\*\***

<u>Sector</u>	<u>Percentage of Trust (%)</u>	<u>Percentage of Index (%)</u>
Information Technology	20.83%	20.83%
Financials	13.44%	13.43%
Health Care	15.14%	15.14%
Consumer Discretionary	10.15%	10.15%
Consumer Staples	6.86%	6.86%
Industrials	9.66%	9.65%
Energy	6.07%	6.07%
Utilities	2.98%	3.00%
Real Estate	2.63%	2.64%
Materials	2.38%	2.39%
Communication Services	9.86%	9.86%

\* Percentages may not sum to 100% due to rounding

‡ The Global Industry Classification Structure, which S&P Dow Jones Indices LLC utilizes to classify the constituents of the index, was updated in September 2018. Please see “ — The S&P 500® Index” below for additional information about these updates.

**Correlation**

Although the trust intends to track the performance of the index as closely as possible, the trust's return may not match or achieve a high degree of correlation with the return of the index due to expenses and transaction costs incurred in adjusting the portfolio. In addition, it is possible that the trust may not always fully replicate the performance of the index due to unavailability of certain index securities in the secondary market or due to other extraordinary circumstances (e.g., if trading in a security has been halted).

For the period ended September 30, 2018, the SPDR® website gave the following performance figures for market price of a unit and the index: unit —1 year on an annualized basis, 17.77%; 3 years on an annualized basis, 17.16%; 5 years on an annualized basis, 13.79%; 10 years on an annualized basis, 11.83%; since inception on an annualized basis, 9.70%; index—1 year on an annualized basis, 17.91%; 3 years on an annualized basis, 17.31%; 5 years on an annualized basis, 13.95%; 10 years on an annualized basis, 11.97%; since inception on an annualized basis, 9.84%.

### **Unit Dividends**

Holders of units receive dividends on the last business day of each April, July, October and January in an amount corresponding to the amount of any cash dividends declared on the common stocks held by the trust, net of the fees and expenses associated with the operation of the trust, and taxes, if applicable. Because of the fees and expenses, the dividend yield for units is ordinarily less than the hypothetical dividend yield of the index. The unit dividends will be reflected in the calculation of the index as described under “—Calculation of the Total Return of the Index” on page S-87 below.

### **The S&P 500® Index**

The index includes a representative sample of 500 companies in leading industries of the U.S. economy. The 500 companies are not the 500 largest companies listed on the NYSE and not all 500 companies are listed on the NYSE. S&P chooses companies for inclusion in the index with an aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the U.S. equity market. Although the index contains 500 constituent companies, at any one time it may contain greater than 500 constituent trading lines since some companies included in the index prior to July 31, 2017 may be represented by multiple share class lines in the index. The index is calculated, maintained and published by S&P Dow Jones Indices LLC (the “S&P”). In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and on the following websites: [us.spindices.com/indices/equity/SP-500](http://us.spindices.com/indices/equity/SP-500) and [spdji.com](http://spdji.com). We are not incorporating by reference the websites, the sources listed above or any material they include in this disclosure statement supplement.

S&P intends for the index to provide a performance benchmark for the large-cap U.S. equity markets. Constituent changes are made on an as-needed basis and there is no schedule for constituent reviews. Constituent changes are generally announced one to five business days prior to the change. Relevant criteria for additions to the index that are employed by S&P include: the company proposed for addition should have an unadjusted company market capitalization of \$6.1 billion or more (for spin-offs, eligibility is determined using when-issued prices, if available); using composite pricing and volume, the ratio of annual dollar value traded in the proposed constituent to float-adjusted market capitalization of that company should be 1.00 or greater and the stock should trade a minimum of 250,000 shares in each of the six months leading up to the evaluation date; the company must be a U.S. company (characterized as a Form 10-K filer whose U.S. portion of fixed assets and revenues constitutes a plurality of the total and with a primary listing of the common stock on the NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX or IEX (each, an “eligible exchange”)); the proposed constituent has a public float of 50% or more of its stock; the inclusion of the company will contribute to sector balance in the index relative to sector balance in the market in the relevant market capitalization range; financial viability (the sum of the most recent four consecutive quarters’ Generally Accepted Accounting Principles (GAAP) earnings (net income excluding discontinued operations) should be positive as should the most recent quarter); and, for IPOs, the company must be traded on an eligible exchange for at least twelve months. In addition, constituents of the S&P MidCap 400® Index and the S&P SmallCap 600® Index can be added to the index without meeting the financial viability, public float and/or liquidity eligibility criteria if the S&P Index Committee decides that such an addition will enhance the representativeness of the index as a market benchmark. Certain types of organizational structures and securities are always excluded, including business development companies (BDCs), limited partnerships, master limited partnerships, limited liability companies (LLCs), OTC bulletin board issues, closed-end funds, ETFs, ETNs, royalty trusts, tracking stocks, preferred stock and convertible preferred stock, unit trusts, equity warrants, convertible bonds, investment trusts, rights and American depositary receipts (ADRs). Stocks are deleted from index when they are involved in mergers, acquisitions or significant restructurings such that they no longer meet the inclusion criteria, and when they substantially violate one or more of the addition criteria. Stocks that are delisted or moved to the pink sheets or the bulletin board are removed, and those that experience a trading halt may be retained or removed in S&P’s discretion. S&P evaluates additions and deletions with a view to maintaining index continuity.

For constituents included in the index prior to July 31, 2017, all publicly listed multiple share class lines are included separately in the index, subject to, in the case of any such share class line, that share class line satisfying the liquidity and float criteria discussed above and subject to certain exceptions. It is possible that one listed share class line of a company may be included in the index while a second listed share class line of the same company is excluded. For

companies that issue a second publicly traded share class to index share class holders, the newly issued share class line is considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis.

As of July 31, 2017, companies with multiple share class lines are no longer eligible for inclusion in the index. Constituents of the index prior to July 31, 2015 with multiple share class lines will be grandfathered in and continue to be included in the index. If an index constituent reorganizes into a multiple share class line structure, that company will be reviewed for continued inclusion in the index at the discretion of the S&P Index Committee.

S&P divides the 500 companies included in the index into eleven Global Industry Classification Sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, Telecommunication Services and Utilities. As of the close of business on September 21, 2018, S&P and MSCI, Inc. updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Industry Classification Sector structure changes are effective for the S&P 500® Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

#### *Calculation of the Total Return of the Index*

The trust tracks the performance of the total return version of the index and the index is calculated using a base-weighted aggregative methodology. The total return calculation begins with the price return of the index. The value of the price return index on any day for which an index value is published is determined by a fraction, the numerator of which is the aggregate of the market price of each stock in the index times the number of shares of such stock included in the index, and the denominator of which is the divisor, which is described more fully below. The “market value” of any underlier stock is the product of the market price per share of that stock times the number of the then-outstanding shares of such underlier stock that are then included in the index.

The index is also sometimes called a “base-weighted aggregative index” because of its use of a divisor. The “divisor” is a value calculated by S&P that is intended to maintain conformity in index values over time and is adjusted for all changes in the underlier stocks’ share capital after the “base date” as described below. The level of the index reflects the total market value of all underlier stocks relative to the index’s base date of 1941-43.

In addition, the index is float-adjusted, meaning that the share counts used in calculating the index reflect only those shares available to investors rather than all of a company’s outstanding shares. S&P seeks to exclude shares held by certain shareholders concerned with the control of a company, a group that generally includes the following: officers and directors and related individuals whose holdings are publicly disclosed, private equity, venture capital, special equity firms, publicly traded companies that hold shares for control in another company, strategic partners, holders of restricted shares, employee stock ownership plans, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (except government retirement or pension funds) and any individual person listed as a 5% or greater shareholder in a company as reported in regulatory filings (collectively, “control holders”). To this end, S&P excludes all share-holdings (other than depository banks, pension funds, mutual funds, exchange traded fund providers, 401(k) plans of the company, government retirement and pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations, savings plans and investment plans) with a position greater than 5% of the outstanding shares of a company from the float-adjusted share count to be used in index calculations.

The exclusion is accomplished by calculating an Investable Weight Factor (“IWF”) for each stock that is part of the numerator of the float-adjusted index fraction described above:

$$\text{IWF} = (\text{available float shares})/(\text{total shares outstanding})$$

where available float shares is defined as total shares outstanding less shares held by control holders. In most cases, an IWF is reported to the nearest one percentage point. For companies with multiple share class lines, a separate IWF is calculated for each share class line.

Once the price return index has been calculated, the total return index is calculated. First, the total daily dividend for each stock in the index is calculated by multiplying the per share dividend by the number of shares included in the index. Then the index dividend is calculated by aggregating the total daily dividends for each of the index stocks (which may be zero for some stocks) and dividing by the divisor for that day. Next the daily total return of the index is calculated as a fraction *minus* 1, the numerator of which is the sum of the index level *plus* the index dividend and the denominator of which is the index level on the previous day. Finally, the total return index for that day is calculated as the *product* of the value of the total return index on the previous day *times* the *sum* of 1 *plus* the index daily total return for that day.

#### *Maintenance of the Index*

In order to keep the index comparable over time S&P engages in an index maintenance process. The maintenance process involves changing the constituents as discussed above, and also involves maintaining quality assurance processes and procedures, adjusting the number of shares used to calculate the index, monitoring and completing the adjustments for company additions and deletions, adjusting for stock splits and stock dividends and adjusting for other corporate actions. In addition to its daily governance of indices and maintenance of the index methodology, at least once within any 12 month period, the S&P Index Committee reviews the index methodology to ensure the index continues to achieve the stated objective, and that the data and methodology remain effective. The S&P Index Committee may at times consult with investors, market participants, security issuers included or potentially included in the index, or investment and financial experts.

#### *Divisor Adjustments*

The two types of adjustments primarily used by S&P are divisor adjustments and adjustments to the number of shares (including float adjustments) used to calculate the index. Set forth below under “*Adjustments for Corporate Actions*” is a table of certain corporate events and their resulting effect on the divisor and the share count. If a corporate event requires an adjustment to the divisor, that event has the effect of altering the market value of the affected underlier stock and consequently of altering the aggregate market value of the underlier stocks following the event. In order that the level of the index not be affected by the altered market value (which could be an increase or decrease) of the affected underlier stock, S&P generally derives a new divisor by dividing the post-event market value of the underlier stocks by the pre-event index value, which has the effect of reducing the index’s post-event value to the pre-event level.

#### *Changes to the Number of Shares of a Constituent*

The index maintenance process also involves tracking the changes in the number of shares included for each of the index companies. The timing of adjustments to the number of shares depends on the type of event causing the change, and whether the change represents 5% or more of the total share count (for companies with multiple share class lines, the 5% threshold is based on each individual share class line rather than total company shares). Changes as a result of mergers or acquisitions are implemented when the transaction occurs. At S&P’s discretion, however, de minimis merger and acquisition changes may be accumulated and implemented with the updates made at the quarterly share updates as described below. Changes in a constituent’s total shares of 5% or more due to public offerings (which must be underwritten, have a publicly available prospectus or prospectus summary filed with the Securities and Exchange Commission and include a public confirmation that the offering has been completed) are implemented as soon as reasonably possible. Other changes of 5% or more are made weekly and are announced on Fridays for implementation after the close of trading on the following Friday. For changes of less than 5%, on the third Friday of the last month in each calendar quarter, S&P updates the share totals of companies in the index as required by any changes in the number of shares outstanding. S&P implements a share / IWF freeze beginning after the market close on the Tuesday preceding the second Friday of each quarterly rebalancing month and ending after the market close on the third Friday of the quarterly rebalancing month. During this frozen period, shares and IWFs are not changed except for certain corporate action events (merger activity, stock splits and rights offerings).

#### *Adjustments for Corporate Actions*

There is a large range of corporate actions that may affect companies included in the index. Certain corporate actions require S&P to recalculate the share count or the float adjustment or to make an adjustment to the divisor to prevent the value of the index from changing as a result of the corporate action. This helps ensure that the movement of the index does not reflect the corporate actions of individual companies in the index.

## Spin-Offs

As a general policy, a spin-off security is added to the index at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spin-off security will remain in the index if it meets all eligibility criteria. If the spin-off security is determined ineligible to remain in the index, it will generally be removed after at least one day of regular way trading (with a divisor adjustment). If there is a gap between the ex-date and distribution date (or payable date), or if the spin-off security does not trade regular way on the ex-date, the spin-off security is kept in the index until the spin-off security begins trading regular way.

<b>Corporate Action</b>	<b>Share Count Revision Required?</b>	<b>Divisor Adjustment Required?</b>
Stock split	Yes – share count is revised to reflect new count.	No – share count and price changes are off-setting
Change in shares outstanding (secondary issuance, share repurchase and/or share buy-back)	Yes – share count is revised to reflect new count.	Yes
Special dividends	No	Yes – calculation assumes that share price drops by the amount of the dividend; divisor adjustment reflects this change in index market value
Change in IWF	No	Yes – divisor change reflects the change in market value caused by the change to an IWF
Company added to or deleted from the S&P 500® Index	No	Yes – divisor is adjusted by the net change in market value, calculated as the shares issued multiplied by the price paid
Rights Offering	No	Yes – divisor adjustment reflects increase in market capitalization (calculation assumes that offering is fully subscribed)

## Recalculation Policy

S&P reserves the right to recalculate and republish the index at its discretion in the event one of the following issues has occurred: (1) incorrect or revised closing price of one or more constituent securities; (2) missed corporate event; (3) incorrect application of corporate action or index methodology; (4) late announcement of a corporate event; or (5) incorrect calculation or data entry error. The decision to recalculate the index is made at the discretion of the index manager and/or index committee, as further discussed below. The potential market impact or disruption resulting from the potential recalculation is considered when making any such decision. In the event of an incorrect closing price, a missed corporate event or a misapplied corporate action, a late announcement of a corporate event, or an incorrect calculation or data entry error that is discovered within two trading days of its occurrence, the index manager may, at his or her discretion, recalculate the index without involving the index committee. In the event any such event is discovered beyond the two trading day period, the index committee shall decide whether the index should be recalculated. In the event of an incorrect application of the methodology that results in the incorrect composition and/or weighting of index constituents, the index committee shall determine whether or not to recalculate the index following specified guidelines. In the event that the index is recalculated, it shall be done within a reasonable timeframe following the detection and review of the issue.



### *Calculations and Pricing Disruptions*

Closing levels for the index are calculated by S&P based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification. Prices used for the calculation of real time index values are based on the "Consolidated Tape". The Consolidated Tape is an aggregation of trades for each constituent over all regional exchanges and trading venues and includes the primary exchange. If there is a failure or interruption on one or more exchanges, real-time calculations will continue as long as the "Consolidated Tape" is operational.

If an interruption is not resolved prior to the market close, official closing prices will be determined by following the hierarchy set out in NYSE Rule 123C. A notice is published on the S&P website at *spdji.com* indicating any changes to the prices used in index calculations. In extreme circumstances, S&P may decide to delay index adjustments or not publish the index. Real-time indices are not restated.

### *Unexpected Exchange Closures*

An unexpected market/exchange closure occurs when a market/exchange fully or partially fails to open or trading is temporarily halted. This can apply to a single exchange or to a market as a whole, when all of the primary exchanges are closed and/or not trading. Unexpected market/exchange closures are usually due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events.

To a large degree, S&P is dependent on the exchanges to provide guidance in the event of an unexpected exchange closure. S&P's decision making is dependent on exchange guidance regarding pricing and mandatory corporate actions.

NYSE Rule 123C provides closing contingency procedures for determining an official closing price for listed securities if the exchange is unable to conduct a closing transaction in one or more securities due to a system or technical issue.

3:00 PM ET is the deadline for an exchange to determine its plan of action regarding an outage scenario. As such, S&P also uses 3:00 PM ET as the cutoff.

If all major exchanges fail to open or unexpectedly halt trading intraday due to unforeseen circumstances, S&P will take the following actions:

#### Market Disruption Prior to Open of Trading:

- (i) If all exchanges indicate that trading will not open for a given day, S&P will treat the day as an unscheduled market holiday. The decision will be communicated to clients as soon as possible through the normal channels. Indices containing multiple markets will be calculated as normal, provided that at least one market is open that day. Indices which only contain closed markets will not be calculated.
- (ii) If exchanges indicate that trading, although delayed, will open for a given day, S&P will begin index calculation when the exchanges open.

#### Market Disruption Intraday:

- (i) If exchanges indicate that trading will not resume for a given day, the index level will be calculated using prices determined by the exchanges based on NYSE Rule 123C. Intraday index values will continue to use the last traded composite price until the primary exchange publishes official closing prices.

### **Historical Closing Prices of the Units**

The closing price of the units has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the units are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the units as an indication of the future performance of the units.** We cannot give you any assurance that the future performance of the units will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates

make any representation to you as to the performance of the units. Before investing in the offered CDs, you should consult publicly available information to determine the relevant units closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the units over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the units from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

#### Historical Performance of SPDR® S&P 500® ETF Trust



“SPDR®” is a registered trademark of Standard & Poor's Financial Services LLC (“S&P”) and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”) and have been licensed for use by S&P Dow Jones Indices LLC. The index is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates make any representation regarding the advisability of investing in the index.

## **iShares® MSCI EAFE ETF**

The shares of the iShares® MSCI EAFE ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the MSCI EAFE Index (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “EFA”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s inception date was August 14, 2001.
- The ETF’s shares are issued or redeemed only in creation units of 600,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is paid a management fee from the ETF based on the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”) as follows: 0.35% per annum of the aggregate net assets of the funds less than or equal to \$30.0 billion, *plus* 0.32% per annum of the aggregate net assets of the funds on amounts in excess of \$30.0 billion, up to and including \$60.0 billion, *plus* 0.28% per annum of the aggregate net assets of the funds on amounts in excess of \$60.0 billion, up to and including \$90.0 billion, *plus* 0.252% per annum of the aggregate net assets of the funds on amounts in excess of \$90.0 billion, up to and including \$120.0 billion, *plus* 0.227% per annum of the aggregate net assets of the funds on amounts in excess of \$120.0 billion, up to and including \$150.0 billion, *plus* 0.204% per annum of the aggregate net assets of the funds on amounts in excess of \$150.00 billion. As of September 30, 2018, the aggregate expense ratio of the ETF was 0.32% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended July 31, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/EFA.htm](http://us.ishares.com/product_info/fund/overview/EFA.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed without the approval of BFA’s shareholders.

The following table displays the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF website without independent verification.

#### **iShares® MSCI EAFE ETF Top Ten Holdings as of October 12, 2018**

<b><u>ETF Stock Issuer</u></b>	<b><u>Percentage (%)</u></b>
NESTLE SA	1.81%
NOVARTIS AG	1.31%
ROCHE HOLDING PAR AG	1.22%
HSBC HOLDINGS PLC	1.21%
ROYAL DUTCH SHELL PLC CLASS A	1.10%
TOTAL SA	1.08%
BP PLC	1.07%
TOYOTA MOTOR CORP	0.98%
ROYAL DUTCH SHELL PLC CLASS B	0.90%

SAP	0.81%
Total	11.49%

**iShares® MSCI EAFE ETF Weighting by Sector as of October 12, 2018\*\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Financials	19.57%
Consumer Discretionary	10.77%
Industrials	14.23%
Consumer Staples	11.12%
Health Care	11.08%
Materials	7.95%
Information Technology	6.03%
Communication	5.42%
Energy	6.18%
Real Estate	3.35%
Utilities	3.28%
Cash and/or Derivatives	1.01%
Total	99.99%

\* Percentages may not sum to 100% due to rounding.

\* The Global Industry Classification Structure, which MSCI utilizes to classify the constituents of the index, was updated in September 2018. Please see “ — The MSCI® EAFE Index” below for additional information about these updates.

**iShares® MSCI EAFE ETF Weighting by Country as of October 12, 2018\***

<b><u>Country</u></b>	<b><u>Percentage (%)</u></b>
Japan	24.69%
United Kingdom	17.22%
France	10.94%
Germany	9.31%
Switzerland	8.16%
Australia	6.69%
Hong Kong	3.45%
Netherlands	3.30%
Spain	2.96%
Sweden	2.65%
Italy	2.25%
Denmark	1.63%
Singapore	1.27%
Belgium	1.02%
Finland	1.02%
Cash and/or Derivatives	1.01%
Other	2.43%
Total	100.00%

\* Percentages may not sum to 100% due to rounding.

**Representative Sampling**

BFA uses a representative sampling indexing strategy to manage the ETF. This strategy involves investing in a representative sample of securities that collectively has an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index.

The ETF generally invests at least 90% of its assets in the securities of the index and in depositary receipts representing securities of the index. The ETF may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, as well as in securities not included in the index, but which BFA believes will help the ETF track the index. Also, the ETF may lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received).

## **Tracking Error**

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities and other instruments held in the ETF's portfolio and those included in the index, pricing differences (including differences between a security's price at the local market close and the ETF's valuation of a security at the time of calculation of the ETF's net asset value), differences in transaction costs, the ETF's holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, tax gains or losses, changes to the index or the costs to the ETF of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 2.34%; 3 years, 8.91%; 5 years, 4.26%; 10 years, 5.02%; since inception, 5.39%; index: 1 year, 2.74%; 3 years, 9.23%; 5 years, 4.42%; 10 years, 5.38%; since ETF inception, 5.46%.

## **Industry Concentration Policy**

The ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated.

## **The MSCI® EAFE Index**

The MSCI EAFE Index (the "index") is a stock index calculated, published and disseminated daily by MSCI Inc. ("MSCI") through numerous data vendors, on the MSCI website and in real time on Bloomberg Financial Markets and Reuters Limited.

The index is a free float-adjusted market capitalization index and is one of the MSCI Global Investable Market Indices (the "MSCI Indices"). The index is considered a "standard" index, which means it consists of all eligible large capitalization and mid-capitalization stocks, as determined by MSCI, in the relevant market. Additional information about the MSCI Indices is available on the following website: [msci.com/index-methodology](http://msci.com/index-methodology). Daily closing price information for the index is available on the following website: [msci.com](http://msci.com). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

The index is intended to provide performance benchmarks for the developed equity markets in Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The constituent stocks of the index are derived from the constituent stocks in the 21 MSCI standard single country indices for the developed market countries listed above. The index is calculated in U.S. dollars on a total return net basis. The index was launched on December 31, 1969 at an initial value of 100.

MSCI divides the companies included in the index into eleven Global Industry Classification Sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, Telecommunication Services and Utilities. As of the close of business on September 21, 2018, MSCI and S&P Dow Jones Indices LLC updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and

online review companies. The Global Classification Sector structure changes will be implemented in the MSCI EAFE Index in connection with the November 2018 semi-annual index review.

### **Construction of the MSCI Indices**

MSCI undertakes an index construction process, which involves: (i) defining the equity universe; (ii) determining the market investable equity universe for each market; (iii) determining market capitalization size segments for each market; (iv) applying index continuity rules for the standard index; (v) creating style segments within each size segment within each market; and (vi) classifying securities under the Global Industry Classification Standard. The index construction methodology differs in some cases depending on whether the relevant market is considered a developed market or an emerging market. All of the MSCI Indices are standard indices, meaning that only securities that would qualify for inclusion in a large cap index or a mid cap index will be included as described below.

#### *Defining the Equity Universe*

*Identifying Eligible Equity Securities:* The equity universe initially looks at securities listed in any of the countries in the MSCI Global Index series, which will be classified as either “developed markets” or “emerging markets”. All listed equity securities, including real estate investment trusts and certain income trusts in Canada are eligible for inclusion in the equity universe. Limited partnerships, limited liability companies and business trusts, which are listed in the U.S. and are not structured to be taxed as limited partnerships, are likewise eligible for inclusion in the equity universe. Conversely, mutual funds, exchange traded funds, equity derivatives and most investment trusts are not eligible for inclusion in the equity universe. Preferred shares that exhibit characteristics of equity securities are eligible. Securities for which the Hong Kong Securities and Futures Commission has issued high shareholding concentration notices are not eligible.

*Country Classification of Eligible Securities:* Each company and its securities (i.e., share classes) are classified in one and only one country, which allows for a distinctive sorting of each company by its respective country.

#### *Determining the Market Investable Equity Universes*

A market investable equity universe for a market is derived by (i) identifying eligible listings for each security in the equity universe; and (ii) applying investability screens to individual companies and securities in the equity universe that are classified in that market. A market is generally equivalent to a single country. The global investable equity universe is the aggregation of all market investable equity universes.

(i) *Identifying Eligible Listings:* A security may have a listing in the country where it is classified (a “local listing”) and/or in a different country (a “foreign listing”). A security may be represented by either a local listing or a foreign listing (including a depositary receipt) in the global investable equity universe. A security may be represented by a foreign listing only if the security is classified in a country that meets the foreign listing materiality requirement (as described below), and the security’s foreign listing is traded on an eligible stock exchange of a developed market country if the security is classified in a developed market country or, if the security is classified in an emerging market country, an eligible stock exchange of a developed market country or an emerging market country.

In order for a country to meet the foreign listing materiality requirement, the following is determined: all securities represented by a foreign listing that would be included in the country’s MSCI Country Investable Market Index if foreign listings were eligible from that country. The aggregate free-float adjusted market capitalization for all such securities should represent at least (i) 5% of the free float-adjusted market capitalization of the relevant MSCI Country Investable Market Index and (ii) 0.05% of the free-float adjusted market capitalization of the MSCI ACWI Investable Market Index. If a country does not meet the foreign listing materiality requirement, then securities in that country may not be represented by a foreign listing in the global investable equity universe.

(ii) *Applying Investability Screens:* The investability screens used to determine the investable equity universe in each market are:

*Equity Universe Minimum Size Requirement:* This investability screen is applied at the company level. In order to be included in a market investable equity universe, a company must have the required minimum full market capitalization. The equity universe minimum size requirement applies to companies in all markets and is derived as follows:

- First, the companies in the developed market equity universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float-adjusted market capitalization of the developed market equity universe is calculated for each company. Each company’s free float-adjusted market capitalization is represented by the aggregation of the free float-adjusted market capitalization of the securities of that company in the equity universe.

- Second, when the cumulative free float-adjusted market capitalization coverage of 99% of the sorted equity universe is achieved, by adding each company's free float-adjusted market capitalization in descending order, the full market capitalization of the company that reaches the 99% threshold defines the equity universe minimum size requirement.
- The rank of this company by descending order of full market capitalization within the developed market equity universe is noted, and will be used in determining the equity universe minimum size requirement at the next rebalance.

As of May 2017, the equity universe minimum size requirement was set at U.S. \$236 million. Companies with a full market capitalization below this level are not included in any market investable equity universe. The equity universe minimum size requirement is reviewed and, if necessary, revised at each semi-annual index review, as described below.

*Equity Universe Minimum Free Float-Adjusted Market Capitalization Requirement:* This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have a free float-adjusted market capitalization equal to or higher than 50% of the equity universe minimum size requirement.

*Minimum Liquidity Requirement:* This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security must have at least one eligible listing that has adequate liquidity as measured by its 12-month and 3-month annualized traded value ratio ("ATVR") and 3-month frequency of trading. The ATVR attempts to mitigate the impact of extreme daily trading volumes and takes into account the free float-adjusted market capitalization of securities. A minimum liquidity level of 20% of the 3-month ATVR and 90% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 20% of the 12-month ATVR, are required for inclusion of a security in a market investable equity universe of a developed market. A minimum liquidity level of 15% of the 3-month ATVR and 80% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 15% of the 12-month ATVR, are required for inclusion of a security in a market investable equity universe of an emerging market.

Only one listing per security may be included in the market investable equity universe. In instances where a security has two or more eligible listings that meet the above liquidity requirements, then the following priority rules are used to determine which listing will be used for potential inclusion of the security in the market investable equity universe:

(1) Local listing (if the security has two or more local listings, then the listing with the highest 3-month ATVR will be used).

(2) Foreign listing in the same geographical region (MSCI classifies markets into three main geographical regions: EMEA, Asia Pacific and Americas. If the security has two or more foreign listings in the same geographical region, then the listing with the highest 3-month ATVR will be used).

(3) Foreign listing in a different geographical region (if the security has two or more foreign listings in a different geographical region, then the listing with the highest 3-month ATVR will be used).

Due to liquidity concerns relating to securities trading at very high stock prices, a security that is currently not a constituent of a MSCI Global Investable Markets Index that is trading at a stock price above U.S. \$10,000 will fail the liquidity screening and will not be included in any market investable equity universe.

