Certificates of Deposit

Linked to the GS Momentum Builder® Multi-Asset 5 ER Index

Wells Fargo Bank, N.A.

Terms Supplement dated April 21, 2017 to Disclosure Statement dated December 5, 2016

The certificates of deposit of Wells Fargo Bank, N.A. (the "Bank") described in this Terms Supplement (the "CDs") are made available through Brokers. This Terms Supplement should be read together with the accompanying Disclosure Statement. If the description of the terms of the CDs set forth in this Terms Supplement differs in any way from the description of the general terms of the CDs contained in the accompanying Disclosure Statement, the description of the terms of the CDs in this Terms Supplement shall control. Capitalized terms not defined in this Terms Supplement are defined in the accompanying Disclosure Statement.

The CDs are not appropriate for every investor. The CDs have complex features and investing in the CDs involves risks not associated with an investment in conventional certificates of deposit. See "Risk Factors" on page 9 of this Terms Supplement. Early withdrawal of a CD will only be available in the event of death or adjudication of incompetence of a beneficial owner of a CD. See "Description of the Certificates of Deposit—Additions or Withdrawals" in the accompanying Disclosure Statement.

On the date of this Terms Supplement, the estimated value of the CDs is $911.94 per $1,000 Deposit Amount. The Bank determined the estimated value of the CDs using its proprietary pricing models. The estimated value of the CDs is not an indication of actual profit to the Bank or any of its affiliates, nor is it an indication of the price, if any, at which the Bank or any other person may be willing to buy the CDs from you at any time after issuance. See "Estimated Value of the CDs" in this Terms Supplement.

PRODUCT DESCRIPTION

Unlike conventional certificates of deposit, the CDs do not provide for regular interest payments during their term. Instead, the CDs offer the potential for a single interest payment at maturity based on the performance of the GS Momentum Builder® Multi-Asset 5 ER Index (the "Index") over the term of the CDs. If the Index appreciates from its Initial Index Level to its Final Index Level, you will receive the Deposit Amount of your CDs at maturity *plus* an interest payment at maturity reflecting 200% of that appreciation. However, if the Index does not appreciate or if it declines, you will receive the Deposit Amount of your CDs at maturity but will not receive any interest payment at maturity. As a result, it is possible that you will not receive any positive return on your investment in the CDs, and the annual percentage yield on the CDs may be as low as 0.00%. Even if you do receive an interest payment at maturity, the yield on the CDs may still be less than the yield you would earn if you bought a conventional certificate of deposit of the Bank of comparable maturity to the CDs.

The Index was developed and is maintained by Goldman, Sachs & Co. (the "Index Sponsor"). The Index tracks the performance of a rules-based investment methodology that, once each month, selects a hypothetical portfolio of underlying assets to track for the next month. The underlying assets in each month's hypothetical portfolio are selected from a universe of 15 eligible underlying assets consisting of 14 exchange-traded funds ("ETFs") and a hypothetical money market account (which is referred to as the Money Market Position and reflects a positive accrual at the federal funds effective rate). The eligible ETFs represent the following asset classes: equities, fixed income, emerging markets, alternatives, commodities and inflation. The hypothetical portfolio for any month may include up to all, or as few as four, of the eligible underlying assets (and as few as three ETFs), and the ETFs in the hypothetical portfolio may represent up to all, or as few as only one, of the eligible asset classes.

The investment methodology tracked by the Index combines a momentum-based, or trend-following, asset allocation methodology with a volatility targeting and control feature. Accordingly, each month the Index identifies, for each of three distinct realized volatility look-back periods (the prior six months, three months and one month), the portfolio of eligible underlying assets that would have had the highest return over the prior six months without exceeding a realized volatility of 5% for that realized volatility look-back period, subject to weighting caps on each underlying asset and asset class. The Index then determines the hypothetical portfolio to track for the next month by averaging the weight of each underlying asset in each of these three portfolios. A fundamental assumption underlying this methodology is that past trends are likely to continue into the future, so that the historical performance of a portfolio of underlying assets may be a good indicator of the future performance of that portfolio over the next month. **However, there can be no assurance that the historical performance that led to the selection of the hypothetical portfolio for a given month will be indicative of that**

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portfolio's future performance over the next month. Accordingly, no assurance can be given that the Index will be successful or that the Index will outperform any alternative strategy that might be employed in respect of the eligible underlying assets.

The Index has historically allocated a significant amount of its exposure to the Money Market Position, and it may do so in the future. This significant exposure may result in part because the target volatility of 5% is a relatively low volatility level for most of the eligible underlying assets, which means that a significant allocation to the low-volatility Money Market Position is frequently necessary to reduce the realized volatility of a hypothetical portfolio of underlying assets to the target volatility level. In addition, the Index may make a further allocation to the Money Market Position through its daily volatility control feature, which will reallocate exposure away from the ETFs in the current hypothetical portfolio and into the Money Market Position if and to the extent necessary to maintain a trailing one-month realized volatility that does not exceed a volatility cap of 6%. **Any allocation to the Money Market Position is likely to adversely affect Index performance, because any portion of the Index that is allocated to the Money Market Position is likely to experience a net decline after giving effect to the Index's excess return deduction and daily index maintenance fee (both described below).**

The performance of the Index is calculated on an "excess return" basis, which means that the performance of the Index will reflect the performance of each month's hypothetical portfolio of underlying assets (subject to the daily volatility control feature) *minus* a notional interest rate equal to 3-month USD LIBOR. The Index performance is further reduced by a daily index maintenance fee of 0.50% per annum. **The excess return deduction and daily index maintenance fee will exert a drag on Index performance, offsetting any positive performance of the hypothetical portfolio of underlying assets for each month and exacerbating any negative performance, and may cause the Index level to decline even if the hypothetical portfolio of underlying assets appreciates.**

The Index was launched on December 17, 2013 and, therefore, has a limited history of actual performance. The Index is described as tracking hypothetical portfolios of underlying assets because there is no actual portfolio of assets to which any investor in the CDs is entitled or in which any investor has any ownership interest. See "GS Momentum Builder® Multi-Asset 5 ER Index" in this Terms Supplement for more information about the Index, and see "Risk Factors" in this Terms Supplement for a description of important risks associated with an investment in the CDs, including risks related to the Index.

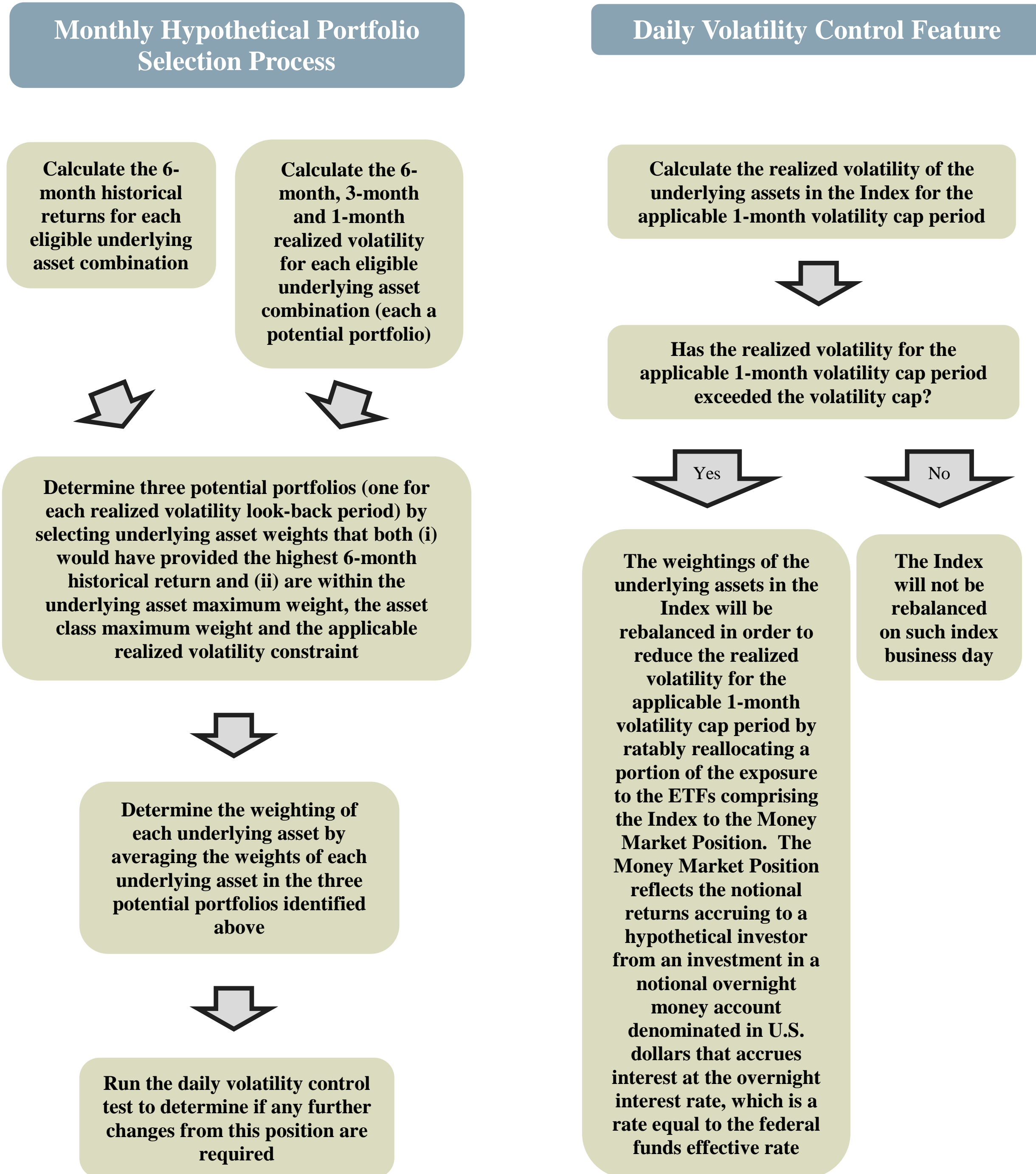
The following table lists each eligible underlying asset, its asset class and the maximum weights applicable to each eligible underlying asset and asset class.

ASSET CLASS	ASSET CLASS MINIMUM WEIGHT	ASSET CLASS MAXIMUM WEIGHT	ELIGIBLE UNDERLYING ASSET	TICKER	UNDERLYING ASSET MINIMUM WEIGHT	UNDERLYING ASSET MAXIMUM WEIGHT
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%	25%	iShares® MSCI Emerging Markets ETF	EEM	0%	20%
			iShares® J.P. Morgan USD Emerging Markets Bond ETF	EMB	0%	20%
Alternatives	0%	25%	iShares® U.S. Real Estate ETF	IYR	0%	20%
			Alerian MLP ETF	AMLP	0%	10%
			PowerShares® Senior Loan Portfolio	BKLN	0%	10%
Commodities	0%	25%	PowerShares® DB Commodity Index Tracking Fund	DBC	0%	20%
			SPDR® Gold Trust	GLD	0%	20%
Inflation	0%	25%	iShares® TIPS Bond ETF	TIP	0%	25%
Cash Equivalent	0%	50%*	Money Market Position	N/A	0%	50%*

* **With respect to the Money Market Position, the asset class and underlying asset maximum weights do not apply to the daily volatility control feature and, therefore, as a result of that feature, the Index may allocate significantly more than 50% of its exposure to the Money Market Position.**

INDEX FLOWCHART

The following flowchart illustrates the Index's monthly hypothetical portfolio selection process and daily volatility control feature. For more complete information about the Index, including additional details about the Index features illustrated below and information about the Index's excess return deduction and the daily index maintenance fee, see "GS Momentum Builder® Multi-Asset 5 ER Index" in this Terms Supplement.



TERMS			
Instrument:	Certificates of Deposit Linked to the GS Momentum Builder® Multi-Asset 5 ER Index.		
Issuer:	Wells Fargo Bank, N.A.	Denominations:	Integral multiples of $1,000.
Pricing Date:	April 21, 2017.	Minimum Deposit:	$1,000.
Issue Date:	April 28, 2017.	CUSIP:	94986TS24
Issue Price:	100% of the Deposit Amount.		
Stated Maturity Date:	April 29, 2024 (the "Initial Stated Maturity Date"). If the Valuation Date is postponed, the Stated Maturity Date will be the later of (i) three Business Days after the postponed Valuation Date and (ii) the Initial Stated Maturity Date.		
Payment at Stated Maturity:	On the Stated Maturity Date, you will receive the Deposit Amount of your CD *plus* the Index Interest, if any. The Bank will not make any payments on the CDs prior to stated maturity.		
Index Interest:	If the Final Index Level is greater than the Initial Index Level, the Index Interest will be equal to the product of: • Deposit Amount of the CD; • Participation Rate; and • $\frac{\text{Final Index Level} - \text{Initial Index Level}}{\text{Initial Index Level}}$ However, if the Final Index Level is equal to or less than the Initial Index Level, no Index Interest will be paid. All calculations with respect to the Index Interest will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., .000005 would be rounded to .00001); and the Index Interest will be rounded to the nearest cent, with one-half cent rounded upward.		
Initial Index Level:	113.18, the Closing Level of the Index on the Pricing Date.		
Final Index Level:	The "Final Index Level" will be the Closing Level of the Index on the Valuation Date, subject to the provisions set forth below under "Additional Terms of the CDs—Postponement of the Valuation Date," "—Discontinuance or Modification of the Index" and "—Corrections" in this Terms Supplement.		
Closing Level:	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 sponsor of the Index or any successor index (including any calculation agent acting on such sponsor's behalf) on such Trading Day.		
Participation Rate:	The "Participation Rate" is 200%.		
Valuation Date:	The "Valuation Date" will be April 22, 2024, subject to postponement if such date is not a Trading Day as set forth below under "Additional Terms of the CDs—Postponement of the Valuation Date" in this Terms Supplement.		
FDIC Insurance:	The Deposit Amount of a CD is insured by the FDIC, subject to applicable FDIC insurance limits. As discussed in the accompanying Disclosure Statement, the FDIC standard maximum deposit insurance amount (the "MDIA") is $250,000 per depositor per insured bank. The CDs are eligible for FDIC insurance up to $250,000 for deposits held in the same ownership category (for example, individual accounts are insured separately from joint accounts, self-directed retirement accounts and/or revocable trust accounts). The FDIC has taken the position that any Index Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount on the CDs is not insured by the FDIC. See "Deposit Insurance" in the accompanying Disclosure Statement. Any Deposit Amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to the creditworthiness of the Bank. See "Risk Factors—Risks Relating To The CDs Generally—The CDs Are Subject To The Credit Risk Of The Bank."		
Tax Consequences:	In the opinion of Faegre Baker Daniels LLP, the Bank's special tax counsel, the CDs will be subject to U.S. Treasury regulations that apply to contingent payment debt instruments. Further, based on the terms of the CDs and representations provided by the Bank, Faegre Baker Daniels LLP is of the opinion that the CDs should not be "delta-one" transactions within the meaning of IRS Notice 2016-76 and, therefore, should not be subject to withholding tax under Section 871(m) of the Code when held by non-		

	United States holders. Non-United States holders should be warned that Section 871(m) may apply to the CDs based on circumstances at the time the CDs are issued and, therefore, it is possible that the payments on the CDs will be subject to U.S. federal withholding tax under Section 871(m). See “United States Federal Income Tax Consequences” in the accompanying Disclosure Statement.
Estimated Comparable Yield and Projected Payment Schedule:	Under the rules governing contingent payment debt instruments, you will generally be required to accrue interest on the CDs in accordance with the comparable yield for the CDs. The Bank has determined that the comparable yield for the CDs is equal to 2.11% per annum, compounded semi-annually, with a single projected payment at maturity of $1,158.33 for each $1,000 Deposit Amount of a CD. Based on the comparable yield, if you are an initial holder that holds the CDs until the stated maturity date and you pay your taxes on a calendar-year basis, the Bank has determined that you will generally be required to include the following amount of ordinary income for each $1,000 Deposit Amount of a CD each year, subject to the adjustments described below to reflect the actual payment in the year in which the CD matures:

Accrual Period	Interest Deemed to Accrue During Accrual Period (per $1,000 Deposit Amount of a CD)	Total Interest Deemed to Have Accrued from Issue Date (per $1,000 Deposit Amount of a CD) as of End of Accrual Period
Issue Date through December 31, 2017	$14.27	$14.27
January 1, 2018 through December 31, 2018	$21.51	$35.78
January 1, 2019 through December 31, 2019	$21.97	$57.75
January 1, 2020 through December 31, 2020	$22.44	$80.19
January 1, 2021 through December 31, 2021	$22.91	$103.10
January 1, 2022 through December 31, 2022	$23.40	$126.50
January 1, 2023 through December 31, 2023	$23.89	$150.39
January 1, 2024 through Stated Maturity Date	$7.94	$158.33

However, in 2024, the amount of ordinary income that you will be required to pay taxes on from owning each $1,000 Deposit Amount of a CD may be greater or less than $7.94, depending upon the amount you receive on the stated maturity date. If the amount you receive on the stated maturity date is greater than $1,158.33 for each $1,000 Deposit Amount of a CD, you would be required to make a positive adjustment and increase the amount of ordinary income that you recognize in 2024 by an amount that is equal to such excess. Conversely, if the amount you receive on the stated maturity date is less than $1,158.33 for each $1,000 Deposit Amount of a CD, you would be required to make a negative adjustment. If the amount of such difference is less than or equal to $7.94, the negative adjustment would decrease the amount of ordinary income that you recognize in 2024 by an amount equal to such difference. If the amount of such difference is greater than $7.94, that is, the amount you receive on the stated maturity date is less than $1,150.39 for each $1,000 Deposit Amount of a CD, you would recognize an ordinary loss in 2024. See “United States Federal Income Tax Consequences” in the accompanying Disclosure Statement.

Placement Fee:	The CDs will be distributed through Brokers. Brokers will receive a placement fee up to 3.50% of the aggregate Deposit Amount of the CDs sold. In addition, selected broker-dealers may receive a fee of 0.80% of the aggregate Deposit Amount of certain CDs sold in this offering in consideration for marketing and other services in connection with the placement of the CDs.
Selling Restrictions:	See “Selling Restrictions” in the accompanying Disclosure Statement.

ESTIMATED VALUE OF THE CDs

The Issue Price of each CD of $1,000 includes certain costs that are borne by you. Because of these costs, the estimated value of the CDs on the Pricing Date is less than the Deposit Amount. The costs included in the Issue Price relate to selling, structuring, hedging and issuing the CDs, as well as to the Bank's funding considerations for certificates of deposit of this type.

The costs related to selling, structuring, hedging and issuing the CDs include (i) the placement fees, (ii) the projected profit that the Bank or its hedge counterparty expects to realize for assuming risks inherent in hedging the Bank's obligations under the CDs and (iii) hedging and other costs relating to the offering of the CDs, including the costs of FDIC insurance. Because the Index Sponsor or one of its affiliates is the only market participant that offers the Bank hedging transactions linked to the Index, certain of these costs are likely to be greater than they would be if there were a competitive market available to the Bank for these hedging transactions.

The Bank's funding considerations take into account the higher issuance, operational and ongoing management costs of market-linked certificates of deposit such as the CDs as compared to the Bank's conventional debt securities of the same maturity, as well as the Bank's liquidity needs and preferences. The Bank's funding considerations are reflected in the fact that the Bank determines the economic terms of the CDs based on an assumed funding rate that is generally lower than the Bank's estimated secondary market rate, which is described below and is used in determining the estimated value of the CDs.

If the costs relating to selling, structuring, hedging and issuing the CDs were lower, or if the assumed funding rate the Bank uses to determine the economic terms of the CDs were higher, the economic terms of the CDs would be more favorable to you and the estimated value would be higher. The estimated value of the CDs as of the Pricing Date is set forth on the cover page of this Terms Supplement.

Determining the estimated value

The Bank calculated the estimated value of the CDs set forth on the cover page of this Terms Supplement based on its proprietary pricing models. Based on these pricing models and related inputs and assumptions referred to in this section below, the Bank determined an estimated value for the CDs by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the CDs, which combination consists of a non-interest bearing, fixed-income bond (the "Debt Component") and one or more derivative instruments underlying the economic terms of the CDs (the "Derivative Component").

The estimated value of the Debt Component is based on a reference interest rate that is the Bank's good faith estimate of the implied interest rate at which its debt securities of the same maturity would trade in the secondary market, as determined as of a recent date. While the CDs are not debt securities, the Bank uses this estimated secondary market rate for debt securities for purposes of determining the estimated value of the CDs since the Bank expects secondary market prices, if any, for the CDs that are provided by the Bank or any of its affiliates to generally reflect such rate, and not the rate at which brokered CDs issued by the Bank may trade. The Bank determines the estimated value of the CDs based on this estimated secondary market rate, rather than the assumed funding rate that it uses to determine the economic terms of the CDs, for the same reason. As the Bank is principally a deposit-taking institution, secondary market activities in its debt securities are limited and, accordingly, the Bank determines this estimated secondary market rate based on a number of factors that involve the good faith discretionary judgment of the Bank, as well as a limited number of market-observable inputs. Because the Bank does not continuously calculate its reference interest rate, the reference interest rate used in the calculation of the estimated value of the Debt Component may be higher or lower than the Bank's estimated secondary market rate at the time of that calculation.

The Bank calculated the estimated value of the Derivative Component based on a proprietary derivative-pricing model, which generated a theoretical price for the derivative instruments that constitute the Derivative Component based in significant part on the price quoted by the Index Sponsor or one of its affiliates for related derivative instruments, as well as certain assumptions made by the Bank in its discretion and the other Derivative Component Factors identified in "Risk Factors—Risks Relating To The CDs Generally—You May Be Unable To Sell Your CDs Prior To Their Stated Maturity Date And The Value Of The CDs Prior To Their Stated Maturity Date Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways." Because the Index Sponsor or one

of its affiliates is the only market participant that offers the Bank derivative instruments linked to the Index, the derivative instrument price used in calculating the estimated value of the Derivative Component is likely higher than it would be if a competitive market existed for those instruments. As a result, the estimated value of the CDs that is disclosed on the cover page of this Terms Supplement is likely higher than the value that would be determined if the estimated value of the Derivative Component were based on a price set in a competitive market.

The estimated value of the CDs determined by the Bank is subject to important limitations. See "Risk Factors—Risks Relating To The CDs Generally—The Estimated Value Of The CDs Would Likely Be Lower Than The Value Disclosed On The Cover Page Of This Terms Supplement If A Significant Input To The Bank's Pricing Models Were Determined In A Competitive Market" and "—The Economic Interests of the Bank And Those Of Any Broker Are Potentially Adverse To Your Interests."