*Global Minimum Foreign Inclusion Factor Requirement:* This investability screen is applied at the individual security level. To determine the free float of a security, MSCI considers the proportion of shares of such security available for purchase in the public equity markets by international investors. In practice, limitations on the investment opportunities for international investors include: strategic stakes in a company held by private or public shareholders whose investment objective indicates that the shares held are not likely to be available in the market; limits on the proportion of a security's share capital authorized for purchase by non-domestic investors; or other foreign investment restrictions which materially limit the ability of foreign investors to freely invest in a particular equity market, sector or security.

MSCI will then derive a "foreign inclusion factor" for the company that reflects the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. MSCI will then "float-adjust" the weight of each constituent company in an index by the company's foreign inclusion factor.

Once the free float factor has been determined for a security, the security's total market capitalization is then adjusted by such free float factor, resulting in the free float-adjusted market capitalization figure for the security.

*Minimum Length of Trading Requirement:* This investability screen is applied at the individual security level. For an initial public offering to be eligible for inclusion in a market investable equity universe, the new issue must have started

trading at least three months before the implementation of a semi-annual index review. This requirement is applicable to small new issues in all markets. Large initial public offerings are not subject to the minimum length of trading requirement and may be included in a market investable equity universe and a standard index, such as the MSCI Indices, outside of a quarterly or semi-annual index review.

**Minimum Foreign Room Requirement:** This investability screen is applied at the individual security level. For a security that is subject to a foreign ownership limit to be eligible for inclusion in a market investable equity universe, the proportion of shares still available to foreign investors relative to the maximum allowed (referred to as “foreign room”) must be at least 15%.

#### Defining Market Capitalization Size Segments for Each Market

Once a market investable equity universe is defined, it is segmented into the following size-based indices:

- Investable Market Index (Large Cap + Mid Cap + Small Cap)
- Standard Index (Large Cap + Mid Cap)
- Large Cap Index
- Mid Cap Index
- Small Cap Index

Creating the size segment indices in each market involves the following steps: (i) defining the market coverage target range for each size segment; (ii) determining the global minimum size range for each size segment; (iii) determining the market size-segment cutoffs and associated segment number of companies; (iv) assigning companies to the size segments; and (v) applying final size-segment investability requirements. For developed market indices and emerging market indices, the market coverage for a standard index is 85% and 42.5% respectively. As of April 2017, the global minimum size range for a developed market standard index is a full market capitalization of USD 2.75 billion to USD 6.32 billion, and the global minimum size range for an emerging market standard index is a full market capitalization of USD 1.37 billion to USD 3.16 billion.

#### Index Continuity Rules for Standard Indices

In order to achieve index continuity, as well as provide some basic level of diversification within a market index, notwithstanding the effect of other index construction rules, a minimum number of five constituents will be maintained for a developed market standard index and a minimum number of three constituents will be maintained for an emerging market standard index, and involves the following steps:

- If after the application of the index construction methodology, a developed market standard index contains fewer than five securities or an emerging market standard index contains fewer than three securities, then the largest securities by free float-adjusted market capitalization are added to the index in order to reach the minimum number of required constituents.
- At subsequent index reviews, if the minimum number of securities described above is not met, then after the market investable equity universe is identified, the securities are ranked by free float-adjusted market capitalization, however, in order to increase stability the free float-adjusted market capitalization of the existing index constituents (prior to review) is multiplied by 1.50, and securities are added until the desired minimum number of securities is reached.

#### Creating Style Indices within Each Size Segment

All securities in the investable equity universe are classified into value or growth segments. The classification of a security into the value or growth segment is used by MSCI to construct additional indices.

#### Classifying Securities under the Global Industry Classification Standard

All securities in the global investable equity universe are assigned to the industry that best describes their business activities. The GICS® classification of each security is used by MSCI to construct additional indices.

### **Calculation Methodology for the MSCI Indices**

The performance of each of the MSCI Indices is a free float weighted average of the U.S. dollar values of its component securities.

Prices used to calculate the component securities are the official exchange closing prices or prices accepted as such in the relevant market. In the case of a market closure, or if a security does not trade on a specific day or during a specific period, MSCI carries forward the previous day's price (or latest available closing price). In the event of a market outage resulting in any component security price to be unavailable, MSCI will generally use the last reported price for such component security for the purpose of performance calculation unless MSCI determines that another price is more



appropriate based on the circumstances. Closing prices are converted into U.S. dollars, as applicable, using the closing spot exchange rates calculated by WM/Reuters at 4:00 P.M. London Time.

Companies may be listed simultaneously on more than one stock exchange in Japan. A company may apply for delisting from one stock exchange while remaining listed on other stock exchanges. For such delisting, Japanese stock exchanges generally give notice one month prior to the expected last trading date of the security to be delisted. Should such delisting involve a change in the primary exchange and/or trigger a change in the price source, MSCI will obtain the price of the security from the new primary exchange two weeks after an announcement of delisting from the stock exchange.

#### Net Daily Total Return Methodology

The MSCI Indices are net daily total return indices. A daily total return index measures the market performance, including price performance and income from regular cash distributions, while a net daily total return index measures the price performance and income from dividends, net of certain withholding taxes. MSCI calculates withholding taxes using the highest applicable withholding tax rate applicable to institutional investors. The current withholding tax rate used by MSCI to calculate the MSCI Japan Index is 15.315%. This net income is reinvested in the index and thus makes up part of the total index performance. MSCI's net daily total return methodology reinvests net cash dividends in indices the day the security is quoted ex-dividend, or on the ex-date (converted to U.S. dollars, as applicable). In the case of the MSCI Japan Index, since many Japanese companies declare their dividends after the ex-date but make estimated dividends broadly available before the ex-date, an estimation of the dividend, or else the previous year dividend if no estimation is available, is reinvested on the ex-date. Certain dividends, including special/extraordinary dividends and commemorative dividends, are reinvested in the indices if, a day prior to the ex-date, the dividend impact on price is less than 5%. If the impact is 5% or more, the dividend will be reflected in the indices through a price adjustment. A specific price adjustment is always applied for stock dividends that are issued at no cost to the shareholders, an extraordinary capital repayment or a dividend paid in the shares of another company. Cash payments related to corporate events, such as mergers and acquisitions, are considered on a case-by-case basis.

#### **Maintenance of the MSCI Indices**

In order to maintain the representativeness of the MSCI Indices, structural changes may be made by adding or deleting component securities. Currently, such changes in the MSCI Indices may generally only be made on four dates throughout the year: after the close of the last business day of each February, May, August and November.

Each country index is maintained with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets. In maintaining each component country index, emphasis is also placed on its continuity, continuous investability of constituent and replicability of the index and on index stability and minimizing turnover.

MSCI classifies index maintenance in three broad categories. The first consists of ongoing event related changes, such as mergers and acquisitions, which are generally implemented in the country indices in which they occur. The second category consists of quarterly index reviews, aimed at promptly reflecting other significant market events. The third category consists of semi-annual index reviews that systematically re-assess the various dimensions of the equity universe.

Ongoing event-related changes to the MSCI Indices are the result of mergers, acquisitions, spin-offs, bankruptcies, reorganizations and other similar corporate events. They can also result from capital reorganizations in the form of rights issues, stock bonus issues, public placements and other similar corporate actions that take place on a continuing basis. MSCI will remove from the indices as soon as practicable securities of companies that file for bankruptcy or other protection from their creditors, that are suspended and for which a return to normal business activity and trading is unlikely in the near future; or that fail stock exchange listing requirements with a delisting announcement. Securities may also be considered for early deletion in other significant cases, such as decreases in free float and foreign ownership limits, or when a constituent company acquires or merges with a non-constituent company or spins-off another company. In practice, when a constituent company is involved in a corporate event which results in a significant decrease in the company's free float adjusted market capitalization or the company decreases its foreign inclusion factor to below 0.15, the securities of that constituent company are considered for early deletion from the indices simultaneously with the event unless, in either case, it is a standard index constituent with a minimum free float-adjusted market capitalization is not at least two-thirds of one-half of the standard index interim size segment cut-off. Share conversions may also give rise to an early deletion. All changes resulting from corporate events are announced prior to their implementation, provided all necessary information on the event is available.

MSCI's quarterly index review process is designed to ensure that the country indices continue to be an accurate reflection of evolving equity markets. This goal is achieved by timely reflecting significant market driven changes that were

not captured in each index at the time of their actual occurrence and that should not wait until the semi-annual index review due to their importance. These quarterly index reviews may result in additions and deletions of component securities from a country index (or a security being removed from one country listing and represented by a different country listing) and changes in “foreign inclusion factors” and in number of shares. Additions and deletions to component securities may result from: the addition of large companies that did not meet the minimum size criterion for inclusion at the time of their initial public offering or secondary offering; the replacement of companies which are no longer suitable industry representatives; the deletion of securities whose overall free float has fallen to less than 15% and that do not meet specified criteria; the deletion of securities that have become very small or illiquid; and the addition or deletion of securities as a result of other market events. Significant changes in free float estimates and corresponding changes in the foreign inclusion factor for component securities may result from: block sales, block buys, secondary offerings and transactions made by way of immediate book-building that did not meet the requirements for implementation at the time of such event; corporate events that should have been implemented at the time of such event but could not be reflected immediately due to lack of publicly available details at the time of the event; exercise of IPO over-allotment options which result in an increase in free float; increases in foreign ownership limits; decreases in foreign ownership limits which did not require foreign investors to immediately sell shares in the market; re-estimates of free float figures resulting from the reclassification of shareholders from strategic to non-strategic, and vice versa; the end of lock-up periods or expiration of loyalty incentives for non-strategic shareholders; conversion of a non-index constituent share class or an unlisted line of shares which has an impact on index constituents; and acquisition by shares of non-listed companies or assets. However, no changes in foreign inclusion factors are implemented for any of the above events if the change in free float estimate is less than 1%, except in cases of correction. Small changes in the number of shares resulting from, for example, exercise of options or warrants, conversion of convertible bonds or other instruments, conversion of a non-index constituent share class or an unlisted line of shares which has an impact on index constituents, periodic conversion of a share class into another share class, exercise of over-allotment options, exercise of share buybacks, or the cancellation of shares, are generally updated at the quarterly index review rather than at the time of the event. The results of the quarterly index reviews are announced at least two weeks in advance of their effective implementation dates as of the close of the last business day of February and August. MSCI has noted that consistency is a factor in maintaining each component country index.

MSCI’s semi-annual index review is designed to systematically reassess the component securities of the index. During each semi-annual index review, the universe of component securities is updated and the global minimum size range for the index is recalculated, which is based on the full market capitalization and the cumulative free float-adjusted market capitalization coverage of each security that is eligible to be included in the index. The following index maintenance activities, among others, are undertaken during each semi-annual index review: the list of countries in which securities may be represented by foreign listings is reviewed; the component securities are updated by identifying new equity securities that were not part of the index at the time of the previous quarterly index review; the minimum size requirement for the index is updated and new companies are evaluated relative to the new minimum size requirement; existing component securities that do not meet the minimum liquidity requirements of the index may be removed (or, with respect to any such security that has other listings, a determination is made as to whether any such listing can be used to represent the security in the market investable universe); and changes in “foreign inclusion factors” are implemented (provided the change in free float is greater than 1%, except in cases of correction). During a semi-annual index review, component securities may be added or deleted from a country index for a range of reasons, including the reasons discussed with respect to component securities changes during quarterly index reviews as discussed above. Foreign listings may become eligible to represent securities only from the countries that met the foreign listing materiality requirement during the previous semi-annual index review (this requirement is applied only to countries that do not yet include foreign listed securities). Once a country meets the foreign listing materiality requirement at a given semi-annual index review, foreign listings will remain eligible for such country even if the foreign listing materiality requirements are not met in the future.

The results of the semi-annual index reviews are announced at least two weeks in advance of their effective implementation date as of the close of the last business day of May and November.

Index maintenance also includes monitoring and completing adjustments for share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings or spin-offs.

These guidelines and the policies implementing the guidelines are the responsibility of, and, ultimately, subject to adjustment by, MSCI.

### **Historical Closing Prices of the ETF’s Shares**

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is

not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

#### Historical Performance of iShares® MSCI EAFE ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

## **iShares® MSCI Japan ETF**

The shares of the iShares® MSCI Japan ETF (the “ETF”) are issued by iShares, Inc. (the “company”). The company was organized as a Maryland corporation on September 1, 1994 and is authorized to have multiple series or portfolios, of which the ETF is one.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the MSCI Japan Index (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “EWJ”.
- The company’s SEC CIK Number is 0000930667.
- The ETF’s inception date was March 12, 1996.
- The ETF’s shares are issued or redeemed only in creation units of 150,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is entitled to receive a management fee from the fund corresponding to the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”) as follows: 0.59% per annum of the aggregate net assets of the funds less than or equal to \$7.0 billion, *plus* 0.54% per annum of the aggregate net assets of the funds on amounts in excess of \$7.0 billion, up to and including \$11.0 billion, *plus* 0.49% per annum of the aggregate net assets of the funds on amounts in excess of \$11.0 billion, up to and including \$24.0 billion, *plus* 0.44% per annum of the aggregate net assets of the funds on amounts in excess of \$24.0 billion, up to and including \$48.0 billion, *plus* 0.40% per annum of the aggregate net assets over \$48.0 billion, up to and including \$72.0 billion, *plus* 0.36% per annum of the aggregate net assets over \$72.0 billion, up to and including \$96.0 billion, *plus* 0.32% per annum of the aggregate net assets in excess of \$96.0 billion. As of September 30, 2018, the aggregate expense ratio of the ETF was 0.49% per annum.

For additional information regarding the company or BFA, please consult the reports (including the Semi-Annual Report to Shareholders on Form N-CSRS for the period ended February 28, 2018) and other information the company files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents and the iShares® website at [us.ishares.com/product\\_info/fund/overview/EWJ.htm](http://us.ishares.com/product_info/fund/overview/EWJ.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed without the approval of BFA’s shareholders.

The following table displays the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF website without independent verification.

**iShares® MSCI Japan ETF Top Ten Holdings as of October 12, 2018**

<b><u>ETF Stock Issuer</u></b>	<b><u>Percentage (%)</u></b>
TOYOTA MOTOR CORP	3.94%
SOFTBANK GROUP CORP	2.18%
MITSUBISHI UFJ FINANCIAL GROUP INC	2.13%
SONY CORP	2.08%
SUMITOMO MITSUI FINANCIAL GROUP IN	1.57%
KEYENCE CORP	1.46%
KDDI CORP	1.37%
HONDA MOTOR LTD	1.32%
MIZUHO FINANCIAL GROUP INC	1.23%
MITSUBISHI CORP	1.21%
Total	18.49%

**iShares® MSCI Japan ETF Weighting by Sector as of October 12, 2018\*\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Consumer Discretionary	18.47%
Financials	12.27%
Industrials	20.93%
Information Technology	10.11%
Health Care	8.12%
Consumer Staples	8.19%
Materials	5.88%
Communication	8.00%
Real Estate	3.81%
Utilities	1.88%
Energy	1.36%
Cash and/or Derivatives	0.99%
Total	100.01%

\* Percentages may not sum to 100% due to rounding.

\* The Global Industry Classification Structure, which MSCI utilizes to classify the constituents of the index, was updated in September 2018. Please see “ — The MSCI Japan Index” below for additional information about these updates.

**Representative Sampling**

BFA uses a representative sampling indexing strategy to manage the ETF. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index.

The ETF will at all times invest at least 90% of its assets in the securities of the index and in depositary receipts representing securities of the index. The ETF may invest the remainder of its assets in other securities, including securities not in the index, but which BFA believes will help the ETF track the index. The ETF may also invest its other assets in futures contracts, options on futures contracts, other types of options and swaps related to the index, as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. Also, the ETF may lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received).

## **Tracking Error**

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities and other instruments held in the ETF's portfolio and those included in the index, pricing differences (including differences between a security's price at the local market close and the ETF's valuation of a security at the time of calculation of the ETF's net asset value), differences in transaction costs, the ETF's holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, tax gains or losses, changes to the index or the costs to the ETF of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 9.69%; 3 years, 11.44%; 5 years, 6.30%; 10 years, 5.16%; since inception, 1.10%; index: 1 year, 10.20%; 3 years, 12.13%; 5 years, 6.76%; 10 years, 5.96%; since ETF inception, 1.69%.

## **Industry Concentration Policy**

The ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated.

## **The MSCI Japan Index**

The index is a stock index calculated, published and disseminated daily by MSCI Inc. ("MSCI") through numerous data vendors, on the MSCI website and in real time on Bloomberg Financial Markets and Reuters Limited.

The index is a free float-adjusted market capitalization index and is one of the MSCI Global Investable Market Indices (the "MSCI Indices"). The index is categorized by MSCI as a developed market index and is considered a "standard" index, which means it consists of all eligible large capitalization and mid-capitalization stocks, as determined by MSCI, in the relevant market. Additional information about the MSCI Indices is available on the following website: [msci.com/index-methodology](http://msci.com/index-methodology). Daily closing price information for the index is available on the following website: [msci.com](http://msci.com). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

The index is designed to measure the performance of the large- and mid-capitalization segments of Japan's equity market. The 322 constituent stocks of the index (as of September 28, 2018) are selected from an eligible universe of equity securities listed on national Japanese stock exchanges including the First Section, Second Section and Mothers portion of the Tokyo Stock Exchange, the TSE, JASDAQ and the First Section, Second Section and Centrex portion of the Nagoya Stock Exchange. The index is calculated in U.S. dollars on a total return net basis. The index was launched on December 31, 1969 at an initial value of 100.

MSCI divides the companies included in the index into eleven Global Industry Classification Sectors: Financials, Consumer Discretionary, Industrials, Information Technology, Consumer Staples, Materials, Real Estate, Health Care, Telecommunication Services, Utilities and Energy. As of the close of business on September 21, 2018, MSCI and S&P Dow Jones Indices LLC updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and

online review companies. The Global Classification Sector structure changes will be implemented in the MSCI Japan Index in connection with the November 2018 semi-annual index review.

For additional information about the construction, calculation methodology and maintenance of the index, please see “iShares® MSCI EAFE ETF — Construction of the MSCI Indices”, “iShares® MSCI EAFE ETF — Calculation Methodology for the MSCI Indices” and “iShares® MSCI EAFE ETF — Maintenance of the MSCI Indices”, respectively, on pages S-95, S-97 and S-98 of this disclosure statement supplement, respectively.

### Historical Closing Prices of the ETF’s Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. The daily historical closing prices in the graph below have been adjusted for a 1-for-4 reverse stock split that became effective before the market open on November 7, 2016. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® MSCI Japan ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® 20+ Year Treasury Bond ETF**

The shares of the iShares® 20+ Year Treasury Bond ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it currently tracks is the ICE U.S. Treasury 20+ Year Bond Index (the “index”). Prior to April 1, 2016, the ETF tracked the Barclays U.S. 20+ Year Treasury Bond Index.
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NASDAQ under the ticker symbol “TLT”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s inception date was July 22, 2002.
- The ETF’s shares are issued or redeemed only in creation units of 100,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is paid a management fee from the ETF based on a percentage of the ETF’s average daily net assets, at an annual rate of 0.15%. BFA is responsible for substantially all expenses of the ETF, except interest expenses, taxes, brokerage expenses, future distribution fees or expenses and extraordinary expenses. As of September 30, 2018, the expense ratio of the ETF was 0.15% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended February 28, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/TLT.htm](http://us.ishares.com/product_info/fund/overview/TLT.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

#### **Investment Objective and Strategy**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index that the ETF tracks may be changed without shareholder approval.

BFA uses a representative sampling indexing strategy to attempt to track the performance of the index. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and yield) and liquidity measures similar to those of the index. The ETF may or may not hold all of the securities in the index.

The ETF generally invests at least 90% of its assets in the bonds in the index and at least 95% of its assets in U.S. government bonds. The ETF may invest up to 10% of its assets in U.S. government bonds not included in the index, but which BFA believes will help the ETF track the index. The ETF may also invest up to 5% of its assets in repurchase agreements collateralized by U.S. government obligations and in cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. The ETF may lend securities representing up to one-third of the value of the ETF’s total assets (including the value of the collateral received).



### The ETF's Holdings

The following table displays the top holdings of the ETF. We obtained the information in the tables below from the iShares® website without independent verification.

#### iShares® 20+ Year Treasury Bond ETF Top Ten Holdings as of October 12, 2018\*

<u>U.S. Treasury Bond</u>	<u>Percentage (%)</u>
2.50% due 2/15/2045	9.22%
2.50% due 2/15/2046	7.55%
3.00% due 11/15/2045	6.74%
3.13% due 8/15/2044	6.59%
2.88% due 5/15/2043	6.44%
2.50% due 5/15/2046	5.90%
4.25% due 11/15/2040	4.85%
2.75% due 8/15/2047	4.63%
2.88% due 11/15/2046	4.12%
4.63% due 2/15/2040	3.99%
Total	60.03%

The following table displays additional information about the bonds held by the ETF and the annualized performance difference, in each case as of October 12, 2018\*. We obtained the information in the table below from the iShares® website without independent verification.

Weighted average maturity	25.56 years
Weighted average coupon	3.06%
Effective duration	17.19 years

Weighted average maturity is the length of time until the average security in the ETF will mature or be redeemed by its issuer. Weighted average coupon is the average coupon rate of the underlying bonds in the ETF, weighted by the relative size in the ETF. Effective duration is a measure of the potential responsiveness of a bond or portfolio price to small parallel shifts in interest rates, taking into account the possible changes in expected bond cash flows due to small parallel shifts in interest rates.

As of October 12, 2018\*, the ETF's holdings were comprised of 31 U.S. Treasury bonds (99.92% of holdings) and cash and/or derivatives (0.08% of holdings). Of the ETF's U.S. Treasury bond holdings, all were AAA rated under the S&P major rating category. The S&P major rating categories are derived from the S&P, Moody's and Fitch ratings for a security.

\*Prior to April 1, 2016, the ETF tracked the Barclays U.S. 20+ Year Treasury Bond Index.

### Tracking Error

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities held in the ETF's portfolio and those included in the index, pricing differences, differences in transaction costs, the ETF holding uninvested cash, differences in timing of the accrual of or the valuation of distributions, tax gains or losses, changes to the index or the costs to the ETF of complying with new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, -3.55%; 3 years, 0.76%; 5 years, 4.70%; 10 years, 5.35%; since inception, 6.03%; index: 1 year, -3.49%; 3 years, 0.85%; 5 years, 4.78%; 10 years, 5.46%; since ETF inception, 6.12%. Prior to April 1, 2016, the ETF tracked the Barclays U.S. 20+ Year Treasury Bond Index.

### **The Index**

The index is sponsored by ICE Data Indices, LLC ("IDI"). It is market value weighted and designed to measure the performance of U.S. dollar-denominated, fixed rate treasuries with a minimum term to maturity greater than 20 years.

The ICE Data Indices, LLC Index Governance Committee (the "governance committee") is responsible for governance and oversight of the index along with oversight of the ICE Data Index Services team (the "IDIS"), which has the daily responsibility for the operation of the index. The governance committee will approve any necessary changes to the index methodology, and the IDIS is responsible for implementing the changes and notifying subscribers. Where a change is material, IDI will consult with stakeholders and subscribers in accordance with the IDI consultation process. For other changes, advance notice will be provided, where possible, to allow stakeholders and subscribers appropriate preparation to implement the change.

#### *Eligibility Criteria and Inclusion Rules*

In order to be included in the index, a security must be a U.S. dollar denominated, fixed rate U.S. Treasury issued debt security ("treasury") with a minimum term to maturity greater than 20 years. Inflation-linked securities, floating rate notes, cash management and treasury bills and government agency debt, whether issued with or without a government guarantee, are excluded from the index, as are zero coupon securities. The treasury is required to have a minimum amount outstanding of \$300 million U.S. dollars. Amount outstanding is defined as the par amount outstanding of each treasury, inclusive of any announced auctions or re-openings, less the par amount of that treasury held in the Federal Reserve System Open Market Account ("SOMA") or bought at issuance (including by auction) by the Federal Reserve. Secondary market purchases by the Federal Reserve are reflected in the index in the month following the purchase.

#### *Index Calculation*

Index returns are calculated by aggregating the constituent level returns using market weights. The total market value of the index at any time is the sum of the market value of each constituent plus any intra-month cash from coupon payments or principal repayments and the weight for the constituent. Calculations are performed daily, using bid prices at 3 p.m. Eastern Time.

#### *Index Maintenance*

The index is rebalanced at each month end. The new index for the next month is available three days prior to month end and is intended to reflect the constituent changes from the prior rebalancing date based on index eligibility. Newly issued securities that are issued on or before the month-end rebalancing date that qualify for inclusion in the index will be included in the pro forma index with a price of \$100 until replaced with an evaluated price as soon as available after the auction day.

No adjustments are made for treasuries that become eligible or ineligible intra-month. Any such change will be incorporated in the index at the next month-end rebalancing and made effective from the first day of the following month.

Cash that has accrued intra-month from interest and principal payments earns no reinvestment return during the month. The accumulated intra-month cash is removed from the index at month-end, which implies that it is reinvested pro rata across the entire index.

### **Current Composition of the Index**

As of October 12, 2018, the index's holdings were comprised of 39 U.S. Treasury bonds. The following table displays additional information about the bonds held by the index as of October 12, 2018. We obtained the information in the table below from the ICE website without independent verification.

Weighted average maturity	25.84 years
Weighted average coupon	3.17%

### Historical Closing Prices of the ETF's Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® 20+ Year Treasury Bond ETF



\*Prior to April 1, 2016, the ETF tracked the Barclays U.S. 20+ Year Treasury Bond Index.

### *Hypothetical and Historical Closing Levels of the ICE U.S. Treasury 20+ Year Bond Index*

The closing level of the ICE U.S. Treasury 20+ Year Bond Index has fluctuated in the past and may, in the future, experience significant fluctuations. Any upward or downward trend in the historical or hypothetical closing level of the ICE U.S. Treasury 20+ Year Bond Index during the period shown below is not an indication that the ICE U.S. Treasury 20+ Year Bond Index is more or less likely to increase or decrease at any time during the life of your CDs.

You should not take the historical or hypothetical closing levels of the ICE U.S. Treasury 20+ Year Bond Index as an indication of the future performance of the ICE U.S. Treasury 20+ Year Bond Index or make any assumptions, based on

the ICE U.S. Treasury 20+ Year Bond Index's historical or hypothetical performance, about the performance of the ETF. We cannot give you any assurance that the future performance of the ETF's shares will be consistent with the historical or hypothetical performance of the ICE U.S. Treasury 20+ Year Bond Index.

The graph below shows the closing levels of the ICE U.S. Treasury 20+ Year Bond Index from October 18, 2008 through October 18, 2018 (using hypothetical performance data and historical closing levels). Since the ICE U.S. Treasury 20+ Year Bond Index was launched on December 31, 2015 and has a limited operating history, the graph includes hypothetical performance data for the underlier prior to its launch on December 31, 2015. The hypothetical performance data and historical closing levels were obtained from ICE's website, without independent verification. (In the graph, historical closing levels can be found to the right of the vertical solid line marker.)

#### Historical Performance of ICE U.S. Treasury 20+ Year Bond Index



\*The ETF began tracking the ICE U.S. Treasury 20+ Year Bond Index on April 1, 2016.

“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® iBoxx \$ Investment Grade Corporate Bond ETF**

The shares of the iShares® iBoxx \$ Investment Grade Corporate Bond ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the Markit iBoxx® USD Liquid Investment Grade Index (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “LQD”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s inception date was July 22, 2002.
- The ETF’s shares are issued or redeemed only in creation units of 100,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is paid a management fee from the ETF calculated based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”). The management fee for the ETF equals the ratio of the ETF’s net assets over the aggregate net assets of the ETF *multiplied* by the amount calculated as follows: 0.1500% per annum of the average daily net assets of the combined funds less than or equal to \$121.0 billion; *plus* 0.1425% per annum of the average daily net assets of the combined funds on amounts greater than \$121.0 billion up to and including \$181.0 billion; *plus* 0.1354% of the average daily net assets of the combined funds on amounts greater than \$181.0 billion up to and including \$231.0 billion; *plus* 0.1287% of the average daily net assets of the combined funds on amounts greater than \$231.0 billion up to and including \$281.0 billion; *plus* 0.1222% of the average daily net assets of the combined funds on amounts greater than \$281.0 billion. As of September 30, 2018, the expense ratio of the ETF was 0.15% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended February 28, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/LQD.htm](http://us.ishares.com/product_info/fund/overview/LQD.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective and Strategy**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed without the approval of BFA’s shareholders.

The following table displays the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF website without independent verification.

**iShares® iBoxx \$ Investment Grade Corporate Bond ETF Top Ten Holdings as of October 12, 2018**

<b><u>Corporate Bond Issuer</u></b>	<b><u>Percentage (%)</u></b>
VERIZON COMMUNICATIONS INC 144A	0.56%
ANHEUSER-BUSCH INBEV FINANCE INC	0.45%
ANHEUSER-BUSCH INBEV FINANCE INC	0.43%
GE CAPITAL INTERNATIONAL FUNDING C	0.42%
CVS HEALTH CORP	0.33%
CVS HEALTH CORP	0.32%
GOLDMAN SACHS GROUP INC	0.24%
CVS HEALTH CORP	0.24%
ANHEUSER-BUSCH INBEV FINANCE INC	0.23%
CVS HEALTH CORP	0.23%
Total	3.45%

**iShares® iBoxx \$ Investment Grade Corporate Bond ETF Weighting by Sector as of October 12, 2018\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Banking	27.89%
Consumer Non-Cyclical	18.87%
Communications	11.61%
Energy	9.78%
Technology	9.72%
Consumer Cyclical	7.32%
Capital Goods	3.64%
Basic Industry	1.74%
Insurance	3.98%
Electric	1.98%
Transportation	1.17%
Finance Companies	0.68%
REITs	0.44%
Owned No Guarantee	0.21%
Brokerage/Asset Managers/Exchanges	0.50%
Cash and/or Derivatives	0.10%
Financial Other	0.00%
Natural Gas	0.30%
Utility Other	0.06%
Total	99.99%

\* Percentages may not sum to 100% due to rounding.

The following table displays additional information about the bonds held by the ETF, in each case as of October 12, 2018. We obtained the information in the table below from the iShares® website without independent verification.

Weighted average maturity	12.66 years
Weighted average coupon	4.05%
Effective duration	8.36 years

Weighted average maturity is the length of time until the average security in the ETF will mature or be redeemed by its issuer. Weighted average coupon is the average coupon rate of the underlying bonds in the ETF, weighted by the relative size in the ETF. Effective duration is a measure of the potential responsiveness of a bond or portfolio price to small parallel shifts in interest rates, taking into account possible changes in expected bond cash flows due to small parallel shifts in interest rates.

### **Representative Sampling**

Although the ETF seeks results that correspond generally to the performance of the index, the ETF uses a representative sampling indexing strategy to attempt to track the performance of the index. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index, although the ETF may or may not hold all of the securities in the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and yield) and liquidity measures similar to those of the index.

The ETF generally invests at least 90% of its assets in the component securities of the index and at least 95% of its assets in investment-grade corporate bonds. However, the ETF may at times invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents as well as bonds not included in the index but which BFA believes will help the ETF track the index and which are either: (i) included in the Markit iBoxx USD Index (the broader index upon which the index is based); or (ii) new issues which BFA believes are or about to enter the index or the Markit iBoxx USD Index. The ETF may invest up to 5% of its assets in repurchase agreements collateralized by U.S. government obligations and in cash and cash equivalents, including shares of money market entering funds advised by BFA or its affiliates. The ETF may also lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received).

### **Tracking Error**

The performance of the ETF and of the index may vary due to a variety of factors, including transaction costs, non-U.S. currency valuations, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between the ETF's portfolio and the index resulting from the ETF's use of representative sampling or from legal restrictions (such as diversification requirements) that apply to the ETF but not to the index.

Tracking error may occur because of differences between the securities held in the ETF's portfolio and those included in the index, pricing differences (including, as applicable, differences between a security's price at the local market close and the ETF's valuation of a security at the time of calculation of the ETF's NAV), differences in transaction costs, the ETF holding uninvested cash, differences in timing of the accrual of distributions, changes to the index or the costs to the ETF of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in the index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, -2.00%; 3 years, 3.01%; 5 years, 3.68%; 10 years, 6.84%; since inception, 5.18%; index: 1 year, -1.85%; 3 years, 3.28%; 5 years, 3.89%; 10 years, 6.76%; since ETF inception, 5.44%.

## Industry Concentration Policy

The ETF will concentrate its investments (*i.e.*, hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated in that industry or group of industries. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

## The Index

The index is a bond index calculated, published and disseminated by the index sponsor, Markit Indices Limited ("Markit"). The index is designed to provide a balanced representation of the U.S. dollar denominated liquid investment grade (as determined by Markit) corporate debt market. The index is market-value weighted, with an issuer weight cap of 3%, calculated as of the last business day of each month using the end-of-month closing prices for each bond. The index is calculated as end-of-day and distributed once daily after 4 p.m. EST. The indices are calculated every day except on common U.S. bank holidays. In addition, the indices are calculated with the previous trading day's close on the last calendar day of each month if that day is not a trading day.

As of February 28, 2018, the index included approximately 1,823 bonds chosen according to the index rules described below.

## Selection Criteria of the Index

The bonds in the index must meet all the criteria described below as of the close of business three business days prior to the rebalancing date, and in each case provided that the relevant bond data can be verified, at Markit's sole discretion, as of that cut-off date. The new index composition becomes effective on the first business day of the next month. Additionally, the index rules and their application will be governed by two committees:

- **Technical Committee:** consists of representatives from market makers/banks and meets on a monthly basis in order to provide feedback and information into the monthly rebalancing process and to monitor any market developments.
- **Oversight Committee:** consists of representatives from mostly the buy side and meets in order to discuss the decisions of the Technical Committee, the wider index rules and any market developments which may warrant rule changes.

**Bond Classification:** Bonds must be USD denominated corporate credit (*i.e.*, debt instruments backed by corporate issuers that are not secured by specific assets) with clearance and settlement available through The Depository Trust Company. Bonds must be publicly registered with the U.S. Securities and Exchange Commission or be Rule 144A offerings with registration rights. Debt issued by governments, sovereigns, quasi-sovereigns, and government-backed or guaranteed entities is excluded. The issuer or, in the case of a finance subsidiary, the issuer's guarantor, must be domiciled, incorporated and the country of risk must be in Andorra, Australia, Austria, Belgium, Bermuda, Canada, Cayman Islands, Cyprus, Denmark, Faeroe Islands, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Jersey, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Spain, Sweden, Switzerland, United States or United Kingdom. A new country is added to the index if it is classified as a developed market on the "Markit Global Economic Development Classification." A country is no longer eligible for the index if it is classified as an emerging market based on the "Markit Global Economic Development Classification". The "Markit Global Economic Development Classification" is updated once per year. The results are published at the end of July. The inclusion/exclusion of a country becomes effective at the end of October. Each bond is assigned to one of the following six sectors: Consumer Goods, Consumer Services, Financials, Industrials & Materials, Telecommunication & Technology and Utilities & Energy.

All bonds are classified based on the principal activities of the issuer, the main sources of the cash flows used to pay coupons and redemptions, and a bond's specific collateral type or legal provisions. Markit reviews bond classification regularly and makes necessary changes at the next rebalancing.

**Bond Type:** Only fixed rate bonds whose cash flow can be determined in advance are eligible, including fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer's rating), bonds with sinking funds, amortizing bonds, medium term notes, Rule 144A offerings with a registration right (only 144A bonds with a Regulation S version eligible for the Markit iBoxx® USD Benchmark Index), callable bonds and puttable bonds. Preferred shares, convertible bonds, subordinated bank or insurance debt with mandatory contingent conversion features or with any conversion options before the first call date, bonds with other equity features attached (*e.g.*, options or warrants),



private placements, perpetual bonds, fixed-to-floater bonds, floating rate notes, pay-in kind bonds, zero coupon bonds, bonds with zero step-ups ("GAINS"), bonds with difference between accrual and coupon payment periods, and monthly-paying bonds are excluded. Any bond subject to a firm call or tender offer, with the exception of exchange offers, in the month immediately following the rebalancing date will be excluded, provided that Markit is aware of such tender offer or firm call.

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement will be made at Markit's discretion based on the information available at the time of the determination. In instances where a new bond type is not specifically excluded or included in the index according to the published index rules, Markit will analyze the features of such securities in line with the principles set out in the index rules to make the determination as to whether the bond will be included.

**Credit Rating:** All bonds must have a Markit iBoxx rating of investment grade. Ratings from each of the following three agencies are considered for the calculation of the Markit iBoxx Rating: Fitch Ratings, Moody's Investor Service and S&P Global Ratings. Investment grade is defined as BBB- or above from Fitch or S&P and Baa3 or above from Moody's. If a bond is rated by more than one of the above agencies, then the Markit iBoxx rating is the average of the provided ratings. In the case of an ID change or exchange of a Rule 144A/Regulation S offering into a registered bond, the ratings from the Rule 144A/Regulation S offering are also used for the registered bond.

**Time to Maturity:** At the rebalancing day, all bonds must have an expected remaining life of at least three years, and all newly included bonds must have an expected remaining life of at least three years and six months.

**Amount Outstanding:** The outstanding face value of a bond must be at least \$750 million as of the bond selection cut-off date, after taking into account buybacks or increases. The outstanding face value of all bonds denominated in USD in the broader Markit iBoxx USD Investment Grade Corporate Index (excluding fixed-to-floater and perpetual bonds) from the issuer must be at least \$2 billion as of the bond selection cut-off date.

**Minimum Run:** Any bond that enters the index must remain in the index for a minimum of six months (provided that the bond is not downgraded to sub-investment grade, defaulted or fully redeemed in that period).

**Lockout Period:** A bond that drops out of the index at re-balancing is excluded from re-entering the index for a three-month period.

### **Calculation of the Index**

**Bond Prices:** All iBoxx indices are multi-source priced. Prices for the bonds in the index are sourced from a number of representative sources. Pricing data is produced by experienced pricing analysts using established instrument evaluation models; non-transactional data such as observed bid and ask prices may predominate for a given bond as the data is being scrutinized to reliably represent the interest measured. The pricing service may also decide to rely upon expert judgment in an active albeit low liquidity market or any other circumstances, when observed bid and ask prices or transactions may not be consistently available each day.

**Index Rebalancing:** The index is rebalanced every month on the last business day of the month after the close of business. Any inclusion after the index cut-off day (t-3) will not be considered in the re-balancing process, but will become effective at the end of the following month. New bonds issued are taken into account if they are publicly known to settle through the last calendar day of the month and if their rating and amount outstanding has become known at least three trading days before the end of the month.

Three preview lists of eligible bonds are published on ten (t-10), five (t-5), and three (t-3) trading days before the end of the month. Two business days before the end of each month, the rating and amount information for the constituents is updated and the list is adjusted for all rating and amount changes which are known to have taken place three business days before the end of the month which could also result in exclusion of the bond. The rating and amount changes made two business days before the end of the month will not be considered for inclusion. Two business days before the end of the month the final index membership list for the following month is published at the close of business.

**Index Weights:** The weight for each bond is determined on the last business day of each month using the end-of-month market values and applying an issuer cap of 3%.

**Index Data:** New bonds are included in the index at their respective ask prices when they enter the index family. In the event that no price can be established for a particular bond, the index continues to be calculated based on the last-available price.

*Index Calculation:* The components of the total return are price changes, accrued interest, coupon payments, and reinvestment income on cash flows received during the composition month. Calculations are performed daily, using bid prices at approximately 4 p.m. Eastern Time.

*Treatment of Special Intra-Month Events:* Data for the application of corporate actions in the index may not be fully or timely available at all times. In such cases, Markit will estimate the approximate value based on the available data at the time of calculation.

- **Unscheduled Full Redemption:** If a bond is fully redeemed intra-month, the redeemed bond is treated as cash based on the last consolidated price, the call price or repurchase price, as applicable. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.
- **Bonds Trading Flat of Accrued:** If a bond is identified as trading flat of accrued, the accrued interest of the bonds is set to 0 in the total return index calculation and the bond is excluded from the calculation of all bond and index analytical values.
- **Multi-Coupon Bonds:** For step-up bonds with a pre-defined coupon schedule, such schedule cannot change during the life of the bond and is used for all calculations. For event-driven bonds whose coupon may change upon occurrence (or non-occurrence) of pre-specified events, the coupon schedule as of the calculation date is used.

Additional information about the iBoxx \$ Liquid Investment Grade Index is available at [markit.com/product/IBoxx](http://markit.com/product/IBoxx) and may also be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly available documents. We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

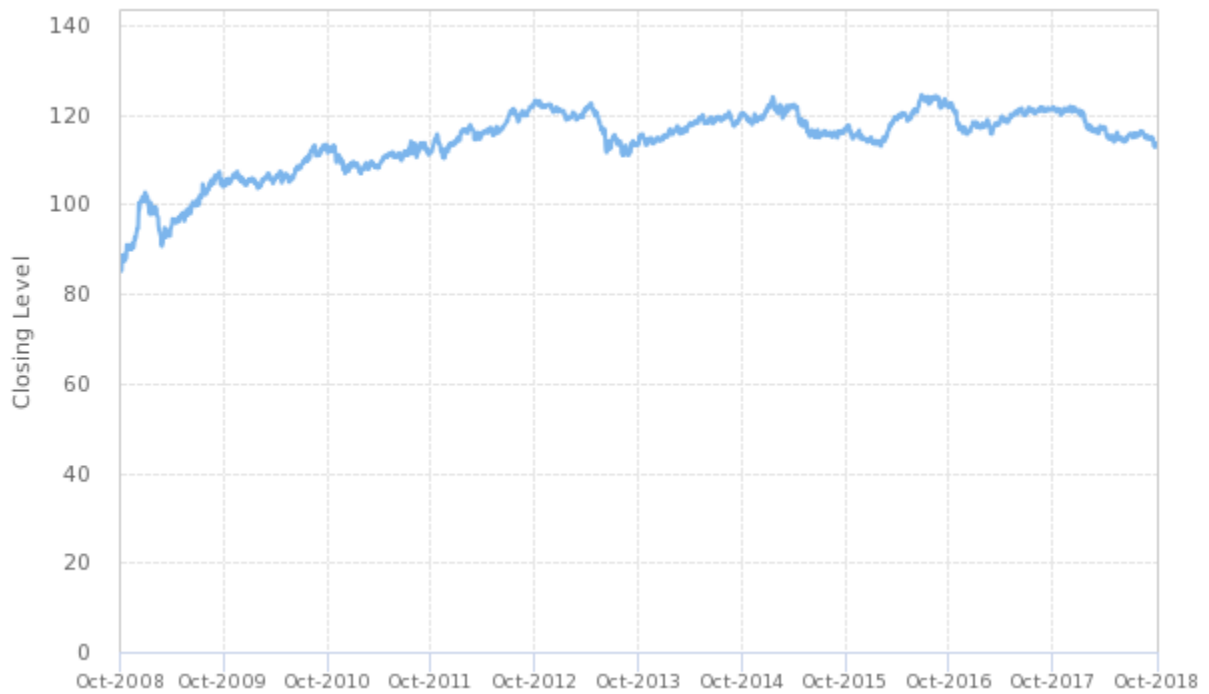
### **Historical Closing Prices of the ETF's Shares**

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® iBoxx \$ Investment Grade Corporate Bond ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® iBoxx \$ High Yield Corporate Bond ETF**

The shares of the iShares® iBoxx \$ High Yield Corporate Bond ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the Markit iBoxx® USD Liquid High Yield Index (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “HYG”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s inception date was April 4, 2007.
- The ETF’s shares are issued or redeemed only in creation units of 100,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is paid a management fee from the ETF corresponding to the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and another specified iShares® fund (the “funds”) as follows: 0.5000% per annum of the average daily net assets of the combined funds less than or equal to \$19.0 billion, *plus* 0.4750% per annum of the average daily net assets of the combined funds on amounts greater than \$19.0 billion up to \$33.0 billion, *plus* 0.4513% per annum of the average daily net assets of the combined funds on amounts greater than \$33.0 billion up to \$47.0 billion, *plus* 0.4287% of the average daily net assets of the combined funds on amounts in excess of \$47.0 billion. As of September 30, 2018, the expense ratio of the ETF was 0.49% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended February 28, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/HYG.htm](http://us.ishares.com/product_info/fund/overview/HYG.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective and Strategy**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed without the approval of BFA’s shareholders. The following table displays the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.). We obtained the information in the tables below from the ETF website without independent verification.

**iShares® iBoxx \$ High Yield Corporate Bond ETF Top Ten Holdings as of October 12, 2018**

<b><u>Corporate Bond Issuer</u></b>	<b><u>Percentage (%)</u></b>
BLK CSH FND TREASURY SL AGENCY	0.71%
ALTICE FRANCE SA (FRANCE) 144A	0.61%
SPRINT CORP	0.53%
FIRST DATA CORPORATION 144A	0.46%
REYNOLDS GROUP ISSUER LLC	0.41%
BAUSCH HEALTH COMPANIES INC 144A	0.38%
CCO HOLDINGS LLC 144A	0.38%
BAUSCH HEALTH COMPANIES INC 144A	0.37%
CHS/COMMUNITY HEALTH SYSTEMS INC	0.36%
TENET HEALTHCARE CORPORATION	0.35%
Total	4.56%

**iShares® iBoxx \$ High Yield Corporate Bond ETF Weighting by Sector  
as of October 12, 2018\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Communications	23.45%
Consumer Non-Cyclical	15.35%
Consumer Cyclical	12.02%
Energy	14.85%
Capital Goods	7.45%
Technology	7.84%
Basic Industry	4.37%
Finance Companies	3.65%
Electric	2.86%
Banking	1.29%
Transportation	1.08%
Cash and/or Derivatives	0.68%
Financial Other	0.93%
Insurance	1.82%
Industrial Other	0.66%
Reits	0.88%
Brokerage/Asset Managers/Exchanges	0.24%
Owned No Guarantee	0.58%
Total	100.00%

\* Percentages may not sum to 100% due to rounding.

The following table displays additional information about the bonds held by the ETF, in each case as of October 12, 2018. We obtained the information in the table below from the iShares® website without independent verification.

Weighted average maturity	4.80 years
Weighted average coupon	6.18%
Effective duration	3.74 years

Weighted average maturity is the length of time until the average security in the ETF will mature or be redeemed by its issuer. Weighted average coupon is the average coupon rate of the underlying bonds in the ETF, weighted by the relative size in the ETF. Effective duration is a measure of the responsiveness of a bond or portfolio price to small parallel shifts in interest rates, taking into account possible changes in expected bond cash flows due to small parallel shifts in interest rates.

### Representative Sampling

Although the ETF seeks results that correspond generally to the performance of the index, the ETF uses a representative sampling indexing strategy to attempt to track the performance of the index. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index, although the ETF may or may not hold all of the securities in the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and yield) and liquidity measures similar to those of the index.

The ETF generally invests at least 90% of its assets in the component securities of the index and may invest up to 10% of its assets in certain futures, options and swaps contracts, cash and cash equivalents, including shares of money market funds affiliated with BFA, as well as in bonds not included in the index, but which BFA believes will help the ETF track the index. From time to time when conditions warrant, however, the ETF may invest at least 80% of its assets in the component securities of the index and may invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of BlackRock Cash Funds as well as securities not included in the index, but which BFA believes will help the ETF track the index. For example, the ETF may invest in securities not included in the index in order to reflect prospective changes in the index. The ETF may also lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received).

### Tracking Error

The performance of the ETF and of the index may vary due to a variety of factors, including transaction costs, non-U.S. currency valuations, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between the ETF's portfolio and the index resulting from the ETF's use of representative sampling or from legal restrictions (such as diversification requirements) that apply to the ETF but not to the index.

Tracking error may occur because of differences between the securities held in the ETF's portfolio and those included in the index, pricing differences (including, as applicable, differences between a security's price at the local market close and the ETF's valuation of a security at the time of calculation of the ETF's NAV), differences in transaction costs, the ETF holding uninvested cash, differences in timing of the accrual of or the valuation of distributions, changes to the index or the costs to the ETF of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. Tracking error risk may be heightened during times of increased market volatility or other unusual market conditions. **BFA expects that the ETF may experience higher tracking error than is typical for similar exchange-traded funds.** BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares represents changes to the mid-point price and accounts for distributions from the ETF. The mid-point is the average of the mid-point of the bid-ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 2.47%; 3 years, 6.75%; 5 years, 4.30%; 10 years, 7.49%; since inception, 5.43%; index: 1 year, 2.94%; 3 years, 7.50%; 5 years, 4.79%; 10 years, 7.95%; since ETF inception, 5.93%.

### Industry Concentration

The ETF will concentrate its investments (*i.e.*, hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated in that industry or group of industries. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

## The Index

The index is a bond index calculated, published and disseminated by the index sponsor, Markit Indices Limited ("Markit"). The index is designed to reflect the performance of U.S. dollar ("USD") denominated high yield (as determined by Markit) corporate debt through a broad coverage of the USD high yield liquid bond universe. The index is market-value weighted, with an issuer weight cap of 3%, calculated as of the last business day of each month using the end-of-month closing prices for each bond. The index is calculated as end-of-day and distributed once daily. The indices are calculated every day except on common U.S. bank holidays. In addition, the indices are calculated with the previous trading day's close on the last calendar day of each month if that day is not a trading day.

As of February 28, 2018, the index included approximately 983 bonds chosen according to the index rules described below.

### Selection Criteria of the Index

The bonds in the index must meet all the criteria described below as of the close of business three business days prior to the rebalancing date provided that the relevant bond data can be verified, at Markit's sole discretion, as of that cut-off date. The new index composition becomes effective on the first business day of the next month. Additionally, the index rules and their application will be governed by two committees:

- **Technical Committee:** consists of representatives from market makers/banks and meets on a monthly basis in order to provide feedback and information into the monthly rebalancing process and to monitor any market developments.
- **Oversight Committee:** consists of representatives from mostly the buy side and meets in order to discuss the decisions of the Technical Committee, the wider index rules and any market developments which may warrant rule changes.

**Bond Classification:** Bonds must be USD denominated corporate credit (*i.e.*, debt instruments backed by corporate issuers that are not secured by specific assets). Debt issued by governments, sovereigns, quasi-sovereigns, and government-backed or guaranteed entities is excluded. As of August 2012, the issuer or, in the case of a finance subsidiary, the issuer's guarantor, must be domiciled, incorporated and the country of risk must be in Andorra, Australia, Austria, Belgium, Bermuda, Canada, Cayman Islands, Cyprus, Denmark, Faeroe Islands, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Jersey, Liechtenstein, Luxembourg, Malta, Monaco, the Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Spain, Sweden, Switzerland, the United States or the United Kingdom. A new country is added to the index if it is classified as a developed market according to "Markit's Global Economic Development Classification." A country is no longer eligible for the index if it is classified as an emerging market based on "Markit's Global Economic Development Classification." The "Markit Global Economic Development Classification" is updated once per year. The results are published at the end of July. The inclusion/exclusion of a country becomes effective at the end of October. Each bond is assigned to one of the following sectors: Oil & Gas, Basic Materials, Industrials, Consumer Goods, Health Care, Consumer Services, Telecommunications, Technology, Utilities, Financials and Technology.

All bonds are classified based on the principal activities of the issuer, the main sources of the cash flows used to pay coupons and redemptions, and a bond's specific collateral type or legal provisions. Markit reviews bond classification regularly and makes necessary changes at the next rebalancing.

**Bond Type:** Only fixed rate bonds whose cash flow can be determined in advance are eligible, including fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer's rating), bonds with sinking funds, amortizing bonds, medium term notes, Rule 144A offerings, callable bonds and putable bonds. Preferred shares, convertible bonds, subordinated bank or insurance debt with mandatory contingent conversion features or with any conversion options before the first call date, bonds with other equity features attached (*e.g.*, options or warrants), private placements, perpetual bonds, floating rate notes, pay-in kind bonds, zero coupon bonds, bonds with zero step-ups ("GAINS"), bonds with difference between accrual and coupon payment periods, monthly-paying bonds and Regulation S offerings are excluded. Any bond subject to a firm call or tender offer, with the exception of exchange offers in the month immediately following the rebalancing date will be excluded, provided that Markit is aware of such tender offer or firm call.

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement will be made at Markit's discretion based on the information available at the time of the determination. In instances where a new bond type is not specifically excluded or included in the index according to the published index rules, Markit will analyze the features of such securities in line with the principles set out in the index rules to make the determination as to whether the bond will be included.

**Credit Rating:** All bonds must have a rating of sub-investment grade. Ratings from each of the following three agencies are considered: Fitch Ratings, Moody's Investor Service and S&P Global Ratings. If more than one agency rates a given bond, those ratings are averaged. Sub-investment grade is defined as BB+ or lower from Fitch or S&P and Ba1 or lower from Moody's, but not in default. Bonds rated D by Fitch or S&P, or that have been subject to a default press release by Moody's are excluded. An included bond subsequently downgraded to D by Fitch or S&P or subject to a default press release by Moody's (as of the bond selection cut-off date) will be excluded on the next rebalancing date. In case of an exchange of a 144A bond into a registered bond, the ratings from the 144A bond are also used for the registered bond. After a bond has migrated into high yield from investment grade status, it must retain that status for three months before it can be included in the index.

**Time to Maturity:** At issuance, all bonds must have an expected remaining life of 15 years or less. At the rebalancing day, all bonds must have an expected remaining life of at least one year and all newly included bonds must have an expected remaining life of at least one year and six months.

**Amount Outstanding:** The outstanding face value of a bond must be at least \$400 million as of the bond selection cut-off date, after taking into account buybacks or increases. The outstanding face value of all non-convertible bonds denominated in USD from the issuer must be at least \$1 billion as of the bond selection cut-off date.

**Minimum Run:** Any bond that enters the index must remain in the index for a minimum of six months (provided that the bond is not upgraded to investment grade, defaulted or fully redeemed in that period).

**Lockout Period:** A bond that drops out of the index at re-balancing is excluded from re-entering the index for a three-month period.

### **Calculation of the Index**

**Bond Prices:** All iBoxx indices are multi-source priced. Prices for the bonds in the index are sourced from a number of representative sources. Pricing data is produced by experienced pricing analysts using established instrument evaluation models; non-transactional data such as observed bid and ask prices may predominate for a given bond as the data is being scrutinized to reliably represent the interest measured. The pricing service may also decide to rely upon expert judgment in an active albeit low liquidity market or any other circumstances, when observed bid and ask prices or transactions may not be consistently available each day.

**Index Rebalancing:** The index is rebalanced every month on the last business day of the month. Any inclusion after the index cut-off day (t-3) will not be considered in the re-balancing process, but will become effective at the end of the following month. New bonds issued are taken into account if they are publicly known to settle through the last calendar day of the month and if their rating and amount outstanding has become known at least three trading days before the end of the month.

Three preview lists of eligible bonds are published on ten (t-10), five (t-5), and three (t-3) trading days before the end of the month. Two business days before the end of each month, the rating and amount information for the constituents is updated and the list is adjusted for all rating and amount changes which are known to have taken place three business days before the end of the month which could also result in exclusion of the bond. The rating and amount changes made two business days before the end of the month will not be considered for inclusion. Two business days before the end of the month the final index membership list for the following month is published at the close of business.

**Index Weights:** The weight for each bond is determined on the last business day of each month using the end-of-month market values and applying an issuer cap of 3%.

**Index Calculation:** The components of the total return are price changes, accrued interest, coupon payments, and reinvestment income on cash flows received during the composition month. The calculation is based on bond pricing provided by independent bond pricing services. The cut-off time for the bond pricing used in the index is 3 p.m. Eastern Time.



*Treatment of Special Intra-Month Events:* Data for the application of corporate actions in the index may not be fully or timely available at all times. In such cases, Markit will estimate the approximate value based on the available data at the time of calculation.

- **Unscheduled Full Redemption:** If a bond is fully redeemed intra-month, the redeemed bond is treated as cash based on the last consolidated price, the call price or repurchase price, as applicable. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.
- **Bonds Trading Flat of Accrued:** If a bond is identified as trading flat of accrued, the accrued interest of the bond is set to 0 in the total return index calculation and is excluded from the calculation of all bond and index analytical values.

Bonds will be considered trading flat of accrued in any of the following situations:

- **Default rating**
- **Issuer has announced a failure to pay a coupon**
- **Issuer has announced an intention not to make a payment on an upcoming coupon (grace period)**
- **Multi-Coupon Bonds:** For step-up bonds with a pre-defined coupon schedule, such schedule cannot change during the life of the bond and is used for all calculations. For event-driven bonds whose coupon may change upon occurrence (or non-occurrence) of pre-specified events, the coupon schedule as of the calculation date is used.