Valuation of the CDs after issuance

The estimated value of the CDs is not an indication of the price, if any, at which the Bank or any other person may be willing to buy the CDs from you in the secondary market. The price, if any, at which the Bank or any of its affiliates may purchase the CDs in the secondary market will be based upon the Bank's proprietary pricing models and will fluctuate over the term of the CDs due to changes in market conditions and other relevant factors. However, absent changes in these market conditions and other relevant factors, except as otherwise described in the following paragraph, any secondary market price will be lower than the estimated value on the Pricing Date because the secondary market price will be reduced by a bid-offer spread, which may vary depending on the aggregate Deposit Amount of the CDs to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. The Bank will hedge its exposure to the Index under the CDs through the Index Sponsor or one of its affiliates. Because the Index Sponsor or one of its affiliates is the only market participant offering hedging transactions linked to the Index, the costs the Bank expects to incur in unwinding these hedging transactions may be greater than they would be if a competitive market existed for these hedging transactions, which may result in a lower secondary market price for the CDs. For these reasons, unless market conditions and other relevant factors change significantly in your favor, any secondary market price for the CDs is likely to be less than the Deposit Amount.

If the Bank or any of its affiliates makes a secondary market in the CDs at any time up to the Issue Date or during the 6-month period following the Issue Date, the secondary market price offered by the Bank or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the CDs that are included in the Issue Price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price that the Bank or any of its affiliates offers during this period will be higher than it would be if it were based solely on the Bank's proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 6-month period. If you hold the CDs through an account at Wells Fargo Advisors ("WFA") (the trade name of the retail brokerage business of the Bank's affiliates, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC) or any of its affiliates, the Bank expects that this increase will also be reflected in the value indicated for the CDs on your account statement.

If the Bank or any of its affiliates makes a secondary market in the CDs, the Bank expects to provide those secondary market prices to any unaffiliated Brokers through which the CDs are held and to commercial pricing vendors. If you hold your CDs through an account at a Broker other than WFA or any of its affiliates, that Broker may obtain market prices for the CDs from the Bank (directly or indirectly), but could also obtain such market prices from other sources, and may be willing to purchase the CDs at any given time at a price that differs from the price at which the Bank or any of its affiliates is willing to purchase the CDs. As a result, if you hold your CDs through an account at a Broker other than WFA or any of its affiliates, the value of the CDs on your account statement may be different than if you held your CDs at WFA or any of its affiliates.

The CDs will not be listed or displayed on any exchange or any automated quotation system. Although the Bank or its affiliates may buy the CDs from investors, they are not obligated to do so and are not required to make a market for the CDs. There can be no assurance that a secondary market will develop.

RISK FACTORS

The CDs have complex features and your investment in the CDs will involve risks not associated with an investment in conventional certificates of deposit. You should carefully consider the risk factors set forth below as well as the other information contained in this Terms Supplement and the accompanying Disclosure Statement. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the CDs in light of your particular circumstances.

Risks Relating To The CDs Generally

The CDs Do Not Provide For Regular Interest Payments, And You May Not Receive An Amount At Stated Maturity Greater Than The Deposit Amount.

The Bank will not pay interest or make any other payments on the CDs prior to the Stated Maturity Date. Because of numerous factors that may affect the Closing Level of the Index, you may not receive any Index Interest on the Stated Maturity Date. Even if you do receive Index Interest on the Stated Maturity Date, your return on the CDs may be less than the yield you would earn if you bought a conventional interest-bearing certificate of deposit of the Bank with the same Stated Maturity Date. Any return may not fully compensate you for any opportunity cost to you when you take into account inflation and other factors relating to the time value of money. **In addition, the FDIC has taken the position that any Index Interest that has not yet been ascertained and become due and any secondary market premium paid by you in excess of the Deposit Amount is not insured by the FDIC.**

Insolvency Of The Bank May Result In Early Payment Of Your CDs.

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

You Do Not Have The Right To Withdraw The Deposit Amount Of A CD Prior To Its Stated Maturity Date.

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

The CDs Are Subject To The Credit Risk Of The Bank.

The CDs are deposit obligations of the Bank and are not, either directly or indirectly, an obligation of any third party. Any Deposit Amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to the creditworthiness of the Bank, and you will have no ability to pursue the Index or the Basket Constituents included in the Index for payment. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the CDs and, in the event the Bank were to default on its obligations, you may not receive the principal protection or any other amounts owed to you under the terms of the CDs in excess of the amounts covered by the applicable FDIC insurance. See "Deposit Insurance" in the accompanying Disclosure Statement.

For Tax Purposes, You Will Be Required To Include Original Issue Discount In Income And To Recognize Ordinary Income On Any Disposition Of The CDs.

For United States federal income tax purposes, the CDs will be classified as contingent payment debt instruments. As a result, they will be considered to be issued with original issue discount. Although you will receive no cash payments during the term of the CDs, you will be required to include this original issue discount in income during your ownership of the CDs, subject to some adjustments, based on the "comparable yield" of the CDs unless you hold the CDs through a tax advantaged retirement account (such as an IRA). The "comparable yield" is the rate at which the Bank could issue a fixed rate instrument with terms and conditions similar to the CDs, but in any event not less than the applicable federal rate (based on the overall maturity of the CDs). Additionally, you will generally be required to recognize ordinary income or, to some extent, ordinary loss on the gain or loss, if any, realized upon maturity or on a sale, exchange or other disposition of the CDs. The taxation of the CDs differs from the taxation of conventional certificates of deposit issued by banks. In particular, interest on conventional certificates of deposit generally is included in income as it is paid or accrued in accordance with a holder's regular method of accounting (except where rules apply requiring inclusion of original issue discount based on the interest payable at maturity). Thus most conventional certificates of deposit issued by banks are not subject to the special rules applicable to the CDs requiring income inclusions based on a comparable yield, or requiring recognition of ordinary income on any gain realized on maturity or on a sale, exchange, redemption or other disposition of the CDs. See "Terms—Tax Consequences" and "—Estimated Comparable Yield and Projected Payment Schedule" above and "United States Federal Income Tax Consequences" in the accompanying Disclosure Statement.

Withholding Could Apply To Payments On The CDs Held By Non-United States Holders.

Section 871(m) of the Code imposes a withholding tax of up to 30% on "dividend equivalents" paid to non-United States investors in respect of certain financial instruments linked to United States equities. In light of an IRS notice providing a general exemption for non "delta-one" financial instruments issued in 2017, the CDs should not be subject to withholding under Section 871(m). However, the IRS could challenge this conclusion. If you are a non-United States holder, you should note that persons having withholding responsibility in respect of the CDs may withhold on a payment paid to a non-United States holder, generally at a rate of 30%. To the extent that the Bank has withholding responsibility in respect of the CDs, the Bank intends to so withhold. The Bank will not be required to pay any additional amounts with respect to amounts withheld. You should read carefully the discussion under "United States Federal Income Tax Consequences" in the accompanying Disclosure Statement and consult your tax advisor regarding the United States federal tax consequences of an investment in the CDs.

The Estimated Value Of The CDs On The Pricing Date, Based On The Bank's Proprietary Pricing Models, Is Less Than The Deposit Amount.

The Issue Price of the CDs includes certain costs that are borne by you. Because of these costs, the estimated value of the CDs on the Pricing Date is less than the Deposit Amount. The costs included in the Issue Price relate to selling, structuring, hedging and issuing the CDs, as well as to the Bank's funding considerations for certificates of deposit of this type. The costs related to selling, structuring, hedging and issuing the CDs include (i) the placement fees, (ii) the projected profit that the Bank or its hedge counterparty expects to realize for assuming risks inherent in hedging the Bank's obligations under the CDs and (iii) hedging and other costs relating to the offering of the CDs, including the costs of FDIC insurance. Because the Index Sponsor or one of its affiliates is the only market participant that offers the Bank hedging transactions linked to the Index, certain of these costs are likely to be greater than they would be if there were a competitive market available to the Bank for these hedging transactions. The Bank's funding considerations are reflected in the fact that the Bank determines the economic terms of the CDs based on an assumed funding rate that is generally lower than the Bank's estimated secondary market rate. If the costs relating to selling, structuring, hedging and issuing the CDs were lower, or if the assumed funding rate the Bank uses to determine the economic terms of the CDs were higher, the economic terms of the CDs would be more favorable to you and the estimated value would be higher.

The Estimated Value Of The CDs Would Likely Be Lower Than The Value Disclosed On The Cover Page Of This Terms Supplement If A Significant Input To The Bank's Pricing Models Were Determined In A Competitive Market.

The Bank determined the estimated value of the CDs using its proprietary pricing models and related inputs and assumptions referred to above under "Estimated Value of the CDs—Determining the estimated value." The Bank calculated the estimated value of the Derivative Component based in significant part on the price quoted by the Index Sponsor or one of its affiliates for derivative instruments linked to the Index. Because the Index Sponsor or one of its affiliates is the only market participant that offers the Bank derivative instruments linked to the Index, the derivative instrument price used in calculating the estimated value of the Derivative Component is likely higher than it would be if a competitive market existed for those instruments. As a result, the estimated value of the CDs that is set forth on the cover page of this Terms Supplement is likely higher than the value that would be determined if the estimated value of the Derivative Component were based on a price set in a competitive market. Other market participants might determine the estimated value of the Derivative Component using different inputs that result in a lower estimated value for the Derivative Component, and the Bank's estimated value of the CDs may therefore be higher, and perhaps materially higher, than the estimated value of the CDs that would be determined by other market participants. The Bank's models and their inputs and related assumptions may prove to be wrong and therefore not an accurate reflection of the value of the CDs.

The Estimated Value Of The CDs Is Not An Indication Of The Price, If Any, At Which The Bank Or Any Other Person May Be Willing To Buy The CDs From You In The Secondary Market.

The price, if any, at which the Bank or any of its affiliates may purchase the CDs in the secondary market will be based on the Bank's proprietary pricing models and will fluctuate over the term of the CDs as a result of changes in the market and other factors described in the next risk factor. Any such secondary market price for the CDs will also be reduced by a bid-offer spread, which may vary depending on the aggregate Deposit Amount of the CDs to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. The Bank will hedge its exposure to the Index under the CDs through the Index Sponsor or one of its affiliates. Because the Index Sponsor or one of its affiliates is the only market participant offering hedging transactions linked to the Index, the costs the Bank expects to incur in unwinding these hedging transactions may be greater than they would be if a competitive market existed for these hedging transactions, which may result in a lower secondary market price for the CDs. For these reasons, unless the factors described in the next risk factor change significantly in your favor, any such secondary market price for the CDs is likely to be less than the Deposit Amount.

If the Bank or any of its affiliates makes a secondary market in the CDs at any time up to the Issue Date or during the 6-month period following the Issue Date, the secondary market price offered by the Bank or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the CDs that are included in the Deposit Amount. Because this portion of the costs is not fully deducted upon issuance, any secondary market price that the Bank or any of its affiliates offers during this period will be higher than it would be if it were based solely on the Bank's proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 6-month period. If you hold the CDs through an account at WFA or any of its affiliates, the Bank expects that this increase will also be reflected in the value indicated for the CDs on your account statement. If you hold your CDs through an account at a Broker other than WFA or any of its affiliates, the value of the CDs on your account statement may be different than if you hold the CDs at WFA or any of its affiliates, as discussed above under "Estimated Value of the CDs."

You May Be Unable To Sell Your CDs Prior To Their Stated Maturity Date And The Value Of The CDs Prior To Their Stated Maturity Date Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.

Although the Bank or its affiliates may purchase the CDs from you, they are not obligated to do so. The Bank and its affiliates are not required to, and do not intend to, make a market for the CDs. There can be no assurance that a secondary market will develop. Because the rate of return of the CDs is tied to the performance of the Index, any secondary market for the CDs may not be as liquid as the secondary market for CDs with a fixed rate of return. As a result, you may not be able to sell your CDs prior to their Stated Maturity Date. You should therefore not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to the Stated Maturity Date, or having access to proceeds prior to the Stated Maturity Date.

The value of the CDs prior to stated maturity will be affected by the level of the Index, interest rates and a number of other factors, some of which are interrelated in complex ways. The effect of any one factor may be offset or magnified by the effect of another factor. The following factors (the "Derivative Component Factors") are expected to affect the value of the CDs: Index performance; interest rates; time remaining to maturity; and volatility of the Index. In addition to the Derivative Component Factors, the value of the CDs will be affected by actual or anticipated changes in the Bank's creditworthiness, as reflected in its estimated secondary market rate. Because numerous factors are expected to affect the value of the CDs, changes in the level of the Index may not result in a comparable change in the value of the CDs. If you are able to sell your CDs prior to the Stated Maturity Date in the secondary market, the amount you receive may be less than the Deposit Amount even if the level of the Index at that time is greater than the level of the Index on the Pricing Date, and may be substantially different than the payment expected at stated maturity.

Discontinuance Of The Index Could Adversely Affect The CDs.

Goldman, Sachs & Co., the sponsor of the Index, is not required to publish the Index throughout the term of the CDs. If publication of the Index is discontinued, the Bank will have the sole discretion to substitute a successor index and is not precluded from considering indices that are calculated and published by the Bank or any of its affiliates. Any such successor index may not perform favorably.

If publication of the Index is discontinued and the Bank does not select a successor index, the Bank will calculate a substitute closing level of the Index in accordance with the formula for and method of calculating the Index last in effect prior to that discontinuance, but without any further application of the Index's monthly portfolio selection methodology. After such an event, the substitute closing level of the Index will track the performance of a fixed portfolio of notional assets, which will consist of the underlying assets constituting the Index immediately prior to such discontinuance with the weights each had immediately prior to such discontinuance (subject to potential daily rebalancings pursuant to the Index's volatility control feature), *minus* the sum of the notional interest rate equal to 3-month USD LIBOR and the daily index maintenance fee of 0.50% per annum. In such an event, the daily index maintenance fee will continue to be deducted even though the Index's monthly portfolio selection methodology will no longer be applied.

In addition, if at any time the Bank determines that any Specified Index Information (as defined below under "Additional Terms of the CDs—Discontinuance or Modification of the Index) has ceased to be available to the Bank, the Bank may in its sole discretion elect to treat that event in the same manner as a discontinuance of the Index where no successor index is available, with the consequences described in the immediately preceding paragraph.

If the Bank calculates a substitute closing level of the Index following one of the events described above, the substitute Index level may perform less favorably than the Index or, if publication of the Index has been discontinued, less favorably than the Index would have performed had it still been published. For example, if the fixed portfolio of notional assets that is used to calculate the substitute Index level experiences a significant and sustained decline after the applicable event, the substitute Index level will fully track the decline, whereas the Index might have rebalanced into a different portfolio with more favorable returns. To take another example, if a significant portion of the Index was allocated to the Money Market Position at the time of the applicable event, that significant portion is likely to experience a continual net decline from the time of the applicable event through the Valuation Date, without the opportunity for rebalancing that portion into other underlying assets with appreciation potential that would have existed under the Index rules. Any allocation to the Money Market Position is likely to experience a net decline because the positive accrual on the Money Market Position at the federal funds effective rate is likely to be more than offset by the deductions of the notional interest rate and the daily index maintenance fee. See "Risks Relating to the Index—The Index Methodology May Not Produce Favorable Returns—Significant portion of Index may be allocated to Money Market Position, and any such portion is likely to realize a net loss" below.

Changes That Affect The Index May Adversely Affect The Value Of The CDs And The Amount You Will Receive At Stated Maturity.

The policies of the sponsor of the Index concerning the calculation of the Index may affect the level of the Index and, therefore, may affect the value of the CDs and the amount payable at stated maturity. The sponsor of the Index may change the methodology by which it calculates the Index in certain circumstances, as described in more detail in "GS Momentum Builder® Multi-Asset 5 ER Index" in this Terms Supplement. In the event of certain changes in the methodology by which the Index is calculated, the Bank may make adjustments to the level of the Index that is

used to determine the amount payable at stated maturity, but it is not required to make any such adjustment. Any change in the methodology by which the Index is calculated could adversely affect the value of the CDs.

The Stated Maturity Date May Be Postponed If The Valuation Date Is Postponed.

The Valuation Date will be postponed if the originally scheduled Valuation Date is not a Trading Day. If such a postponement occurs, the Stated Maturity Date will be the later of (i) three Business Days after the postponed Valuation Date and (ii) the Initial Stated Maturity Date.

The Economic Interests Of The Bank And Those Of Any Broker Are Potentially Adverse To Your Interests.

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

- ***The Bank may be required to make discretionary judgments that affect the return you receive on the CDs.*** The Bank will determine the amount of any Index Interest you receive and may be required to make other determinations that affect the return you receive on the CDs at maturity. In making these determinations, the Bank may be required to make discretionary judgments, including determining the Final Index Level if the Valuation Date is postponed to the last day to which it may be postponed and that day continues to be a non-Trading Day; if the Index is discontinued, selecting a Successor Index or, if no Successor Index is available, determining the Final Index Level; and in the event of certain changes in the methodology by which the Index is calculated, determining whether to make any adjustment to the level of the Index that is used to determine the amount payable at stated maturity. See "Additional Terms of the CDs—Postponement of the Valuation Date" and "—Discontinuance or Modification of the Index" below. In making these discretionary judgments, the Bank may have economic interests that are adverse to your interests as an investor in the CDs, and the Bank's determinations may adversely affect your return on the CDs.

- ***The estimated value of the CDs was calculated by the Bank and is therefore not an independent third-party valuation.*** The Bank calculated the estimated value of the CDs set forth on the cover page of this Terms Supplement. The manner in which the Bank calculated the estimated value of the CDs involved discretionary judgments by the Bank and could differ from the manner in which other market participants would calculate the estimated value of the CDs, as described under "Risk Factors—Risks Relating To The CDs Generally—The Estimated Value Of The CDs Would Likely Be Lower Than The Value Disclosed On The Cover Page Of This Terms Supplement If A Significant Input To The Bank's Pricing Models Were Determined In A Competitive Market" above. Accordingly, the estimated value of the CDs set forth on the cover page of this Terms Supplement is not an independent third-party valuation.

- ***Research reports by the Bank or its affiliates or any Broker or its affiliates may be inconsistent with an investment in the CDs and may adversely affect the level of the Index.*** The Bank or its affiliates or any Broker or its affiliates may, at present or in the future, publish research reports relating to the Eligible ETFs that may be included in the Index or any securities or other assets held by the Eligible ETFs. This research is modified from time to time without notice and may, at present or in the future, express opinions or provide recommendations that are inconsistent with purchasing or holding the CDs. Any research reports relating to the Eligible ETFs or any securities or other assets held by the Eligible ETFs could adversely affect the price of the Eligible ETFs and the level of the Index and, therefore, adversely affect the value of and your return on the CDs. You are encouraged to derive information concerning the Eligible ETFs from multiple sources and should not rely on the views expressed by the Bank or its affiliates or any Broker or its affiliates. In addition, any research reports relating to the Eligible ETFs or any securities or other assets held by the Eligible ETFs published on or prior to the Pricing Date could result in an increase in the level of the Index on the Pricing Date, which would adversely affect investors in the CDs by increasing the level the Index must attain on the Valuation Date in order for investors in the CDs to receive a favorable return.

- ***Business activities of the Bank or its affiliates or any Broker or its affiliates with any issuer whose securities are held by an Eligible ETF may adversely affect the level of the Index.*** The Bank or its affiliates or any Broker or its affiliates may, at present or in the future, engage in business with any issuer whose securities are held by an Eligible ETF, including making loans to those issuers (including exercising creditors' remedies with respect to such loans), making equity investments in those issuers or providing investment banking, asset management or other advisory services to those issuers. These business activities could adversely affect the price of an Eligible ETF and the level of the Index and, therefore, adversely affect the value of and your return on the CDs. In addition, in the course of these business activities, the Bank or its affiliates or any Broker or its affiliates may acquire non-public information about one or more of the issuers whose securities are held by the Eligible ETFs. If the Bank or its affiliates or any Broker or its affiliates do acquire such non-public information, they are not obligated to disclose such non-public information to you.

- ***Hedging activities by the Bank or its affiliates or any Broker or its affiliates may adversely affect the level of the Index.*** The Bank expects to hedge its obligations under the CDs through one or more hedge counterparties. Pursuant to such hedging activities, the Bank's hedge counterparty may acquire shares of the Eligible ETFs, securities or other assets held by the Eligible ETFs or listed or over-the-counter derivative or synthetic instruments related to the Eligible ETFs or such securities or assets. Depending on, among other things, future market conditions, the aggregate amount and the composition of such positions are likely to vary over time. To the extent that the Bank's hedge counterparty has a long hedge position in the shares of any Eligible ETF or any of the securities or other assets held by the Eligible ETFs, or derivative or synthetic instruments related to the Eligible ETFs or such securities or other assets, they may liquidate a portion of such holdings at or about the time of the Valuation Date or at or about the time of a change in the securities or other assets held by the Eligible ETFs. These hedging activities could potentially adversely affect the price of the Eligible ETFs and the level of the Index and, therefore, adversely affect the value of and your return on the CDs.

- ***Trading activities by the Bank or its affiliates or any Broker or its affiliates may adversely affect the level of the Index.*** The Bank or its affiliates or any Broker or its affiliates may engage in trading in the shares of the Eligible ETFs or the securities or other assets held by the Eligible ETFs and other instruments relating to the Eligible ETFs or such securities or other assets on a regular basis as part of their general broker-dealer and other businesses. Any of these trading activities could potentially adversely affect the price of the Eligible ETFs and the level of the Index and, therefore, adversely affect the value of and your return on the CDs.

Risks Relating To The Index

The following discussion of risks relating to the Index should be read together with the description of the Index under "GS Momentum Builder® Multi-Asset 5 ER Index" below, which defines and further describes a number of the terms and concepts referred to below.

The Index May Not Be Successful Or Outperform Any Alternative Strategy That Might Be Employed In Respect Of The Underlying Assets.

There can be no assurance that the Index will achieve positive returns. The Index tracks the performance of a rules-based investment methodology that, once each month, selects a hypothetical portfolio of Underlying Assets to track for the next month. The performance of the Index over that next month will depend on the performance of that hypothetical portfolio over that time period (subject to a daily volatility control feature more fully described below) *minus* the sum of the Notional Interest Rate (equal to 3-month USD LIBOR) and a Daily Index Maintenance Fee of 0.50% per annum. If the hypothetical portfolio declines in value, the Index Value will also decline. Even if the hypothetical portfolio increases in value, the Index Value will nevertheless decline if the increase in the value of the portfolio is not sufficient to overcome the deduction of the Notional Interest Rate and the Daily Index Maintenance Fee of 0.50% per annum. Accordingly, no assurance can be given that the Index will be successful or outperform any alternative strategy that might be employed in respect of the Underlying Assets.

The Index Methodology May Not Produce Favorable Returns.