Additional information about the Markit iBoxx \$ Liquid High Yield Index is available at [markit.com/product/IBoxx](http://markit.com/product/IBoxx) and may also be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly available documents. We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

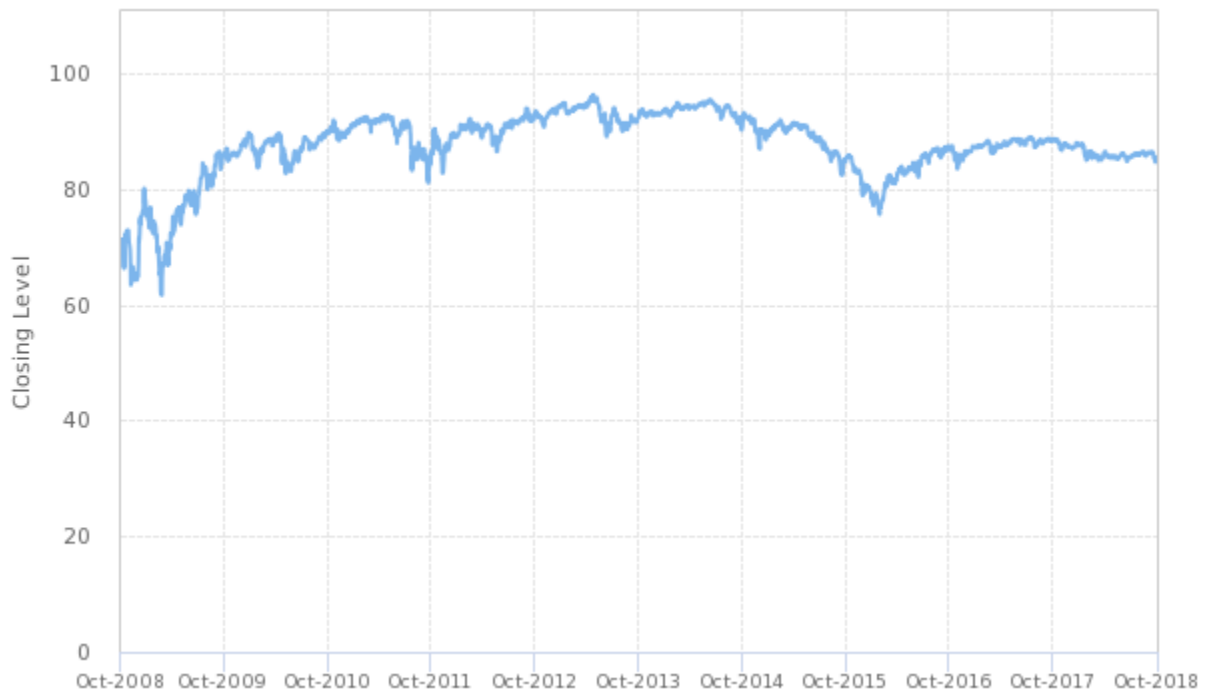
### **Historical Closing Prices of the ETF's Shares**

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® iBoxx \$ High Yield Corporate Bond ETF



"iShares®" is a registered trademark of BlackRock Institutional Trust Company, N.A. ("BITC"). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® 7-10 Year Treasury Bond ETF**

The shares of the iShares® 7-10 Year Treasury Bond ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it currently tracks is the ICE U.S. Treasury 7-10 Year Bond Index (the “index”). Prior to April 1, 2016, the ETF tracked the Barclays U.S. 7-10 Year Treasury Bond Index.
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NASDAQ under the ticker symbol “IEF”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s inception date was July 22, 2002.
- The ETF’s shares are issued or redeemed only in creation units of 100,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is paid a management fee from the ETF based on a percentage of the ETF’s average daily net assets, at an annual rate of 0.15%. BFA is responsible for substantially all expenses of the ETF, except interest expenses, taxes, brokerage expenses, future distribution fees or expenses and extraordinary expenses. As of September 30, 2018, the expense ratio of the ETF was 0.15% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended February 28, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/IEF.htm](http://us.ishares.com/product_info/fund/overview/IEF.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective and Strategy**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index that the ETF tracks may be changed without shareholder approval.

BFA uses a representative sampling indexing strategy to attempt to track the performance of the index. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and yield) and liquidity measures similar to those of the index. The ETF may or may not hold all of the securities in the index.

The ETF generally invests at least 90% of its assets in the bonds in the index and at least 95% of its assets in U.S. government bonds. The ETF may invest up to 10% of its assets in U.S. government bonds not included in the index, but which BFA believes will help the ETF track the index. The ETF may also invest up to 5% of its assets in repurchase agreements collateralized by U.S. government obligations and in cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. The ETF may lend securities representing up to one-third of the value of the ETF’s total assets (including the value of the collateral received).

### The ETF's Holdings

The following table displays the top holdings of the ETF. We obtained the information in the tables below from the iShares® website without independent verification.

#### iShares® 7-10 Year Treasury Bond ETF Top Ten Holdings as of October 12, 2018\*

<u>U.S. Treasury Bond</u>	<u>Percentage (%)</u>
2.38% due 5/15/2027	20.61%
2.25% due 8/15/2027	14.57%
2.25% due 2/15/2027	13.75%
1.63% due 5/15/2026	13.73%
1.63% due 2/15/2026	9.30%
2.00% due 11/15/2026	8.81%
2.75% due 2/15/2028	5.61%
2.88% due 5/15/2028	5.27%
2.25% due 11/15/2027	3.31%
1.50% due 8/15/2026	2.77%
Total	97.73%

The following table displays additional information about the bonds held by the ETF and the annualized performance difference, in each case as of October 12, 2018\*. We obtained the information in the table below from the iShares® website without independent verification.

Weighted average maturity	8.36 years
Weighted average coupon	2.15%
Effective duration	7.48 years

Weighted average maturity is the length of time until the average security in the ETF will mature or be redeemed by its issuer. Weighted average coupon is the average coupon rate of the underlying bonds in the ETF, weighted by the relative size in the ETF. Effective duration is a measure of the potential responsiveness of a bond or portfolio price to small parallel shifts in interest rates, taking into account the possible changes in expected bond cash flows due to small parallel shifts in interest rates.

As of October 12, 2018\*, the ETF's holdings were comprised of 12 U.S. Treasury bonds (99.98% of holdings) and cash and/or derivatives (0.02% of holdings). Of the ETF's U.S. Treasury bond holdings, all were AAA rated under the S&P major rating category. The S&P major rating categories are derived from the S&P, Moody's and Fitch ratings for a security.

\*Prior to April 1, 2016, the ETF tracked the Barclays U.S. 7-10 Year Treasury Bond Index.

### Tracking Error

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities held in the ETF's portfolio and those included in the index, pricing differences, differences in transaction costs, the ETF holding uninvested cash, differences in timing of the accrual of or the valuation of distributions, changes to the index or the costs to the ETF of complying with new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, -3.06%; 3 years, -0.27%; 5 years, 1.75%; 10 years, 3.73%; since inception, 4.37%; index: 1 year, -3.00%;

3 years, -0.19%; 5 years, 1.83%; 10 years, 3.83%; since ETF inception, 4.43%. Prior to April 1, 2016, the ETF tracked the Barclays U.S. 7-10 Year Treasury Bond Index.

### **The Index**

The index is sponsored by ICE Data Indices, LLC (“IDI”). It is market value weighted and designed to measure the performance of U.S. dollar-denominated, fixed rate treasuries with a minimum term to maturity greater than seven years and less than or equal to ten years.

The ICE Data Indices, LLC Index Governance Committee (the “governance committee”) is responsible for governance and oversight of the index along with oversight of the ICE Data Index Services team (the “IDIS”), which has the daily responsibility for the operation of the index. The governance committee will approve any necessary changes to the index methodology, and the IDIS is responsible for implementing the changes and notifying subscribers. Where a change is material, IDI will consult with stakeholders and subscribers in accordance with the IDI consultation process. For other changes, advance notice will be provided, where possible, to allow stakeholders and subscribers appropriate preparation to implement the change.

#### *Eligibility Criteria and Inclusion Rules*

In order to be included in the index, a security must be a U.S. dollar denominated, fixed rate U.S. Treasury issued debt security (“treasury”) with a minimum term to maturity greater than seven years and less than or equal to ten years. Inflation-linked securities, floating rate notes, cash management and treasury bills and government agency debt, whether issued with or without a government guarantee, are excluded from the index, as are zero coupon securities. The treasury is required to have a minimum amount outstanding of \$300 million U.S. dollars. Amount outstanding is defined as the par amount outstanding of each treasury, inclusive of any announced auctions or re-openings, less the par amount of that treasury held in the Federal Reserve System Open Market Account (“SOMA”) or bought at issuance (including by auction) by the Federal Reserve. Secondary market purchases by the Federal Reserve are reflected in the index in the month following the purchase.

#### *Index Calculation*

Index returns are calculated by aggregating the constituent level returns using market weights. The total market value of the index at any time is the sum of the market value of each constituent plus any intra-month cash from coupon payments or principal repayments. Calculations are performed daily, using bid prices at 3 p.m. Eastern Time.

#### *Index Maintenance*

The index is rebalanced on the last business day (a day that SIFMA declares the U.S. fixed income markets open) of each month. The index composition for the next month is published three business days before the end of the prior month, which will include all eligible treasuries, including any new auctions or re-openings which are announced on or before the third business day before the prior month end. Newly issued securities that are issued on or before the month-end rebalancing date that qualify for inclusion in the index will be included in the pro forma index with a price of \$100 until replaced with an evaluated price as soon as available after the auction day.

No adjustments are made for treasuries that become eligible or ineligible intra-month. Any such change will be incorporated in the index at the next month-end rebalancing and made effective from the first day of the following month.

Cash that has accrued intra-month from interest and principal payments earns no reinvestment return during the month. The accumulated intra-month cash is removed from the index at month-end, which implies that it is reinvested pro rata across the entire index.

### **Current Composition of the Index**

As of October 12, 2018, the index’s holdings were comprised of 19 U.S. Treasury bonds. The following table displays additional information about the bonds held by the index as of October 12, 2018. We obtained the information in the table below from the ICE website without independent verification.

Weighted average maturity	8.47 years
Weighted average coupon	2.41%

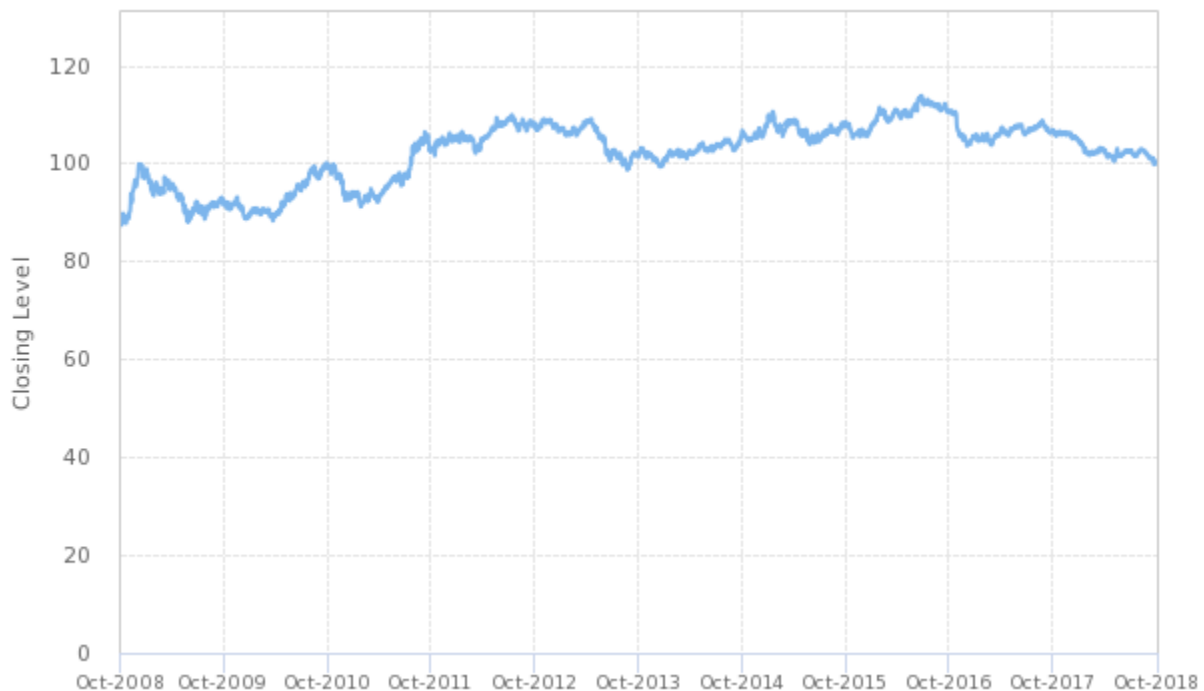
### Historical Closing Prices of the ETF's Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® 7-10 Year Treasury Bond ETF



\* Prior to April 1, 2016, the ETF tracked the Barclays U.S. 7-10 Year Treasury Bond Index.

### *Hypothetical and Historical Closing Levels of the ICE U.S. Treasury 7-10 Year Bond Index*

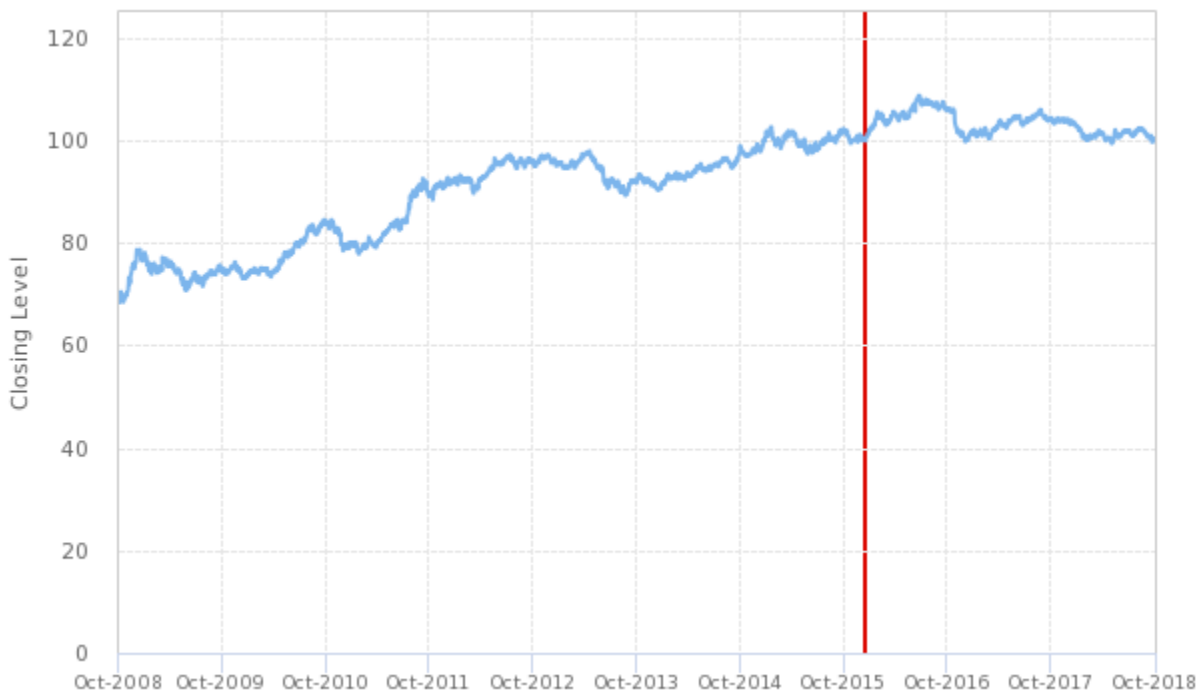
The closing level of the ICE U.S. Treasury 7-10 Year Bond Index has fluctuated in the past and may, in the future, experience significant fluctuations. Any upward or downward trend in the historical or hypothetical closing level of the ICE U.S. Treasury 7-10 Year Bond Index during the period shown below is not an indication that the ICE U.S. Treasury 7-10 Year Bond Index is more or less likely to increase or decrease at any time during the life of your CDs.

You should not take the historical or hypothetical closing levels of the ICE U.S. Treasury 7-10 Year Bond Index as an indication of the future performance of the ICE U.S. Treasury 7-10 Year Bond Index or make any assumptions, based on

the ICE U.S. Treasury 7-10 Year Bond Index's historical or hypothetical performance, about the performance of the ETF. We cannot give you any assurance that the future performance of the ETF's shares will be consistent with the historical or hypothetical performance of ICE U.S. Treasury 7-10 Year Bond Index.

The graph below shows the closing levels of the ICE U.S. Treasury 7-10 Year Bond Index from October 18, 2008 through October 18, 2018 (using hypothetical performance data and historical closing levels). Since the ICE U.S. Treasury 7-10 Year Bond Index was launched on December 31, 2015 and has a limited operating history, the graph includes hypothetical performance data for the underlier prior to its launch on December 31, 2015. The hypothetical performance data and historical closing levels were obtained from ICE's website, without independent verification. (In the graph, historical closing levels can be found to the right of the vertical solid line marker.)

#### Historical Performance of ICE U.S. Treasury 7-10 Year Bond Index



\*The ETF began tracking the ICE U.S. Treasury 7-10 Year Bond Index on April 1, 2016.

"iShares®" is a registered trademark of BlackRock Institutional Trust Company, N.A. ("BITC"). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® MSCI Emerging Markets ETF**

The shares of the iShares® MSCI Emerging Markets ETF (the “ETF”) are issued by iShares, Inc. (the “company”). The Company was organized as a Maryland corporation on September 1, 1994 and is authorized to have multiple series or portfolios, of which the ETF is one. On July 1, 2013, the iShares® MSCI Emerging Markets Index Fund changed its name to the iShares® MSCI Emerging Markets ETF.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the MSCI Emerging Markets Index (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “EEM”.
- The company’s SEC CIK Number is 0000930667.
- The ETF’s inception date was April 7, 2003.
- The ETF’s shares are issued or redeemed only in creation units of 450,000 shares or multiples thereof.

The index was launched on December 31, 1987 with an initial level of 100.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is entitled to receive a management fee from the ETF based on the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”) as follows: 0.75% per annum of the aggregate net assets of the funds less than or equal to U.S. \$14.0 billion, *plus* 0.68% per annum of the aggregate net assets of the funds on amounts in excess of U.S. \$14.0 billion up to and including U.S. \$28.0 billion, *plus* 0.61% per annum of the aggregate net assets of the funds on amounts in excess of U.S. \$28.0 billion up to and including U.S. \$42.0 billion, *plus* 0.54% per annum of the aggregate net assets of the funds on amounts in excess of U.S. \$42.0 billion up to and including U.S. \$56.0 billion, *plus* 0.47% per annum of the aggregate net assets of the funds on amounts in excess of U.S. \$56.0 billion up to and including U.S. \$70.0 billion, *plus* 0.41% per annum of the aggregate net assets of the funds on amounts in excess of U.S. \$70.0 billion up to and including U.S. \$84.0 billion, *plus* 0.35% per annum of the aggregate net assets of the funds in excess of U.S. \$84.0 billion. As of September 30, 2018, the aggregate expense ratio of the ETF was 0.69% per annum.

The investment advisory agreement of the ETF provides that BFA will pay all operating expenses of the ETF, except interest expenses, taxes, brokerage expenses, future distribution fees or expenses, and extraordinary expenses. The ETF may also pay “Acquired Fund Fees and Expenses”. Acquired Fund Fees and Expenses reflect the ETF’s pro rata share of the fees and expenses incurred by investing in other investment companies.

For additional information regarding the company or BFA, please consult the reports (including the Semi-Annual Report to Shareholders on Form N-CSRS for the period ended February 28, 2018) and other information the company files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents and the iShares® website at [us.ishares.com/product\\_info/fund/overview/EEM.htm](http://us.ishares.com/product_info/fund/overview/EEM.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective**

The ETF seeks to track the investment results, before fees and expenses, of the index. The ETF’s investment objective may be changed without shareholder approval.

The following tables display the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. ETF advisors and index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between ETFs or indices with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF website without independent verification.



**iShares® MSCI Emerging Markets ETF Top Ten Holdings as of October 12, 2018**

<b><u>ETF Stock Issuer</u></b>	<b><u>Percentage (%)</u></b>
TENCENT HOLDINGS LTD	4.31%
TAIWAN SEMICONDUCTOR MANUFACTURING	3.89%
SAMSUNG ELECTRONICS LTD	3.85%
ALIBABA GROUP HOLDING ADR REPRESENTATIVE	3.50%
NASPERS LTD	1.81%
CHINA CONSTRUCTION BANK CORP H	1.56%
CHINA MOBILE LTD	1.26%
BAIDU ADR REPTG INC CLASS A	1.17%
PING AN INSURANCE (GROUP) CO OF CH	1.00%
CIA VALE DO RIO DOCE SH	0.97%
Total	23.32%

**iShares® MSCI Emerging Markets ETF Weighting by Sector as of October 12, 2018\*\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Financials	23.77%
Information Technology	15.23%
Consumer Discretionary	10.25%
Consumer Staples	6.56%
Energy	8.46%
Industrials	5.41%
Communication	13.96%
Materials	7.87%
Utilities	2.49%
Real Estate	2.74%
Health Care	2.97%
Cash and/or Derivatives	0.30%
Other	0.00%
Total	100.01%

\* Percentages may not sum to 100% due to rounding.

† The Global Industry Classification Structure, which MSCI utilizes to classify the constituents of the index, was updated in September 2018. Please see “ — The MSCI® Emerging Markets Index” below for additional information about these updates.

### **iShares® MSCI Emerging Markets ETF Weighting by Country as of October 12, 2018\***

<b><u>Country</u></b>	<b><u>Percentage (%)</u></b>
China	30.16%
Korea (South)	14.47%
Taiwan	11.83%
India	8.49%
Brazil	7.26%
South Africa	6.09%
Russian Federation	3.77%
Mexico	3.20%
Thailand	2.51%
Malaysia	2.47%
Indonesia	1.93%
Poland	1.23%
Chile	1.11%
Qatar	1.01%
Cash and/or Derivatives	0.30%
Other	4.20%
Total	100.03%

\* Percentages may not sum to 100% due to rounding.

### **Representative Sampling**

BFA uses a representative sampling strategy to attempt to track the performance of the index. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have aggregate investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the index.

The ETF generally invests at least 90% of its assets in the securities of the index and in depositary receipts representing securities of the index. The ETF may invest the remainder of its assets in securities not included in the index, but which BFA believes will help the ETF track the index. The ETF may also invest its other assets in futures contracts, options and swaps, as well as cash and cash equivalents, including shares of money market funds affiliated with BFA. Also, the ETF may lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received). The ETF invests all of its assets that are invested in India in a wholly owned subsidiary located in the Republic of Mauritius. BFA also serves as the investment advisor of the subsidiary.

### **Tracking Error**

The performance of the ETF and the index may vary due to a variety of factors, including differences between the ETF's assets and the index, pricing differences (including differences between a security's price at the local market close and the ETF's valuation of a security at the time of calculation of the ETF's net asset value per share), differences in transaction costs, the ETF's holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, tax gains or losses, changes to the index or the costs to the ETF of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's performance difference will not exceed 5%. The ETF's use of a representative sampling strategy can be expected to produce a greater tracking error over a period of time than would result if the ETF used an indexing strategy in which an exchange traded fund invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, -2.14%; 3 years, 11.60%; 5 years, 3.04%; 10 years, 4.26%; since inception, 10.88%; index: 1 year, -0.81%; 3 years, 12.36%; 5 years, 3.61%; 10 years, 5.40 %; since ETF inception, 11.38%.

### **Industry Concentration Policy**

The ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated in that industry or group of industries.

### **The MSCI® Emerging Markets Index**

The MSCI Emerging Markets Index, (the “index”) is a stock index calculated, published and disseminated daily by MSCI Inc. (“MSCI”) through numerous data vendors, on the MSCI website and in real time on Bloomberg Financial Markets and Reuters Limited.

The index is a free float-adjusted market capitalization index and is one of the MSCI Global Investable Market Indices (the “MSCI Indices”), the methodology of which is described below. The index is considered a “standard” index, which means it consists of all eligible large capitalization and mid-capitalization stocks, as determined by MSCI, in the relevant emerging markets. Additional information about the MSCI Indices is available on the following website: [msci.com/index-methodology](http://msci.com/index-methodology). Daily closing price information for the index is available on the following website: [msci.com](http://msci.com). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

The index is intended to provide performance benchmarks for the emerging equity markets in the Americas, Europe, the Middle East, Africa and Asia, which are, as of the date of this disclosure statement supplement, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the United Arab Emirates. The constituent stocks of the MSCI Emerging Markets Index are derived from the constituent stocks in the 24 MSCI standard single country indices for the emerging market countries listed above. The index is calculated in U.S. dollars on a total return net basis. The index was launched on December 31, 1987 at an initial value of 100.

As of the close on May 31, 2018, MSCI began a multi-step process to include, in the MSCI Emerging Markets Index, large cap China A shares that are not in trading suspension. As part of the first step of the inclusion process, which resulted from the May 2018 quarterly index review, MSCI added such large cap China A shares to the MSCI Emerging Markets Index at 2.5% of their foreign inclusion factor-adjusted market capitalization (as defined below). In connection with the August 2018 quarterly index review, MSCI implemented the second step of the inclusion process by increasing the foreign inclusion factor-adjusted market capitalization of those existing China A share constituents from 2.5% to 5%. With the implementation of this second step, and the inclusion of additional China A shares in connection with the August 2018 quarterly index review, China A shares were initially expected to represent approximately 0.75% of the MSCI Emerging Markets Index.

MSCI has announced that, beginning in June 2019, it expects to include the MSCI Saudi Arabia Index in the MSCI Emerging Markets Index, representing on a pro forma basis a weight of approximately 2.6% of the MSCI Emerging Markets Index with 32 securities, following a two-step inclusion process. The first inclusion step is expected to coincide with the May 2019 semi-annual review and the second inclusion step is expected to take place as part of the August 2019 quarterly index review. In addition, MSCI has announced the reclassification of the MSCI Argentina Index from a “frontier market” to an “emerging market”, and the MSCI Argentina Index is expected to be included in the MSCI Emerging Markets Index coinciding with the May 2019 semi-annual index review. MSCI expects to continue to restrict the inclusion in the MSCI Argentina Index to only foreign listings of Argentinian companies, such as American depository receipts.

MSCI divides the companies included in the index into eleven Global Industry Classification Sectors: Financials, Consumer Discretionary, Industrials, Information Technology, Consumer Staples, Materials, Real Estate, Health Care, Telecommunication Services, Utilities and Energy. As of the close of business on September 21, 2018, MSCI and S&P Dow Jones Indices LLC updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile

gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Classification Sector structure changes will be implemented in the MSCI Emerging Markets Index in connection with the November 2018 semi-annual index review.

For additional information about the construction, calculation methodology and maintenance of the index, please see “iShares® MSCI EAFE ETF — Construction of the MSCI Indices”, “iShares® MSCI EAFE ETF — Calculation Methodology for the MSCI Indices” and “iShares® MSCI EAFE ETF — Maintenance of the MSCI Indices”, respectively, on pages S-95, S-97 and S-98 of this disclosure statement supplement, respectively.

### Historical Closing Prices of the ETF’s Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® MSCI Emerging Markets ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® U.S. Real Estate ETF**

The shares of the iShares® U.S. Real Estate ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the Dow Jones U.S. Real Estate Index<sup>SM</sup> (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “IYR”.
- The ETF’s SEC CIK Number is 0001100663.
- The ETF’s inception date was June 12, 2000.
- The ETF’s shares are issued or redeemed only in creation units of 50,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is entitled to receive a management fee from the ETF corresponding to the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and a set of other iShares® funds (the “funds”) as follows: 0.48% per annum of the aggregate net assets of the combined funds less than or equal to \$10.0 billion; *plus* 0.43% per annum of the aggregate net assets of the combined funds over \$10.0 billion, up to and including \$20.0 billion; *plus* 0.38% per annum of the aggregate net assets of the combined funds in excess of \$20.0 billion, up to and including \$30.0 billion; *plus* 0.34% per annum of the aggregate net assets of the combined funds in excess of \$30.0 billion, up to and including \$40.0 billion; *plus* 0.33% per annum of the aggregate net assets of the combined funds in excess of \$40.0 billion, up to and including \$50.0 billion; *plus* 0.31% per annum of the aggregate net assets of the combined funds in excess of \$50.0 billion. As of September 30, 2018, the expense ratio of the ETF was 0.43%.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended March 31, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/IYR.htm?fundSearch=true&qt=IYR](http://us.ishares.com/product_info/fund/overview/IYR.htm?fundSearch=true&qt=IYR). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed at any time, without the approval of BFA’s shareholders.