The Index tracks the performance of a rules-based investment methodology that, once each month, selects a hypothetical portfolio of Underlying Assets to track for the next month. The Index selects the hypothetical portfolio for each month pursuant to rules that aim to produce positive returns by selecting the portfolio of Underlying Assets that has experienced the greatest positive price momentum over the prior six months, subject to a realized volatility constraint of 5% over three separate look-back periods (the prior six months, three months and one month) and subject to weighting caps on each Underlying Asset and Asset Class. The performance of the Index is calculated on an "excess return" basis, which means that the performance of the Index will reflect the performance of each month's hypothetical portfolio of Underlying Assets *minus* the Notional Interest Rate (equal to 3-month USD LIBOR). The Index performance is further reduced by a Daily Index Maintenance Fee of 0.50% per annum. The Index also incorporates a daily volatility control feature, which may reallocate exposure away from the Underlying Assets in the current hypothetical portfolio and into a Money Market Position as necessary to maintain a trailing one-month realized volatility that does not exceed a Volatility Cap of 6%. For more information about the Index methodology, see "GS Momentum Builder® Multi-Asset 5 ER Index" in this Terms Supplement.

The investment methodology tracked by the Index may not produce favorable returns for a number of reasons, including the following:

- *Past performance may be a poor indicator of future performance.* The investment methodology tracked by the Index is a momentum-based, or trend-following, methodology. A fundamental assumption underlying the Index methodology is that past trends are likely to continue into the future, so that the six-month historical performance of a portfolio of Underlying Assets may be a good indicator of the future performance of that portfolio over the next month. Accordingly, at each monthly rebalancing, the Index identifies, for each of three Realized Volatility Look-Back Periods (the prior six months, three months and one month), the portfolio of Underlying Assets that would have had the highest return over the Return Look-Back Period (the prior six months) without exceeding a realized volatility of 5% for that Realized Volatility Look-Back Period (and subject to the weighting caps on each Underlying Asset and Asset Class). The Index then determines the hypothetical portfolio to track for the next month by averaging the weight of each Underlying Asset in each of these three portfolios.

  However, there can be no assurance that past performance will be a good indicator of future performance. The fact that a given allocation among the Underlying Assets performed well over any prior period does not mean that such allocation will continue to perform well in the future. Future market conditions may differ from past market conditions, and the conditions that may have caused the favorable historical performance may no longer exist. Furthermore, by continually seeking to track the portfolio that would have been the best-performing portfolio (subject to constraints) over the last six months, the Index may perpetually be too late, and it may perpetually "buy high". By the time the Index hypothetically invests in

a portfolio of Underlying Assets each month, the Underlying Assets in that portfolio may already have experienced significant appreciation. The Index may therefore perpetually make hypothetical investments in portfolios when they are expensive, which may lead to poor returns.

- *Choppy markets.* Past performance is particularly likely to be a poor indicator of future performance in "choppy" markets, which are characterized by short-term volatility and the absence of consistent long-term performance trends. In such markets, strategies that use past performance as an indicator of future performance, such as that followed by the Index, are subject to "whipsaws," which occur when the market reverses and does the opposite of what is indicated by past performance. The Index may experience significant declines in such markets.

- *Length of the Return Look-Back Period may not accurately capture the performance trend of the Underlying Assets.* On each monthly Base Index Observation Day, the Index selects a hypothetical portfolio of Underlying Assets to track for the next month based on the return of that portfolio over the prior six months. Even if the Underlying Assets exhibit trending behavior, a six-month Return Look-Back Period may not accurately capture the trend. A six-month Return Look-Back Period may be too long, allowing the performance earlier in the six-month Return Look-Back Period to mask more recent trends in the Underlying Assets. For example, if an Underlying Asset appreciates from a level of 100 at the beginning of a six-month Return Look-Back Period to a level of 140 five months later, and then drops to a level of 120 by the end of the six-month Return Look-Back Period, the Index will view the Underlying Asset as trending upward (from 100 to 120), even though the more recent trend is significantly downward (from 140 to 120). Alternatively, a six-month Return Look-Back Period may be too short, failing to capture long-term trends in the performance of the Underlying Assets. If the Index fails to correctly identify the trends in the performance of the Underlying Assets, then the allocation it makes among the Underlying Assets may result in poor Index performance.

- *Deduction of the Notional Interest Rate and Daily Index Maintenance Fee will adversely affect Index performance.* In calculating the performance of the Index, the Notional Interest Rate (equal to 3-month USD LIBOR) and a Daily Index Maintenance Fee of 0.50% per annum are deducted from the performance of the applicable hypothetical portfolio of Underlying Assets. If 3-month USD LIBOR increases significantly, this will have a significant adverse effect on the performance of the Index. Interest rates, especially short-term rates such as 3-month USD LIBOR, are significantly influenced by the Federal Reserve's monetary policy. Although the Federal Reserve has maintained interest rates at relatively low levels in recent years, the Federal Reserve may change its monetary policy at any time. The Federal Reserve has recently begun to raise interest rates and may continue to do so in the future. If the Federal Reserve raises interest rates again, or if interest rates otherwise rise, the Index may be adversely affected. You should understand that interest rates are influenced by matters other than the Federal Reserve's monetary policy, and that interest rates may increase even if monetary policy does not change. For example, interest rates may be sensitive to perceptions about the creditworthiness of the U.S. government. In 2011, Standard & Poor's downgraded the U.S. government's credit rating. Any further downgrades in the credit rating or perceived creditworthiness of the U.S. government could increase the U.S. government's borrowing rates, which could have ripple effects that increase general interest rates, including 3-month USD LIBOR.

  The deduction of the Notional Interest Rate and the Daily Index Maintenance Fee means that the performance of the Index will always be lower than the performance of the applicable hypothetical portfolio of Underlying Assets. Moreover, it means that the allocations among the Underlying Assets that the Index selects (subject to any rebalancing into the Money Market Position pursuant to the daily volatility control feature) must produce positive returns at least as great as that of the Notional Interest Rate plus the 0.50% Daily Index Maintenance Fee before the Index will have any positive return at all. Even if the Index's portfolio selection methodology is successful, the Index may have poor returns, or even negative returns, because of the deduction of the Notional Interest Rate and the Daily Index Maintenance Fee.

  Within the last ten years, the official reported level of 3-month USD LIBOR has been as high as 5.725% per annum. If 3-month USD LIBOR were to be at that level during the term of the CDs, the portfolios of Underlying Assets selected by the Index (subject to any rebalancing into the Money Market Position

pursuant to the daily volatility control feature) would have to produce annual returns that exceed 6.225% (taking into account the Daily Index Maintenance Fee of 0.50%) before the level of the Index would increase at all, and the level of the Index would increase only to the extent of such excess. The actual level of 3-month USD LIBOR may be higher or lower than that level over the term of the CDs. For a graph showing the 3-month USD LIBOR during the period from January 1, 2007 to April 21, 2017, see "GS Momentum Builder® Multi-Asset 5 ER Index—What is the historical performance of the Index?—Historical Levels of 3-Month USD LIBOR and the Federal Funds Effective Rate" below in this Terms Supplement.

- *Significant portion of Index may be allocated to Money Market Position, and any such portion is likely to realize a net loss.* The hypothetical portfolio of Underlying Assets selected at each monthly rebalancing may include up to 50% exposure to the Money Market Position. The daily volatility control feature may result in an additional allocation to the Money Market Position, which may bring the Index's overall exposure to the Money Market Position to significantly greater than 50%. As a result, at any given time, the Index may have a significant allocation to the Money Market Position. Based on the hypothetical back-tested and historical performance information contained in this Terms Supplement in the section "GS Momentum Builder® Multi-Asset 5 ER Index—What is the historical performance of the Index?", the average weighting of the Money Market Position in the monthly selected portfolio for the period from December 3, 2007 to April 3, 2017 is greater than that of any other Underlying Asset, and this is before giving effect to any additional allocation resulting from the daily volatility control feature. A significant allocation to the Money Market Position is frequently necessary in order for a portfolio of Underlying Assets to achieve a historical realized volatility that does not exceed the 5% volatility target, because a volatility of 5% is considerably lower than typical volatility levels for most of the other Asset Classes in the Index.

  When the deduction of the Notional Interest Rate and Daily Index Maintenance Fee is taken into account, any portion of the Index that is allocated to the Money Market Position is likely to realize a net loss. This is because the Federal Funds Effective Rate, which is the rate at which a return accrues on the Money Market Position, is nearly always less than 3-month USD LIBOR, which is the rate used to determine the Notional Interest Rate deduction. For a graph showing a comparison of the Federal Funds Effective Rate to 3-month USD LIBOR during the period from January 1, 2007 to April 21, 2017, see "GS Momentum Builder® Multi-Asset 5 ER Index—What is the historical performance of the Index?—Historical Levels of 3-Month USD LIBOR and the Federal Funds Effective Rate" below in this Terms Supplement.

- *In certain circumstances, Index may select weights of Index Underlying Assets based on the minimum volatility portfolio, rather than the highest return portfolio.* At each monthly rebalancing, if there is no portfolio of Underlying Assets meeting the weight cap requirements that has a volatility less than or equal to 5% for any Realized Volatility Look-Back Period, the portfolio that is selected for that Realized Volatility Look-Back Period will not be the portfolio with the highest return over the six-month Return Look-Back Period, but rather will be the portfolio with the lowest volatility over that Realized Volatility Look-Back Period. This portfolio will be used in the determination of the weights of the Underlying Assets for the monthly selected portfolio on the applicable Base Index Observation Day, even though that portfolio may have had a significant negative performance. It is possible that the portfolio for all three of the Realized Volatility Look-Back Periods at a given monthly rebalancing will be determined in this way. This may result in the selection of a hypothetical portfolio of Underlying Assets to track for the next month that had poor historical performance and may continue to perform poorly over the next month.

- *Hypothetical portfolio tracked by Index may not be diversified, and Underlying Assets may become correlated in decline, especially in times of financial stress.* Although the Underlying Assets cover a number of different Asset Classes, there is no requirement that the hypothetical portfolio tracked by the Index for any given month be a diversified portfolio. The hypothetical portfolio may have as few as four Underlying Assets, and as few as three ETFs, and may include as few as two Asset Classes (one of which may be the Money Market Position). At any time when the hypothetical portfolio is concentrated in a small number of Underlying Assets and/or Asset Classes, it will be subject to the risks affecting those Underlying Assets and/or Asset Classes on a concentrated basis. Investors should be experienced with respect to, and be able to evaluate and understand the risks of (either alone or with the investor's investment, legal, tax, accounting and other advisors), each of the different Asset Classes represented by

the Underlying Assets. You should carefully review the risk factors relating to particular Underlying Assets below. Moreover, even when the monthly selected portfolio is allocated among a number of different Underlying Assets and Asset Classes, these Underlying Assets and Asset Classes may prove to be correlated with each other in decline, which means that they may all decline at the same time. In that case, the Index would not realize any benefits from diversification. Especially in times of financial stress, previously uncorrelated Underlying Assets and Asset Classes may suddenly become correlated in decline, which may result in significant declines in the level of the Index.

- *Fixed weighting constraints*. The Index applies limits to the weight that may be assigned to each Underlying Asset and to each Asset Class. These limits are fixed and may skew the allocations among the Underlying Assets in a way that reduces the potential performance of the Index. For example, because of the weighting constraints, the Index may not allocate all of its exposure to the single Underlying Asset with the best performance over the prior six months, even if that Underlying Asset had a realized volatility of less than 5% for each Realized Volatility Look-Back Period. Instead, the weighting constraints require the Index to spread its exposure over at least four Underlying Assets (including at least three ETFs), even if one or more of those Underlying Assets had unfavorable returns over the relevant six-month Return Look-Back Period. Additionally, the weighting constraints mean that the Index must have some exposure to some of the Underlying Assets at all times, even when there is no portfolio of Underlying Assets that would be expected to appreciate because all are in decline. The Index will not take a "short" position in any Underlying Asset, even if the relevant Underlying Asset displays a negative performance over the relevant six-month Return Look-Back Period.

- *Volatility control feature may adversely affect Index performance*. In addition to applying a 5% realized volatility constraint in the selection of a hypothetical portfolio at each monthly rebalancing, the Index seeks to maintain a realized volatility that does not exceed a 6% Volatility Cap by reallocating exposure away from the hypothetical portfolio and into the Money Market Position, if necessary, as often as daily. Any portion of the Index that is reallocated into the Money Market Position is likely to realize a net loss, for the reasons described above. Moreover, the Index will apply the volatility control feature based on the one-month realized volatility of the Base Index, even at or shortly after a monthly rebalancing when the Base Index one month ago is not the same as the current Base Index. As a result, the Index may allocate a significant degree of exposure to the Money Market Position pursuant to the volatility control feature even when the volatility of the Index Underlying Assets that make up the current Base Index is well below the 6% Volatility Cap.

- *Index may fail to remain below 6% Volatility Cap*. Although the Index aims to ensure that its realized volatility does not exceed 6%, there is no guarantee that it will successfully do so. There is a time lag associated with the Index's volatility control adjustments. Because realized volatility is measured over the prior month for purposes of the volatility control feature, it may be some period of time before a recent increase in the volatility of the Index ETFs is sufficiently reflected in the calculation of realized volatility to cause a compensating reallocation from the monthly selected portfolio to the Money Market Position. During the intervening period, if the increased volatility is associated with a significant decline in the value of the Index ETFs, the Index may in turn experience a significant decline without the reduction in exposure to the Index ETFs that the volatility control feature is intended to trigger. Moreover, the Index ETFs during the earlier part of the relevant one-month period may be different than the current Index ETFs, and if the earlier Index ETFs were significantly less volatile than the current Index ETFs, the Index may be slow to adjust to significant volatility in the current Index ETFs.

  Furthermore, the fact that the Index applies a 5% volatility constraint in the selection of a hypothetical portfolio at each monthly rebalancing is no assurance that the resulting selected portfolio will not experience volatility that is significantly greater than 5% in the future. A monthly selected portfolio may experience greater volatility in the future because future market conditions may differ from past market conditions. Additionally, a monthly selected portfolio may experience greater volatility than expected because the manner in which the Index determines the weights of the Underlying Assets may fail to reflect the most recent volatility in the Underlying Assets. If a given portfolio of Underlying Assets is highly volatile in the one-month Realized Volatility Look-Back Period but was not volatile during the three-month or six-month Realized Volatility Look-Back Periods, the portfolios determined with respect to the longer Realized Volatility Look-Back Periods may give much greater weights to highly volatile (or highly

correlated) Underlying Assets than those Underlying Assets receive with respect to the one-month Realized Volatility Look-Back Period, and when the weights for the three portfolios are averaged, the selected portfolio for a given month may have a realized volatility measured in the most recent one month period that is significantly greater than 5%.

- *Time lag between selection of a portfolio of Underlying Assets and its implementation in the Index.* The Index identifies the allocation of Underlying Assets for a given month based on a historical period that ends three Index Business Days prior to the first Base Index Rebalancing Day. The rebalancing then takes place gradually over a Base Index Rebalancing Period consisting of five Index Business Days. Sudden market movements may occur in the gap between the end of the relevant historical period and the completion of the rebalancing and, while it might be desirable to select a different portfolio as a result of those market movements, no such change will be made. Conversely, if it would be desirable to implement the new selected portfolio immediately because the prior month's portfolio is experiencing a significant decline, the Index will nevertheless implement the new portfolio only gradually over the Base Index Rebalancing Period, as provided for by the Index rules.

- *Sensitivity to specific parameters.* The Index is calculated pursuant to a rules-based methodology that contains a number of specific parameters. These parameters will be significant determinants of the performance of the Index. For example, the Index observes the historical performance of hypothetical portfolios of Underlying Assets over a six-month Return Look-Back Period and over three separate Realized Volatility Look-Back Periods, and then determines the weights of the Underlying Assets in each month's hypothetical portfolio based on an average of the weights in the distinct portfolios that are selected for each Realized Volatility Look-Back Period. The Index also has a volatility target of 5% and a Volatility Cap of 6% and applies specific weighting caps to each Underlying Asset and Asset Class. If the Index used a different Return Look-Back Period or different Realized Volatility Look-Back Periods (or only one Realized Volatility Look-Back Period) or calculated the weights of the Underlying Assets in a different manner, or if the Index used a different volatility target or different weighting caps (or no weighting caps at all), the Index would select different portfolios. Furthermore, the Index seeks to maintain a realized volatility below 6% by observing realized volatility over a prior period of one month, and the Index rebalances each month over a period of five Index Business Days. There is nothing inherent in any of these parameters that necessarily makes them the right specific parameters to use for the Index or better than any other parameters that could have been used. If the Index had used different parameters, the Index might have achieved significantly better returns.

The Index's Target Volatility Is Likely To Lead To Significant Allocations To Typically Lower Volatility Underlying Assets Like The Money Market Position And/Or Fixed Income Underlying Assets, Which May Cause The Index To Underperform Other Asset Classes, Such As Equities, In Bull Markets For Those Other Asset Classes.

The target volatility of 5% is a relatively low level at which to set target volatility. For example, in normal circumstances, equity markets exhibit significantly higher volatility than 5%. Accordingly, the target volatility of 5% may have the effect of skewing the allocations among the Underlying Assets toward those that typically have lower volatility—in particular, toward the Money Market Position and Underlying Assets in the fixed income Asset Class. These typically lower-volatility Underlying Assets may have lower return potential than the typically higher-volatility Underlying Assets. In particular, any portion of the Index that is allocated to the Money Market Position is likely to realize a net loss, for the reasons described above. If the Index has a relatively low allocation to the typically higher-volatility Underlying Assets, it will not fully participate in bull markets in those Underlying Assets.

Moreover, if the Index has a relatively high allocation to the fixed income Asset Class, it will be particularly sensitive to factors that adversely affect the value of fixed income instruments, such as an increase in interest rates or declining perceptions of credit quality. It is important to understand that a low target volatility does not mean that the Index is less likely to decline than it would be if it had a higher target volatility. In fact, a low-volatility portfolio may decline in value even while a high-volatility portfolio appreciates. For example, in a bull market in equities that is accompanied by rising interest rates, a portfolio heavily weighted toward fixed income might decline in value as a result of the rising interest rates, while a portfolio heavily weighted toward stocks would appreciate. Although the maximum weight for the fixed income Asset Class is 50%, it is important to understand that Underlying Assets that have been categorized in other Asset Classes may also be considered to be fixed income. The iShares® TIPS Bond ETF is categorized in the inflation Asset Class but tracks the value of U.S. Treasury bonds; the iShares® J.P. Morgan USD

Emerging Markets Bond ETF is categorized in the emerging markets Asset Class but tracks the value of bonds issued by sovereign and quasi-sovereign entities; and the PowerShares® Senior Loan Portfolio is categorized in the alternatives Asset Class but tracks the value of corporate loans. Taking into account the weighting caps applicable to these other Underlying Assets, Underlying Assets that track the value of fixed income instruments may represent as much 100% of the Index.

It is important to consider the terms of the CDs in evaluating whether the target volatility of 5% is appropriate for your circumstances. In light of the fact that the CDs provide for the return of the Deposit Amount at maturity regardless of the performance of the Index (subject to the creditworthiness of the Bank for any Deposit Amount that exceeds the applicable FDIC insurance limits), you should consider whether the lower risk of sharp declines associated with a low target volatility offers enough incremental benefit to you to justify the lost potential to fully participate in bull markets in the typically higher-volatility Underlying Assets.

The Index Sponsor, Index Committee And Index Calculation Agent May Take Actions That Adversely Affect The Level Of The Index, And They Have No Obligation To Consider Your Interests.

The Index Sponsor, which is Goldman, Sachs & Co., developed the methodology of the Index. An Index Committee composed of three full-time employees of The Goldman Sachs Group, Inc. or one or more of its affiliates is responsible for overseeing the Index and the methodology governing its composition and calculation. Solactive AG is the Index Calculation Agent and, as such, is responsible for the day-to-day implementation of the Index methodology and calculation of the Index. The Index Sponsor, Index Committee and Index Calculation Agent are entitled to exercise discretion in relation to the Index in certain circumstances, including in connection with the calculation of the level of the Index in the event of an Index Market Disruption Event and the selection of a substitute Eligible ETF upon the occurrence of certain specified events. The Index Sponsor may determine to replace the Index Calculation Agent at any time. The determinations for which the Index Sponsor, Index Committee or Index Calculation Agent are responsible could have an impact, positive or negative, on the level of the Index and the value of your CDs. The Index Committee may also amend the rules governing the Index in certain circumstances.

None of the Index Sponsor, the Index Committee nor the Index Calculation Agent has any obligation to consider your interests in taking any actions in respect of the Index that might affect the value of your CDs. We will hedge our exposure to the Index under the CDs through the Index Sponsor or one of its affiliates, which may result in the Index Sponsor and the members of the Index Committee having adverse interests to yours in connection with the determinations they may make under the Index.

Changes In The Value Of The Index Underlying Assets May Offset Each Other.

Because the Underlying Assets represent a range of Asset Classes and geographic regions, price movements of Underlying Assets representing different Asset Classes or geographic regions may not correlate with each other. At a time when the value of an Index Underlying Asset representing a particular Asset Class or geographic region increases, the value of other Index Underlying Assets representing different Asset Classes or geographic regions may not increase as much or may decline. Therefore, in calculating the level of the Index, increases in the value of some of the Index Underlying Assets may be moderated, or more than offset, by lesser increases or declines in the level of other Index Underlying Assets.

The Index Comprises Notional Assets And Liabilities.

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

The Index Has A Limited Operating History And May Perform In Unanticipated Ways.

The Index was launched on December 17, 2013. Accordingly, the Index has limited historical data, and that historical data may not be representative of the Index's potential performance under other market conditions. Past performance should not be considered indicative of future performance.

Hypothetical Back-Tested Index Performance Information Is Subject To Significant Limitations.

This Terms Supplement includes hypothetical back-tested Index performance information prepared by the Index Sponsor, which we have not independently verified. All information regarding the performance of the Index prior to December 17, 2013 is hypothetical and back-tested, as the Index did not exist prior to that time. It is important to understand that hypothetical back-tested Index performance information is subject to significant limitations, in addition to the fact that past performance is never a guarantee of future performance. In particular:

- The Index Sponsor developed the rules of the Index with the benefit of hindsight—that is, with the benefit of being able to evaluate how the Index rules would have caused the Index to perform had it existed during the hypothetical back-tested period.

- The hypothetical back-tested performance data for the period from December 3, 2007 through March 2, 2011 was calculated using the same methodology that is used to calculate the Index, provided that a proxy was used for the following Eligible ETFs, in each case for the period of time such Eligible ETF was not in existence: iShares® J.P. Morgan USD Emerging Markets Bond ETF (not in existence prior to December 19, 2007), Alerian MLP ETF (not in existence prior to August 25, 2010) and PowerShares® Senior Loan Portfolio (not in existence prior to March 3, 2011). With respect to the iShares® J.P. Morgan USD Emerging Markets Bond ETF and the PowerShares® Senior Loan Portfolio, the proxy used during the period of time when such Eligible ETF was not in existence was the underlying index that such Eligible ETF seeks to track (the J.P. Morgan EMBI Global Core Index and the S&P/LSTA U.S. Leveraged Loan 100 Index, respectively). With respect to the Alerian MLP ETF, the proxy used during the period when such Eligible ETF was not in existence was the Alerian MLP Index. The Alerian MLP Index consists of 50 large- and mid-capitalization energy-oriented Master Limited Partnerships (MLPs). The underlying index that the Alerian MLP ETF seeks to track is the Alerian MLP Infrastructure Index, which is a subset of the Alerian MLP Index, and consists of 25 out of the 50 MLPs included in the Alerian MLP Index that are focused on the infrastructure industry. As the Alerian MLP Infrastructure Index did not exist until November 12, 2009, such index was not available to be used as a proxy for the entire back-tested data period.

  As a result, due to the varying weights of the Eligible ETFs and proxies, at any time during this period as much as 100% of the hypothetical back-tested Index performance data was derived from proxy data. You should be aware that proxy performance has not been reduced to compensate for any management fee charged by the applicable Eligible ETF. This means that, with respect to any Eligible ETF for which a proxy was used for any period of time, the applicable proxy's performance has not been reduced by a fee equal to the management fee charged by such Eligible ETF. Therefore, the use of proxies for Eligible ETFs that were not in existence during some or all of the period from December 3, 2007 through March 2, 2011 may have resulted in hypothetical back-tested performance data that overstates or understates how the Index would have performed, and the extent to which the daily volatility control would or would not have been triggered, had no proxy information been required. Further, because the proxy used for the Alerian MLP ETF differs from the underlying index that the Alerian MLP ETF seeks to track, the use of such proxy may have resulted in hypothetical performance data that overstates or understates how the Index would have performed, had no proxy information been required or had the underlying index been available to use as a proxy for the Alerian MLP ETF.

- One of the Eligible ETFs has changed the underlying index that it seeks to track, and the underlying indices tracked by certain of the Eligible ETFs have made changes to their rules. See Annex A for a description of the Eligible ETFs, including any such changes. As a result of these changes, the underlying indices to be tracked in the future by certain of the Eligible ETFs differ in certain respects from the underlying indices tracked by the same Eligible ETF during some or all of the back-tested period. The sponsor of any Eligible ETF or its underlying index may make additional changes in the future. The hypothetical back-tested Index performance may not reflect how the Index would have performed had the relevant Eligible ETFs tracked the same underlying indices (with the same rules) during the full back-tested period that they will track in the future.

- The hypothetical back-tested performance of the Index might look different if it covered a different historical period. The market conditions that existed during the historical period covered by the hypothetical back-tested Index performance information in this Terms Supplement are not necessarily representative of the market conditions that will exist in the future.

It is impossible to predict whether the Index will rise or fall. The actual future performance of the Index may bear little relation to the historical or hypothetical back-tested levels of the Index.

The Investment Strategy Used To Construct The Index Involves Monthly Rebalancing And Weighting Caps That Are Applied To The Underlying Assets.

The Underlying Assets are subject to monthly rebalancing and maximum weighting caps by Asset Class and by Underlying Asset. By contrast, a synthetic portfolio that does not rebalance monthly and is not subject to any weighting caps in this manner could see greater compounded gains over time through exposure to a consistently and rapidly appreciating portfolio consisting of the Underlying Assets. Therefore, your return on the CDs may be less than the return you could realize on an alternative investment in the Underlying Assets that is not subject to rebalancing and weighting caps.

An Eligible ETF May Be Removed And/Or Replaced By A Substitute ETF If Certain Events Occur.

Following the occurrence of certain events with respect to an Eligible ETF as described under "GS Momentum Builder® Multi-Asset 5 ER Index—Can the Eligible Underlying Assets change?", the affected Eligible ETF may be removed and/or replaced by a substitute ETF. Such events may include, among others, the termination of an Eligible ETF, a reduction in its net asset value or trading volume, certain regulatory changes or the determination by the Index Sponsor in its sole discretion that it is not practicable for the Eligible ETF to continue to be included in the Index for any reason. You should realize that the removal and/or replacement of an Eligible ETF may affect the performance of the Index, and therefore, the return on the CDs. Any replacement ETF may perform significantly better or worse than the affected Eligible ETF.

Risks Relating To The Eligible ETFs Generally

Historical Prices Of The Eligible ETFs Or The Securities Or Other Assets Held By The Eligible ETFs Should Not Be Taken As An Indication Of The Future Performance Of The Eligible ETFs During The Term Of The CDs.

It is impossible to predict whether the price of the Eligible ETFs will fall or rise over any period of time. The trading price of the shares of the Eligible ETFs will be influenced by complex and interrelated political, economic, financial and other factors that can affect the markets in which the Eligible ETFs and the securities or other assets held by the Eligible ETFs are traded and the values of such Eligible ETFs and such securities or other assets. Accordingly, any historical or hypothetical prices of the Eligible ETFs do not provide an indication of the future performance of the Eligible ETFs.

You Will Not Have Any Shareholder Rights With Respect To The Shares Of Any Eligible ETF.

You will not become a holder of shares of any Eligible ETF or a holder of securities or assets held by any Eligible ETF as a result of owning a CD. You will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to such shares or securities or assets. At stated maturity, you will have no right to receive delivery of any shares or securities or assets.

Changes That Affect An Eligible ETF Or Its Underlying Index May Affect The Value Of The CDs And The Amount You Will Receive On The CDs.

The policies of the fund sponsor of an Eligible ETF concerning the calculation of such Eligible ETF's net asset value, additions, deletions or substitutions of the underlying assets held by such Eligible ETF and the manner in which changes in the relevant index underlying such Eligible ETF (the indices underlying the Eligible ETFs are referred to collectively as the "ETF Underlying Indices" and individually as an "ETF Underlying Index") are reflected in such Eligible ETF, and changes in those policies, could affect the closing price of the shares of such Eligible ETF and,

therefore, may affect the performance of the Index and the amount payable on the CDs. Similarly, the policies of the sponsor of the relevant ETF Underlying Index concerning the calculation of the ETF Underlying Index and the addition, deletion or substitution of the underlying assets comprising such ETF Underlying Index and the manner in which the sponsor of the ETF Underlying Index takes account of certain changes affecting such underlying assets may affect the level of such ETF Underlying Index and the closing price of the shares of the related Eligible ETF and, therefore, may affect the performance of the Index and the amount payable on the CDs. The sponsor of an ETF Underlying Index could also discontinue or suspend calculation or dissemination of such ETF Underlying Index or materially alter the methodology by which it calculates such ETF Underlying Index. Any of such actions could adversely affect the performance of the Index and the amount payable on the CDs.

An Index Measuring The Performance Of The Shares Of An Eligible ETF Is Different From An Index Measuring The Performance Of The Relevant ETF Underlying Index.

The performance of the shares of an Eligible ETF may not exactly replicate the performance of its ETF Underlying Index because the Eligible ETF may not invest in all of the underlying assets included in its ETF Underlying Index and because the Eligible ETF will reflect transaction costs and fees that are not included in the calculation of the ETF Underlying Index. An Eligible ETF may also hold assets or derivative financial instruments not included in its ETF Underlying Index. It is also possible that an Eligible ETF may not fully replicate the performance of its ETF Underlying Index due to the temporary unavailability of certain securities or other underlying assets in the secondary market or due to other extraordinary circumstances. In addition, because the shares of an Eligible ETF are traded on a securities exchange and are subject to market supply and investor demand, the value of a share of an Eligible ETF will differ from the net asset value per share of such Eligible ETF. As a result, the performance of an Eligible ETF will not correlate perfectly with the performance of the relevant ETF Underlying Index, and the performance of the Index may be less favorable than it would have been had it been based instead on the performance of the relevant ETF Underlying Indices.

The Bank And Its Affiliates Have No Affiliation With The Sponsors Of Any Of The Eligible ETFs And Have Not Independently Verified Their Public Disclosure Of Information.

The Bank and its affiliates are not affiliated in any way with the sponsor of any Eligible ETF or the sponsor of any ETF Underlying Index (collectively, the "sponsors") and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding their methods or policies relating to their management or calculation. The Bank has derived the information about the sponsors and the Eligible ETFs and their ETF Underlying Indices contained in this Terms Supplement from publicly available information, without independent verification. You, as an investor in the CDs, should make your own investigation into the Eligible ETFs, the related ETF Underlying Indices and the sponsors. None of the sponsors will be involved in the offering of the CDs in any way and none of the sponsors has any obligation to consider your interests as an owner of CDs in taking any actions that might affect the performance of the Index and the value of the CDs.

Risks Relating To The Eligible ETFs That Provide Exposure to Securities or Loans

The Value Of Securities Included In Three Of The Equity Eligible ETFs Will Be Converted From Non-U.S. Currencies Into U.S. Dollars And Therefore Exchange Rates May Impact The Performance Of The Index.

The Index will be calculated in U.S. dollars. Because the value of securities included in the iShares® MSCI EAFE ETF, the iShares® MSCI Emerging Markets ETF and the iShares® MSCI Japan ETF, three of the Eligible ETFs, is quoted in a currency other than U.S. dollars and is converted into U.S. dollars, the performance of the Index will depend in part on the relevant exchange rates.

The Index Is Subject To Risks Associated With Foreign Securities Markets, Including Emerging Markets.

Some or all of the equity securities that are held by the iShares® MSCI EAFE ETF, the iShares® MSCI Emerging Markets ETF and the iShares® MSCI Japan ETF, three of the Eligible ETFs, have been issued by non-U.S. issuers. In addition, the iShares® iBoxx $ Investment Grade Corporate Bond ETF and the iShares® iBoxx $ High Yield Corporate Bond ETF, which are also Eligible ETFs, may include U.S. dollar-denominated bonds of foreign corporations and the PowerShares Senior Loan Portfolio may include loans to non-U.S. borrowers. Moreover, the iShares® J.P.

Morgan USD Emerging Markets Bond ETF, which is also an Eligible ETF, holds bonds issued by emerging market sovereigns or quasi-sovereign entities. Investments linked to the value of foreign securities involve particular risks. Foreign securities markets may have less liquidity and may be more volatile than the U.S. securities markets, and market developments may affect foreign markets differently than U.S. securities markets. Direct or indirect government intervention to stabilize a foreign securities market, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in those markets. Also, there is generally less publicly available information about non-U.S. issuers that are not subject to the reporting requirements of the Securities and Exchange Commission (the "SEC"), and non-U.S. issuers are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

The prices and performance of securities of non-U.S. issuers are subject to political, economic, financial, military and social factors which could negatively affect foreign securities markets, including the possibility of recent or future changes in a foreign government's economic, monetary and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign securities, the possibility of imposition of withholding taxes on dividend income, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility or political instability and the possibility of natural disaster or adverse public health developments. Moreover, the relevant non-U.S. economies may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

Countries with emerging markets may have relatively unstable 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 (due to economic dependence upon commodity prices and international trade), and may suffer from extreme and volatile debt burdens, currency devaluations 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.

Non-U.S. securities may be listed on a foreign stock exchange. A foreign stock exchange may impose trading limitations intended to prevent extreme fluctuations in individual security prices and may suspend trading in certain circumstances. These actions could limit variations in the closing price of an Eligible ETF which could, in turn, adversely affect the performance of the Index.

Some or all of these factors may influence the value of one or more Eligible ETFs and, therefore, the Index. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors. You cannot predict the future performance of any Eligible ETF based on its historical performance. The value of any Eligible ETF may decrease, resulting in a decrease in the level of the Index.

The Index Is Subject To Significant Risks Associated With Fixed-Income Securities, Including Interest Rate-Related Risks.

Five of the Eligible ETFs (the iShares® 20+ Year Treasury Bond ETF, the iShares® iBoxx $ Investment Grade Corporate Bond ETF, the iShares® iBoxx $ High Yield Corporate Bond ETF, the iShares® J.P. Morgan USD Emerging Markets Bond ETF and the iShares® TIPS Bond ETF) are ETFs that attempt to track the performance of ETF Underlying Indices composed of fixed-income securities. Additionally, the PowerShares Senior Loan Portfolio is an ETF that attempts to track the performance of an ETF Underlying Index composed of leveraged loans and fixed-income securities. Exposure to such Eligible ETFs differs significantly from exposure directly to bonds or loans to be held to maturity because the values of such Eligible ETFs change, at times significantly, during each trading day based upon the current market prices of their underlying bonds or the value of their underlying loans. The market prices of these bonds and loans are volatile and significantly influenced by a number of factors, particularly the duration of the underlying bonds or loans yields on these bonds as compared to current market interest rates and the actual or perceived credit quality of the issuer of these bonds or the borrowers of these loans.

In general, fixed-income securities are significantly affected by changes in current market interest rates. As interest rates rise, the price of fixed-income securities, including those underlying such Eligible ETFs, is likely to decrease. Securities with longer durations tend to be more sensitive to interest rate changes, usually making them more

volatile than securities with shorter durations. The eligibility criteria for the securities included in the indices that underlie such Eligible ETFs, which each mandate that each security must have a minimum term remaining to maturity (ranging from one year to 20 years) for continued eligibility, means that, at any time, only longer-term securities underlie such Eligible ETFs, which thereby increases the risk of price volatility in the underlying securities and, consequently, the volatility in the value of the Index. As a result, rising interest rates may cause the value of the bonds underlying such Eligible ETFs, such Eligible ETFs and the Index to decline, possibly significantly. In addition, longer interest rate reset periods and interest rate floors with respect to leveraged loans generally increase fluctuations in value as a result of changes in market interest rates. Moreover, during periods of declining interest rates, the borrower of a leveraged loan may exercise its option to prepay principal earlier than scheduled, potentially causing the PowerShares Senior Loan Portfolio to reinvest the unanticipated proceeds at lower interest rates, which may cause the value of the PowerShares Senior Loan Portfolio and the Index to decline.

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

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

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

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

The Index Is Subject To Significant Risks Associated With Fixed-Income Securities And Leveraged Loans, Including Credit Risk.

Several of the Eligible ETFs attempt to track the performance of indices of fixed-income securities. The prices of the bonds underlying such Eligible ETFs are significantly influenced by the creditworthiness of the issuers of such bonds. The issuers of the bonds underlying such Eligible ETFs may have their credit ratings downgraded, including in the case of the bonds included in the iShares iBoxx $ Investment Grade Corporate Bond ETF, a downgrade from investment grade to non-investment grade status, or have their credit spreads widen significantly. Following a ratings downgrade or the widening of credit spreads, some or all of the bonds underlying such Eligible ETFs may suffer significant and rapid price declines. These events may affect only a few or a large number of the underlying bonds. For example, during the most recent credit crisis in the United States, credit spreads widened significantly as the market demanded very high yields on corporate bonds and, as a result, the prices of the bonds underlying certain of such Eligible ETFs dropped significantly. There can be no assurance that some or all of the factors that contributed to that credit crisis will not return during the term of the CDs, and consequently, depress the price, perhaps significantly, of the bonds underlying such Eligible ETFs and therefore the value of the those Eligible ETFs, the Index and the CDs.

Further, the iShares® iBoxx $ High Yield Corporate Bond ETF is designed to provide a representation of the U.S. dollar high-yield corporate market and is therefore subject to high-yield securities risk. Securities that are rated below investment grade (commonly known as "junk bonds," including those bonds rated at BB+ or lower by S&P or Fitch or Ba1 or lower by Moody's) may be more volatile than higher-rated securities of similar maturity. High-yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high-

yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high-yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high-yield securities are often issued by smaller, less creditworthy companies or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

Moreover, investments in leveraged loans are subject to credit risk. A leveraged loan is rated below investment grade quality or is unrated but deemed to be of comparable quality. Non-investment grade loans, and unrated loans of comparable credit quality, are subject to the increased risk of a borrower's inability to meet principal and interest payment obligations. Default in the payment of interest or principal on a loan held by the PowerShares Senior Loan Portfolio will result in a reduction in the value of that loan and a potential decrease in the value of the PowerShares Senior Loan Portfolio. Although the loans held by the PowerShares Senior Loan Portfolio generally will be secured by specific collateral, there can be no assurance that such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In addition, if a borrower defaults on its payment obligations, the PowerShares Senior Loan Portfolio may incur additional expenses to seek recovery. In the event of the bankruptcy of a borrower, the PowerShares Senior Loan Portfolio's access to the collateral may be limited by bankruptcy or other insolvency bonds and, therefore, the PowerShares Senior Loan Portfolio could experience costs, delays and limitations with respect to its ability to realize the benefits of the collateral securing a loan. Although a leveraged loan may be senior to equity and other debt securities in a borrower's capital structure, those obligations may be structurally subordinated to obligations of the borrower's subsidiaries, meaning that those obligations would be junior to the obligations of the borrower's subsidiaries. Any of the foregoing may adversely affect the price of the PowerShares Senior Loan Portfolio and, accordingly, the performance of the Index.

The Leveraged Loans Held By The PowerShares Senior Loan Portfolio May Be Illiquid And May Not Have Reliable Market Quotations, Which May Adversely Affect The Value Of The PowerShares Senior Loan Portfolio.

A majority of the PowerShares Senior Loan Portfolio's assets are likely to be invested in loans that are less liquid than securities traded on national exchanges, and reliable market quotations may not be readily available. Therefore, elements of judgment may play a greater role in valuation of the loans held by the PowerShares Senior Loan Portfolio than for securities with a more developed secondary market, and the PowerShares Senior Loan Portfolio may not realize full value in the event of the need to sell a loan. To the extent that a secondary market does exist for certain underlying loans, the market may be subject to volatility, irregular trading activity, wide bid/ask spreads, decreased liquidity and extended trade settlement periods. In addition, adverse market conditions may impair the liquidity of some actively traded loans held by the PowerShares Senior Loan Portfolio. In the event that the PowerShares Senior Loan Portfolio voluntarily or involuntarily liquidates portfolio assets during periods of infrequent trading, it may not receive full value for those assets.

The Index Is Subject To Risks Associated With Assignments Of And Participations In Loans Held By The PowerShares Senior Loan Portfolio.

The PowerShares Senior Loan Portfolio may acquire leveraged loans for its portfolio through assignments or participations. As the assignee, the PowerShares Senior Loan Portfolio typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the PowerShares Senior Loan Portfolio may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the PowerShares Senior Loan Portfolio as the assignee may differ from, and be more limited than, those held by the assigning lender. In addition, if the loan is foreclosed, the PowerShares Senior Loan Portfolio could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. In connection with purchasing participations, the PowerShares Senior Loan Portfolio generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the PowerShares Senior Loan Portfolio may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the PowerShares Senior Loan Portfolio will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the PowerShares Senior Loan Portfolio may be treated as a general creditor of the lender and may not

benefit from any set-off between the lender and the borrower. In addition, the PowerShares Senior Loan Portfolio may be required to pass along to a purchaser that buys a loan from the PowerShares Senior Loan Portfolio by way of assignment, a portion of any fees to which the PowerShares Senior Loan Portfolio is entitled under the loan.

Risks Associated With The Real Estate Industry Will Affect The Price Of Shares Of The iShares® U.S. Real Estate ETF.

The iShares® U.S. Real Estate ETF, because it is concentrated in the real estate industry, may be adversely affected not only by the performance of the real estate companies, such as real estate investment trusts ("REITs") or real estate holding and development companies, in which it invests but also may be more susceptible to any single economic, market, political or regulatory occurrence affecting the real estate industry. Investment in the real estate industry is subject to many of the same risks associated with the direct ownership of real estate such as: the availability of financing for real estate; employment levels and job growth; interest rates; leverage, property, management and liquidity risks; consumer confidence; the availability of suitable undeveloped land; federal, state and local laws and regulations concerning the development of land and construction; home and commercial real estate sales; financing and environmental protection; and competition among companies which engage in the real estate business. The iShares® U.S. Real Estate ETF is classified as "non-diversified." A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of issuers. As a result, the iShares® U.S. Real Estate ETF may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

Risks Associated With Real Estate Investment Trusts Will Affect The Price Of Shares Of The iShares® U.S. Real Estate ETF.

The iShares® U.S. Real Estate ETF is composed of a variety of real estate related stocks including REITs. REITs invest primarily in income producing real estate or real estate related loans or interests. Investments in REITs, though not direct investments in real estate, are still subject to the risks associated with investing in real estate. The following are some of the conditions that might impact the structure of and cash flow generated by REITs and, consequently, the value of REITs and, in turn, the iShares® U.S. Real Estate ETF: a decline in the value of real estate properties; extended vacancies of properties; increases in property and operating taxes; increased competition or overbuilding; a lack of available mortgage funds or other limits on accessing capital; tenant bankruptcies and other credit problems; limitation on rents, including decreases in market rates for rents; changes in zoning laws and governmental regulations; costs resulting from the clean-up of, and legal liability to third parties for damages resulting from environmental problems; investments in developments that are not completed or that are subject to delays in completion; risks associated with borrowing; changes in interest rates; casualty and condemnation losses; and uninsured damages from floods, earthquakes or other natural disasters.

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

The Index Is Subject To Risks Associated With The Energy MLPs Held By The Alerian MLP ETF.

The MLPs held by the Alerian MLP ETF are issued by companies whose primary line of business are directly associated with the energy industry, including the oil and gas sector. Such companies are energy infrastructure companies that own, operate and build energy infrastructure assets such as pipelines, storage facilities and processing plants. In addition, many of the MLPs held by the Alerian MLP ETF are smaller, non-diversified businesses that are exposed to the risks associated with such businesses, including the lack of capital funding to sustain or grow businesses and potential competition from larger, better financed and more diversified businesses. Furthermore, MLPs in the energy industry are significantly affected by a number of factors including:

- worldwide and domestic supplies of, and demand for, crude oil, natural gas, natural gas liquids, hydrocarbon products and refined products;
- changes in tax or other laws affecting master limited partnerships and similar structures generally;
- regulatory changes affecting pipeline fees and other regulatory fees in the energy sector;
- changes in the relative prices of competing energy products;
- the impact of environmental laws and regulations and technological changes affecting the cost of producing and processing, and the demand for, energy products;
- decreased supply of hydrocarbon products available to be processed due to fewer discoveries of new hydrocarbon reserves, short- or long-term supply disruptions or otherwise;
- risks of regulatory actions and/or litigation, including as a result of leaks, explosions or other accidents relating to energy products;
- uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or further acts of terrorism in the United States, or elsewhere; and
- general economic and geopolitical conditions in the United States and worldwide.