The following tables display the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF’s website without independent verification.

**iShares® U.S. Real Estate ETF Top Ten Holdings as of October 12, 2018**

<b><u>ETF Stock Issuer</u></b>	<b><u>Percentage (%)</u></b>
AMERICAN TOWER REIT CORP	6.36%
SIMON PROPERTY GROUP REIT INC	5.37%
CROWN CASTLE INTERNATIONAL REIT CO	4.42%
PROLOGIS REIT INC	4.00%
EQUINIX REIT INC	3.20%
PUBLIC STORAGE REIT	2.99%
AVALONBAY COMMUNITIES REIT INC	2.42%
EQUITY RESIDENTIAL REIT	2.34%
WELLTOWER INC	2.33%
DIGITAL REALTY TRUST REIT INC TRUS	2.25%
Total	35.68%

**iShares® U.S. Real Estate ETF by Sector as of October 12, 2018\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
SPECIALIZED REITS	30.79%
RETAIL REITS	13.37%
RESIDENTIAL REITS	13.39%
OFFICE REITS	9.88%
HEALTH CARE REITS	8.85%
HOTEL & RESORT REITS	4.99%
MORTGAGE REITS	4.88%
DIVERSIFIED REITS	3.83%
INDUSTRIAL REITS	5.67%
REAL ESTATE SERVICES	2.08%
RESEARCH & CONSULTING SERVICES	1.43%
REAL ESTATE DEVELOPMENT	0.46%
CASH AND/OR DERIVATIVES	0.38%
Total	100.00%

\* Percentages may not sum to 100% due to rounding.

**Representative Sampling**

The ETF uses a representative sampling indexing strategy to attempt to track the performance of the index before fees and expenses. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have aggregate investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index. The ETF may or may not hold all of the securities that are included in the index.

The ETF generally invests at least 90% of its assets in the securities of the index and in depositary receipts representing securities thereof. The ETF may invest the remainder of its assets in securities not included in the index, but which BFA believes will help the ETF track the index. The ETF may also invest its other assets in certain futures, options and swaps contracts, as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates.

**Tracking Error**

The performance of the ETF and of the index may vary due to a variety of factors, including differences between the securities and other instruments held in the ETF's portfolio and those included in the index, pricing differences, transaction costs, the ETF holding uninvested cash, differences in the timing of the accrual of dividends or interest, tax gains or losses, changes to the index or the costs of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time,

the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 4.20%; 3 years, 8.45%; 5 years, 8.86%; 10 years, 6.96%; since inception, 9.55%; index: 1 year, 4.69%; 3 years, 8.94%; 5 years, 9.39%; 10 years, 7.46%; since ETF inception, 10.03%.

### **Industry Concentration Policy**

The ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated in that industry or group of industries.

### **The Index**

The index is a float-adjusted market capitalization total return index that is calculated, published and disseminated by the index sponsor, S&P Dow Jones Indices ("Dow Jones"). It is a subset of the Dow Jones U.S. Index, and is designed to represent real estate investment trusts ("REITs") and other companies that invest directly or indirectly in real estate through development, management or ownership, including property agencies. Stocks are selected for the index if they are contained in the index universe and if, based on their revenues, they have been classified into the Real Estate Supersector (8600) as defined by the proprietary classification system used by Dow Jones. Because the index is comprised primarily of REITs, the prices of the component stocks reflect changes in lease rates, vacancies, property development and transactions. The index is calculated in U.S. dollars on a total return (gross) basis. As of September 28, 2018, the index had 118 constituents.

### **Current Composition of the Index**

As of September 30, 2018, the top ten constituents of the index and their relative weights in the index were as follows: American Tower Corp. A (6.38%), Simon Property Group A (5.39%), Crown Castle Intl Corp. (4.43%), ProLogis Inc. (4.01%), Equinix Inc. (3.21%), Public Storage (3.00%), AvalonBay Communities Inc. (2.43%), Equity Residential (2.35%), Welltower Inc. (2.33%) and Digital Realty Trust Inc. (2.26%).

### **Calculation and Dissemination**

The closing values of the index are calculated on a 24-hour day that ends at 5:30 p.m. New York time and, following the determination of the previous day's closing price, the index values for the current day are updated and disseminated on a real-time basis beginning at 5:30 p.m. whenever any of the exchanges represented in the index are open.

If trading in a stock is suspended while its market is open, the last traded price for that stock is used for all subsequent index computations until trading resumes. If trading is suspended before the opening, the stock's adjusted closing price from the previous day is used to calculate the index. Until a particular stock opens, its adjusted closing price from the previous day is used in the index computation.

If a market is closed due to an exchange holiday, the previous adjusted closing price for each of its index underlying assets, coupled with the most-recent intraday currency bid price, is used to determine the index's current U.S. dollar value.

To be included in the index, a stock must be part of the index universe, defined as all stocks traded on major U.S. stock exchanges minus any non-common issues and illiquid stocks. Index candidates must be common shares or other securities that have the characteristics of common equities. All classes of common shares, both fully and partially paid, are eligible. Fixed-dividend shares and securities such as convertible notes, warrants, rights, mutual funds, unit investment trusts, closed-end fund shares, shares in limited partnerships and shares in business development companies ("BDCs") are not eligible. Temporary issues arising from corporate actions, such as "when-issued shares," are considered on a case-by-case basis when necessary to maintain continuity in a company's index membership. REITs, listed property trusts, and similar real-property-owning pass-through structures taxed as REITs by their domiciles also are eligible.

Each stock must also meet two separate liquidity criteria to be considered eligible for inclusion in the index. Stocks must have a 12-month median value traded ratio (MVTR) of at least 20% to be eligible, or at least 14% for current constituents to remain eligible. The MVTR for a stock is calculated by taking the median daily value traded amount for each of the 12 months preceding the rebalancing reference date, multiplying the amount by the number of days that the



stock traded during that month, and then dividing the result by its end-of-month float-adjusted market capitalization. The sum of the 12 monthly values is the MVTR for such stock. If a stock has traded for less than 12 months, the average of the available monthly values is taken and multiplied by 12 to obtain the MVTR. In addition, stock must have a 6-month median daily traded value (MDVT) over the 6 months prior to the rebalancing reference date of at least \$250,000 to be eligible, or at least \$175,000 for current constituents to remain eligible. If a stock has traded for less than 6 months, the MDVT amount for as long as the stock has been trading is used.

After determination of the index universe, the index universe is then sorted by float-adjusted market capitalization and stocks in the top 95% of the index universe are categorized into 10 Industries, 19 Supersectors, 41 Sectors and 114 Subsectors as defined by a proprietary classification system used by Dow Jones. Segments are designed to capture the risk characteristics of a specific market by grouping together constituents that respond in similar ways to economic, political and environmental factors.

The index level is calculated using a fraction, the numerator of which is the price of each stock in the index multiplied by the number of shares used in the index calculation (total shares outstanding times the IWF), and summed across all the stocks in the index. The denominator is the index divisor.

### ***The Index Divisor***

To assure that the index's value, or level, does not change when stocks are added or deleted, the divisor is adjusted to offset the change in market value of the index. Thus, the divisor plays a critical role in the index's ability to provide a continuous measure of market valuation when faced with changes to the stocks included in the index. In a similar manner, some corporate actions that cause changes in the market value of the stocks in an index should not be reflected in the index level. Adjustments are made to the divisor to eliminate the impact of these corporate actions. Any change to the stocks in the index that alters the total market value of the index while holding stock prices constant will require a divisor adjustment.

Divisor adjustments are made "after the close" meaning that after the close of trading the closing prices are used to calculate the new divisor based on whatever changes are being made. It is, then, possible to provide two complete descriptions of the index – one as it existed at the close of trading and one as it will exist at the next opening of trading. If the same stock prices are used to calculate the index level for these two descriptions, the index levels are the same.

With prices constant, any change that changes the total market value included in the index will require a divisor change. For cataloging changes, it is useful to separate changes caused by the management of the index from those stemming from corporate actions of the constituent companies. Among those changes driven by index management are adding or deleting companies, adjusting share counts and changes to IWFs and other factors affecting share counts or stock prices.

When a company is added to or deleted from the index, the net change in the market value of the index is calculated and this is used to calculate the new divisor. The market values of stocks being added or deleted are based on the prices, shares outstanding, IWFs and any other share count adjustments.

There are a large range of different corporate actions ranging from routine share issuances or buy backs to unusual events like spin-offs or mergers. These are listed on the table below with a description of the adjustments, if any.

Corporate Action	Effects	Divisor Adjustments?
Company added/deleted	Net change in market value determines the divisor adjustment.	Yes
Change in shares outstanding	Any combination of secondary issuance, share repurchase or buy back – share counts revised to reflect change.	Yes
Stock split	Share count revised to reflect new count. Divisor adjustment is not required since the share count and price changes are offsetting.	No
Spin-off	If the spun-off company is not being added to the index, the divisor adjustment reflects the decline in index market value (i.e., the value of the spun-off unit).	Yes
Spin-off	Spun-off company added to the index, no company removed from the index.	No
Spin-off	Spun-off company added to the index, another company removed to keep number of names fixed. Divisor adjustment reflects deletion.	Yes
Change in IWF	Increasing (decreasing) the IWF increases (decreases) the total market value of the index. The divisor change reflects the change in market value caused by the change to an IWF.	Yes
Special Dividend	When a company pays a special dividend the share price is assumed to drop by the amount of the dividend; the divisor adjustment reflects this drop in index market value.	Yes
Rights offering	Each shareholder receives the right to buy a proportional number of additional shares at a set (often discounted) price. The calculation assumes that the offering is fully subscribed. Divisor adjustment reflects increase in market cap measured as the shares issued multiplied by the price paid.	Yes

#### ***Annual Reconstitution, Quarterly Reviews and Index Maintenance***

The index is reconstituted annually in September. The process includes the review of all stocks in their respective markets to determine eligibility according to the existing criteria. The reference date for data used in the annual reconstitution is the last business day in July. In addition, the investable weight factor (“IWF”), for each stock is reviewed

and updated as needed. Changes are implemented at the opening of trading on the Monday following the third Friday of September. Changes in IWFs resulting from corporate actions which exceed 5% are implemented as soon as possible; changes of less than 5% are implemented at the next annual review.

Generally, no companies are added to an index between annual reconstitutions except for initial public offerings and spinoffs. Any exceptions to this rule are announced with ample lead time. Any stocks considered for addition at the quarterly rebalance must have a float market cap larger than the smallest stock included in the index at the time of the previous reconstitution.

Changes in shares outstanding of less than 5% are accumulated and made quarterly in March, June, September and December. These changes, as well as any weight adjustments, are implemented at the opening of trading on the Monday following the third Friday of the quarterly update month.

The indices are also reviewed on an ongoing basis to account for corporate actions such as mergers, acquisitions, takeovers, delistings or bankruptcies. Changes to index composition and related weight adjustments are made as soon as they are effective. Corporate actions (such as stock splits, stock dividends, spin-offs and rights offerings) are applied after the close of trading on the day prior to the ex-date. Share changes resulting from exchange offers are applied on the ex-date.

Initial public offerings and new listings on eligible exchanges are added to at the next quarterly update if the new listing occurs on or before the final trading day of February, May, August or November and meets all other eligibility requirements. Spinoffs of index constituents are added to the index at a zero price at the market close on the day before the ex-date (with no divisor adjustment). If a spun-off company is determined not to be eligible to remain in the index, it will be removed after at least one day of regular way trading (with a divisor adjustment). Spinoffs are assigned the same size and style as the parent company at the time of the action. All spinoff sizes are evaluated at the next quarterly update.

Whenever possible, Dow Jones will announce changes in the index at least two business days prior to their implementation date.

If an index constituent is suspended by its primary market, it may be removed from the index at the discretion of the Index Committee. When this occurs, S&P Dow Jones Indices will use the best-available alternate pricing source to determine the value at which the company should be removed from the index.

### ***Float Adjustment***

A company's outstanding shares are adjusted to exclude shares held by certain shareholders concerned with the control of a company, a group that generally includes the following: officers and directors, private equity, venture capital, special equity firms, publicly traded companies that hold shares in another company, strategic partners, holders of restricted shares, employee stock ownership plans, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (except government retirement or pension funds) and any individual person who controls a 5% or greater stake in a company as reported in regulatory filings. However, holdings by depository banks, mutual funds, exchange-traded fund providers, asset managers, pension plans and other institutional investors, even if greater than 5% of the outstanding shares of a company, are generally included in the float-adjusted share count to be used in the index calculations, as they are deemed to be acting as investors and not involved with control of a company.

The index adjustment to reflect control holders is accomplished by calculating the IWF for each stock that is part of the numerator of the float-adjusted index fraction described above:

$$\text{IWF} = (\text{available float shares}) / (\text{total shares outstanding})$$

where available float shares are defined as total shares outstanding less shares held by control holders. In most cases, IWFs are reported to the nearest one percentage point.

### **Historical Closing Prices of the ETF's Shares**

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

#### Historical Performance of iShares® U.S. Real Estate ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### **iShares® U.S. Preferred Stock ETF**

The shares of the iShares® U.S. Preferred Stock ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the S&P U.S. Preferred Stock Index™ (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NASDAQ under the ticker symbol “PFF”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s inception date was March 26, 2007.
- The ETF’s shares are issued or redeemed only in creation units of 50,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is entitled to receive a management fee from the ETF based on the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”) as follows: 0.48% per annum of the average daily net assets of the funds less than or equal to \$46.0 billion, *plus* 0.456% per annum of the average daily net assets of the funds on amounts in excess of \$46.0 billion, up to and including \$81.0 billion, *plus* 0.4332% per annum of the average daily net assets of the funds on amounts in excess of \$81.0 billion, up to and including \$111.0 billion, *plus* 0.4116% per annum of the average daily net assets of the funds on amounts in excess of \$111.0 billion, up to and including \$141.0 billion, *plus* 0.391% per annum of the average daily net assets of the funds on amounts in excess of \$141.0 billion. As of September 30, 2018, the average daily expense ratio of the ETF was 0.46% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended March 31, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/PFF.htm](http://us.ishares.com/product_info/fund/overview/PFF.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective**

The ETF seeks to achieve a return that corresponds generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed without shareholder approval.

The following table displays the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF website without independent verification.

**iShares® U.S. Preferred Stock ETF Top Ten Holdings as of October 12, 2018**

<b><u>ETF Stock Issuer</u></b>	<b><u>Percentage (%)</u></b>
BECTON DICKINSON AND COMPANY	2.21%
GMAC CAPITAL TRUST I	2.04%
BARCLAYS BANK PLC	1.99%
CITIGROUP CAPITAL XIII	1.77%
BLK CSH FND TREASURY SL AGENCY	1.32%
SEMPRA ENERGY	1.28%
CROWN CASTLE INTERNATIONAL CORP	1.22%
WELLS FARGO DEPOSITORY SHARES CO	1.21%
CITIGROUP DEPOSITORY INC	1.21%
PNC FINANCIAL SERVICES GROUP INC	1.18%
Total	15.43%

**iShares® U.S. Preferred Stock ETF Weighting by Sector as of October 12, 2018\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Banks	34.89%
Diversified Financials	25.35%
Real Estate	13.87%
Insurance	10.19%
Telecommunications	0.80%
Utilities	3.16%
Energy	3.80%
Food Bevg Tobacco	1.82%
Capital Goods	1.03%
Commercial & Professional Services	0.29%
Transportation	0.75%
Tech Hardware & Equip	0.33%
Health Care Equipment & Services	2.21%
Media & Entertainment	0.14%
Cash and/or Derivatives	1.37%
Total	100.00%

\* Percentages may not sum to 100% due to rounding.

**iShares® U.S. Preferred Stock ETF Weighting by Country as of October 12, 2018\***

<b><u>Country</u></b>	<b><u>Percentage (%)</u></b>
United States	90.09%
United Kingdom	4.18%
Netherlands	2.58%
Cash and/or Derivatives	1.37%
Other	1.78%
Total	100.00%

\* Percentages may not sum to 100% due to rounding and the holding of cash and/or derivatives.

**Representative Sampling**

BFA uses a representative sampling indexing strategy to manage the ETF. This strategy involves investing in a representative sample of securities that collectively has an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index.

The ETF generally will invest at least 90% of its assets in the component securities of the index and may invest up to 10% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, as well as in securities not included in the index, but which BFA believes will

help the ETF track the index. From time to time when conditions warrant, however, the ETF may invest at least 80% of its assets in the component securities of the index and may invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of BlackRock Cash Funds, as well as in securities not included in the index, but which BFA believes will help the ETF track the index. Also, the ETF may lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received).

### **Tracking Error**

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities or other instruments held in the ETF's portfolio and those included in the index, pricing differences, transaction costs, the ETF's holding of uninvested cash, differences in timing of the accrual of dividends or interest, tax gains or losses, changes to the index or the need to meet with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 1.12%; 3 years, 4.45%; 5 years, 5.71%; 10 years, 9.93%; since inception, 4.13%; index: 1 year, 1.57%; 3 years, 5.25%; 5 years, 6.42%; 10 years, 11.33%; since ETF inception, 4.64%.

### **Industry Concentration Policy**

The ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated.

### **The S&P U.S. Preferred Stock Index**

The S&P U.S. Preferred Stock Index (Bloomberg ticker SPPREF) is managed by S&P Dow Jones Indices LLC ("S&P") and is an index that represents the U.S. preferred stock market and is calculated with a float-adjusted market capitalization scheme, subject to a single issuer weight cap of 10%. Preferred stocks are a class of capital stock that pays dividends at a specified rate and has a preference over common stock in the payment of dividends and the liquidation of assets. In a float-adjusted market capitalization weighted index, constituents are weighted based on market capitalization, but the share counts used in calculating the index reflect only those shares available to investors rather than all of a company's outstanding shares. Float adjustment excludes shares that are closely held by control groups, other publicly traded companies or government agencies. The S&P U.S. Preferred Stock Index is calculated, maintained and published by S&P and is part of the S&P Dow Jones Indices family of indices. Additional information is available on the following websites: [us.spindices.com/indices/fixed-income/sp-us-preferred-stock-index](http://us.spindices.com/indices/fixed-income/sp-us-preferred-stock-index) and [spdji.com/](http://spdji.com/). We are not incorporating by reference the websites or any material they include in this disclosure statement supplement.

### **Eligibility for Inclusion in the Index**

Selection for the index is comprised of U.S. traded preferred stocks that meet criteria relating to minimum size, liquidity, exchange listing and time to maturity. Preferred stocks trading on the NYSE (including NYSE Arca and NYSE Amex), the NASDAQ Global Select Market, the NASDAQ Select Market and the NASDAQ Capital Market are eligible to be included in the index. Over-the-counter bulletin board and unregistered securities are excluded. Preferred stocks issued by a company to meet its capital or financing requirements are eligible. These include floating, variable and fixed-rate preferreds, cumulative and non-cumulative preferreds, preferred stocks with a callable or conversion feature and trust preferreds. Some trust preferreds issued by a company to meet its capital requirements carry a brand name or moniker, which are included. However, structured products and brand name products issued by financial institutions that are packaged securities linked to indices, baskets of stocks or another company's stock are excluded. Special ventures such as toll roads or dam operators may issue preferred-like securities, which are also excluded.

The following preferred stocks are eligible to be in the index: preferred stocks that do not have a mandatory conversion or scheduled maturity within the next 12 months; preferred stocks with market capitalization of greater than or equal to \$100 million; preferred stocks that have traded more than 250,000 shares per month in each of the previous six months as of the rebalancing reference date (as defined below) (issues with fewer than six months of trading history will

be evaluated over the available period and may be included should size and available trading history infer the issue will satisfy this requirement). Preferred stocks for which S&P cannot determine an indicated dividend yield are not eligible. There is no limit to the number of preferred stocks issued by a single company, however, a maximum weight of 10% is set per issuer. All eligible securities for an issuer are included in the index, with the aggregate weight capped on a pro rata basis to a maximum of 10% of the index market capitalization.

Current components meeting the following criteria will continue to be eligible for inclusion in the index: current components with market capitalization of greater than or equal to \$75 million as of the rebalancing reference date (as defined below); current components that have traded more than 125,000 shares per month over each of the previous six months as of the rebalancing reference date (however, no current component is removed from the index for violating this volume requirement during the first 12 months following its addition to the index).

Preferred stocks for which S&P cannot determine an indicated dividend yield as of the rebalancing reference date are not eligible for inclusion in the index.

### **Current Composition of the Index**

As of October 12, 2018, the index held stocks of companies in the following sub-industries (with their corresponding weights in the fund): financials (71.45%), real estate (12.92%), utilities (4.02%), communication services (0.90%), energy (4.15%), health care (2.26%), industrials (2.00%), consumer staples (1.82%), information technology (0.32%) and consumer discretionary (0.16%).

As of October 12, 2018, the top ten constituents of the index and their relative weights in the index were as follows: Becton Dickinson & Co. Deposit Shs Repr 1/20th Cum Conv Pfd Registered Shs Series A (2.26%), GMAC CAP TR I GTD TR PFD-2 (2.10%), Barclays Bank Plc Adr Pfd Sr 5 (2.06%), Citigroup Cap XIII 7.875% TruPS (1.81%), Sempra Energy 6 % Cum Conv Red Pfd Registered Shs 2017-15.01.21 Series A (1.32%), Wells Fargo & Co Dep Shs Ser 8% Ser 'J' (1.32%), Crown Castle International Corp Cum Conv Pfd Registered Shs Series A (1.26%), Citigroup Inc Deposit Shs Repr 1/1000th 6 7/8 % Non-Cum Perp Pfd Shs Series K (1.23%), PNC Financial Services Group Inc DR (1.21%) and Hsbc Hldgs Plc Adr A 1/40Pf A (1.12%).

As of October 12, 2018, the countries of domicile included in the index and their relative weights were: United States (89.95%), United Kingdom (4.11%), Netherlands (2.64%), Germany (1.67%), China (0.51%), Bermuda (0.48%), Greece (0.44%) and Norway (0.19%).

### **Calculation of the Total Return of the Index**

The index uses a float-adjusted market capitalization weighting subject to a single issuer weight cap of 10%, meaning that the share counts used in calculating the index reflect only those shares available to investors rather than all of a company's outstanding shares. The constituents are weighted by float-adjusted market capitalization and at each rebalancing, all eligible securities for an issuer are included in the index, with the issuer's aggregate weight capped on a pro rata basis to a maximum of 10% of the index market capitalization.

The ETF tracks the performance of the "total return" version of the index. The total return calculation begins with the price return of the index. The price return index value is derived from dividing the index market value by the index divisor.

The index market value is the sum of the *product* of the number of then-outstanding index shares for each index constituent *multiplied* by the price of such constituent's shares. The number of index shares for each constituent is equal to the float-adjusted outstanding shares number for such constituent. In calculating the float adjustment, S&P seeks to exclude shares held by certain shareholders concerned with the control of a company, a group that generally includes the following: officers and directors and related individuals whose holdings are publicly disclosed, private equity, venture capital, special equity firms, publicly traded companies that hold shares for control in another company, strategic partners, holders of restricted shares, employee stock ownership plans, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels (except government retirement or pension funds) and any individual person listed as a 5% or greater stakeholder in a company as reported in regulatory filings (collectively, "control holders"). To this end, S&P excludes all share-holdings (other than depository banks, pension funds, mutual funds, exchange traded fund providers, 401(k) plans of the company, government retirement and pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations, savings plans and investment plans) with a position greater than 5% of the outstanding shares of a company from the float-adjusted share count to be used in index calculations.



The exclusion is accomplished by calculating an investable weight factor (IWF) for each stock that is part of the numerator of the float-adjusted index fraction described above:

$$\text{IWF} = (\text{available float shares})/(\text{total shares outstanding})$$

where available float shares is defined as total shares outstanding less shares held by control holders. For companies with multiple share class lines, a separate IWF is calculated for each share class line.

For issuers where the combined weight of all issues included in the index is greater than 10% of the index, such issuer's combined initial weight in the index (and therefore float-adjusted outstanding shares) will be adjusted to equal 10% of the index. All other issuer weights (and therefore float-adjusted outstanding shares) are increased proportionally.

The initial divisor was set to have a base index value of 1,000 on September 19, 2003 and has been adjusted from time to time, as described below, to minimize distortions introduced by the addition and removal of constituents.

In order to maintain index series continuity, it is also necessary to adjust the divisor at each rebalancing. Therefore, the divisor (after rebalancing) equals the index market value (after rebalancing) divided by the index value before rebalancing. The divisor keeps the index comparable over time and is one manipulation point for adjustments to the index, which we refer to as maintenance of the index.

Once the price return index has been calculated, the total return index is calculated. First, the total daily dividend for each stock in the index is calculated by multiplying the per share dividend by the number of shares included in the index. Dividends are reinvested in the index after the close on the ex-date for such dividend. Then the index dividend is calculated by aggregating the total daily dividends for each of the index stocks (which may be zero for some stocks) and dividing by the divisor for that day. Next, the daily total return of the index is calculated as a fraction minus 1, the numerator of which is the sum of the index level plus the index dividend and the denominator of which is the index level on the previous day. Finally, the total return index for that day is calculated as the product of the value of the total return index on the previous day times the sum of 1 plus the index daily total return for that day.

### **Maintenance of the Index**

The composition of the index is reviewed quarterly on each rebalancing date, which is the third Friday in January, April, July and October. Rebalancing occurs after the close of the rebalancing date. The reference date for additions and deletions is five business days prior to the first Friday of the rebalancing month (the rebalancing reference date). Additions occur only at the quarterly rebalancing. There are no intra-quarter additions. A constituent is deleted intra-quarter if it is called or undergoes mandatory conversion. Subject to market conditions, S&P will provide five days' advance notice of a deletion. Should an existing constituent delist during the five-day notification period, it is removed at the closing price from its last day of trading. The quarterly rebalancing also results in deletions, if one or more constituents no longer meets continued eligibility requirements.

Adjustments are made to the index in the event of certain corporate actions relating to the stocks included in the index, such as rights offerings, stock splits and delisting from the primary exchange, as specified below.

The table below summarizes the types of index maintenance adjustments:

<b>Type of Corporate Action</b>	<b>Adjustment Factor</b>	<b>Divisor Adjustment Required</b>
Shares called for cash or par value	If the issuer calls a constituent, it is removed from the index with a minimum of two days' notice.	Yes
Shares called for conversion or automatically converted	The constituent is removed from the index at the time of the conversion with a minimum of two days' notice.	Yes
Delisting from primary exchange	The constituent is removed from the index with a minimum of two days' notice. If no primary exchange price is available, it is removed at the OTC or pink sheet price. If no OTC or pink sheet price is available, the security can be removed at a zero price at the discretion of the S&P Index Committee.	Yes
Special cash distribution	The price of the stock making the special payment is reduced by the per share special payment.	Yes
Rights offering on preferred share class	The price is adjusted to the Price of Parent shares minus (Price of Rights shares/Rights Ratio).	Yes
Preferred Stock Split	Index Shares are multiplied by and the price is divided by the split factor.	No
Issuance of additional shares for the preferred share class in the index	None. Shares are revised semiannually.	No
Partial call for cash or par value	On the redemption date, the constituent shares outstanding are reduced by the number of shares called and the constituent is adjusted to the call prices plus accrued interest.	Yes

### *Recalculation Policy*

S&P reserves the right to recalculate and republish the index at its discretion in the event one of the following issues has occurred: (1) incorrect or revised closing price of one or more constituent securities; (2) missed corporate event; (3) incorrect application of corporate action or index methodology; (4) late announcement of a corporate event; or (5) incorrect calculation or data entry error. The decision to recalculate the index is made at the discretion of the index manager and/or index committee, as further discussed below. The potential market impact or disruption resulting from the potential recalculation is considered when making any such decision. In the event of an incorrect closing price, a missed corporate event or a misapplied corporate action, a late announcement of a corporate event, or an incorrect calculation or data entry error that is discovered within two trading days of its occurrence, the index manager may, at his or her discretion, recalculate the index without involving the index committee. In the event any such event is discovered beyond the two trading day period, the index committee shall decide whether the index should be recalculated. In the event of an incorrect application of the methodology that results in the incorrect composition and/or weighting of index constituents, the index committee shall determine whether or not to recalculate the index following specified guidelines. In the event that the index is recalculated, it shall be done within a reasonable timeframe following the detection and review of the issue.

### *Calculations and Pricing Disruptions*

Closing levels for the index are calculated by S&P based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification. Prices used for the calculation of real time index values are based on the "Consolidated Tape". The Consolidated Tape is an aggregation of trades for each constituent over all regional exchanges and trading venues and includes the primary exchange. If there is a failure or interruption on one or more exchanges, real-time calculations will continue as long as the "Consolidated Tape" is operational.

If an interruption is not resolved prior to the market close, official closing prices will be determined by following the hierarchy set out in NYSE Rule 123C. A notice is published on the S&P website at [spdji.com](http://spdji.com) indicating any changes to the prices used in index calculations. In extreme circumstances, S&P may decide to delay index adjustments or not publish the index. Real-time indices are not restated.

### *Unscheduled Exchange Closures*

An unexpected market/exchange closure occurs when a market/exchange fully or partially fails to open or trading is temporarily halted. This can apply to a single exchange or to a market as a whole, when all of the primary exchanges are closed and/or not trading. Unexpected market/exchange closures are usually due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events.

To a large degree, S&P is dependent on the exchanges to provide guidance in the event of an unexpected exchange closure. S&P's decision making is dependent on exchange guidance regarding pricing and mandatory corporate actions.

NYSE Rule 123C provides closing contingency procedures for determining an official closing price for listed securities if the exchange is unable to conduct a closing transaction in one or more securities due to a system or technical issue.

3:00 PM ET is the deadline for an exchange to determine its plan of action regarding an outage scenario. As such, S&P also uses 3:00 PM ET as the cutoff.

If all major exchanges fail to open or unexpectedly halt trading intraday due to unforeseen circumstances, S&P will take the following actions:

#### Market Disruption Prior to Open of Trading:

- (i) If all exchanges indicate that trading will not open for a given day, S&P will treat the day as an unscheduled market holiday. The decision will be communicated to clients as soon as possible through the normal channels. Indices containing multiple markets will be calculated as normal, provided that at least one market is open that day. Indices which only contain closed markets will not be calculated.
- (ii) If exchanges indicate that trading, although delayed, will open for a given day, S&P will begin index calculation when the exchanges open.

#### Market Disruption Intraday:

- (i) If exchanges indicate that trading will not resume for a given day, the index level will be calculated using prices determined by the exchanges based on NYSE Rule 123C. Intraday index values will continue to use the last traded composite price until the primary exchange publishes official closing prices.

### **Historical Closing Prices of the ETF's Shares**

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs.

The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

#### Historical Performance of iShares® U.S. Preferred Stock ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### ***The iShares® Nasdaq Biotechnology ETF***

The shares of the iShares® Nasdaq Biotechnology ETF (the “ETF”) are issued by iShares, Inc. (the “company”). The company was organized as a Maryland corporation on September 1, 1994 and is authorized to have multiple series or portfolios, of which the ETF is one.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the NASDAQ Biotechnology Index (the “index”).
- Investment Advisor: BlackRock Fund Advisors (“BFA”).
- The ETF’s shares trade on the NASDAQ under the ticker symbol “IBB”.
- The company’s SEC CIK Number is 0000930667.
- The ETF’s inception date was February 5, 2001.
- The ETF’s shares are issued or redeemed only in creation units of 50,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is entitled to receive a management fee from the fund corresponding to the ETF’s allocable portion of an aggregate management fee based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”) as follows: 0.48% per annum of the aggregate net assets of the funds less than or equal to \$121 billion, *plus* 0.456% per annum of the aggregate net assets of the funds on amounts in excess of \$121 billion, up to and including \$181 billion, *plus* 0.4332% per annum of the aggregate net assets of the funds on amounts in excess of \$181 billion, up to and including \$231 billion, *plus* 0.4116% per annum of the aggregate net assets of the funds on amounts in excess of \$231 billion, up to and including \$281 billion, *plus* 0.3910% per annum of the aggregate net assets in excess of \$281 billion. As of September 30, 2018, the expense ratio of the ETF was 0.47% per annum.

For additional information regarding the company or BFA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended March 31, 2018) and other information the company files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents and the iShares® website at [us.ishares.com/product\\_info/fund/overview/IBB.htm](http://us.ishares.com/product_info/fund/overview/IBB.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index may be changed without the approval of BFA’s shareholders.

The following table displays the top holdings and weightings by industry sector of the ETF. (Sector designations are determined by the ETF sponsor using criteria it has selected or developed. Index and ETF sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices or ETFs with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices or ETFs.) We obtained the information in the tables below from the ETF website without independent verification.

**iShares® Nasdaq Biotechnology ETF Top Ten Holdings as of October 12, 2018**

<b><u>ETF Stock Issuer</u></b>	<b><u>Percentage (%)</u></b>
AMGEN INC	8.67%
GILEAD SCIENCES INC	8.53%
BIOGEN INC	8.22%
CELGENE CORP	7.35%
ILLUMINA INC	5.99%
VERTEX PHARMACEUTICALS INC	4.32%
REGENERON PHARMACEUTICALS INC	4.15%
ALEXION PHARMACEUTICALS INC	3.60%
BIOMARIN PHARMACEUTICAL INC	2.34%
MYLAN NV	2.19%
Total	55.36%

**iShares® Nasdaq Biotechnology ETF Weighting by Sector as of October 12, 2018\***

<b><u>Sector</u></b>	<b><u>Percentage (%)</u></b>
Biotechnology	80.13%
Pharmaceuticals	10.10%
Life Sciences Tools & Services	8.93%
Health Care Technology	0.02%
Health Care Equipment	0.56%
Health Care Supplies	0.11%
Health Care Distributors	0.08%
Cash and/or Derivatives	0.08%
Total	100.01%

\* Percentages may not sum to 100% due to rounding.

**Representative Sampling**

BFA uses a representative sampling indexing strategy to manage the ETF. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index.

The ETF generally invests at least 90% of its assets in the securities of the index and in depositary receipts representing securities of the index. The ETF may invest the remainder of its assets in other securities, including securities not in the index, but which BFA believes will help the ETF track the index. The ETF may also invest its other assets in futures contracts, options on futures contracts, other types of options and swaps related to the index, as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. Also, the ETF may lend securities representing up to one-third of the value of the ETF's total assets (including the value of the collateral received).

**Tracking Error**

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities held in the ETF's portfolio and those included in the index, pricing differences (including, as applicable, differences between a security's price at the local market close and the ETF's value of a security at the time of calculation of the ETF's net asset value), differences in transaction costs, the ETF holding uninvested cash, differences in timing of the accrual of or the valuation of dividends or interest, tax gains or losses, changes to the index or the costs to the ETF of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 10.00%; 3 years, 6.74%; 5 years, 11.97%; 10 years, 16.52%; since inception, 7.79%; index: 1 year, 10.34%; 3 years, 7.05%; 5 years, 12.29%; 10 years, 16.80%; since ETF inception, 8.13%.

### **Industry Concentration Policy**

The ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the index is concentrated.

### **The NASDAQ Biotechnology Index**

The NASDAQ Biotechnology Index® (the "index") is designed to track the performance of a set of securities listed on The NASDAQ Stock Market that are classified as either biotechnology or pharmaceutical according to the Industry Classification Benchmark ("ICB"). The index is calculated using a modified market capitalization-weighted methodology. The index is calculated, maintained and published by The NASDAQ OMX Group, Inc. ("index sponsor"). The base date for the index is November 1, 1993, with a base value of 200.00, as adjusted. We have derived all information contained in this document regarding the index from publicly available information. Additional information about the index is available on the following website: [indexes.nasdaqomx.com/Index/Overview/NBI](http://indexes.nasdaqomx.com/Index/Overview/NBI). We are not incorporating by reference the website or any material it includes in this disclosure statement supplement.

As of October 12, 2018, 86.35% of the securities included in the index were classified into the Biotechnology sector and 13.65% of the securities included in the index were classified into the Pharmaceuticals sector. (Sector designations are determined by the index sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.)

The top ten constituent stocks of the index as of October 12, 2018, by weight, are: Amgen Inc. (8.68%), Gilead Sciences, Inc. (8.54%), Biogen Inc. (8.22%), Celgene Corp. (7.36%), Illumina, Inc. (5.99%), Vertex Pharmaceuticals Inc. (4.32%), Regeneron Pharmaceuticals Inc. (4.15%), Alexion Pharmaceuticals Inc. (3.60%), BioMarin Pharmaceutical Inc. (2.34%) and Mylan NV Ordinary Shares (2.20%).

### **Construction of the NASDAQ Biotechnology Index**

The index is a modified market capitalization-weighted index. Index composition is reviewed on an annual basis in December. First, the index sponsor determines which stocks meet the applicable eligibility criteria. The eligibility criteria is applied using market data through the end of October and is updated for total shares outstanding submitted in publicly filed documents via EDGAR through the end of November to determine security market capitalization.

#### *Eligibility Criteria for Inclusion in the Index*

To be eligible for inclusion in the index, a security must meet the following criteria:

- the security's U.S. listing must be exclusively listed on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the stock was dually listed on another U.S. market prior to January 1, 2004 and has continuously maintained such listing);
- the issuer of the security must be classified according to the Industry Classification Benchmark (ICB) as either biotechnology or pharmaceutical;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the security must have a market capitalization of at least \$200 million. Market capitalization is determined by multiplying a stock's last sale price by its total number of shares outstanding;
- the security must have an average daily trading volume ("ADTV") of at least 100,000 shares;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being eligible for inclusion in the index;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn. This will be determined based upon a security issuer's public filings with the SEC; and

- the security must have “seasoned” on NASDAQ, NYSE or NYSE Amex. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing) as of the last trading day in October.

Index eligibility is limited to specific security types only. The security types eligible for the index include common stocks, ordinary shares, ADRs and shares of beneficial interest or limited partnership interests. For purposes of index eligibility criteria, if the security is a depositary receipt representing a security of a non-U.S. issuer, then references to the “issuer” are references to the issuer of the underlying security.

All securities meeting the above criteria are included in the index. Generally, the list of additions and deletions is publicly announced via a press release in the early part of December. Security additions and deletions are made effective after the close of trading on the third Friday in December.

The final list of constituents included in the index, including any replacements made during the annual review, is made effective after the close of trading on the third Friday in December. Generally, the list of annual additions and deletions as a result of the annual review is publicly announced by the index sponsor via a press release in the early part of December, in conjunction with an announcement on the index sponsor’s website.

### **Calculation of the Total Return of the Index**

The ETF tracks the performance of the “total return” version of the index. The index is a modified market capitalization-weighted index. The value of the index equals the index market value *divided* by the index divisor. The overall index market value is the aggregate of each index security’s market value, as may be adjusted for any corporate actions. An index security’s market value is determined by multiplying the last sale price by its index share weight, also known as “index shares”. In other words, the value of the index is equal to (i) the *sum* of the *products* of (a) the index shares of each of the index securities *multiplied* by (b) each such security’s last sale price (adjusted for corporate actions, if any), *divided* by (ii) the divisor of the index.

In calculating the index, the divisor serves the purpose of scaling the aggregate value of each index share weight multiplied by such stock’s last sale price to a lower order of magnitude which is more desirable for index reporting purposes. The index divisor is calculated as the ratio of (i) the start of day market value of the index *divided* by (ii) the previous day index value.

The total return index reinvests cash dividends on the ex-date. The total return index was synchronized to the value of the price return index at the close on September 24, 2003.

The index is calculated in U.S. dollars during the U.S. market trading day based on the last sale price and are disseminated once per second from 09:30:01 until 17:16:00 ET. The closing value of the index may change up until 17:15:00 ET due to corrections to the last sale price of the index stocks. The official closing value of the index is ordinarily disseminated at 17:16:00 ET.

### **Index Maintenance**

#### ***Changes to Index Constituents***

Changes to the index constituents may be made during the annual evaluation. In addition, if at any time during the year other than the annual evaluation it is determined that an index security no longer meets the index eligibility criteria, or is otherwise determined to have become ineligible for continued inclusion in the index, the security is removed from the index and will not be replaced.

Ordinarily, a security will be removed from the index at its last sale price. The last sale price refers to the price at which a security last traded during regular market hours as reported on such security’s index market, which may be the NASDAQ Official Closing Price (NOCP). The index market is the index eligible stock market for which the security’s prices are received and used by the index sponsor for purposes of calculating the index.

If, however, at the time of its removal the security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the index security may, in the index sponsor’s discretion, be removed at a price of \$0.00000001 (“zero price”). This zero price will be applied to the index security after the close of the market but prior to the time the official closing value of the index is disseminated, which is ordinarily 17:16:00 ET.



### *Divisor Adjustments*

Ordinarily, whenever there is a change in index shares, a change in an index security or a change to the price of an index security due to certain corporate actions, including spin-offs, rights issuances or special cash dividends, the divisor is adjusted to ensure that there is no discontinuity in the value of the index which might otherwise be caused by any such change. All changes are announced in advance and are reflected in the index prior to market open on the index effective date.

### *Quarterly Index Rebalancing*

On a quarterly basis, the index is rebalanced such that the maximum weight of any index security does not exceed 8% and no more than five securities are at that cap. The excess weight of any capped security is distributed proportionally across the remaining index securities. If after redistribution, any of the five highest ranked index securities are weighted below the 8% cap, these securities are not capped. Next, any remaining index securities in excess of 4% are capped at 4% and the excess weight is redistributed proportionally across the remaining index securities. This process is repeated, if necessary, to derive the final weights.

Finally, to complete the rebalancing process, once the final weighting percentages for each index security have been set, the modified market capitalization weighting methodology is applied to the capitalization of each index security, using the last sale price of the security at the close of trading on the last day in February, May, August and November and after applying quarterly changes to the total shares outstanding. Index shares are then calculated by multiplying the weight of the security derived above by the new market value of the index, and dividing the modified market capitalization for each index security by its corresponding last sale price. Changes to the index shares will be made effective after the close of trading on the third Friday in March, June, September and December.

### *Corporate Actions and Index Adjustments*

Aside from changes resulting from quarterly rebalancing, intra-quarter changes in index shares can also result from a change in an index security's total shares outstanding that is greater than 10.0%. Changes in total shares outstanding are determined by an index stock issuer's public filings with the SEC. Changes in the price and/or index shares driven by corporate events such as stock dividends, stock splits and certain spin-offs and rights issuances are adjusted on the ex-date. If the change in total shares outstanding arising from other corporate actions is greater than or equal to 10.0%, the change is made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10.0%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the third Friday in each of March, June, September and December. The index shares are then adjusted by the same percentage amount by which the total shares outstanding have changed.

*Special Cash Dividends.* A dividend is considered "special" if the information provided by the listing exchange in their announcement of the ex-date indicates that the dividend is special. Other nomenclature for a special dividend may include, but is not limited to, "extra", "extraordinary", "non-recurring", "one-time" and "unusual". The price of the index stock in the index is adjusted for the amount of the special cash dividend.

As discussed above, ordinarily whenever there is a change in index shares, a change in an index security or a change to the price of an index security due to spin-offs, rights issuances or special cash dividends, the divisor is adjusted.

### *Discretionary Adjustments*

In addition to the above, the index sponsor may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure index integrity.

### *Market Disruption Events*

If trading in an index security is halted on its primary listing market, the most recent last sale price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent last sale price is used if trading in a security is halted on its primary listing market before the market is open.

### *Corrections and Calculations*

The closing value of the index may change up until 17:15:00 ET due to corrections to the last sale price of the index securities. In the event that a change has been made to the index intraday, the index sponsor will make an announcement describing such change. In the event an index calculation has been corrected retroactively, an announcement will be provided.

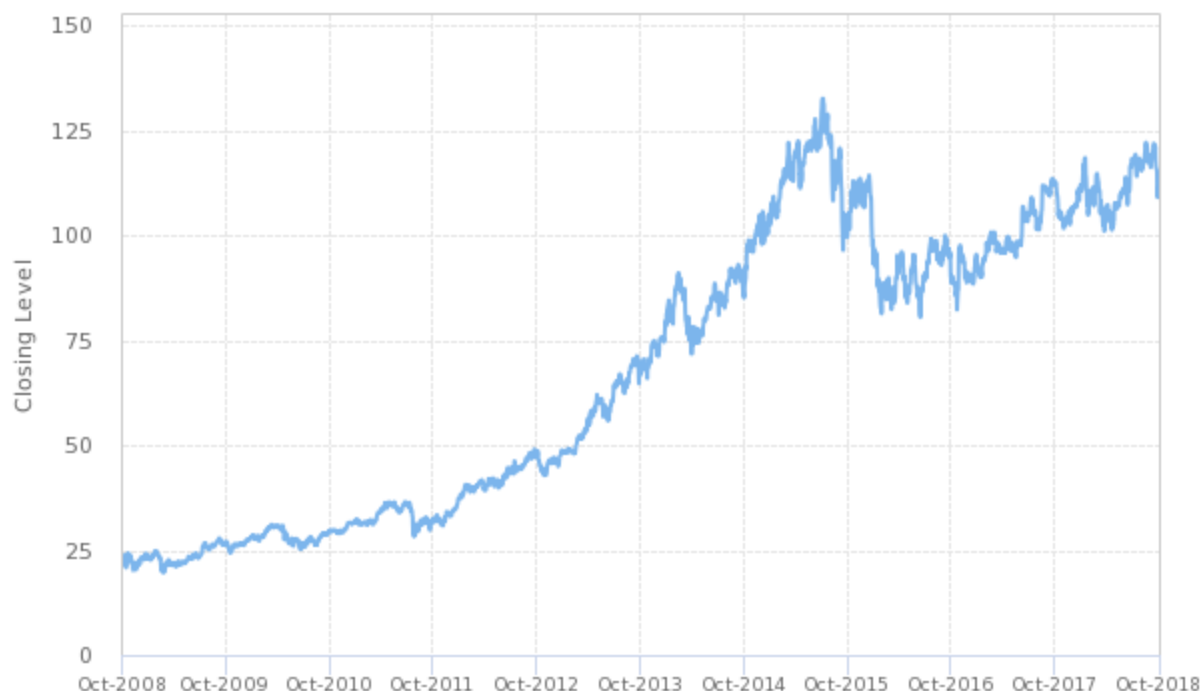
### Historical Closing Prices of the ETF's Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. The daily historical closing prices in the graph below have been adjusted for a 3-for-1 stock split that became effective after the market close on November 30, 2017. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® Nasdaq Biotechnology ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

### ***The SPDR® S&P® Oil & Gas Exploration & Production ETF***

The shares of the SPDR® S&P® Oil & Gas Exploration & Production ETF (the “ETF”) are issued by the SPDR® Series Trust (the “trust”), a registered investment company.

- The ETF seeks investment results which correspond generally to the total return performance, before fees and expenses, of the index.
- The index it tracks is the S&P Oil & Gas Exploration & Production Index (the “index”).
- Investment Advisor: SSGA Funds Management, Inc. (“SSGA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “XOP”.
- The trust’s SEC CIK Number is 0001064642.
- The inception date was June 19, 2006.
- The ETF’s shares are issued or redeemed only in creation units of 50,000 shares or multiples thereof.

We obtained the following fee information from the SPDR® website, without independent verification. SSGA is entitled to receive a management fee from the ETF based on a percentage of the ETF’s average daily net assets at an annual rate of 0.35% of the average daily net assets of the ETF. From time to time, SSGA may waive all or a portion of its fee, although it does not currently intend to do so. SSGA pays all expenses of the ETF other than the management fee, brokerage expenses, taxes, interest, fees and expenses of the independent trustees (including any trustee’s counsel fees), litigation expenses, acquired fund fees and expenses and other extraordinary expenses. As of September 30, 2018, the gross expense ratio of the ETF was 0.35% per annum.

For additional information regarding the trust or SSGA, please consult the reports (including the Annual Report to Shareholders on Form N-CSR for the fiscal year ended June 30, 2018) and other information the trust files with the SEC. Information provided to or filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC’s website at [sec.gov](http://sec.gov). In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the SPDR® website at [spdrs.com/product/fund.seam?ticker=XOP](http://spdrs.com/product/fund.seam?ticker=XOP). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective and Strategy**

The ETF seeks to provide investment results that correspond generally to the total return performance, before fees and expenses, of the index. The ETF uses a representative sampling strategy to try to achieve its investment objective, which means that the ETF is not required to purchase all of the securities represented in the index. Instead, the ETF may purchase a subset of the securities in the index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the index. Under normal market conditions, the ETF generally invests substantially all, but at least 80%, of its total assets in the securities comprising the index. The ETF will provide shareholders with at least 60 days’ notice prior to any change in this 80% investment policy. In addition, the ETF may invest in equity securities not included in the index, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds (including money market funds advised by SSGA).

In certain situations or market conditions, the ETF may temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the ETF’s investment objective and is in the best interest of the ETF. For example, the ETF may make larger than normal investments in derivatives to maintain exposure to the index if it is unable to invest directly in a component security.

The board may change the ETF’s investment strategy, index and other policies without shareholder approval. The board may also change the ETF’s investment objective without shareholder approval.

## The ETF's Holdings and Industrial Sector Classifications

The ETF holds stocks of companies in the oil and gas exploration and production segment of the S&P Total Market Index. As of October 12, 2018, the ETF held stocks of companies in the following sub-industries (with their corresponding weights in the ETF): oil & gas exploration & production (80.95%); oil & gas refining & marketing (13.78%) and integrated oil & gas (5.27%).

As of October 12, 2018, the top ten constituents of the ETF and their relative weights in the ETF were as follows: Murphy Oil Corporation (2.05%), Chesapeake Energy Corporation (1.97%), Denbury Resources Inc. (1.92%), Anadarko Petroleum Corporation (1.90%), Noble Energy Inc. (1.90%), Southwestern Energy Company (1.90%), Concho Resources Inc. (1.89%), Cabot Oil & Gas Corporation (1.89%), Range Resources Corporation (1.89%), and Callon Petroleum Company (1.88%).

## Correlation

Although SSGA seeks to track the performance of the index (i.e., achieve a high degree of correlation with the index), the ETF's return may not match the return of the index. The ETF incurs a number of operating expenses not applicable to the index, and incurs costs in buying and selling securities. In addition, the ETF may not be fully invested at times, generally as a result of cash flows into or out of the ETF or reserves of cash held by the ETF to meet redemptions. SSGA may attempt to replicate the index return by investing in fewer than all of the securities in the index, or in some securities not included in the index, potentially increasing the risk of divergence between the ETF's return and that of the index.

As of September 30, 2018, the SPDR® website gave the following performance figures for the market value return of the ETF's shares (which is based on the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the ETF are listed for trading, as of the time that the ETF's NAV is calculated, and is before tax) and the index return (in each case on an annualized basis):

Period	1 year	3 years	5 years	10 years	Since inception*
ETF's shares	27.86%	10.65%	-7.09%	0.62%	2.90%
Index	28.23%	10.89%	-7.01%	0.74%	3.07%

\*June 19, 2006.

## Industry Concentration Policy

The ETF's assets will generally be concentrated in an industry or group of industries to the extent that the index concentrates in a particular industry or group of industries. By focusing its investments in a particular industry or sector, financial, economic, business, and other developments affecting issuers in that industry, market, or economic sector will have a greater effect on the ETF than if it had not focused its assets in that industry, market, or economic sector, which may increase the volatility of the ETF.

## Share Prices and the Secondary Market

The trading prices of shares of the ETF will fluctuate continuously throughout trading hours based on market supply and demand rather than the ETF's net asset value, which is calculated at the end of each business day. The trading prices of the ETF's shares may differ (and may deviate significantly during periods of market volatility) from the ETF's daily net asset value. The indicative optimized portfolio value ("IOPV") of the shares of the ETF is disseminated every fifteen seconds throughout the trading day by NYSE Arca. The IOPV calculations are based on estimates of the value of the ETF's net asset value per share using market data converted into U.S. dollars at the current currency rates and is based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the IOPV and the market price may occur. This should not be viewed as a "real-time" update of the net asset value per share of the ETF, which is calculated only once a day. In addition, the issuance or redemption of ETF shares to or from certain institutional investors, which are done only in large blocks of at least 50,000, may cause temporary dislocations in the market price of the shares.

## The Underlying Index

The S&P Oil & Gas Exploration & Production Select Industry Index (Bloomberg ticker SPSIOPTR) is managed by S&P Dow Jones Indices LLC ("S&P") and is a modified equal-weighted index that is designed to measure the performance of stocks in the S&P Total Market Index that both (i) are classified under the Global Industry Classification Standard ("GICS®") in the integrated oil & gas, oil & gas exploration & production and oil & gas refining & marketing sub-industries and (ii) satisfy certain liquidity and market capitalization requirements. The S&P Total Market Index tracks all

eligible U.S. common stocks listed on the NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX and IEX. The index is one of the 21 sub-industry sector indices S&P maintains that are derived from a portion of the stocks comprising the S&P Total Market Index. An equal-weighted index is one where every stock, or company, has the same weight in the index. As such, the index must be rebalanced from time to time to re-establish the proper weighting.

### **Eligibility for Inclusion in the Index**

Selection for the index is based on a company's GICS® classification, as well as liquidity and market capitalization requirements. In addition, only U.S. companies are eligible for inclusion in the index. GICS® classifications are determined by S&P using criteria it has selected or developed. Index and classification system sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed only in one sector. As a result, sector comparisons between indices with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.

To qualify for membership in the index, at each quarterly rebalancing a stock must satisfy the following criteria: (i) be a member of the S&P Total Market Index; (ii) be assigned to the integrated oil & gas, oil & gas exploration & production or oil & gas refining and marketing sub-industry; and (iii) meet one of the following float-adjusted market capitalization (FAMC) and float-adjusted liquidity ratio (FALR) requirements: (a) be a current constituent of the index and have a FAMC greater than or equal to \$300 million and have a FALR greater than or equal to 50%; (b) have an FAMC greater than or equal to \$500 million and a FALR greater than or equal to 90%; or (c) have an FAMC greater than or equal to \$400 million and a FALR greater than or equal to 150%. The FALR is defined as the dollar value traded over the previous 12 months divided by the FAMC as of the index's rebalancing reference date.

All stocks in the related GICS® sub-industries satisfying the above requirements are included in the index and the total number of stocks in the index should be at least 35. If there are fewer than 35 stocks in the index, the market capitalization requirements may be relaxed to reach at least 22 stocks.

With respect to liquidity, the length of time to evaluate liquidity is reduced to the available trading period for companies that recently became public or companies that were spun-off from other companies, the stocks of which therefore do not have 12 months of trading history.

### **Current Composition of the Index**

As of October 12, 2018, the index held stocks of companies in the following sub-industries (with their corresponding weights in the ETF): oil & gas exploration & production (80.95%), oil & gas refining & marketing (13.78%) and integrated oil & gas (5.27%).

As of October 12, 2018, the top ten constituents of the index and their relative weights in the index were as follows: Murphy Oil Corporation (2.05%), Chesapeake Energy Corporation (1.97%), Denbury Resources Inc. (1.92%), Noble Energy Inc. (1.90%), Southwestern Energy Company (1.90%), Anadarko Petroleum Corporation (1.90%), Cabot Oil & Gas Corporation (1.89%), Range Resources Corporation (1.89%), Concho Resources Inc. (1.89%) and Callon Petroleum Company (1.88%).

### **Calculation of the Total Return of the Index**

The ETF tracks the performance of the "total return" version of the index. The total return calculation begins with the price return of the index. The price return index is calculated as the index market value divided by the divisor. In an equal-weighted index like the index, the market capitalization of each stock used in the calculation of the index market value is redefined so that each stock has an equal weight in the index on each rebalancing date. The adjusted market capitalization for each stock in the index is calculated as the product of the stock price, the number of shares outstanding, the stock's float factor and the adjustment factor.

A stock's float factor refers to the number of shares outstanding that are available to investors. S&P indices exclude shares closely held by control groups from the index calculation because such shares are not available to investors. For each stock, S&P calculates an Investable Weight Factor (IWF) which is the percentage of total shares outstanding that are included in the index calculation.