These or other factors or the absence of such factors could cause a downturn in the energy sector generally or regionally and could cause the value of some or all of the MLPs held by the Alerian MLP ETF to decline.

The Bank Cannot Control Actions By Any Of The Unaffiliated Companies Whose Securities Are Included In An Eligible ETF Or Its ETF Underlying Index.

Actions by any company whose securities are included in an Eligible ETF or in the related ETF Underlying Index may have an adverse effect on the price of its security and the value of the CDs. Except as disclosed in "Annex A—The Eligible Underlying Assets—The SPDR S&P 500 ETF Trust" and "—The iShares iBoxx $ Investment Grade Corporate Bond ETF" below, the Bank is not affiliated with any company whose security is represented in any Eligible ETF or the related ETF Underlying Index. These companies are not involved in the offering of the CDs and have no obligations with respect to the CDs, including any obligation to take the Bank's or your interests into consideration for any reason. These companies will not receive any of the proceeds of the offering of the CDs and will not be responsible for, and will not have participated in, the determination of the timing of, prices for, or quantities of, the CDs to be issued. These companies will not be involved with the administration, marketing or trading of the CDs and will have no obligations with respect to the amount to be paid to you at maturity.

Risks Relating To The Eligible ETFs That Provide Exposure to Commodities or Commodity Futures Contracts

Suspensions, Limitations Or Disruptions Of Market Trading In The Commodity And Related Futures Markets And The Rules Of Trading Facilities In Such Markets May Adversely Affect The Performance Of The Index.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits," and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price." Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. Conversely, certain foreign exchanges do not have limit prices and, accordingly, there is no limit on the amount by which the price of a designated contract may decline on a single day.

These circumstances could adversely affect the price of shares of the PowerShares® DB Commodity Index Tracking Fund and therefore, the level of the Index and the value of your CDs.

Holders Of The CDs Will Not Benefit From The Regulatory Protections Of The Commodity Futures Trading Commission Or Any Non-U.S. Regulatory Authority.

The CDs are our direct obligations. The net proceeds to be received by us from the sale of the CDs will not be used to purchase or sell futures contracts or options on futures contracts for the benefit of the holders of CDs. An investment in the CDs does not constitute either an investment in futures contracts or options on futures contracts, and holders of the CDs will not benefit from the regulatory protections of the Commodity Futures Trading Commission (the "CFTC") afforded to persons who trade in such contracts.

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

Possible Regulatory Changes Could Adversely Affect The Performance Of The Index.

U.S. regulatory agencies have recently enacted new rules and are currently considering the enactment of additional, related new rules that may substantially affect the regulation of the commodity and futures markets. Although the final form of many new rules has not yet been determined and many finalized new rules have not yet been fully implemented, it is likely that such rules will limit the ability of market participants to participate in the commodity and futures market to the extent and at the levels that they have in the past and may have the effect of reducing liquidity in these markets and changing the structure of the markets in other ways. In addition, these regulatory changes will likely increase the level of regulation of markets and market participants and the costs of participating in the commodity and futures markets. These changes could impact the price and volatility of shares of the PowerShares® DB Commodity Index Tracking Fund and the SPDR® Gold Trust, which could in turn adversely affect the return on and the value of your CDs.

Commodity Futures Prices May Change Unpredictably, Affecting The Price Of Shares Of The PowerShares® DB Commodity Index Tracking Fund And The Performance Of The Index In Unforeseeable Ways.

Trading in commodity futures contracts underlying the PowerShares® DB Commodity Index Tracking Fund is speculative and can be extremely volatile. A decrease in the price of any of the commodities upon which the futures contracts that compose the PowerShares® DB Commodity Index Tracking Fund are based may have a material adverse effect on the performance of the Index and your return on an investment in the CDs. Market prices of the commodities on which the futures contracts that compose the PowerShares® DB Commodity Index Tracking Fund are based may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; governmental programs and policies, national and international monetary, trade, political and economic events, wars and acts of terror, changes in interest and in exchange rates, speculation and trading activities in commodities and related contracts, weather, and agricultural, trade, fiscal and exchange control policies. The price volatility of each commodity also affects the value of the futures and forward contracts related to that commodity and therefore its price at any such time. The price of any one commodity may be correlated to a greater or lesser degree with any other commodity and factors affecting the general supply and demand as well as the prices of other commodities may affect the particular commodity in question. In respect of commodities in the energy sector, due to the significant level of its continuous consumption, limited reserves, and oil cartel controls, energy prices are subject to rapid price increases in the event of perceived or actual shortages. The commodities markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. Many commodities are also highly cyclical. These factors, some of which are specific to the nature of each such commodity, may cause the value of the different commodities upon which the futures contracts that compose the PowerShares® DB Commodity Index Tracking Fund are based, as well as the futures contracts themselves, to move in inconsistent directions at inconsistent rates. This, in turn, will affect the value of shares of the PowerShares® DB

Commodity Index Tracking Fund and may affect the performance of the Index. It is not possible to predict the aggregate effect of all or any combination of these factors.

Some Of The Commodities Underlying The PowerShares® DB Commodity Index Tracking Fund Will Be Subject To Pronounced Risks Of Pricing Volatility.

As a general matter, the risk of low liquidity or volatile pricing around the maturity date of a commodity futures contract is greater than in the case of other futures contracts because (among other factors) a number of market participants take physical delivery of the underlying commodities. Many commodities, like those in the energy and industrial metals sectors, have liquid futures contracts that expire every month. Therefore, in the calculation of the PowerShares® DB Commodity Index Tracking Fund these contracts are rolled forward every month. Contracts based on certain other commodities, most notably agricultural and livestock products, tend to have only a few contract months each year that trade with substantial liquidity. Thus, these commodities, with related futures contracts that expire infrequently, roll forward less frequently than every month in the calculation of the PowerShares® DB Commodity Index Tracking Fund, and can have further pronounced pricing volatility during extended periods of low liquidity. The risk of aberrational liquidity or pricing around the maturity date of a commodity futures contract is greater than in the case of other futures contracts because (among other factors) a number of market participants take delivery of the underlying commodities. Due to the significant level of continuous consumption, limited reserves, and oil cartel controls, energy commodities are subject to rapid price increases in the event of perceived or actual shortages. These factors (when combined or in isolation) may affect the price of futures contracts and, as a consequence, the level of the Index and your return on the CDs.

The PowerShares® DB Commodity Index Tracking Fund Does Not Offer Direct Exposure To Commodity Spot Prices.

The value of the PowerShares® DB Commodity Index Tracking Fund is intended to track generally the performance of commodity futures contracts on physical commodities included in the DBIQ Optimum Yield Diversified Commodity Index, not physical commodities (or their spot prices). The price of a futures contract on a commodity reflects the expected value of the commodity upon delivery in the future, whereas the price of a physical commodity reflects the value of the commodity upon immediate delivery, which is referred to as the spot price. Several factors can result in differences between the price of a commodity futures contract and the spot price of a commodity, including the cost of storing the commodity for the length of the futures contract, interest costs related to financing the purchase of the commodity and expectations of supply and demand for the commodity. There is typically some deviation between changes in the price of a futures contract and changes in the spot price of the relevant commodity. In some cases, the performance of a futures contract on a commodity can deviate significantly from the spot price performance of the commodity, especially over longer periods of time. As a result, the performance of the PowerShares® DB Commodity Index Tracking Fund may differ from, and be less favorable than, the spot price return of the relevant commodities.

The PowerShares DB Commodity Index Tracking Fund May Be Adversely Affected By "Negative Roll Yields" In "Contango" Markets, Which May Have A Negative Impact On The Performance Of The Index.

The PowerShares® DB Commodity Index Tracking Fund is composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for delivery of the underlying physical commodity. As the exchange-traded futures contracts that compose the PowerShares® DB Commodity Index Tracking Fund approach expiration, they are replaced by contracts that have a later expiration. For example, a contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October is replaced by a contract for delivery in November. This is accomplished by selling the October contract and purchasing the November contract. This process is referred to as "rolling" exposure to an expiring futures contract into another futures contract with a later expiration date. Through this rolling process, the PowerShares DB Commodity Index Tracking Fund is able to maintain continuing exposure to futures contracts.

The "rolling" feature of the PowerShares DB Commodity Index Tracking Fund creates the potential for a significant negative effect on the price of the PowerShares DB Commodity Index Tracking Fund —which we refer to as a "negative roll yield"—that is independent of the performance of the spot prices of the relevant underlying commodities. The "spot price" of a physical commodity is the price of that commodity for immediate delivery, as

opposed to a futures price, which represents the price for delivery of that commodity on a specified date in the future. The PowerShares DB Commodity Index Tracking Fund would be expected to experience negative roll yield if futures prices tend to be greater than the spot prices for the relevant underlying commodities. A market where futures prices are greater than spot prices is referred to as a "contango" market. Futures prices of a commodity may be greater than spot prices of that commodity for a variety of reasons, including costs of storing the relevant commodity until the delivery date, financing costs and market expectations that future spot prices may be higher than current spot prices. As any futures contract approaches expiration, its value will approach the spot price of the relevant commodity, because by expiration it will effectively represent a contract to buy or sell the relevant commodity for immediate (or "spot") delivery. Therefore, if the futures market for a commodity is in contango, then the value of a futures contract for that commodity would tend to decline over time (assuming the spot price for that commodity remains unchanged), because the higher futures price would fall as it converges to the lower spot price by expiration. If the futures market for a commodity is in contango and the spot price of that commodity remains constant, the PowerShares DB Commodity Index Tracking Fund would enter into a position in a futures contract for the relevant commodity at the higher contango futures price and then unwind that position near the lower spot price just prior to expiration of that contract, and then enter into a position in a new futures contract for the relevant commodity at the higher contango futures price and unwind that position near the lower spot price, and so on over time, all the while accumulating losses from the erosion in value that results as the higher contango price declines toward the lower spot price.

The Prices Of Commodities Are Volatile And Are Affected By Numerous Factors, Some Of Which Are Specific To The Commodity Sector For Each Commodity Futures Contracts Held By The PowerShares DB Commodity Index Tracking Fund.

A change in the price of any of the commodity futures contracts underlying the PowerShares DB Commodity Index Tracking Fund may have a material adverse effect on the value of the PowerShares DB Commodity Index Tracking Fund, the Index and the CDs. Commodities futures contracts are subject to the effect of numerous factors, certain of which are specific to the commodity sector for each commodity futures contract underlying the PowerShares DB Commodity Index Tracking Fund, as discussed below.

Agricultural Sector

Global prices of agricultural commodities, including corn, soybeans, sugar and wheat, are primarily affected by the global demand for and supply of those commodities but are also significantly influenced by speculative actions and by currency exchange rates. In addition, prices for agricultural commodities are affected by governmental programs and policies regarding agriculture, as well as general trade, fiscal and exchange control policies. Extrinsic factors, such as drought, floods, general weather conditions, disease and natural disasters may also affect agricultural commodity prices. Demand for agricultural commodities, such as wheat, corn and soybeans, both for human consumption and as cattle feed, has generally increased with worldwide growth and prosperity.

Energy Sector

Global prices of energy commodities, including WTI crude oil, Brent crude oil, RBOB gasoline, heating oil and natural gas, are primarily affected by the global demand for and supply of these commodities, but they are also significantly influenced by speculative actions and by currency exchange rates. In addition, prices for energy commodities are affected by governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, trading activities in commodities and related contracts, trade, fiscal, monetary and exchange control policies, and with respect to oil, drought, floods, weather, government intervention, environmental policies, embargoes and tariffs. Demand for refined petroleum products by consumers, as well as by the agricultural, manufacturing and transportation industries, affects the price of energy commodities. Sudden disruptions in the supplies of energy commodities, such as those caused by war, natural events, accidents or acts of terrorism, may cause prices of energy commodity futures contracts to become extremely volatile and unpredictable. Also, sudden and dramatic changes in the futures market may occur, for example, upon a cessation of hostilities that may exist in countries producing energy commodities, the introduction of new or previously withheld supplies into the market or the introduction of substitute products or commodities. In particular, supplies of crude oil may increase or decrease depending on, among other factors, production decisions by the Organization of the Oil and Petroleum Exporting Countries ("OPEC") and other crude oil producers. Crude oil prices are determined with significant influence by OPEC, which has the capacity to influence oil prices worldwide because its members possess a significant portion of the world's oil supply. Crude oil prices are generally more volatile and more subject to dislocation than are prices of other

commodities. Demand for energy commodities such as oil and gasoline is generally linked to economic activity and will tend to reflect general economic conditions.

Industrial Metals Sector

Global prices of industrial metals commodities, including aluminum, copper and zinc, are primarily affected by the global demand for and supply of these commodities, but they are also significantly influenced by speculative actions and by currency exchange rates. Demand for industrial metals is significantly influenced by the level of global industrial economic activity. Prices for industrial metals commodities are affected by governmental programs and policies, national and international political and economic events, changes in interest and exchange rates, trading activities in commodities and related contracts, trade, fiscal, monetary and exchange control policies, government intervention, embargoes and tariffs. An additional, but highly volatile, component of demand for industrial metals is adjustments to inventory in response to changes in economic activity and/or pricing levels, which will influence investment decisions in new mines and smelters. Sudden disruptions in the supplies of industrial metals, such as those caused by war, natural events, accidents, acts of terrorism, transportation problems, labor strikes and shortages of power, may cause prices of industrial metals futures contracts to become extremely volatile and unpredictable. The introduction of new or previously withheld supplies into the market or the introduction of substitute products or commodities will also affect the prices of industrial metals commodities.

Precious Metals Sector

Global prices of precious metals commodities, including gold and silver, are primarily affected by the global demand for and supply of those commodities, but they are also significantly influenced by speculative actions and by currency exchange rates. Demand for precious metals is significantly influenced by the level of global industrial economic activity. Prices for precious metals are affected by governmental programs and policies, national and international political and economic events, expectations with respect to the rate of inflation, changes in interest and exchange rates, trading activities in commodities and related contracts, trade, fiscal, monetary and exchange control policies, government intervention, embargoes and tariffs. Sudden disruptions in the supplies of precious metals, such as those caused by war, natural events, accidents, acts of terrorism, transportation problems, labor strikes and shortages of power, may cause prices of precious metals futures contracts to become extremely volatile and unpredictable. In addition, prices for precious metals can be affected by numerous other factors, including jewelry demand and production levels.

An Increase In The Margin Requirements For Commodity Futures Contracts Included In The PowerShares® DB Commodity Index Tracking Fund May Adversely Affect The Level Of The Index.

Futures exchanges require market participants to post collateral in order to open and to keep open positions in futures contracts. If an exchange increases the amount of collateral required to be posted to hold positions in commodity futures contracts underlying the PowerShares® DB Commodity Index Tracking Fund, market participants who are unwilling or unable to post additional collateral may liquidate their positions, which may cause the price of the relevant commodity futures contracts to decline significantly. In addition, prices of the relevant futures contracts could be adversely affected by the promulgation of new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those related to taxes and duties on commodities) by one or more governments, governmental agencies or instrumentalities, courts or other official bodies. As a result, the level of the Index and the value of the CDs may be adversely affected.

The Index May Be Subject To Risks Associated With Foreign Commodity Exchanges.

Investments in futures contracts that trade on foreign commodity exchanges involve particular risks. Foreign commodity exchanges may be less regulated than U.S. commodity exchanges, and certain foreign commodities markets may be more susceptible to disruption due to the absence of government regulation. Trading on foreign commodity exchanges is also subject to exchange rate risk relative to the U.S. dollar, exchange controls, expropriations, taxation policies, moratoriums and political or diplomatic events.

Currency Exchange Fluctuations May Negatively Affect The Market Prices Of The Futures Contracts Underlying The PowerShares® DB Commodity Index Tracking Fund, Which May Negatively Affect The Performance Of The Index.

The market prices for the commodity futures contracts underlying the PowerShares® DB Commodity Index Tracking Fund are currently quoted in U.S. dollars. As a result, appreciation of the U.S. dollar will increase the relative cost of such futures contracts for foreign consumers, thereby reducing demand for those futures contracts and affecting the market prices of those futures contracts. As a result, the price of shares of the PowerShares® DB Commodity Index Tracking Fund, the level of the Index and an investment in the CDs may be adversely affected by changes in exchange rates between the U.S. dollar and foreign currencies. In recent years, rates of exchange between the U.S. dollar and various foreign currencies have been highly volatile and this volatility may continue in the future. However, fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations that may occur during the term of the CDs.

The Price Of Gold Is Volatile And Is Affected By Numerous Factors.

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

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

Economic Or Political Events Or Crises Could Result In Large-Scale Purchases Or Sales Of Gold, Which Could Affect The Price Of Gold And May Adversely Affect The Performance Of The Index.

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

Substantial Sales Of Gold By Governments Or Public Sector Entities Could Result In Price Decreases, Which Could Adversely Affect The Performance Of The Index.

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

Gold Is Traded In The London Bullion Market, So The Performance Of The Index May Be Subject To Risks Associated With The London Bullion Market.

The Index is linked to the SPDR Gold Trust, which is closely related to its underlying commodity (*i.e.*, gold) that is traded in the London bullion market. Exposure to the value of commodities that are traded in non-U.S. markets involves risks associated with the markets in those countries, including risks of volatility in those markets and

governmental intervention in those markets.

For purposes of determining the net asset value of the SPDR Gold Trust, the price of gold will be determined by reference to fixing prices in the London bullion market that are set through an auction process administered by independent service provider(s) (currently ICE Benchmark Administration ("IBA")) through an agreement with the London Bullion Market Association ("LBMA"). The LBMA is a self-regulatory association of bullion market participants. Although all market-making members of the LBMA are supervised by the Bank of England and are required to satisfy a capital adequacy test, the LBMA itself is not a regulated entity. If the LBMA should cease operations, or if bullion trading should become subject to a value added tax or other tax or any other form of regulation currently not in place, the role of London bullion market price fixings as a global benchmark for the value of gold may be adversely affected. The London bullion market is a principals' market which operates in a manner more closely analogous to an over-the-counter physical commodity market than regulated futures markets, and certain features of U.S. futures contracts are not present in the context of London bullion market trading. For example, there are no daily price limits in the London bullion market which would otherwise restrict fluctuations in the prices of London bullion market commodities. In a declining market, it is possible that prices would continue to decline without limitation within a trading day or over a period of trading days.

Changes in the Calculation of the London PM Fix Could Have an Adverse Effect on the Value of the SPDR® Gold Trust Shares.

The "London Gold Fix" was historically determined twice each business day (10:30 a.m. and 3:00 p.m. London time) by the member banks of The London Gold Market Fixing Ltd. using a bidding process that sets or "fixes" the price of gold by matching buy and sell orders submitted to the member banks for the applicable fixing time. Prior to March 20, 2015, the net asset value of the SPDR® Gold Trust was determined each day the trust's principal market, the NYSE Arca, was open for regular trading, using the 3:00 p.m. London Gold Fix, which is commonly referred to as the "London PM Fix". Beginning March 20, 2015, the London Gold Fix was discontinued and replaced by the LBMA Gold Price, which is referred to as the "London Gold Price". IBA is the administrator for the London Gold Price. IBA provides the auction platform, methodology as well as overall independent administration and governance for the London Gold Price. As the administrator of the London Gold Price, IBA operates a physically settled, electronic and tradeable auction process. The price formation is in dollars and prices continue to be set twice daily at 10:30 a.m. and 3:00 p.m. (London time) in three currencies: U.S. dollar, euro and British pound. 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.

The use of the London Gold Price or an alternative indicator for the price of gold could result in materially different pricing of the gold in the SPDR® Gold Trust, which could result in materially different valuations of the SPDR® Gold Trust's Shares. There can be no assurance that the change from the historical basis for valuing the SPDR® Gold Trust's shares using the London PM Fix to the new 3:00 p.m. London Gold Price will not have a material adverse effect on the price of the shares of the SPDR® Gold Trust, and therefore the performance of the Index.

Termination Of The SPDR® Gold Trust Could Affect Adversely The Performance Of The Index.

The SPDR® Gold Trust may be required to terminate and liquidate at a time that is disadvantageous to you. If the SPDR® Gold Trust is required to terminate and liquidate, such termination and liquidation could occur at a time that is disadvantageous to you.

The Performance Of The SPDR® Gold Trust May Not Correlate With The Price Of Gold.

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

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

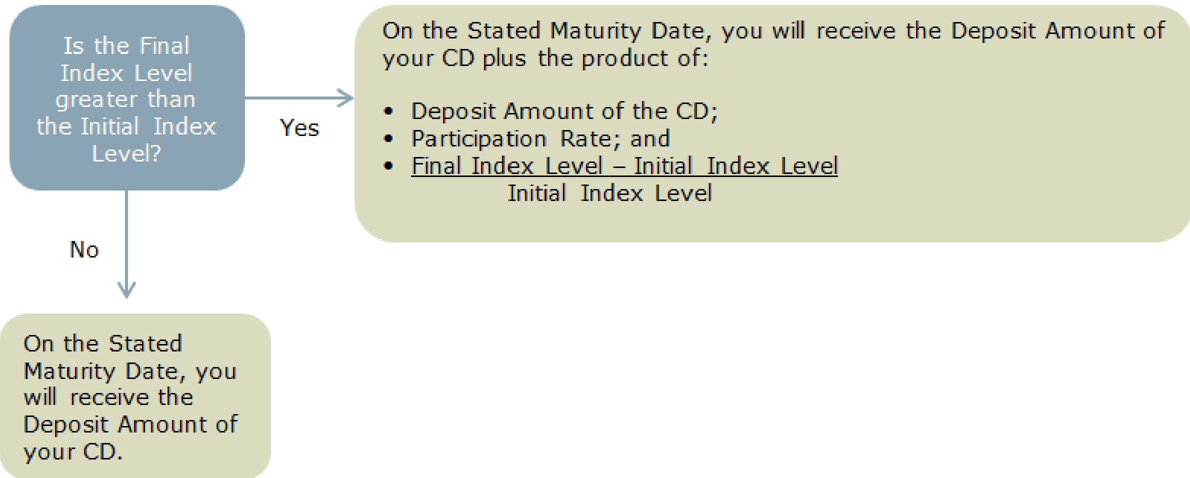
For all of the foregoing reasons, the performance of the SPDR® Gold Trust may not correlate with the performance of a direct investment in gold.

Risks Relating To The Notional Interest Rate

3-Month USD LIBOR And The Manner In Which It Is Calculated May Change In The Future.

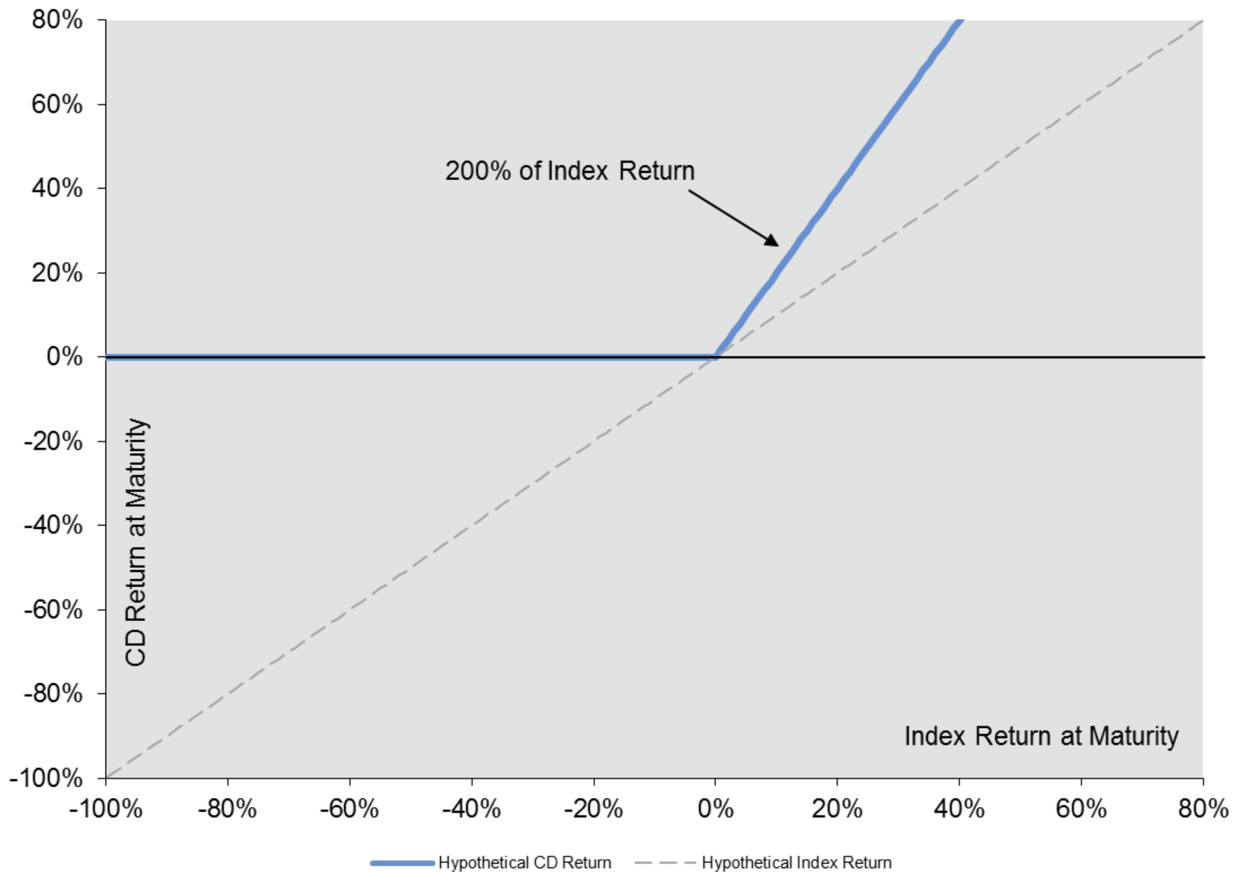
There can be no assurance that the method by which 3-month USD LIBOR is calculated will not change. Such changes in the method of calculation could increase the level of 3-month USD LIBOR, which could have a significant adverse effect on the Index.

DETERMINING PAYMENT AT STATED MATURITY



HYPOTHETICAL PAYOUT PROFILE

The following profile is based on a Participation Rate of 200%. This graph has been prepared for purposes of illustration only. Your payment at stated maturity will depend on the actual Final Index Level.



EXAMPLES OF AMOUNT PAYABLE AT STATED MATURITY

Here are two examples of hypothetical calculations of the amount payable on the Stated Maturity Date for each $1,000 Deposit Amount of a CD. If you hold the CDs until the Stated Maturity Date, you will receive the Deposit Amount.

Example 1. *Assuming For Purposes Of This Example That The Final Index Level Is 135.82:*

Since the Final Index Level is greater than the Initial Index Level, the Index Interest would be:

$$\left[\$1{,}000 \times \left[\frac{135.82 - 113.18}{113.28} \right] \times 200\% \right] = \$400.07$$

On the Stated Maturity Date, you would receive $1,000 + $400.07 = $1,400.07 for each $1,000 Deposit Amount of a CD.

Example 2. *Assuming For Purposes Of This Example That The Final Index Level Is 101.86:*

Since the Final Index Level (101.86) is less than the Initial Index Level (113.18), you would not receive any Index Interest. On the Stated Maturity Date, you would receive $1,000 for each $1,000 Deposit Amount of a CD.

HYPOTHETICAL RETURNS

The table below illustrates, for a range of hypothetical Final Index Levels:

- the hypothetical Final Index Level;
- the hypothetical percentage change from the Initial Index Level;
- the hypothetical total amount payable at stated maturity for each $1,000 Deposit Amount of a CD;
- the hypothetical pre-tax total rate of return; and
- the hypothetical annual percentage yield.

Hypothetical Final Index Level	Hypothetical Percentage Change of Final Index Level From Initial Index Level	Hypothetical Total Amount Payable At Stated Maturity Per $1,000 Deposit Amount	Hypothetical Pre-Tax Total Rate of Return	Hypothetical Annual Percentage Yield (APY)
158.45	40.00%	$1,800.00	80.00%	8.57%
147.13	30.00%	$1,600.00	60.00%	6.82%
135.82	20.00%	$1,400.00	40.00%	4.86%
130.16	15.00%	$1,300.00	30.00%	3.78%
124.50	10.00%	$1,200.00	20.00%	2.62%
118.84	5.00%	$1,100.00	10.00%	1.36%
113.18[(1)]	0.00%	$1,000.00	0.00%	0.00%
107.52	-5.00%	$1,000.00	0.00%	0.00%
101.86	-10.00%	$1,000.00	0.00%	0.00%
100.73	-11.00%	$1,000.00	0.00%	0.00%
90.54	-20.00%	$1,000.00	0.00%	0.00%
84.89	-25.00%	$1,000.00	0.00%	0.00%
56.59	-50.00%	$1,000.00	0.00%	0.00%

(1) The Initial Index Level.

The above figures are for purposes of illustration only and may have been rounded for ease of analysis. The actual amount that you will receive and the resulting total and pre-tax rate of return and annualized percentage yield will depend entirely on the actual Final Index Level. In particular, the actual Final Index Level could be lower or higher than those reflected in the table.

ADDITIONAL TERMS OF THE CDs

The general terms of the CDs are described under "Description of the Certificates of Deposit" in the accompanying Disclosure Statement. The following are additional terms that will apply to the CDs. If the terms set forth in this Terms Supplement differ in any way from the terms set forth in the accompanying Disclosure Statement, the terms set forth in this Terms Supplement shall control.

Postponement of the Valuation Date

If a day that would otherwise be the Valuation Date is not a Trading Day, then the Valuation Date will be postponed to the first following Trading Day. In no event, however, will the Valuation Date be postponed 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 the Valuation Date is postponed to the last possible day, but such day is not a Trading Day, that day will nevertheless be the Valuation Date. If the Bank determines that the Final Index Level is not available on the last possible Valuation 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 Bank will nevertheless determine the level of the Index based on its assessment, made in its sole discretion, of the level of the Index at the applicable time on that day.

A "Trading Day" means a day on which the Index is calculated and published by the sponsor of the Index (including any calculation agent acting on such sponsor's behalf).

Discontinuance or Modification of the Index

If the Index Sponsor discontinues publication of the Index and, at the time of such discontinuance, the Index Sponsor or anyone else publishes a substitute index that the Bank determines is comparable to the Index, or if the Bank designates a substitute index, then the Bank will determine the amount payable on the Stated Maturity Date by reference to the substitute index. We refer to any substitute index approved by the Bank as a "Successor Index".

In the event that publication of the Index is discontinued prior to the Valuation Date and, at the time of such discontinuance, the Bank determined that no Successor Index was available and regardless of whether the Index Sponsor elects to begin republishing the Index, or anyone else publishes an index that may be comparable to the Index, for purposes of determining the Closing Level of the Index on the Valuation Date, the Bank will calculate a substitute Closing Level of the Index in accordance with the formula for and method of calculating the Index last in effect prior to that discontinuance, but without any monthly rebalancing of the Base Index (as defined below) after such discontinuance. After such an event, the substitute Closing Level of the Index so determined will cease to reflect the Index's monthly portfolio selection methodology and instead will track the performance of a fixed portfolio of notional assets, which will consist of the Index Underlying Assets (as defined below) constituting the Base Index immediately prior to such discontinuance with the weights each had immediately prior to such discontinuance (subject to potential daily Total Return Index (as defined below) rebalancings pursuant to the Index's volatility control feature), *minus* the sum of the Notional Interest Rate (as defined below) and the Daily Index Maintenance Fee (as defined below). After such an event, the Bank will make any determinations in connection with calculating the substitute Closing Level of the Index that would have been made by the Index Committee, Index Sponsor or Index Calculation Agent (each as defined below) in calculating the Index had the Index still been published.

If at any time the Bank determines that any Specified Index Information has ceased to be available to the Bank, the Bank may in its sole discretion elect to treat that event in the same manner as a discontinuance of the Index where no Successor Index is available, with the consequences described in the immediately preceding paragraph. If the Bank makes such an election, the Bank will calculate the substitute Closing Level of the Index as described in the immediately preceding paragraph regardless of whether the applicable Specified Index Information becomes available to the Bank after the initial unavailability. The "Specified Index Information" at any time includes the identity of the current Index Underlying Assets, their current weights, their weights on the immediately following Trading Day as well as any information the Bank determines is necessary to perform an independent calculation of the Closing Level of the Index.

If the Bank 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 Index methodology described under "GS Momentum Builder® Multi-Asset 5 ER Index" below, then the Bank 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 Stated Maturity Date is equitable.

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

Corrections

If the Closing Level of the Index that is initially published on the Valuation Date is subsequently corrected, such corrected level will be the Final Index Level if, but only if, such corrected level is published on or before the Business Day immediately preceding the Stated Maturity Date.

GS MOMENTUM BUILDER® MULTI-ASSET 5 ER INDEX

General Overview

The GS Momentum Builder® Multi-Asset 5 ER Index (the "Index") was developed and is maintained by Goldman, Sachs & Co. (the "Index Sponsor"). The description of the Index contained in this Terms Supplement is based on rules formulated by the Index Sponsor. The Index is the intellectual property of the Index Sponsor, which reserves all rights with respect to its ownership of the Index, and has been licensed for use by the Bank in connection with the CDs. The Index is calculated by Solactive AG (the "Index Calculation Agent") and is reported by Bloomberg L.P. under the ticker symbol "GSMBMA5." The Index was launched on December 17, 2013 and, therefore, has a limited history of actual performance.

The Index measures the performance of the exchange-traded funds (each, an "ETF") and a Money Market Position (together with the ETFs, the "Underlying Assets") included in the Index *minus* the sum of the Notional Interest Rate, which is a rate equal to 3-month USD LIBOR, and a daily index maintenance fee of 0.50% per annum (the "Daily Index Maintenance Fee"). The "Money Market Position" reflects the notional returns accruing to a hypothetical investor from an investment in a notional overnight money account denominated in U.S. dollars that accrues interest at the Overnight Interest Rate, which is a rate equal to the Federal Funds Effective Rate. The Index rebalances monthly (and sometimes daily) from among 15 Underlying Assets that have been categorized in the following "Asset Classes": equities; fixed income; emerging markets; alternatives; commodities; inflation; and cash equivalent. The Index attempts to track any positive price momentum in the Underlying Assets, subject to limitations on volatility and a maximum weight for each Underlying Asset and each Asset Class, each as described below.

Each month, the Index is rebalanced by first calculating the portfolio of Underlying Assets that would have provided the highest historical return during a Return Look-Back Period comprised of the prior six 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 (a measure known as "realized volatility") over three different Realized Volatility Look-Back Periods (the prior six months, three months and one month) and subject to a maximum weight for each Underlying Asset and each Asset Class. This results in three potential portfolios of Underlying Assets (one for each Realized Volatility Look-Back Period). The weight of each Underlying Asset for a monthly rebalancing (referred to as a monthly Base Index rebalancing) will equal the average of the weights of such Underlying Asset in these three potential portfolios. While the weight of each Underlying Asset for each monthly rebalancing will be determined on a single day (the Base Index Observation Day, as defined below), the monthly rebalancing based on such revised weights will be implemented over a Base Index Rebalancing Period comprised of five Base Index Rebalancing Days, which are the first five Index Business Days of each calendar month beginning on, and including, the Base Index Observation Day, subject to adjustment and as more fully described below. As a result of monthly rebalancing, 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 Asset Classes during the entire term of the CDs.

In addition, if on any daily "Total Return Index Rebalancing Day," which is any Index Business 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 by ratably reallocating a portion of the exposure to the Index ETFs to the Money Market Position. Historically, a significant portion of the Index exposure has been to the Money Market Position, the return of which has been below 3-month USD LIBOR.

The Index reflects the return of the Index Underlying Assets *minus* the sum of the Notional Interest Rate and the Daily Index Maintenance Fee. 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 Federal Funds Effective 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. A "Notional Interest Rate Reset Date" will occur quarterly on January 2, April 2, July 2 and October 2, or, if one of those dates is not

an Index Business Day, on the Index Business Day immediately following such day. 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.

With respect to the Money Market Position, the "Overnight Interest Rate" is a rate equal to the Federal Funds Effective Rate. The "Federal Funds Effective Rate" for any day generally will be the rate for U.S. dollar federal funds on or with respect to such day, as set forth in USD-FEDERAL-FUNDS-H15, as provided by Reuters on RSF.REC.USONFFE=.NaE, or as provided by another recognized source used for the purpose of displaying such rate for that day. For any given calendar day on which an Overnight Interest Rate is not available, the Index Calculation Agent will use for such day the latest available level of the Overnight Interest Rate.

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 net of the sum of the return on the Notional Interest Rate in effect at that time and the Daily Index Maintenance Fee of 0.50% per annum. The "Total Return Index" on each Index Business Day measures 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 monthly 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 that day.

The Base Index and the Total Return Index are "building blocks" that are used in the calculation of the Index. First, the performance of the Base Index is calculated by adding together the weighted performances of the Underlying Assets that comprise the Index at the applicable time as a result of the most recent monthly Base Index rebalancing. The Total Return Index then takes the performance of the Base Index and gives effect to any reallocation of exposure away from the Base Index and into the Money Market Position pursuant to the Index's daily volatility control feature (also referred to as the daily Total Return Index rebalancing). Finally, the Index performance is calculated by taking the performance of the Total Return Index and subtracting from that performance the sum of the Notional Interest Rate and the Daily Index Maintenance Fee. The CDs are linked to the performance of the Index, and not to the performance of either the Base Index or the Total Return Index.

The Underlying Assets that comprise the Base Index as the result of the most recent monthly 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 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 monthly Base Index rebalancing.

For the purpose of this Terms Supplement:

- an "Eligible Underlying Asset" is one of the ETFs or the Money Market Position that is eligible for inclusion in the Index on a Base Index Observation Day;

- an "Eligible ETF" is one of the ETFs that is eligible for inclusion in the Index on a Base Index Observation Day (when we refer to an "ETF" we mean an exchange-traded fund, which for purposes of this Terms Supplement includes the following exchange traded products: SPDR® S&P 500® ETF Trust, PowerShares® DB Commodity Index Tracking Fund 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 on such day.

How frequently is the Index rebalanced?

Each month the Index rebalances from among the 15 Eligible Underlying Assets by calculating the portfolio of Underlying Assets that would have provided the highest historical return during a Return Look-Back Period comprised of the prior six 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 (a measure known as "realized volatility") over three different Realized Volatility Look-Back Periods (the prior six months, three months and one month) and subject to a maximum weight for each Underlying Asset and each Asset Class. This results in three potential portfolios of Underlying Assets (one for each Realized Volatility Look-Back Period). The weight of each Underlying Asset for a monthly rebalancing will equal the average of the weights of such Underlying Asset in these three potential portfolios. This monthly rebalancing is referred to as the Base Index rebalancing and the resulting portfolio of Index Underlying Assets comprise the Base Index for the month. While the weight of each Underlying Asset for each monthly Base Index rebalancing will be determined on the Base Index Observation Day, the monthly Base Index rebalancing will be implemented over a "Base Index Rebalancing Period" comprised of five "Base Index Rebalancing Days," which are the first five Index Business Days of each calendar month beginning on, and including, the Base Index Observation Day, subject to adjustment. A "Base Index Observation Day" is the first Index Business Day of each calendar month, subject to adjustment. Certain aspects of Base Index Observation 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 the implementation of a monthly Base Index rebalancing or a daily Total Return Index rebalancing by the Index Calculation Agent?" below.

Additionally, the Index may be rebalanced on any daily Total Return Index Rebalancing Day (including during a Base Index Rebalancing Period) as a result of a daily volatility control feature if, on such daily Total Return Index Rebalancing Day, the realized volatility of the Base Index exceeds the Volatility Cap of 6% for the applicable Volatility Cap Period, which is the prior one month. This type of rebalancing has the effect of reducing the exposure of the Index to the performance of the Eligible ETFs by rebalancing a portion of the exposure into the Money Market Position. This daily rebalancing is referred to as the daily Total Return Index rebalancing.

For a discussion of how the look-back periods for monthly and daily 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 inception date of the Index, January 2, 2013. 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 and the Daily Index Maintenance Fee of 0.50% per annum. 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 monthly Base Index rebalancing (whether partially or fully implemented); and

- any exposure to the Money Market Position resulting from any daily Total Return Index rebalancing that day.

The Underlying Assets that comprise the Base Index as the result of the most recent monthly 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 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 monthly 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 Day *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 and (ii) the prorated Daily Index Maintenance Fee. 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 Day. The prorated Notional Interest Rate and prorated Daily Index Maintenance Fee 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 quarterly Notional Interest Rate Reset Dates which are each January 2, April 2, July 2 and October 2, 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 monthly Base Index Observation 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 Overnight Interest Rate on an investment in a notional U.S. dollar denominated overnight money account. The Money Market Position will have a positive notional return if the Overnight 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 Federal Funds Effective 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 the implementation of a monthly Base Index rebalancing or a daily Total Return Index rebalancing by the Index Calculation Agent?" below.

How are the Index Underlying Assets weights determined during the Base Index Rebalancing Period?

While the weight of each Underlying Asset for each monthly rebalancing will be determined on the applicable Base Index Observation Day, the monthly rebalancing based on such revised weights will be implemented over the Base Index Rebalancing Period. The Base Index Rebalancing Period is comprised of five Base Index Rebalancing Days, which are the first five Index Business Days of each calendar month beginning on, and including, the Base Index Observation Day, subject to adjustment as described below under "— Could Index Market Disruption Events or corporate events impact the calculation of the Index or the implementation of a monthly Base Index rebalancing or a daily Total Return Index rebalancing by the Index Calculation Agent?". Following each Base Index Observation Day, any change in the weight of an Index Underlying Asset in the Base Index from the prior Base Index Observation Day will be implemented incrementally by one fifth each day. For example, if the weight of an Index Underlying Asset in the Base Index is to be increased from the prior Base Index Observation Day, such weight will be increased by one fifth of such increase on each day in the Base Index Rebalancing Period until the weight reflects the weight selected on the related Base Index Observation Day.

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 Observation Day. The six-month historical returns are used as an indication of price momentum. Although the Index methodology seeks to select Index Underlying Assets with the highest six-month historical return reflecting price momentum, the Underlying Asset maximum weights, Asset Class maximum weights, monthly volatility target, averaging of Eligible Underlying Asset weights in the Realized Volatility Look-Back Periods and daily volatility control, as well as how the Eligible Underlying Assets correlate, may limit the exposure to those Underlying Assets with the highest six-month historical returns.

The six-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 six-month period being evaluated.

Who calculates and oversees the Index?

The Index is calculated using a methodology developed by Goldman, Sachs & Co., the Index Sponsor. The Index Calculation Agent makes the methodology of the Index publicly available on its website. We are not

incorporating by reference Index Calculation Agent's website or any materials included in such website into this Terms 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, delayed rebalancing and Index Market Disruption Events or any Potential Adjustment Event that occurs in relation to one or more Eligible Underlying Assets. The "Index Committee" will initially be comprised of three full-time employees of The Goldman Sachs Group, Inc. or one or more of its affiliates.

The Index Committee may make changes to the Index methodology from time to time if it determines, in its sole discretion, that such changes are necessary or desirable in light of the goals of the Index. 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 GSMBMA5 Index and Reuters page .GSMBMA5. 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 document, 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: 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 is an ETF that seeks to track the S&P 500 Index, an equity index that is intended to provide an indication of the pattern of common stock price movement in the large capitalization segment of the United States equity market. SPY has been categorized in the equities Asset Class.

- iShares® MSCI EAFE ETF ("EFA") — EFA is an ETF that seeks to track the MSCI EAFE Index, an equity index that is designed to measure equity performance in developed markets, excluding the United States and Canada. EFA has been categorized in the equities Asset Class.

- iShares® MSCI Japan ETF ("EWJ") — EWJ is an ETF that seeks to track the MSCI Japan Index, an equity index that is designed to measure equity performance in the Japanese market. EWJ has been categorized in the equities Asset Class.

- iShares® 20+ Year Treasury Bond ETF ("TLT") — TLT is an ETF that seeks to track the ICE U.S. Treasury 20+ Year Bond Index, a bond index that is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of 20 or more years. TLT has been categorized in the fixed income Asset Class.

- iShares® iBoxx $ Investment Grade Corporate Bond ETF ("LQD") — LQD is an ETF that seeks to track the Markit iBoxx USD Liquid Investment Grade Index, a bond index that is designed to measure the performance of U.S. dollar-denominated, investment grade corporate bonds. LQD has been categorized in the fixed income Asset Class.

- iShares® iBoxx $ High Yield Corporate Bond ETF ("HYG") — HYG is an ETF that seeks to track the Markit iBoxx USD Liquid High Yield Index, a bond index that is designed to measure the performance of the U.S. dollar-denominated liquid high yield corporate bond market. HYG has been categorized in the fixed income Asset Class.

- iShares® MSCI Emerging Markets ETF ("EEM") — EEM is an ETF that seeks to track the MSCI Emerging Markets Index, an equity index that is designed to measure equity performance in global emerging markets. EEM has been categorized in the emerging markets Asset Class.