The adjustment factor for each stock is assigned at each rebalancing date and is calculated by dividing a specific constant set for the purpose of deriving the adjustment factor (often referred to as modified index shares) by the number of stocks in the index multiplied by the float adjusted market value of such stock on such rebalancing date.

Adjustments are also made to ensure that no stock in the index will have a weight that exceeds the value that can be traded in a single day for a theoretical portfolio of \$2 billion. Theoretical portfolio values are reviewed annually and any updates are made at the discretion of the index committee, as defined below. The maximum basket liquidity weight for each stock in the index will be calculated using the ratio of its three-month median daily value traded to the theoretical portfolio value of \$2 billion. Each stock's weight in the index is then compared to its maximum basket liquidity weight and is set to the lesser of (1) its maximum basket liquidity weight or (2) its initial equal weight. All excess weight is redistributed across the index to the uncapped stocks. If necessary, a final adjustment is made to ensure that no stock in the index has a weight greater than 4.5%. No further adjustments are made if the latter step would force the weight of those stocks limited to their maximum basket liquidity weight to exceed that weight. If the index contains exactly 22 stocks as of the rebalancing effective date, the index will be equally weighted without basket liquidity constraints.

If a company has more than one share class line in the S&P Total Market Index, such company will be represented once by the designated listing (generally the share class with both (i) the highest one-year trading liquidity as defined by median daily value traded and (ii) the largest FAMC). S&P reviews designated listings on an annual basis and any changes are implemented after the close of the third Friday in September. The last trading day in July is used as the reference date for the liquidity and market capitalization data in such determination. Once a listed share class line is added to the index, it may be retained in the index even though it may appear to violate certain constituent addition criteria. For companies that issue a second publicly traded share class to index share class holders, the newly issued share class line will be considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis.

The index is calculated by using the divisor methodology used in all S&P equity indices. The initial divisor was set to have a base value of 1,000 on December 17, 1999. The index level is the index market value divided by the index divisor. In order to maintain index series continuity, it is also necessary to adjust the divisor at each rebalancing. Therefore, the divisor (after rebalancing) equals the index market value (after rebalancing) divided by the index value before rebalancing. The divisor keeps the index comparable over time and is one manipulation point for adjustments to the index, which we refer to as maintenance of the index.

Once the price return index has been calculated, the total return index is calculated. First, the total daily dividend for each stock in the index is calculated by multiplying the per share dividend by the number of shares included in the index. Dividends are reinvested in the index after the close on the ex-date for such dividend. Then the index dividend is calculated by aggregating the total daily dividends for each of the index stocks (which may be zero for some stocks) and dividing by the divisor for that day. Next, the daily total return of the index is calculated as a fraction *minus* 1, the numerator of which is the sum of the index level *plus* the index dividend and the denominator of which is the index level on the previous day. Finally, the total return index for that day is calculated as the *product* of the value of the total return index on the previous day *times* the *sum* of 1 *plus* the index daily total return for that day.

### **Maintenance of the Index**

The composition of the index is reviewed quarterly. Rebalancing occurs after the closing of the relevant U.S. trading markets on the third Friday of the month ending that quarter. The reference date for additions and deletions is after the closing of the last trading day of the previous month. Closing prices as of the second Friday of the last month of the quarter are used for setting index weights. Existing stocks in the index are removed at the quarterly rebalancing if either their FAMC falls below \$300 million or their FALR falls below 50%. A stock will also be deleted from the index if the S&P Total Market Index deletes that stock. Stocks are added between rebalancings only if a company deletion causes the number of stocks in the index to fall below 22. The newly added stock will be added to the index at the weight of the deleted stock. If the stock was deleted at \$0.00, the newly added stock will be added at the deleted stock's previous day's closing value (or the most immediate prior business day that the deleted stock was not valued at \$0.00) and an adjustment to the divisor will be made (only in the case of stocks removed at \$0.00). At the next rebalancing, the index will be rebalanced based on the eligibility requirements and equal-weight methodology discussed above.

In the case of GICS® changes, where a stock does not belong to the oil & gas exploration & production sub-industry or another qualifying sub-industry after the classification change, it is removed from the index on the next rebalancing date. In the case of a spin-off, the spin-off company will be added to the index at a zero price after the close of trading on the day before the ex-date. In general and subject to certain exceptions, both the parent company and spin-off companies will remain in the index until the next index rebalancing. In the case of a merger involving two index constituents, the merged entity will remain in the index provided that it meets all general eligibility requirements. The merged entity will be added to the index at the weight of the stock deemed to be the surviving stock in the transaction. The surviving stock will

not experience a weight change and its subsequent weight will not be equal to that of the pre-merger weight of the merged entities.

Adjustments are made to the index in the event of certain corporate actions relating to the stocks included in the index, such as spin-offs, rights offerings, stock splits and special dividends, as specified below.

The table below summarizes the types of index maintenance adjustments:

<b>Type of Corporate Action</b>	<b>Adjustment Factor</b>	<b>Divisor Adjustment Required</b>
Spin-Off	In general and subject to certain exceptions, both the parent stock and spin-off stocks will remain in the index until the next index rebalancing, regardless of whether they conform to the theme of the index.	No
Rights Offering	Price is adjusted to equal (i) price of parent company minus (ii) price of rights subscription divided by the rights ratio. Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock split (e.g., 2-for-1), stock dividend or reverse stock split	Index shares multiplied by split factor (i.e., 2); stock price divided by split factor (i.e., 2).	No
Share issuance or share repurchase	None.	No
Special dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes

### **Index Committee**

The Americas Thematic and Strategy Index Committee (the "index committee") maintains the index and consists of full-time professional members of S&P staff. At regular meetings, the index committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for additions to the index and any significant market events. The index committee may also revise index policy, such as the rules for selecting constituents, the treatment of dividends, share counts or other matters.

### **Unexpected Exchange Closures**

An unexpected market/exchange closure occurs when a market/exchange fully or partially fails to open or trading is temporarily halted. This can apply to a single exchange or to a market as a whole, when all of the primary exchanges are closed and/or not trading. Unexpected market/exchange closures are usually due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events.

To a large degree, S&P is dependent on the exchanges to provide guidance in the event of an unexpected exchange closure. S&P's decision making is dependent on exchange guidance regarding pricing and mandatory corporate actions.

NYSE Rule 123C provides closing contingency procedures for determining an official closing price for listed securities if the exchange is unable to conduct a closing transaction in one or more securities due to a system or technical issue.

3:00 PM ET is the deadline for an exchange to determine its plan of action regarding an outage scenario. As such, S&P also uses 3:00 PM ET as the cutoff.

If all major exchanges fail to open or unexpectedly halt trading intraday due to unforeseen circumstances, S&P will take the following actions:

Market Disruption Prior to Open of Trading:

- (i) If all exchanges indicate that trading will not open for a given day, S&P will treat the day as an unscheduled market holiday. The decision will be communicated to clients as soon as possible through the normal channels. Indices containing multiple markets will be calculated as normal, provided that at least one market is open that day. Indices which only contain closed markets will not be calculated.
- (ii) If exchanges indicate that trading, although delayed, will open for a given day, S&P will begin index calculation when the exchanges open.

#### Market Disruption Intraday:

- (i) If exchanges indicate that trading will not resume for a given day, the index level will be calculated using prices determined by the exchanges based on NYSE Rule 123C. Intraday index values will continue to use the last traded composite price until the primary exchange publishes official closing prices.

### Historical Closing Prices of the ETF's Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of SPDR® S&P® Oil and Gas Exploration & Production ETF





“SPDR®” is a registered trademark of Standard & Poor's Financial Services LLC (“S&P”) and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”) and have been licensed for use by S&P Dow Jones Indices LLC. The offered CDs are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates make any representation regarding the advisability of investing in the offered CDs.

## **SPDR® Gold Trust**

The SPDR® Gold Trust (the “trust”) issues SPDR® Gold Shares, which represent units of fractional undivided beneficial interest in and ownership of the trust (the “shares”). The trust holds gold bars and intends for its shares to reflect the performance of the price of gold bullion minus the trust’s expenses and fees. The shares trade under the ticker symbol “GLD” on the NYSE Arca.

We have derived all information regarding the trust and the shares contained in this disclosure statement supplement from publicly available information without independent verification. For additional information regarding the trust, please consult the reports (including the annual report on Form 10-K for the fiscal year ended September 30, 2017) and other information the trust files with the SEC. Information provided to or filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC’s website at [sec.gov](http://sec.gov) and can be located by reference to SEC CIK number 0001222333. Additional information regarding the trust may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the SPDR® Gold Shares website at [spdrgoldshares.com](http://spdrgoldshares.com). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **The Trust**

The SPDR® Gold Trust is an investment trust, formed on November 12, 2004, that holds gold bars and is expected from time to time to issue blocks of 100,000 trust shares (called baskets) in exchange for deposits of gold and to distribute gold in connection with redemptions of baskets.

The trust’s sponsor is World Gold Trust Services, LLC, a Delaware limited liability company, which is wholly-owned by the World Gold Council, a not-for-profit association registered under Swiss law. The sponsor established the trust and generally oversees the performance of the trustee and the trust’s principal service providers, but does not exercise day-to-day oversight. The sponsor may remove the trustee and appoint a successor in certain circumstances.

The trustee is BNY Mellon Asset Servicing, a division of The Bank of New York Mellon. The trustee is generally responsible for the day-to-day administration of the trust. This includes selling the trust’s gold as needed to pay the trust’s expenses (gold sales are expected to occur approximately monthly in the ordinary course), calculating the net asset value (“NAV”) of the trust and the NAV per trust share, receiving and processing orders from authorized participants to create and redeem baskets and coordinating the processing of such orders with the custodian and The Depository Trust Company and monitoring the custodian. The trustee determines the NAV of the trust on each day that the NYSE Arca is open for regular trading, at the earlier of (i) the afternoon session of the twice daily determination of the price of an ounce of gold through an auction by the London Bullion Market Association (the “LBMA”), administered by the ICE Benchmark Administration, which starts at 3:00 PM London, England time (known as the “LBMA Gold Price PM”), or (ii) 12:00 PM New York time. The LBMA Gold Price is determined by participants in a physically settled, electronic and tradable auction. The LBMA Gold Price replaced the previously established London PM Gold Fix on March 20, 2015. The NAV of the trust is the aggregate value of the trust’s assets less its estimated accrued but unpaid liabilities (which include accrued expenses). In determining the trust’s NAV, the trustee values the gold held by the trust based on the LBMA Gold Price PM for an ounce of gold. The trustee also determines the NAV per trust share.

The custodian is HSBC Bank plc. The custodian is responsible for the safekeeping of the trust’s gold bars transferred to it in connection with the creation of baskets. The custodian also facilitates the transfer of gold in and out of the trust through gold accounts it maintains for authorized participants and the trust. The custodian is a market maker, clearer and approved weigher under the rules of the LBMA.

Shareholders of the trust have no voting rights, except in limited circumstances. Shareholders holding at least 66 2/3% of the shares outstanding may vote to remove the trustee. The trustee may terminate the trust upon the agreement of shareholders owning at least 66 2/3% of the outstanding shares. In addition, certain amendments to the trust indenture require 51% or unanimous consent of the shareholders.

The trust is not registered as an investment company under the Investment Company Act of 1940 and is not required to register under that act. The trust will not hold or trade in commodity futures contracts regulated by the Commodity Exchange Act of 1936 (the “CEA”), as administered by the Commodity Futures Trading Commission (the “CFTC”). The trust is not a commodity pool for purposes of the CEA, and none of the sponsor, the trustee or the marketing agent, State Street Global Advisors Funds Distributors, LLC, is subject to regulation by the CFTC as a commodity pool operator or a commodity trading advisor in connection with the shares.

### **Investment Objective**

The investment objective of the trust is for the shares to reflect the performance of the price of gold bullion, less the trust's expenses. The sponsor believes that, for many investors, the shares represent a cost-effective investment in gold. The sponsor intends the shares to offer investors an opportunity to participate in the gold market through an investment in securities without the logistics of buying, storing and insuring gold. The trust has no fixed termination date and will terminate upon the occurrence of a termination event listed in the trust indenture.

The trust indenture provides for distributions to shareholders in only two circumstances. First, if the trustee and the sponsor determine that the trust's cash account balance exceeds the anticipated expenses of the trust for the next 12 months and the excess amount is more than \$0.01 per share outstanding, they shall direct the excess amount to be distributed to the shareholders. Second, if the trust is terminated and liquidated, the trustee will distribute to the shareholders any amounts remaining after the satisfaction of all outstanding liabilities of the trust and the establishment of such reserves for applicable taxes, other governmental charges and contingent or future liabilities as the trustee shall determine. Shareholders of record on the record date fixed by the trustee for a distribution will be entitled to receive their pro rata portion of any distribution.

### **Creation and Redemption of the Shares of the Trust**

The trust creates and redeems its shares from time to time, but only in one or more baskets (a basket equals a block of 100,000 trust shares). The creation and redemption of baskets requires the delivery to the trust or the distribution by the trust of the amount of gold and any cash represented by the baskets being created or redeemed, the amount of which is based on the combined NAV of the number of trust shares included in the baskets being created or redeemed. The initial amount of gold required for deposit with the trust to create shares for the period from the formation of the trust to the first day of trading of the trust shares on the NYSE was 10,000 ounces per basket. The number of ounces of gold required to create a basket or to be delivered upon the redemption of a basket gradually decreases over time, due to the accrual of the trust's expenses and the sale of the trust's gold to pay the trust's expenses. Baskets may be created or redeemed only by an authorized participant, which is a person who is a registered broker-dealer or other securities market participant such as a bank or other financial institution which is not required to register as a broker-dealer to engage in securities transactions, is a participant in the Depository Trust Company system, has entered into an agreement with the sponsor and the trustee which provides the procedures for the creation and redemption of baskets and for the delivery of the gold and any cash required for such creations and redemptions and has established an unallocated gold account with the custodian. Authorized participants pay a transaction fee for each order to create or redeem baskets and may sell the shares included in the baskets they create to other investors.

### **Termination Events**

The sponsor may, and it is anticipated that the sponsor will, direct the trustee to terminate and liquidate the trust at any time if the NAV of the trust is less than \$350 million (as adjusted over time for inflation). The sponsor may also direct the trustee to terminate the trust if the CFTC determines that the trust is a commodity pool under the CEA. The trustee may also terminate the trust upon the agreement of trust shareholders owning at least 66⅔% of the outstanding trust shares.

In addition, the trustee will terminate and liquidate the trust if one of the following events occurs:

- The Depository Trust Company, the securities depository for the shares of the trust, is unwilling or unable to perform its functions under the trust indenture and no suitable replacement is available;
- The shares of the trust are de-listed from the NYSE Arca and are not listed for trading on another U.S. national securities exchange or through the NASDAQ Stock Market within five business days from the date the shares of the trust are de-listed;

- The NAV of the trust remains less than \$50 million for a period of 50 consecutive business days;
- The sponsor resigns or is unable to perform its duties or becomes bankrupt or insolvent and the trustee has not appointed a successor and has not itself agreed to act as sponsor;
- The trustee resigns or is removed and no successor trustee is appointed within 60 days;
- The custodian resigns and no successor custodian is appointed within 60 days;
- The sale of all of the trust's assets;
- The trust fails to qualify for treatment, or ceases to be treated, for U.S. federal income tax purposes, as a grantor trust; or
- The maximum period for which the trust is allowed to exist under New York law ends.

Upon the termination of the trust, the trustee will, within a reasonable time after the termination of the trust, sell the trust's gold bars and, after paying or making provision for the trust's liabilities, distribute the proceeds to the shareholders of the trust.

### **Valuation of Gold and NAV**

As of 3:00 PM London time on each day that the NYSE Arca is open for regular trading or, if no LBMA Gold Price PM is determined at 3:00 PM London time on such day or the LBMA Gold Price PM has not been announced by 12:00 PM New York time on such day, as of 12:00 PM New York time on such day, the trustee values the gold held by the trust and determines both the adjusted NAV and the NAV of the trust. The trustee values the trust's gold on the basis of that day's LBMA Gold Price PM or, if no LBMA Gold Price PM is determined on such day or has not been announced by the valuation time, the next most recent LBMA Gold Price (AM or PM) determined prior to that time is used, unless the trustee, in consultation with the sponsor, determines that such price is inappropriate as a basis for valuation. In the event the trustee and the sponsor determine that the LBMA Gold Price PM or last prior LBMA Gold Price (AM or PM) is not an appropriate basis for valuation of the trust's gold, they shall identify an alternative basis for such valuation to be employed by the trustee. Once the value of the gold has been determined, the trustee subtracts all estimated accrued fees (other than the fees accruing for the evaluation day which are computed by reference to the adjusted NAV of the trust or the custody fees accruing for the evaluation day which are based on the value of the gold held by the trust), expenses and other liabilities of the trust from the total value of the gold and all other assets of the trust (other than any amounts credited to the trust's reserve account, if established). The resulting figure is the adjusted NAV of the trust. The adjusted NAV of the trust is used to compute the fees of the sponsor, the trustee and the marketing agent. To determine the trust's NAV, the trustee subtracts the amount of estimated accrued fees accruing for the evaluation day which are computed by reference to the adjusted NAV of the trust and to the value of the gold held by the trust from the adjusted NAV of the trust. The resulting figure is the NAV of the trust. The trustee also determines the NAV per trust share by dividing the NAV of the trust by the number of the trust shares outstanding as of the close of trading on NYSE Arca (which includes the net number of any trust shares created or redeemed on such evaluation day).

The shares may trade at, above or below the NAV per share. The NAV per share fluctuates with changes in the market value of the trust's assets. The trading price of the shares fluctuates in accordance with changes in the NAV per share as well as market supply and demand.

### **Expenses and Fees**

The trust's only recurring fixed expense is the sponsor's fees which accrue daily at an annual rate equal to 0.40% of the daily NAV. In exchange for the sponsor's fee, the sponsor has agreed to pay all ordinary fees and expenses of the trust (which include the fees and expenses of the trustee and the fees and expenses of the custodian for the custody of the trust's gold bars), the fees and expenses of the sponsor, certain taxes, the fees of the marketing agent, printing and mailing costs, legal and audit fees, registration fees, NYSE Arca listing fees and other marketing costs and expenses. In order to pay the trust's expenses, the trustee sells gold held by the trust on an as needed basis. Each sale of gold by the trust is a taxable event to shareholders of the trust.

Additionally, if the trust incurs unforeseen expenses that cause the total ordinary expenses of the trust to exceed 0.70% per year of the daily adjusted NAV of the trust, the ordinary expenses will accrue at a rate greater than 0.40% per year of the daily adjusted NAV of the trust, even after the sponsor and the marketing agent have completely waived their combined fees of 0.30% per year of the daily adjusted NAV of the trust.

The trustee's fee is payable monthly in arrears and is accrued daily at an annual rate equal to 0.02% of the adjusted NAV of the trust, subject to a minimum fee of \$500,000 and a maximum fee of \$2,000,000 per year. The custodian's fee is computed at an annual rate equal to 0.10% of the average daily aggregate value of the first 4.5 million ounces of gold held in the trust and 0.06% of the average daily aggregate value of all gold held in the trust in excess of 4.5 million ounces.

### **Understanding the LBMA Gold Price**

Although the market for physical gold is global, most over the counter market trades are cleared through London. In addition to coordinating market activities, the LBMA acts as the principal point of contact between the market and its regulators. A primary function of the LBMA is its involvement in the promotion of refining standards by maintenance of the "London Good Delivery Lists," which are the lists of LBMA accredited melters and assayers of gold. The LBMA also coordinates market clearing and vaulting, promotes good trading practices and develops standard documentation.

ICE Benchmark Administration ("IBA"), on behalf of the LBMA, has assumed responsibility for establishing the LBMA Gold Price as of March 20, 2015. In April 2017, the IBA introduced central clearing to the gold auction. Central clearing removes the need for firms to have large bilateral credit lines in place with each other in order to become a direct participant. This opens up the auction to a broader cross section of the market and also facilitates greater volume in the auction.

IBA operates electronic auctions for spot, unallocated Loco London gold (gold bullion that is physically held in London), providing a market-based platform for buyers and sellers to trade. The auctions are run at 10:30am and 3:00pm London time. The final auction price is published to the market as LBMA Gold Price AM and LBMA Gold Price PM.

The price formation for the gold auction is in USD only. The final price is converted into the benchmark in other currencies including: Australian Dollars; British Pounds, Canadian Dollars, Euros, Onshore and Offshore Yuan, Indian Rupees, Japanese Yen, Malaysian Ringgit, Russian Rubles, Singapore Dollars, South African Rand, Swiss Francs, New Taiwan Dollars, Thai Baht and Turkish Lira. The benchmarks in other currencies are not tradeable directly through the auction.

The methodology is reviewed by the Precious Metals Oversight Committee as documented in its Terms of Reference. The frequency of reviews is set by the Oversight Committee through its Calendar of Agenda Items.

The auctions run in rounds of 30 seconds. At the start of each round, IBA publishes a price for that round. Participants then have 30 seconds to enter, change or cancel their orders (how much gold they want to buy or sell at that price). At the end of each round, order entry is frozen and the system checks to see if the difference between buying and selling (the imbalance) is within the imbalance threshold (normally 10,000 oz. for gold).

If the imbalance is outside of the threshold at the end of a round, then the auction is not balanced, the price is adjusted and a new round starts. If the imbalance is within the threshold then the auction is finished and the price is set. Any imbalance is shared equally between all direct participants (even if they did not place orders or did not log in) and the net volume for each participant trades at the final price. The final price is then published as the LBMA Gold Price in US Dollars and also converted into the benchmarks in other currencies using foreign exchange rates from when the final round ended.

The prices during the auction are determined by an algorithm that takes into account current market conditions and the activity in the auction. Each auction is actively supervised by IBA staff.

If the IBA discovers an error during an auction round, the auction round could be stopped and restarted. If the IBA makes an error in an auction which is discovered after an auction is finished, the auction could not be rerun, but the IBA could replace the published auction price with a No Publication. If a participant makes an error which is discovered after an auction is finished, the auction could not be rerun. If fewer than three direct participants are present for the auction and the IBA therefore publishes a price without conducting an auction but the IBA publishes an incorrect price, the incorrect price could be amended if the error were discovered within 30 minutes after publication. If the IBA publishes an incorrect non-USD price, the incorrect non-USD price could be amended if the error were discovered within 30 minutes after publication.

As of September 30, 2018, the SPDR® website reported the following annual returns on the market price of the trust's shares and the price of gold (determined by the London PM Fix through March 19, 2015). The market

price returns shown account for changes in the mid-point of the bid and ask prices at the time the NAV of the trust is calculated on the relevant date. Trust shares: 1 year, -7.25%; 3 years, 1.81%; 5 years, -2.53%; 10 years, 2.85%; since ETF inception, 6.88%; gold: 1 year, -7.47%; 3 years, 2.14%; 5 years, -2.19%; 10 years, 2.99%; since ETF inception, 7.38%.

### Historical Closing Prices of the Trust's Shares

The closing price of shares of the trust has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant trust closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the trust over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the trust from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of SPDR® Gold Trust



“SPDR®” is a registered trademark of Standard & Poor's Financial Services LLC (“S&P”) and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”) and have been licensed for use by S&P Dow Jones Indices LLC. The index is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates make any representation regarding the advisability of investing in the index.

## **iShares® TIPS Bond ETF**

The shares of the iShares® TIPS Bond ETF (the “ETF”) are issued by iShares® Trust, a registered investment company.

- The ETF is a tracking ETF that seeks investment results which correspond generally to the price and yield performance, before fees and expenses, of the index.
- The index it tracks is the Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) (the “index”).
- Investment Advisor: BlackRock ETF Advisors (“BFA”).
- The ETF’s shares trade on the NYSE Arca under the ticker symbol “TIP”.
- The iShares® Trust’s SEC CIK Number is 0001100663.
- The ETF’s launch date was December 4, 2003.
- The ETF’s shares are issued or redeemed only in creation units of 100,000 shares or multiples thereof.

We obtained the following fee information from the iShares® website without independent verification. The investment advisor is paid a management fee from the ETF calculated based on the aggregate average daily net assets of the ETF and a set of other specified iShares® funds (the “funds”). The management fee for the ETF equals the ratio of the ETF’s net assets over the aggregate net assets of the ETF *multiplied* by the amount calculated as follows: 0.2000% per annum of the aggregate net assets less than or equal to \$121.0 billion; *plus* 0.1900% per annum of the aggregate net assets over \$121.0 billion up to and including \$181.0 billion; *plus* 0.1805% per annum of the aggregate net assets over \$181.0 billion up to and including \$231.0 billion; *plus* 0.1715% per annum of the aggregate net assets over \$231.0 billion up to and including \$281.0 billion; *plus* 0.1630% per annum of the aggregate net assets in excess of \$281.0 billion. As of September 30, 2018, the expense ratio of the ETF was 0.20% per annum.

For additional information regarding iShares® Trust or BFA, please consult the reports (including the Semi-Annual Report to Shareholders on Form N-CSRS for the period ended April 30, 2018) and other information iShares® Trust files with the SEC. In addition, information regarding the ETF, including its top portfolio holdings, may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the iShares® website at [us.ishares.com/product\\_info/fund/overview/TIP.htm](http://us.ishares.com/product_info/fund/overview/TIP.htm). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

### **Investment Objective and Strategy**

The ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the index. The ETF’s investment objective and the index that the ETF tracks may be changed without shareholder approval.

BFA uses a representative sampling indexing strategy to attempt to track the performance of the index. For the ETF, this strategy involves investing in a representative sample of securities that collectively have an investment profile similar to that of the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity or credit ratings and yield) and liquidity measures similar to those of the index. The ETF may or may not hold all of the securities in the index.

The ETF generally invests at least 90% of its assets in the bonds in the index and at least 95% of its assets in U.S. government bonds. The ETF may invest up to 10% of its assets in U.S. government bonds not included in the index, but which BFA believes will help the ETF track the index. The ETF may also invest up to 5% of its assets in repurchase agreements collateralized by U.S. government obligations and in cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. The ETF may lend securities representing up to one-third of the value of the ETF’s total assets (including the value of the collateral received).

### The ETF's Holdings

The following table displays the top holdings of the ETF. We obtained the information in the tables below from the iShares® website without independent verification.

#### iShares® TIPS Bond ETF Top Ten Holdings as of October 12, 2018

<u>Treasury Inflation-Protected Note</u>	<u>Percentage (%)</u>
0.13% due 4/15/2021	9.54%
0.13% due 4/15/2020	8.72%
0.63% due 1/15/2026	7.03%
0.13% due 7/15/2024	6.25%
0.38% due 7/15/2025	5.72%
0.13% due 7/15/2026	4.80%
0.13% due 1/15/2023	4.12%
0.25% due 1/15/2025	3.85%
0.13% due 1/15/2022	3.80%
0.13% due 4/15/2019	3.70%
Total	57.53%

The following table displays additional information about the bonds held by the ETF as of October 12, 2018. We obtained the information in the table below from the iShares® website without independent verification.

Weighted average maturity	8.04 years
Weighted average coupon	0.62%
Effective duration	7.37 years

Weighted average maturity is the length of time until the average security in the ETF will mature or be redeemed by its issuer. Weighted average coupon is the average coupon rate of the underlying bonds in the ETF, weighted by the relative size in the ETF. Effective duration is a measure of the potential responsiveness of a bond or portfolio price to small parallel shifts in interest rates, taking into account the possible changes in expected bond cash flows due to small parallel shifts in interest rates. Real modified duration is a measure of the potential responsiveness of an inflation-linked bond or portfolio price to small parallel shifts in real interest rates (as opposed to nominal interest rates).

As of October 12, 2018, the ETF's holdings were comprised of 38 U.S. Treasury bonds (100.00% of holdings) and no cash and/or derivatives (0.00% of holdings). Of the ETF's U.S. Treasury bond holdings, all were AAA rated under the S&P major rating category. The S&P major rating categories are derived from the S&P, Moody's and Fitch ratings for a security.

### Tracking Error

The performance of the ETF and the index may vary due to a variety of factors, including differences between the securities and other instruments held in the ETF's portfolio and those included in the index, pricing differences, transaction costs, the ETF holding uninvested cash, differences in timing of the accrual of distributions, tax gains or losses, changes to the index or the costs of complying with various new or existing regulatory requirements. Tracking error also may result because the ETF incurs fees and expenses, while the index does not. BFA expects that, over time, the ETF's tracking error will not exceed 5%. The ETF's use of a representative sampling indexing strategy can be expected to produce a larger tracking error than would result if the ETF used a replication indexing strategy in which an ETF invests in substantially all of the securities in its index in approximately the same proportions as in the index.