- iShares® J.P. Morgan USD Emerging Markets Bond ETF ("EMB") — EMB is an ETF that seeks to track the J.P. Morgan EMBI Global Core Index, a bond index that is designed to measure the performance of liquid, U.S. dollar-denominated emerging market fixed- and floating-rate debt instruments issued by sovereign and quasi-sovereign entities. EMB has been categorized in the emerging markets Asset Class.

- iShares® U.S. Real Estate ETF ("IYR") — IYR is an ETF that seeks to track the Dow Jones U.S. Real Estate Index, an index that is designed to measure the real estate sector of the United States equity market. IYR has been categorized in the alternatives Asset Class.

- Alerian MLP ETF ("AMLP") — AMLP is an ETF that seeks to track the Alerian MLP Infrastructure Index, an equity index that is designed to measure the performance of energy infrastructure Master Limited Partnerships. AMLP has been categorized in the alternatives Asset Class.

- PowerShares® Senior Loan Portfolio ("BKLN") — BKLN is an ETF that seeks to track the S&P/LSTA U.S. Leveraged Loan 100 Index, an index that is designed to measure the performance of large institutional leveraged loans. BKLN has been categorized in the alternatives Asset Class.

- PowerShares® DB Commodity Index Tracking Fund ("DBC") — DBC is an ETF that seeks to track the DBIQ Optimum Yield Diversified Commodity Index Excess Return, a commodity index that is designed to measure the performance of a rolling position in futures contracts on 14 physical commodities. DBC has been categorized in the commodities Asset Class.

- SPDR® Gold Trust ("GLD") — GLD is an ETF that holds gold bullion. GLD has been categorized in the commodities Asset Class.

- iShares® TIPS Bond ETF ("TIP") — TIP is an ETF that seeks to track the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L), a bond index that is designed to track the performance 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. TIP has been categorized in the 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 notional overnight money account denominated in U.S. dollars that accrues interest at the Overnight Interest Rate, which is a rate equal to the Federal Funds Effective Rate.

For further description of these Eligible Underlying Assets, please see Annex A herein.

What are the maximum potential weights of each Eligible Underlying Asset and each Asset Class on a Base Index Observation Day?

The maximum potential weight and minimum potential weight of each Eligible Underlying Asset and each Asset Class on each Base Index Observation 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 monthly 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 prior six-months 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 monthly 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. As a result of a daily Total Return Index rebalancing, the Index may allocate exposure to the Money Market Position that significantly exceeds the Underlying Asset weight cap of 50% that otherwise applies 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
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%	25%	iShares® MSCI Emerging Markets ETF	EEM	0%	20%
			iShares® J.P. Morgan USD Emerging Markets Bond ETF	EMB	0%	20%
Alternatives	0%	25%	iShares® U.S. Real Estate ETF	IYR	0%	20%
			Alerian MLP ETF	AMLP	0%	10%
			PowerShares® Senior Loan Portfolio	BKLN	0%	10%
Commodities	0%	25%	PowerShares® DB Commodity Index Tracking Fund	DBC	0%	20%
			SPDR® Gold Trust	GLD	0%	20%
Inflation	0%	25%	iShares® TIPS Bond ETF	TIP	0%	25%
Cash Equivalent	0%	50%*	Money Market Position	N/A	0%	50%*

* **With respect to the Money Market Position, the related Asset Class maximum weight and Underlying Asset maximum weight limitations do not apply to daily rebalancing and, therefore, as a result of daily rebalancing, the Index may allocate significantly more than 50% of its 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 average size of daily fluctuations in the price or value of an asset or portfolio of assets observed over a specified period. The Index utilizes historical realized volatility over three separate Realized Volatility Look-Back Periods (six months, three months and one month) for each monthly Base Index rebalancing, which is calculated by the Index Calculation Agent from daily closing prices or the closing level, as applicable, of the Underlying Assets 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 larger average fluctuations (on a percentage basis) in its 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 average 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 larger average fluctuations (on a percentage basis) in its price in such measurement period as compared to the price movements of the same Underlying Asset in a different measurement period. Realized volatility is calculated on an annualized basis.

In choosing the weights for the Index Underlying Assets for any month, the monthly volatility target limits the overall level of realized volatility that may be reflected by the Index Underlying Assets. Since the monthly volatility target limits the Base Index as a whole, when creating the three potential portfolios the realized volatility of the entire portfolio must be measured. The volatility of a portfolio of Underlying Assets depends not only on the realized volatility of each individual Underlying Asset in the portfolio, but also on the correlation of each Underlying Asset with each other Underlying Asset in the portfolio. In general, the more highly correlated the Underlying Assets in a portfolio, the greater the volatility of the portfolio, and vice versa. An Eligible Underlying Asset may have a relatively high six-month historical return relative to other Eligible Underlying Assets, but may be excluded from inclusion as an Index Underlying Asset for a given month (or may be assigned a weight below its maximum weight) because that Eligible Underlying Asset has a high realized volatility in a particular Realized Volatility Look-Back Period relative to

other Eligible Underlying Assets. However, because the weight of each Underlying Asset for each monthly rebalancing will equal the average of the weights of such Underlying Asset across three potential portfolios (one for each Realized Volatility Look-Back Period), the impact of a low realized volatility for one Realized Volatility Look-Back Period may be lessened by a higher realized volatility for a different Realized Volatility Look-Back Period. In addition, an Eligible Underlying Asset with a relatively high realized volatility may be included as an Index Underlying Asset because it has a relatively low correlation with the other Eligible Underlying Assets that are also included as Index Underlying Assets. Conversely, 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 Observation Day. Such highly correlated Eligible Underlying Assets may be excluded even if, on an independent basis, such Eligible Underlying Assets have a relatively high six-month 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 monthly rebalancing or its correlation with other Index Underlying Assets will continue during such month.

The look-back period relevant for calculating the six-month historical return (the "Return Look-Back Period") and six-, three- or one-month historical realized volatility (the "Realized Volatility Look-Back Period" and, together with the Return Look-Back Period, each a "Look-Back Period") of each combination of Eligible Underlying Assets is the period beginning on (and including) the day that is 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 Observation Day to (but excluding) the third Index Business Day prior to the given Index Business Day.

With respect to each potential portfolio, if at a Base Index Observation Day no combination of Eligible Underlying Assets complies with the monthly 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 six-month performance. The particular combination so selected will exceed the monthly 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 allocate exposure to the Money Market Position that significantly exceeds the Underlying Asset weight cap of 50% that otherwise applies to the Money Market Position. The realized volatility of the Base Index over the applicable Volatility Cap Period is calculated on an annualized basis.

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 any postponement of such Total Return Index Rebalancing Day by the Index Calculation Agent, and the exposure to the Base Index will be calculated on the postponed Total Return Index Rebalancing Day as though such Total Return Index Rebalancing Day had not been postponed.

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 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 rebalancing. For purposes of highlighting the effect of a daily rebalancing, the table assumes that the Base Index itself did not contain exposure to the Money Market Position as a result of a monthly 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%	15.0%	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%	40.00%	100.00%	81.08%	100.00%
Weight of Money Market Position	0.00%	0.00%	1.64%	0.00%	3.23%	0.00%	60.00%	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 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 notional overnight money account denominated in U.S. dollars that accrues interest at the Overnight Interest Rate, which is a rate equal to the Federal Funds Effective Rate. 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 monthly Base Index Observation 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 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 any Index Business 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?

The Eligible Underlying Assets are not expected to change. However, the Index Committee may eliminate an Eligible ETF and/or designate a successor Eligible ETF if for any reason any of the following events occur with respect to such ETF:

- 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 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;

- the average daily trading volume in the preceding three calendar months of the ETF is less than $1 million (where average daily trading volume is measured by summing the value of all reported transactions in such ETF for each trading day during the preceding three full calendar months, and dividing this sum by the total number of such trading days) or the net asset value of such ETF is below $250 million (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 such ETF to hold, acquire or dispose of shares of such ETF;

- the tax treatment of the ETF changes in a way that would have an adverse effect on holders of shares of such ETF;

- the Index Committee, in its sole discretion, determines that 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; or

- 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.

Any successor Eligible Underlying Asset shall be the Underlying Asset, in the determination of the Index Committee, that most closely replicates the affected Eligible Underlying Asset without triggering any of the events listed above. Such deletions and additions may be undertaken during a Base Index Rebalancing Period or in between Base Index Rebalancing Periods.

Could Index Market Disruption Events or corporate events impact the calculation of the Index or the implementation of a monthly Base Index rebalancing or a daily Total Return Index rebalancing by the Index Calculation Agent?

On any Index Business Day on which an Index Market Disruption Event (as defined below) occurs or is continuing with respect to any Index Underlying Asset, the Index Calculation Agent will postpone calculation of the Index Value to the next Index Business Day on which no Index Market Disruption Event occurs or is continuing with respect to any Index Underlying Asset, and an indicative level for the Index will be published. Such level will be identified as a "disrupted indicative level" and will not be an official Index Value. The Index Calculation Agent shall resume calculating the Index Value on the first Index Business Day on which no Index Market Disruption Event is occurring or continuing with respect to any Index Underlying Asset by using (i) for the weight of each Index Underlying Asset that had not been affected by such Index Market Disruption Event, the weight that would have been used as if the Base Index Rebalancing Day (if applicable) and Total Return Index Rebalancing Day, respectively, occurred on the first day on which such Index Market Disruption Event occurred and (ii) for the weight of each Index Underlying Asset that had been affected by such Index Market Disruption Event, the weight of the Index Business Day immediately preceding the first day of such Index Market Disruption Event.

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 and such Index Underlying Asset has not been removed from the Index, the Index Committee may determine in its sole discretion to instruct the Index Calculation Agent to calculate the Index Value, using a price for such Index Underlying Asset as determined by the Index Committee in its sole discretion. 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.

If a monthly 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 or is continuing with respect to any Index Underlying Asset, the Index Calculation Agent will postpone such monthly Base Index Rebalancing Day or Total Return Index Rebalancing Day until the next Index Business Day on which no Index Market Disruption Event occurs or is continuing 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 monthly Base Index Rebalancing Day (if applicable) or the daily Total Return Index Rebalancing Day, respectively, occurred on the first day on which such Index Market Disruption Event occurred and (ii) for each Index Underlying Asset that had been affected by such Index Market Disruption Event, such monthly Base Index Rebalancing Day (if applicable) or such daily Total Return Index Rebalancing Day, respectively, occurred on the first day on which there was no Index Market Disruption Event occurring or continuing. Consequently, if, for example, an Index Market Disruption Event were to occur on a Base Index Rebalancing Day with respect to only one of the Index Underlying Assets and on the following Index Business Day such Index Market Disruption Event was no longer continuing and no new Index Market Disruption Event were to occur, 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 on such following Index Business Day the weight of the affected Index Underlying Asset would be determined. 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.

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" with respect to an Eligible ETF will have occurred in any of the following situations: (i) upon the occurrence or existence of a Trading Disruption (as defined below) or an Exchange

Disruption (as defined below), in either case 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 (as defined below), and which the Index Calculation Agent determines is material, (ii) upon the occurrence or existence of an Early Closure (as defined below), (iii) the net asset value per share of such ETF is not calculated or is not announced by the Eligible ETF or the sponsor of such ETF, (iv) the Eligible ETF or the relevant sponsor of any Eligible ETF suspends creations or redemptions of shares of such ETF, (v) upon the occurrence or existence of an Index Dislocation or (vi) upon the occurrence or existence of a Force Majeure Event.

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 its sole discretion) 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 "Early Closure" means the closure of the Exchange or relevant Related Exchange on any business day of that Exchange prior to its scheduled closing time unless such earlier closing time is announced by such exchange prior to the close of trading on the first Index Business Day immediately preceding such date.

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 determines that a market participant, as a result of a market-wide condition relating to the Index or any Eligible ETF, 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 ETF 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 ETF, or on its ability to perform its role in respect of the Index.

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 weighting 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 received "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 received "B"

Potential Adjustment Event	Adjustment	Adjustment Description
		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 by the Exchange reflects a manifest error, the calculation of the Index where the Index ETF has a non-zero weighting shall be delayed until such time as a corrected price is made available. In the event a corrected price is not made available on a timely basis, the Index Calculation Agent may determine an appropriate price and disclose on its website its determination and the basis therefor. In the event an Exchange corrects prices previously provided, the Index Calculation Agent shall recalculate Index levels using the corrected information and disclose on its website that it has substituted updated versions of Index levels as a result. If such a correction occurs 30 days or fewer after such an error, the Index Calculation Agent will recalculate the Index Value for each Index Business Day after and including the day on which such error occurred, using the corrected information. If such a correction occurs more than 30 days after such error, the Index Calculation Agent will recalculate the Index Value for each Index Business Day after and including the day on which such correction occurs, using the corrected information. On any Base Index Observation Day, or Total Return Index Rebalancing Day, respectively, during which the price for an Index ETF reflects such an error (and such error has not been corrected), the weights of the Index Underlying Assets, or the weight of the Base Index, respectively, will be calculated using the price made available by the relevant Exchange (notwithstanding any manifest error). If the relevant Exchange subsequently corrects such price, the Index Value will be calculated using such corrected price, but the weights of the Index Underlying Assets, or the weight of the Base Index, respectively, will not be adjusted. This convention, however, will not change the Initial Index Level for the CDs. However, the Bank 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 "Additional Terms of the CDs—Discontinuance or Modification of the Index" above.

What is the historical performance of the Index?

This section contains historical and hypothetical back-tested information about the performance of the Index and its composition since December 3, 2007. The Index was launched on December 17, 2013. Because the Index did not exist prior to that date, all information included below about the performance and composition of the Index prior to December 17, 2013 is hypothetical and back-tested. The hypothetical back-tested information below was prepared by the Index Sponsor, and we obtained such information from the Index Calculation Agent without independent verification. You should understand that hypothetical back-tested Index performance information is subject to significant limitations, in addition to the fact that past performance is never a guarantee of future performance. See "Risk Factors—Risks Relating to the Index—Hypothetical Back-Tested Index Performance Information Is Subject To Significant Limitations."

The value 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 value 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 or the Overnight Interest Rate will result in receiving an amount greater than the outstanding Deposit 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 Terms 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.

Hypothetical Back-Tested and Historical Index Values

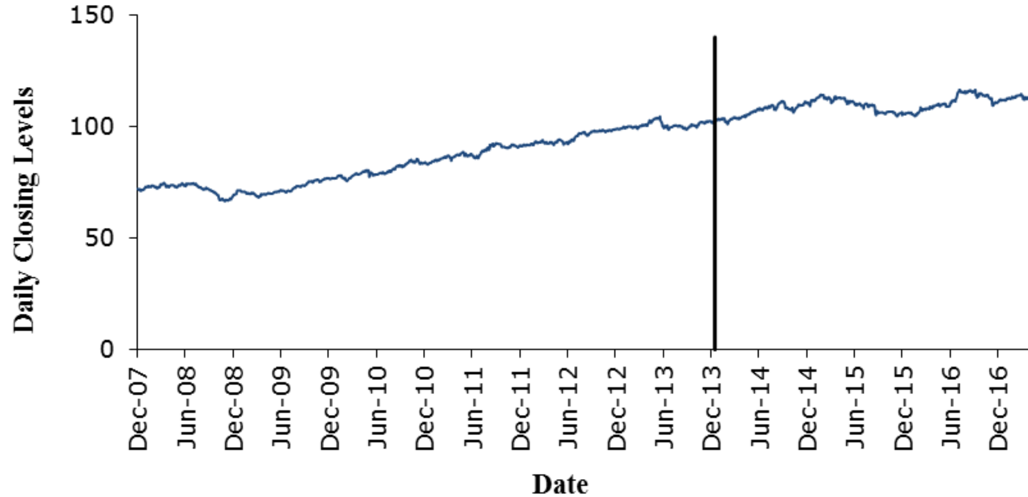
The following graph shows the daily Index Values from December 3, 2007 to April 21, 2017. Since the Index was launched on December 17, 2013 and has a limited operating history, the graph includes hypothetical back-tested performance data for the Index prior to its launch on December 17, 2013. The hypothetical back-tested performance data was prepared by the Index Sponsor, and we obtained such data from the Index Calculation Agent without independent verification.

The historical Index Values from December 17, 2013 (the Index launch date) to April 21, 2017 were obtained from Bloomberg L.P., without independent verification. (In the graph, historical Index Values 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 March 3, 2011 to December 16, 2013 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 for the period from December 3, 2007 through March 2, 2011 was calculated using the same methodology that is used to calculate the Index, provided that a proxy was used for the following Eligible ETFs, in each case for the period of time such Eligible ETF was not in existence: iShares® J.P. Morgan USD Emerging Markets Bond ETF (not in existence prior to December 19, 2007), Alerian MLP ETF (not in existence prior to August 25, 2010) and PowerShares® Senior Loan Portfolio (not in existence prior to March 3, 2011). With respect to the iShares® J.P. Morgan USD Emerging Markets Bond ETF and the PowerShares® Senior Loan Portfolio, the proxy used during the period of time when such Eligible ETF was not in existence was the underlying index that such Eligible ETF seeks to track (the J.P. Morgan EMBI Global Core Index and the S&P/LSTA U.S. Leveraged Loan 100 Index, respectively, each as described below in Annex A). With respect to the Alerian MLP ETF, the proxy used during the period when such Eligible ETF was not in existence was the Alerian MLP Index. The Alerian MLP Index consists of 50 large- and mid-capitalization energy-oriented Master Limited Partnerships (MLPs). The underlying index that the Alerian MLP ETF seeks to track is the Alerian MLP Infrastructure Index, which is a subset of the Alerian MLP Index, and consists of 25 out of the 50 MLPs included in the Alerian MLP Index that are focused on the infrastructure industry. As the Alerian MLP Infrastructure Index did not exist until November 12, 2009, such index was not available to be used as a proxy for the entire back-tested data period. Each proxy had at least an 80% correlation to the related Eligible ETF during the period beginning after the Eligible ETF became available.

As a result, due to the varying weights of the Eligible ETFs and proxies, at any time during this period as much as 100% of the hypothetical Index performance data was derived from proxy data. You should be aware that proxy performance has not been reduced to compensate for any management fee charged by the applicable Eligible ETF. This means that, with respect to any Eligible ETF for which a proxy was used for any period of time, the applicable proxy's performance has not been reduced by a fee equal to the management fee charged by such Eligible ETF or, if applicable, the difference between the management fee charged by such proxy and the management fee charged by the applicable Eligible ETF. Therefore, the use of proxies for Eligible ETFs that were not in existence during some or all of the period from December 3, 2007 through March 2, 2011 may have resulted in hypothetical performance data that overstates or understates how the Index would have performed, and the extent to which the daily volatility control would or would not have been triggered, had no proxy information been required. Further, because the proxy used for the Alerian MLP ETF differs from the underlying index that the Alerian MLP ETF seeks to track, the use of such proxy may have resulted in hypothetical performance data that overstates or understates how the Index would have performed, had no proxy information been required or had the underlying index been available to use as a proxy for the Alerian MLP ETF.

The hypothetical performance data prior to the launch of the Index on December 17, 2013 refers to simulated performance data created by applying the Index's calculation methodology to historical prices of the Underlying Assets that comprise the Index (including proxies when applicable). 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**.



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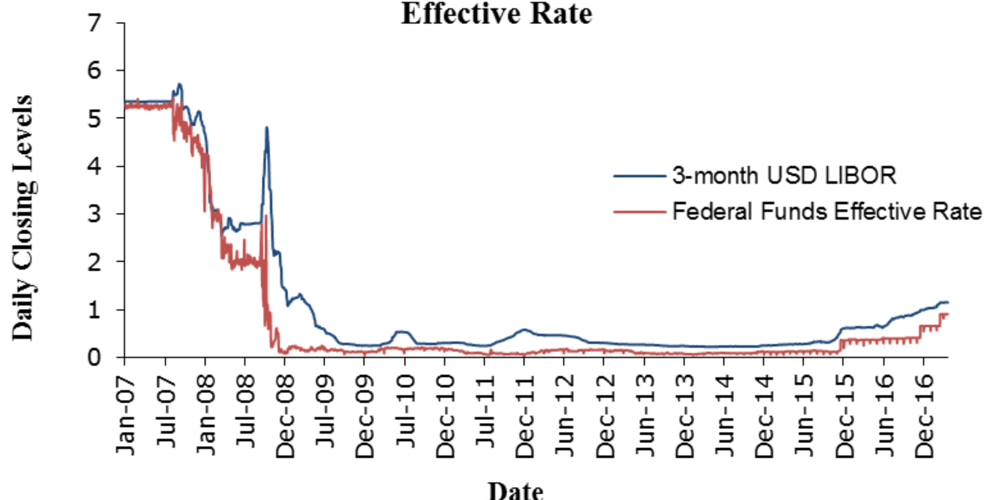
Source: The data in the graph above prior to December 17, 2013 was prepared by the Index Sponsor, and we obtained such data from the Index Calculation Agent without independent verification. The data after December 17, 2013 was obtained from Bloomberg L.P., without independent verification.

Historical Levels of 3-Month USD LIBOR and the Federal Funds Effective Rate

The levels of 3-month USD LIBOR and the Federal Funds Effective Rate may have a significant effect on the performance of the Index over the term of the CDs. The Notional Interest Rate is based on the level of 3-month USD LIBOR and is deducted from the performance of the Total Return Index in order to calculate the performance of the Index, and the performance of the Money Market Position is based on the Federal Funds Effective Rate in effect on each Index Business Day. The chart below shows the officially reported levels of 3-month USD LIBOR and the Federal Funds Effective Rate on each day on which such rate was published since January 1, 2007. We obtained the levels of 3-month USD LIBOR and the Federal Funds Effective Rate from Bloomberg L.P., without independent verification. As the chart shows, 3-month USD LIBOR has historically exceeded the Federal Funds Effective Rate. Accordingly, any portion of the Index that is allocated to the Money Market Position is expected to realize a net loss after deduction of the Notional Interest Rate, since the positive effect of the Federal Funds Effective Rate in the performance of the Money Market Position is expected to be outweighed by the negative effect of the deduction of the Notional Interest Rate.



Source: Bloomberg, L.P.