As of September 30, 2018, iShares® reported the following average annual returns on the market price of the ETF's shares and the index. The market price of the ETF's shares takes into account distributions on the shares



and the returns shown account for changes in the mid-point of the bid and ask prices at 4:00 p.m., Eastern time on the relevant date. ETF shares: 1 year, 0.34%; 3 years, 1.91%; 5 years, 1.24%; 10 years, 3.16%; since inception, 3.77%; index: 1 year, 0.41%; 3 years, 2.04%; 5 years, 1.37%; 10 years, 3.32%; since ETF inception, 3.92%.

### **The Index**

The index is administered by Bloomberg Index Services Limited (the “index administrator”), which determines the composition and relative weightings of the securities in the index and publishes information regarding its market value. The index measures the performance of the inflation-protected public obligations of the U.S. Treasury, commonly known as “TIPS.” TIPS are securities issued by the U.S. Treasury that are designed to provide inflation protection to investors. TIPS are income-generating instruments whose interest and principal payments are adjusted for inflation — a sustained increase in prices that erodes the purchasing power of money. The inflation adjustment, which is typically applied monthly to the principal of the bond, follows a designated inflation index, the Consumer Price Index (the “CPI”), and TIPS’ principal payments are adjusted according to changes in the CPI. A fixed coupon rate is applied to the inflation-adjusted principal so that as inflation rises, both the principal value and the interest payments increase. This can provide investors with a hedge against inflation, as it helps preserve the purchasing power of an investment. Because of this inflation adjustment feature, inflation-protected bonds typically have lower yields than conventional fixed-rate bonds. The index is calculated in U.S. dollars on a total return (gross) basis.

The index includes all publicly-issued U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade using the middle rating of Moody’s, S&P and Fitch, and have \$500 million or more par amount outstanding. In determining index eligibility, Federal Reserve purchases and sales in open market operations of U.S. Treasuries are deducted from the total amount outstanding using data made publicly available on the Federal Reserve Bank of New York website. New issuances bought at auction by the Federal Reserve do not enter the index, and net secondary market purchases/sales are adjusted at each month-end with a one-month lag.

In addition, the securities must be denominated in U.S. dollars and bear interest at a fixed rate. The index does not include certain issues, such as Treasury bills, bellwether securities, or coupon issues that have been stripped from bonds. The securities in the index are updated on the last calendar day of each month.

*Rebalancing the Index.* The index is rebalanced at each month-end, and this represents the fixed set of bonds on which index returns are calculated for the ensuing month, which is referred to as the “returns universe”. While intra-month changes are not made to the returns universe, there is a second universe of stocks kept for the index, the “projected universe”, where indicative intra-month changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, ticker changes) are reflected on a daily basis. These changes will affect the composition of the returns universe at month-end when the index is rebalanced, and the projected universe becomes the returns universe. Eligible securities issued, but not necessarily settled, on or before the month-end rebalancing date qualify for immediate inclusion in the projected universe and inclusion in the returns universe the following month, so long as required security reference information and pricing are readily available.

*Intra-month cash flows.* Intra-month cash flows from interest and principal payments contribute to monthly index returns, but the cash itself does not generate its own partial month return. However, at each rebalancing, accumulated cash is stripped out of the index and is effectively reinvested into the index for the following month, so that index results over two or more months reflect monthly compounding.

*Calculation.* The amount outstanding reported for the TIPS is equal to the notional par value of each TIP. The notional amount is adjusted on a monthly basis in the projected universe for government purchases and sales for Federal Reserve SOMA account conducted in the previous month, and the adjustments are reflected in the returns universe in the following month. When a new TIPS is issued or an existing issue is reopened, the initial par amount outstanding is reduced for any issuance bought by the Federal Reserve at auction.

The “index ratio” is used as a multiplier to adjust the nominal principal and coupon payments of the security, so that their real values remain unchanged. The index ratio is generally the ratio of the CPI to the base CPI. Each security has its own unique base CPI, depending on when it was issued. Therefore, the index ratio differs for each bond.

The index ratio is used to calculate the inflated price and the inflated accrued interest of the securities held in the index. The market value of the index is equal to (inflated price + inflated accrued interest) / 100) \* amount outstanding.

Additional information regarding the index may be obtained from other sources including, but not limited to, press releases, newspaper articles, other publicly available documents, and the US TIPS (Series-L) Index factsheet available at [bloombergindices.com/bloomberg-barclays-indices-resources/](http://bloombergindices.com/bloomberg-barclays-indices-resources/). We are not incorporating by reference the website, the sources listed above or any material they include in this disclosure statement supplement.

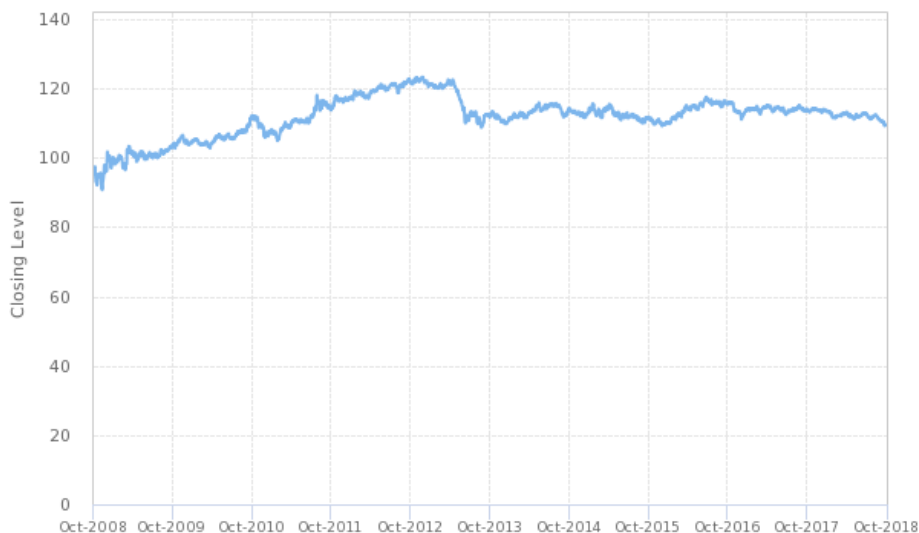
### Historical Closing Prices of the ETF's Shares

The closing price of shares of the ETF has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the closing price of the shares during the period shown below is not an indication that the shares are more or less likely to increase or decrease at any time during the life of your CDs. The period shown below will be approximately ten years, but may be shorter if Bloomberg Financial Services does not provide historical closing prices for the entirety of such period (whether due to the applicable inception date occurring less than ten years from the date hereof or otherwise).

**You should not take the historical closing prices of the shares as an indication of the future performance of the shares.** We cannot give you any assurance that the future performance of the shares will result in your receiving an amount greater than the outstanding face amount of your CDs on the stated maturity date. Neither we nor any of our affiliates make any representation to you as to the performance of the shares. Before investing in the offered CDs, you should consult publicly available information to determine the relevant ETF closing prices between the date of this disclosure statement supplement and the date of your purchase of the offered CDs. The actual performance of the ETF over the life of the offered CDs, as well as the payment amount at maturity may bear little relation to the historical prices shown below.

The graph below shows the daily historical prices of the shares of the ETF from October 18, 2008 through October 18, 2018. We obtained the closing prices shown in the graph below from Bloomberg Financial Services without independent verification.

### Historical Performance of iShares® TIPS Bond ETF



“iShares®” is a registered trademark of BlackRock Institutional Trust Company, N.A. (“BITC”). The index is not sponsored, endorsed, sold, or promoted by BITC. BITC makes no representations or warranties to the owners of the index or any member of the public regarding the advisability of investing in the index. BITC has no obligation or liability in connection with the operation, marketing, trading or sale of the index.

## THE NOTIONAL INTEREST RATE

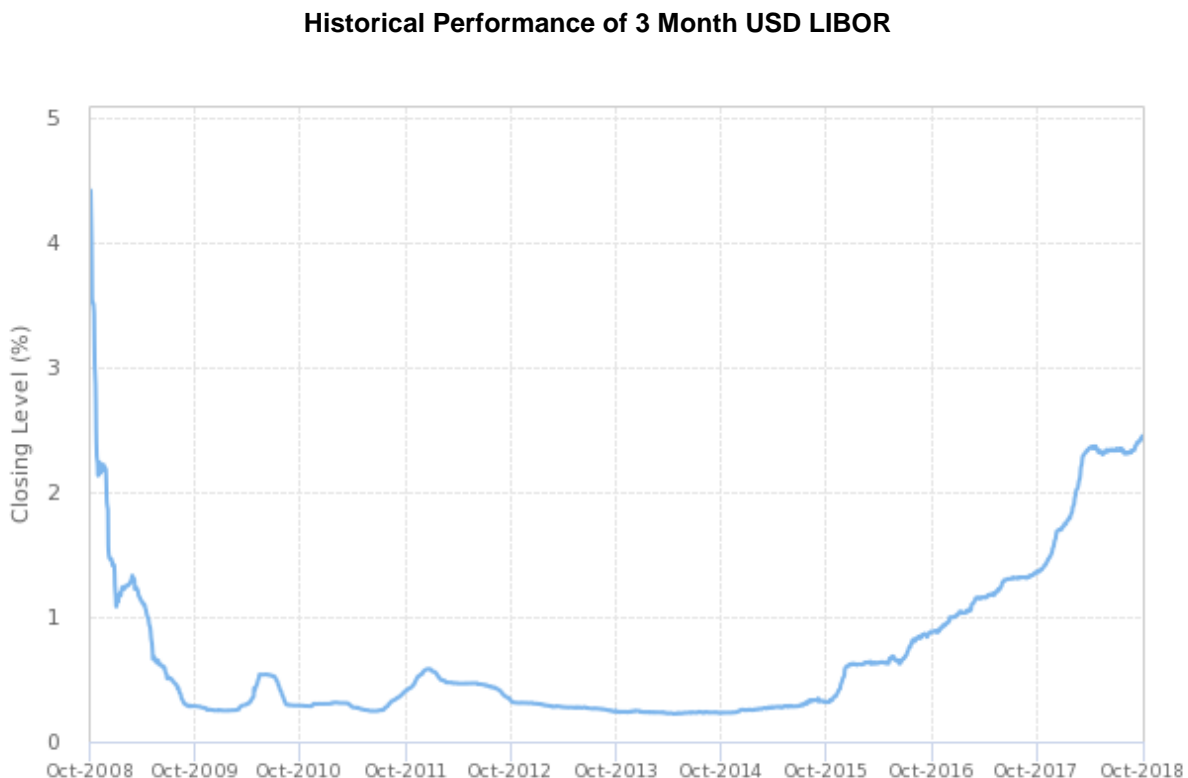
The money market position is included in the cash equivalent asset class and reflects the notional return accruing to a hypothetical investor from an investment in a money market account denominated in U.S. dollars that accrues interest at a rate determined by reference to the notional interest rate, which is the notional interest rate.

The graph below illustrates the historical levels of the 3-month USD LIBOR rate for the period shown below. The level of the 3-month USD LIBOR rate has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the level of the 3-month USD LIBOR rate during the period shown below is not an indication that the level of the 3-month USD LIBOR rate is more or less likely to increase or decrease at any time during the life of the CDs. See “U.K. Regulators Will No Longer Persuade or Compel Banks to Submit Rates for Calculation of LIBOR After 2021; Interest Rate Benchmark May Be Discontinued” and “Additional Risk Factors Specific to Your CDs — Regulation and Reform of “Benchmarks”, Including LIBOR and Other Types of Benchmarks, May Cause such “Benchmarks” to Perform Differently Than in the Past, or to Disappear Entirely, or Have Other Consequences Which Cannot be Predicted” for more information about 3-month USD LIBOR.

**You should not take the historical level of the 3-month USD LIBOR rate as an indication of future levels of the 3-month USD LIBOR rate.**

Neither we nor any of our affiliates make any representation to you as to the performance of the 3-month USD LIBOR rate. The actual levels of the 3-month USD LIBOR rate during the term of the CDs may bear little relation to the historical levels of the 3-month USD LIBOR rate shown below.

The graph below shows the daily historical levels of the 3-month USD LIBOR rate from October 18, 2008 through October 18, 2018. We obtained the 3-month USD LIBOR rates shown in the graph below from Reuters, without independent verification.



The CDs are not sponsored, endorsed, sold or promoted by ICE Benchmark Administration and ICE Benchmark Administration makes no representation regarding the advisability of investing in the CDs.

## SUPPLEMENTAL DISCUSSION OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

This section supplements the discussion of U.S. federal income taxation in the accompanying disclosure statement, and is the opinion of Sidley Austin LLP, counsel to Goldman Sachs Bank USA. Notwithstanding the preceding sentence, the terms “we” and “us” in this section refers to Goldman Sachs Bank USA. In addition, notwithstanding any disclosure in the accompanying disclosure statement to the contrary, our counsel in this transaction is Sidley Austin LLP. This section applies to you only if you hold your CDs as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a regulated investment company;
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- a life insurance company;
- a tax-exempt organization;
- a partnership;
- a person that owns the CDs as a hedge or that is hedged against interest rate risks;
- a person that owns the CDs as part of a straddle or conversion transaction for tax purposes; or
- a United States holder (as described below) whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

*You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the CDs, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.*

### United States Holders

This subsection describes the tax consequences to a United States holder (as defined under “United States Taxation” in the accompanying disclosure statement).

The tax treatment of your CDs is uncertain. The tax treatment of your CDs will depend upon whether the CDs are properly treated as variable rate debt instruments or contingent payment debt instruments. This in turn depends in part upon whether it is reasonably expected that the return on the CDs during the first half of the CDs’ term will be significantly greater or less than the return on the CDs during the second half of the CDs’ term. Based on current market conditions and the terms of the CDs, we intend to take the position that it is not reasonably expected that the return on the CDs during the first half of the CDs’ term will be significantly greater or less than the return on the CDs during the second half of the CDs’ term. We accordingly intend to treat your CDs as variable rate debt instruments for U.S. federal income tax purposes. Except as otherwise noted below under “Alternative Treatments”, the discussion below assumes that the CDs will be treated as variable rate debt instruments for tax purposes.

**Our current determination that it is not reasonably expected that the return on your CDs during the first half of the CDs' term will be significantly greater or less than the return on your CDs during the second half of the CDs' term is made solely for U.S. federal income tax purposes, and is not a prediction or guarantee as to whether the return on the CDs during the first half of the CDs' term will or will not be significantly greater or less than the return on the CDs during the second half of the CDs' term.**

You should include the coupons on the CDs in ordinary income at the time you receive or accrue such payments, in accordance with your regular method of accounting for tax purposes, and any gain or loss you recognize upon the sale, exchange, redemption or maturity of your CDs should be capital gain or loss (except to the extent of any amount attributable to any accrued but unpaid coupons on your CDs). You will generally recognize gain or loss upon the sale, exchange, redemption or maturity of your CDs in an amount equal to the difference, if any, between the amount you receive at such time and your adjusted basis in your CDs. Your adjusted tax basis should generally equal the price you paid for the CDs if you purchase your CDs at the issue price for the CDs (as defined under "United States Taxation—United States Holders—Original Issue Discount—General" in the accompanying disclosure statement). See the discussion under "United States Taxation — United States Holders — Purchase, Sale and Retirement of the Certificates of Deposit" in the accompanying disclosure statement for more information regarding the tax consequences upon a sale of your CDs.

If you purchase the CDs at a discount to the issue price of the CDs, you may be subject to the rules governing market discount as described under "United States Taxation — United States Holders — Market Discount" in the accompanying disclosure statement. If you purchase the CDs at a premium to the principal amount of the CDs, you will be subject to the rules governing amortizable bond premium as described under "United States Taxation — United States Holders — Certificates of Deposit Purchased at a Premium" in the accompanying disclosure statement.

*Alternative Treatments.* Because the application of the variable rate debt instrument rules to the CDs is not entirely clear and because the Internal Revenue Service could disagree with the determination that the return on the CDs is not reasonably expected to be front or back loaded, it is possible that the Internal Revenue Service could assert that the CDs should be treated as debt instruments subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes (as more fully described in "United States Taxation—United States Holders—Indexed and Other Certificates of Deposit" in the accompanying disclosure statement). If the CDs are so treated, you would be required to accrue ordinary income over the term of your CDs based upon the yield at which we would issue a non-contingent fixed-rate debt instrument with other terms and conditions similar to your CDs. In addition, you would be required to construct a projected payment schedule for the CDs and you would make a "positive adjustment" to the extent of any excess of an actual payment over the corresponding projected payment under the CDs, and you would make a "negative adjustment" to the extent of the excess of any projected payment over the corresponding actual payment under the CDs. You would recognize gain or loss upon the sale, exchange, redemption or maturity of your CDs in an amount equal to the difference, if any, between the amount you receive at such time and your adjusted tax basis in your CDs. Any income you recognize upon the sale, exchange, redemption or maturity of your CDs would be ordinary income and any loss recognized by you at such time would be ordinary loss to the extent of ordinary income you included in income in the current or previous taxable years in respect of your CDs, and, thereafter, would be capital loss.

You should consult your tax advisor as to the possible alternative treatments in respect of the CDs.

### **United States Alien Holders**

If you are a United States alien holder (as defined under "United States Taxation" in the accompanying disclosure statement), please see the discussion under "United States Taxation — Taxation of Debt Securities — United States Alien Holders" in the accompanying disclosure statement for a description of the tax consequences relevant to you.

The Treasury Department has issued regulations under which amounts paid or deemed paid on certain financial instruments ("871(m) financial instruments") that are treated as attributable to U.S.-source dividends could be treated, in whole or in part depending on the circumstances, as a "dividend equivalent" payment that is subject to tax at a rate of 30% (or a lower rate under an applicable treaty), which in the case of coupon payments and amounts you receive upon the sale, exchange, redemption or maturity of your CDs, could be collected via withholding. If these regulations were to apply to the CDs, we may be required to withhold such taxes if any U.S.-source dividends are paid on any ETFs included in the index during the term of the CDs. We could also require you to make certifications (e.g., an applicable Internal Revenue Service Form W-8) prior to any coupon payment or the maturity of the CDs in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to your potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1,

2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a “qualified index” (as defined in the regulations). We have determined that, as of the issue date of your CDs, your CDs will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your CDs for U.S. federal income tax purposes.

## **Backup Withholding and Information Reporting**

### ***United States Holders***

In general, if you are a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest (including original issue discount (“OID”)) on your CDs. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your CDs before maturity within the United States. Additionally, backup withholding will apply to any payments, including payments of OID, if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

### ***United States Alien Holders***

In general, if you are a United States alien holder, payments of principal, premium or interest, including OID, made by us or other payors to you will not be subject to backup withholding and information reporting. However, we and other payors will report payments of interest on your CDs, including OID, on Internal Revenue Service Form 1042-S (but will not backup withhold) if you supply an Internal Revenue Service Form W-8 or acceptable substitute that lists a permanent address in a country with which the United States has in effect an income tax or other convention or bilateral agreement relating to the exchange of information (an “applicable country”), or we have actual knowledge that you reside in an applicable country, unless you otherwise establish an exemption. Payment of the proceeds from the sale of CDs effected at a United States office of a broker will not be subject to backup withholding and information reporting, provided that:

- the broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the broker,
- an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are not a United States person, or
- other documentation upon which it may rely to treat the payment as made to a person who is not a United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the CDs in accordance with U.S. Treasury regulations, or
- you otherwise establish an exemption.

If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a person who is not a United States person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made outside the United States to an offshore account maintained by you unless the broker has actual knowledge that you are a United States person.

In general, payment of the proceeds from the sale of CDs effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,
- unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above, relating to a sale of CDs effected at a United States office of a broker, are met or you otherwise establish an exemption.

In addition, payment of the proceeds from the sale of CDs effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person, 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above, relating to a sale of CDs effected at a United States office of a broker, are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

### **Foreign Account Tax Compliance Act (FATCA) Withholding**

FATCA could impose a withholding tax of 30% on interest income, including OID, and other periodic payments on the CDs paid to you or any non-U.S. person or entity that receives such income (a “non-U.S. payee”) on your behalf, unless you and each such non-U.S. payee in the payment chain comply with the applicable information reporting, account identification, withholding, certification and other FATCA-related requirements. This withholding tax could also apply to all payments made upon the sale, exchange, redemption or maturity of the CDs by a non-compliant payee. In the case of a payee that is a non-U.S. financial institution (for example, a clearing system, custodian, nominee or broker), withholding generally will not be imposed if the financial institution complies with the requirements imposed by FATCA to collect and report (to the U.S. or another relevant taxing authority) substantial information regarding such institution’s U.S. account holders (which would include some account holders that are non-U.S. entities but have U.S. owners). Other payees, including individuals, may be required to provide proof of tax residence or waivers of confidentiality laws and/or, in the case of non-U.S. entities, certification or information relating to their U.S. ownership.

Withholding may be imposed at any point in a chain of payments if the payee is not compliant. A chain may work as follows, for example: The payment is transferred through a paying agent to a clearing system, the clearing system makes a payment to each of the clearing system’s participants, and finally the clearing system participant makes a payment to a non-U.S. bank or broker through which you hold the CDs, who credits the payment to your account. Accordingly, if you receive payments through a chain that includes one or more non-U.S. payees, such as a non-U.S. bank or broker, the payment could be subject to withholding if, for example, your non-U.S. bank or broker through which you hold the CDs fails to comply with the FATCA requirements and is subject to withholding. This would be the case even if you would not otherwise have been directly subject to withholding.

A number of countries have entered into, and other countries are expected to enter into, agreements with the U.S. to facilitate the type of information reporting required under FATCA. While the existence of such agreements will not eliminate the risk that CDs will be subject to the withholding described above, these agreements are expected to reduce the risk of the withholding for investors in (or investors that indirectly hold CDs through financial institutions in) those countries.

The withholding tax described above could currently apply to all interest, including OID, and other periodic payments made on the CDs. In addition, the withholding tax described above could apply to payments made upon the sale, exchange, redemption or maturity of the CDs on or after January 1, 2019. We will not pay any additional amounts in respect of this withholding tax, so if this withholding applies, you will receive less than the amount that you would have otherwise received.

Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay your receipt of any withheld amounts. You should consult your tax advisor regarding FATCA. You should also consult your bank or broker through which you would hold the CDs about the likelihood that payments to it (for credit to you) may become subject to withholding in the payment chain.

In addition, your CDs may also be subject to other U.S. withholding tax as described in “United States Taxation” in the accompanying disclosure statement.

## EMPLOYEE RETIREMENT INCOME SECURITY ACT

*This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the CDs.*

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the U.S. Internal Revenue Code of 1986, as amended (the “Code”), prohibit certain transactions (“prohibited transactions”) involving the assets of an employee benefit plan that is subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code (including individual retirement accounts, Keogh plans and other plans described in Section 4975(e)(1) of the Code) (a “Plan”) and certain persons who are “parties in interest” (within the meaning of ERISA) or “disqualified persons” (within the meaning of the Code) with respect to the Plan; governmental plans may be subject to similar prohibitions unless an exemption applies to the transaction. The assets of a Plan may include assets held in the general account of an insurance company that are deemed “plan assets” under ERISA or assets of certain investment vehicles in which the Plan invests. Each of Goldman Sachs Bank USA and certain of its affiliates may be considered a “party in interest” or a “disqualified person” with respect to many Plans, and, accordingly, prohibited transactions may arise if the CDs are acquired by or on behalf of a Plan unless those CDs are acquired and held pursuant to an available exemption. In general, available exemptions are: transactions effected on behalf of that Plan by a “qualified professional asset manager” (prohibited transaction exemption 84-14) or an “in-house asset manager” (prohibited transaction exemption 96-23), transactions involving insurance company general accounts (prohibited transaction exemption 95-60), transactions involving insurance company pooled separate accounts (prohibited transaction exemption 90-1), transactions involving bank collective investment funds (prohibited transaction exemption 91-38) and transactions with service providers under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code where the Plan receives no less and pays no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code). The person making the decision on behalf of a Plan or a governmental plan shall be deemed, on behalf of itself and the Plan, by purchasing and holding the CDs, or exercising any rights related thereto, to represent that (a) the plan will receive no less and pay no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the purchase and holding of the CDs, (b) none of the purchase, holding or disposition of the CDs or the exercise of any rights related to the CDs will result in a non-exempt prohibited transaction under ERISA or the Code (or, with respect to a governmental plan, under any similar applicable law or regulation), and (c) neither Goldman Sachs Bank USA nor any of its affiliates is a “fiduciary” (within the meaning of Section 3(21) of ERISA or, with respect to a governmental plan, under any similar applicable law or regulation) with respect to the purchaser or holder in connection with such person’s acquisition, disposition or holding of the CDs, or as a result of any exercise by Goldman Sachs Bank USA or any of its affiliates of any rights in connection with the CDs, (d) the person making the decision to acquire the CDs in any initial offering on behalf of a Plan or a governmental plan (1) is a fiduciary under ERISA or Section 4975 of the Code, or both (or other applicable law with respect to a governmental plan), with respect to the decision to invest in the CDs, (2) is responsible for exercising independent judgment in evaluating the investment in the CDs offered hereby, (3) is independent of Goldman Sachs Bank USA and its affiliates, and (4) is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies, including the decision to invest in the CDs, (e) with respect to a Plan that acquires the CDs in any initial offering, the conditions of the exception for “independent fiduciaries with financial expertise” as set forth in 29 C.F.R. § 2510.3-21(c)(1) are satisfied, and (f) neither Goldman Sachs Bank USA nor any of its affiliates is undertaking, or has undertaken, to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the decision of the purchaser to invest in the CDs or otherwise.

*If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh plan) and propose to invest in the CDs described in this disclosure statement supplement, you should consult your legal counsel.*



## **SUPPLEMENTAL PLAN OF DISTRIBUTION**

The CDs may be distributed through dealers who may receive a fee up to 3% of the aggregate face amount of the CDs being sold as a result of the services of the dealers. In addition to such fee, any such dealer will receive from us a structuring fee of 0.5% of the face amount of each such CD. Please note that the information about the issue date and original issue price set forth on the cover of this disclosure statement supplement relate only to the initial distribution.

GS&Co. has engaged Incapital LLC to provide certain marketing services from time to time relating to CDs of this type. Incapital LLC will receive a fee of 0.8% of the face amount of each CD offered hereby from us in connection with such services.

This disclosure statement supplement may be used by GS&Co. in connection with offers and sales of the CDs in market-making transactions. In a market-making transaction, GS&Co. may resell CDs it acquires from other holders, after the original offering and sale of the CDs. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. For more information about the plan of distribution and possible market-making activities, see "Plan of Distribution" on page 61 of the accompanying disclosure statement.

We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this disclosure statement supplement or the accompanying disclosure statement. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This disclosure statement supplement and the accompanying disclosure statement is an offer to sell only the CDs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this disclosure statement supplement and the accompanying disclosure statement is current only as of the respective dates of such documents.

## TABLE OF CONTENTS

### Disclosure Statement Supplement

	<u>Page</u>
Summary Information	S-5
Additional Risk Factors Specific to Your Certificates of Deposit	S-21
Specific Terms of Your Certificates of Deposit	S-45
Hypothetical Examples	S-51
Use of Proceeds	S-54
Hedging	S-54
The Index	S-55
The Eligible Underlying Assets	S-81
The Notional Interest Rate	S-172
Supplemental Discussion of United States Federal Income Tax Consequences	S-173
Employee Retirement Income Security Act	S-177
Supplemental Plan of Distribution	S-178

Disclosure Statement dated May 17, 2018

Available Information	2
Notice to Investors	3
Goldman Sachs Bank USA	4
The Goldman Sachs Group, Inc.	4
Supervision and Regulation	5
Status of Certificates of Deposit	6
Use of Proceeds	13
Risk Factors	14
Description of the Certificates of Deposit We May Offer	20
Legal Ownership and Payment	41
United States Taxation	44
Employee Retirement Income Security Act	60
Plan of Distribution	61
Conflicts of Interest	62
Annex	63

**\$250,000**

## Goldman Sachs Bank USA

Variable Coupon GS Momentum Builder® Multi-Asset 5S ER Index-Linked CDs due 2023

## Certificates of Deposit