Hypothetical Back-Tested and Historical Underlying Asset Weightings

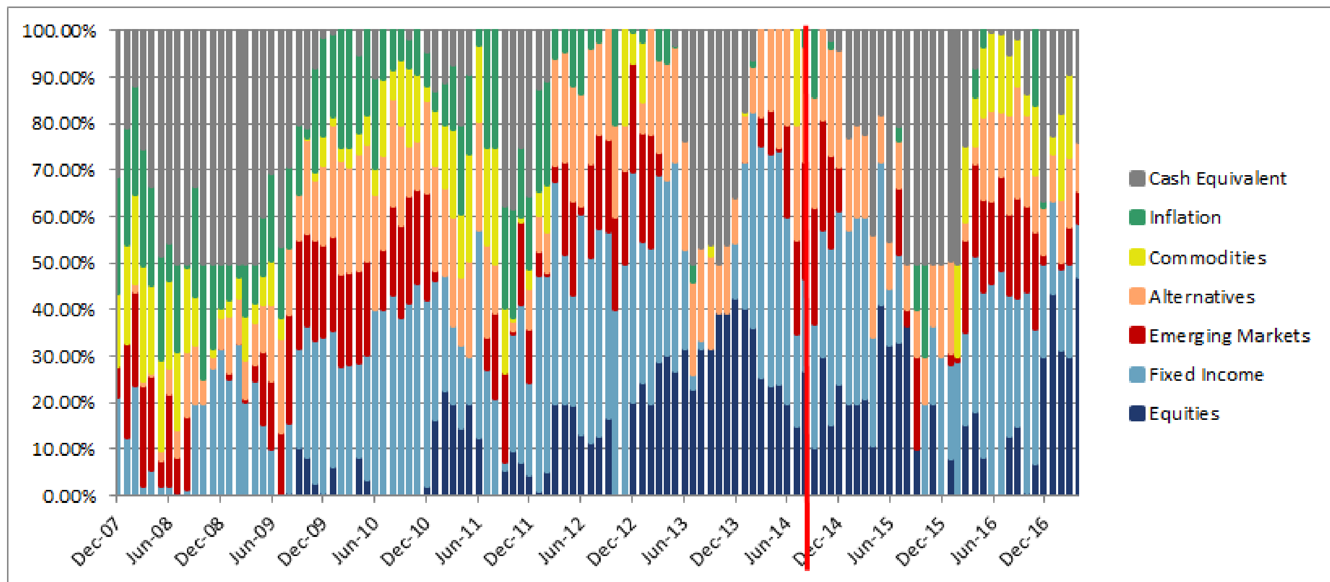
As of the Base Index Observation Day on April 3, 2017, the following chart sets forth the target weighting of each Eligible Underlying Asset and the hypothetical and historical average percentage weightings of the Eligible Underlying Assets, the highest percentage weightings of the Eligible Underlying Assets and the percentage of Base Index Observation Days with positive weightings for the Eligible Underlying Assets from December 3, 2007 to April 3, 2017 (the period for which Eligible Underlying Assets or proxy information is available). This data reflects the same historical information and hypothetical data and use of proxies 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	Target Weighting (as of April 3, 2017)*	Average Weighting	Highest Weighting	Percentage of Base Index Observation Days When Underlying Asset is Included as an Index Underlying Asset
SPDR® S&P 500® ETF Trust	20.00%	8.41%	20.10%	60.18%
iShares® MSCI Japan ETF	7.00%	1.96%	10.10%	32.74%
iShares® MSCI EAFE ETF	20.00%	2.84%	20.10%	24.78%
iShares® 20+ Year Treasury Bond ETF	0.00%	10.06%	20.10%	66.37%
iShares® iBoxx $ Investment Grade Corporate Bond ETF	0.00%	9.33%	20.00%	69.03%
iShares® iBoxx $ High Yield Corporate Bond ETF	11.60%	7.18%	20.00%	55.75%
iShares® MSCI Emerging Markets ETF	7.00%	1.13%	18.50%	23.89%
iShares® J.P. Morgan USD Emerging Markets Bond ETF	0.00%	9.61%	20.00%	68.14%
iShares® U.S. Real Estate ETF	0.00%	6.05%	20.10%	64.60%
Alerian MLP ETF	0.30%	3.58%	10.00%	53.98%
PowerShares® Senior Loan Portfolio	10.00%	5.36%	10.00%	68.14%
PowerShares® DB Commodity Index Tracking Fund	0.00%	2.44%	19.20%	29.20%
SPDR® Gold Trust	0.00%	4.22%	20.00%	50.44%
iShares® TIPS Bond ETF	0.00%	8.60%	25.00%	66.37%
Money Market Position	24.10%	19.24%	50.00%	69.91%

*Current weighting information is updated from time to time by Solactive AG, the Index Calculation Agent, and is published by the Index Calculation Agent on its website.

Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

The following chart sets forth the monthly allocation on each Base Index Observation Day between each Asset Class from December 3, 2007 to April 3, 2017, with each bar representing a month, 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.



Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

The following chart sets forth the number of Index Underlying Assets included in the Index on each monthly Base Index Observation Day during the period from December 3, 2007 to April 3, 2017 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	Number of Months	Percent of Months Included (Out of 113 Months)
0	0	0.00%
1	0	0.00%
2	0	0.00%
3	0	0.00%
4	3	2.65%
5	8	7.08%
6	11	9.73%
7	18	15.93%
8	26	23.01%
9	26	23.01%
10	11	9.73%
11 or more	10	8.85%

Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

The following chart sets forth the percentage of monthly Base Index Observation Days during the period from December 3, 2007 to April 3, 2017 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. 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 Monthly Base Index Observation 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
Equities	0.00%
Fixed Income	3.54%
Emerging Markets	1.77%
Alternatives	7.96%
Commodities	0.88%
Inflation	7.08%
Cash Equivalent	15.04%

Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

The following chart sets forth the percentage of monthly Base Index Observation Days during the period from December 3, 2007 to April 3, 2017 on which the Underlying Asset maximum weight restrictions reduced the weighting of the applicable Index Underlying Assets. 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.**

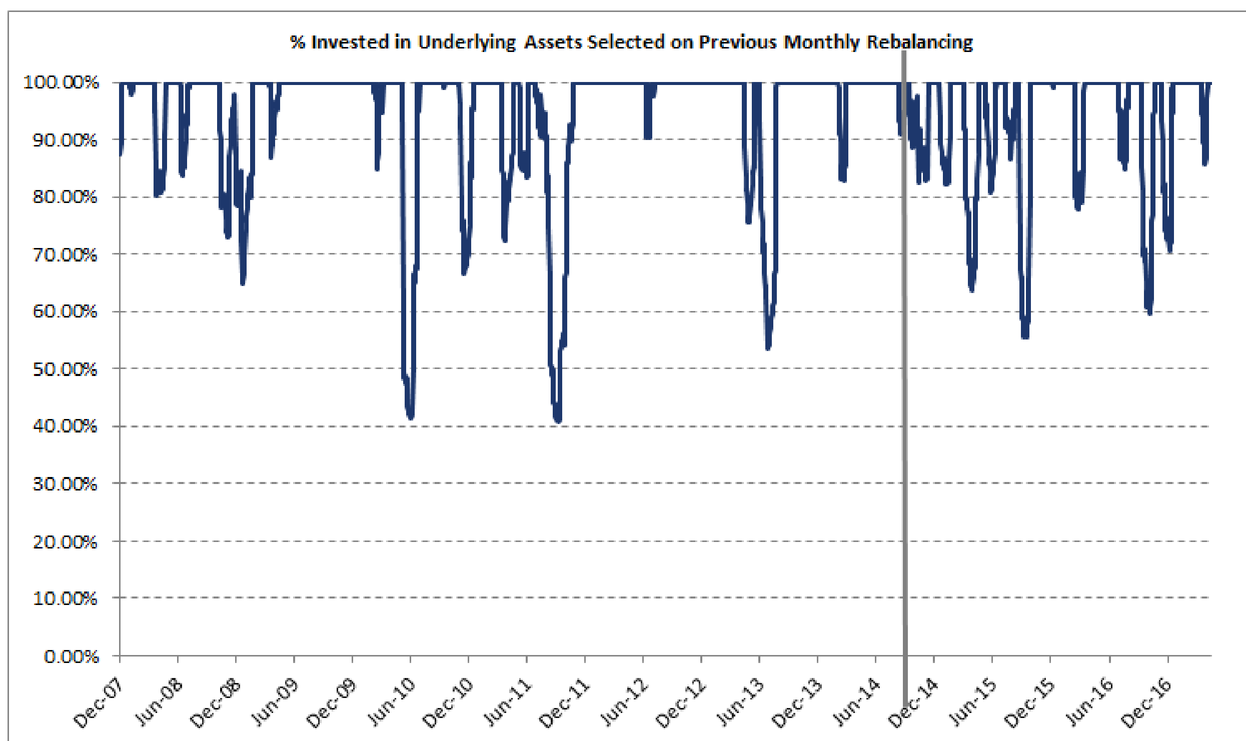
Eligible Underlying Asset	Percent of Monthly Base Index Observation Days That Underlying Asset Maximum Weight Restriction Reduced an Index Underlying Asset Weighting or Prevented an Eligible Underlying Asset From Becoming an Index Underlying Asset
SPDR® S&P 500® ETF Trust	24.78%
iShares® MSCI Japan ETF	10.62%
iShares® MSCI EAFE ETF	6.19%
iShares® 20+ Year Treasury Bond ETF	33.63%
iShares® iBoxx $ Investment Grade Corporate Bond ETF	21.24%
iShares® iBoxx $ High Yield Corporate Bond ETF	15.04%
iShares® MSCI Emerging Markets ETF	0.00%
iShares® J.P. Morgan USD Emerging Markets Bond ETF	30.09%
iShares® U.S. Real Estate ETF	12.39%
Alerian MLP ETF	15.93%
PowerShares® Senior Loan Portfolio	35.40%
PowerShares® DB Commodity Index Tracking Fund	0.00%
SPDR® Gold Trust	4.42%
iShares® TIPS Bond ETF	7.08%
Money Market Position	15.04%

Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

The Index ratably rebalanced some or all of the exposure to the Index ETFs into the Money Market Position on 30.69% of the Total Return Index Rebalancing Days during the period from December 3, 2007 to April 21, 2017, based on the historical Index information and hypothetical Index data previously supplied above. Because monthly rebalancing is based on realized volatility over three Realized Volatility Look-Back Periods (the prior six-months, three-months and one-month) and the daily rebalancing mechanic is based on the realized volatility of the Base Index for the applicable Volatility Cap Period, which is the prior one month, on some monthly Base Index Rebalancing Days a daily Total Return Index rebalancing also occurred. **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 December 3, 2007 to April 21, 2017 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 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.**



Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

Hypothetical Back-Tested Rebalancing and Performance Illustration

In order to illustrate how the monthly rebalancing operates, we have provided below a table that shows data related to the Base Index Observation Days that occurred in August 2013 and November 2013. This data reflects the same historical information and hypothetical data and use of proxies as in the previous tables. The table includes the 6-month historical returns and the 6-month realized volatility, the 3-month realized volatility and the one-month realized volatility for each Eligible Underlying Asset and the weights that they were assigned on the Base Index Observation Day occurring in August 2013 and November 2013 based on the average of the weight of each Underlying Asset in each of the three potential portfolios of ETFs (one for each Realized Volatility Look-Back Period). We have also provided the monthly returns for each Eligible ETF for the August 2013 and November 2013 periods. **This data is provided solely for the purposes of illustrating how the monthly rebalancing operates and is not meant to illustrate all possible aspects or returns of the Index, which may be negative. For illustrations of potential Index returns, which may be significantly negative, please see "Examples of Index Return Calculations" below. You should not take the historical information or hypothetical data as an indication of the future performance of the Index.**

August 2013 Rebalancing						
Eligible Underlying Assets	6-Month Historical Return	6-Month Realized Volatility	3-Month Realized Volatility	1-Month Realized Volatility	Weighting at Rebalancing	Monthly Return for Period after Rebalancing
SPDR® S&P 500® ETF Trust	13.44%	12.25%	12.60%	8.02%	20.00%	-3.67%
iShares® MSCI Japan ETF	13.36%	23.44%	28.11%	19.67%	8.30%	-3.38%
iShares® MSCI EAFE ETF	3.77%	15.37%	16.02%	11.26%	3.30%	-1.42%
iShares® 20+ Year Treasury Bond ETF	-6.85%	14.58%	16.37%	16.62%	0.00%	-0.80%
iShares® iBoxx $ Investment Grade Corporate Bond ETF	-2.23%	6.52%	8.39%	8.01%	0.00%	-0.60%
iShares® iBoxx $ High Yield Corporate Bond ETF	1.81%	7.35%	9.66%	9.45%	1.70%	-0.92%
iShares® MSCI Emerging Markets ETF	-9.91%	18.91%	22.57%	22.38%	0.00%	-3.78%
iShares® J.P. Morgan USD Emerging Markets Bond ETF	-6.13%	11.54%	15.38%	13.75%	0.00%	-2.93%
iShares® U.S. Real Estate ETF	1.59%	16.09%	19.56%	15.13%	0.00%	-6.80%
Alerian MLP ETF	7.29%	10.60%	12.36%	7.87%	10.00%	-2.04%
PowerShares® Senior Loan Portfolio	1.38%	2.03%	2.44%	2.41%	10.00%	-0.36%
PowerShares® DB Commodity Index Tracking Fund	-9.59%	11.63%	11.16%	7.06%	0.00%	3.12%
SPDR® Gold Trust	-21.01%	24.89%	24.87%	21.18%	0.00%	7.74%
iShares® TIPS Bond ETF	-6.18%	6.34%	7.62%	7.73%	0.00%	-1.65%
Money Market Position	0.06%	0.00%	0.00%	0.00%	46.70%	0.01%

November 2013 Rebalancing						
Eligible Underlying Assets	6-Month Historical Return	6-Month Realized Volatility	3-Month Realized Volatility	1-Month Realized Volatility	Weighting at Rebalancing	Monthly Return for Period after Rebalancing
SPDR® S&P 500® ETF Trust..	6.48%	15.24%	16.92%	23.89%	20.10%	2.50%
iShares® MSCI Japan ETF..	4.59%	23.61%	19.18%	15.82%	0.00%	2.12%
iShares® MSCI EAFE ETF..	9.15%	14.50%	12.64%	10.83%	19.20%	0.29%
iShares® 20+ Year Treasury Bond ETF...........................	-11.94%	14.39%	11.97%	8.77%	0.00%	-2.40%
iShares® iBoxx $ Investment Grade Corporate Bond ETF	-4.40%	7.56%	6.44%	4.58%	0.00%	-0.36%
iShares® iBoxx $ High Yield Corporate Bond ETF.........	0.56%	8.00%	6.02%	3.85%	0.00%	0.70%
iShares® MSCI Emerging Markets ETF...........................	2.64%	21.41%	19.81%	17.43%	0.00%	-2.52%
iShares® J.P. Morgan USD Emerging Markets Bond ETF	-5.84%	12.45%	8.56%	4.59%	0.00%	-2.44%
iShares® U.S. Real Estate ETF...	-6.56%	18.45%	17.24%	15.85%	0.00%	-5.78%
Alerian MLP ETF...	3.40%	10.90%	9.16%	8.10%	4.60%	-0.04%
PowerShares® Senior Loan Portfolio...............................	0.32%	2.67%	2.81%	1.68%	10.00%	0.38%
PowerShares® DB Commodity Index Tracking Fund......	-1.02%	11.01%	10.73%	10.10%	0.00%	0.20%
SPDR® Gold Trust..	-10.77%	22.88%	20.41%	20.11%	0.00%	-7.38%
iShares® TIPS Bond ETF..	-7.10%	7.07%	6.32%	3.24%	0.00%	-0.82%
Money Market Position..	0.04%	0.00%	0.00%	0.00%	46.10%	0.01%

Source: Obtained from the Index Calculation Agent based on information prepared by the Index Sponsor, without independent verification from the Bank.

In reviewing the table provided above, you should consider the following:

- A significant allocation to the Money Market Position is frequently necessary in order for a portfolio of Underlying Assets to achieve a historical realized volatility that does not exceed the 5% volatility target, because a volatility of 5% is considerably lower than typical volatility levels for most of the other Asset Classes in the Index. For example, due to the Index's target volatility feature, the Money Market Position was assigned a 46.70% weighting during the August 2013 period and a 46.10% weighting during the November 2013 period. It is important to understand that the hypothetical portfolio of Underlying Assets selected at each monthly rebalancing may include up to 50% exposure to the Money Market Position (before giving effect to any additional allocation to the Money Market Position in excess of 50% that may result from the daily volatility control feature). When the deduction of the Notional Interest Rate and Daily Index Maintenance Fee is taken into account, any portion of the Index that is allocated to the Money Market Position is likely to realize a net loss. This is because the Federal Funds Effective Rate, which is the rate at which a return accrues on the Money Market Position, is nearly always less than 3-month USD LIBOR, which is the rate used to determine the Notional Interest Rate deduction.

- In any given month, we expect that the Index will have exposure to only a limited subset of the 15 Underlying Assets. For example, for the August 2013 rebalancing, 7 Eligible Underlying Assets (6 of which were ETFs) were selected as Index Underlying Assets for the upcoming month from the 15 Eligible Underlying Assets. Thus, the Index did not target any exposure during the August 2013 period to 8 of the Eligible Underlying Assets. Also, for example, for the November 2013 rebalancing, 5 Eligible Underlying Assets (4 of which were ETFs) were selected for the upcoming month from the 15 Eligible Underlying Assets. Thus, the Index did not target any exposure during the November 2013 period to 10 of the Eligible Underlying Assets. It is important to understand that for any monthly period, the hypothetical portfolio may have as few as 4 Index Underlying Assets, and as few as 3 Index ETFs, and may include as few as 2 Asset Classes (one of which may be the Money Market Position). At any time when the hypothetical portfolio is concentrated in a small number of Underlying Assets and/or Asset Classes, it will be subject to the risks affecting those Underlying Assets and/or Asset Classes on a concentrated basis.

- The Index will not necessarily allocate the maximum weight or any weight to Eligible Underlying Assets with relatively high 6-month historical returns on a Base Index Observation Day. For example, no weight was assigned to the iShares® MSCI Japan ETF on the November 2013 Base Index Observation Day even though it had the third highest 6-month historical return of all of the 15 Eligible Underlying Assets on the November 2013 Base Index Observation Day. If the iShares® MSCI Japan ETF would have been selected for inclusion in the Index for that month, it would have had a positive effect on the Index since it produced a positive return equal to 2.12% over that month (the second highest positive return out of all 15 Eligible Underlying Assets for that month). This result was due (in part) to the limitation imposed by the monthly 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).

- The maximum weighting caps by Asset Class and Underlying Asset limit the exposure that the Index will provide to any Asset Class and Underlying Asset regardless of how high the 6-month historical returns for such Asset Class or Underlying Asset are on a Base Index Observation Day. For example, for the November 2013 rebalancing, the SPDR S&P 500 ETF Trust had the second highest 6-month historical return and was assigned its maximum weight. The SPDR S&P 500 ETF Trust had the highest positive return for the period after such rebalancing. If the Index was not subject to any weighting cap, it may have assigned a greater weighting to the SPDR S&P 500 ETF Trust and thus would have produced a better overall Index return.

- Positive returns during the period used to calculate the 6-month historical returns do not ensure that an Underlying Asset will provide positive returns after a monthly rebalancing if selected as an Index Underlying Asset. For example, for the August 2013 rebalancing, the SPDR® S&P 500® ETF Trust had a positive 6-month historical return equal to 13.44% and as a result (in part) was assigned a 20% weighting in the Index for that monthly rebalancing. However, the SPDR® S&P 500® ETF Trust had a negative return equal to -3.67% for the period after the rebalancing. On the other hand, an Underlying Asset may provide positive returns after a monthly rebalancing even if such Underlying Asset had a negative 6-month historical return and thus was not selected for inclusion in the Index. For example, also for the August

2013 rebalancing, the SPDR® Gold Trust had a negative 6-month historical return equal to -21.01% and as a result (in part) was not selected for inclusion in the Index for that monthly rebalancing. However, the SPDR® Gold Trust had the highest positive return (i.e, 7.74%) for the period after such rebalancing but that positive return had no effect on the Index return since the SPDR® Gold Trust was assigned a 0.00% weighting for that month.

It is important to understand that the data regarding these two months is being provided solely for purposes of illustrating how the monthly rebalancing operates and does not reflect all possible negative aspects of the Index.

For illustrations of potential Index returns, which may be significantly negative, please see "Examples of Index Return Calculations" below.

Examples of Index Return Calculations

The following examples are provided to illustrate how the return on the Index is calculated for a 30-day monthly period 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 in any month, the weightings of the Index Underlying Assets or what the returns will be for any Index Underlying Assets. The actual performance of the Index in any month 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 Terms Supplement. These examples should not be taken as an indication or prediction of future performance of the Index and investment results.

Key Assumptions	
Index Underlying Assets during hypothetical period and percentage weighting	EMB 20% LQD 5% IYR 20% BKLN 5% Money Market Position 50%
Notional Interest Rate	1.00% per annum
Daily Index Maintenance Fee	0.50% per annum
The day count convention calculation results in a Daily Index Maintenance Fee of 0.042% for the 30-day monthly period.	
Neither an Index Market Disruption Event nor a non-Index Business Day occurs.	
No change in or affecting any of the Index Underlying Assets, underlier 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.	
The weights of the Index Underlying Assets indicated above are implemented fully on the Base Index Observation Day, rather than gradually over a Base Index Rebalancing Period.	

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 and the Daily Index Maintenance Fee. 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**	**% Change from Column A to Column B**	**Weighting**	**Column C x Column D**
EMB	100.00	101.00	1.00%	20.00%	0.200%
LQD	100.00	102.00	2.00%	5.00%	0.100%
IYR	100.00	103.00	3.00%	20.00%	0.600%
BKLN	100.00	104.00	4.00%	5.00%	0.200%

	Column A	Column B	Column C	Column D	Column E
Index Underlying Asset (Ticker)	**Hypothetical Initial Level**	**Hypothetical Final Level**	**% Change from Column A to Column B**	**Weighting**	**Column C x Column D**
Money Market Position	100.00	100.07	0.07%	50.00%	0.035%
				Return of Index Underlying Assets:	1.135%
				Return of Notional Cash Investment in the Notional Interest Rate:	0.083%
				Total Daily Index Maintenance Fee:	0.042%
				Index Return:	1.010%

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 Daily Index Maintenance Fee equals 1.135% for the month and, once the Notional Interest Rate for the month and the Daily Index Maintenance Fee are subtracted, the return of the Index for the month equals 1.010%.

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 and the Daily Index Maintenance Fee. 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**	**% Change from Column A to Column B**	**Weighting**	**Column C x Column D**
EMB	100.00	100.06	0.06%	20.00%	0.012%
LQD	100.00	100.03	0.03%	5.00%	0.002%
IYR	100.00	100.04	0.04%	20.00%	0.008%
BKLN	100.00	100.07	0.07%	5.00%	0.004%
Money Market Position	100.00	100.05	0.05%	50.00%	0.025%
				Return of Index Underlying Assets:	0.050%
				Return of Notional Cash Investment in the Notional Interest Rate:	0.083%
				Total Daily Index Maintenance Fee:	0.042%
				Index Return:	-0.075%

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 0.050% for the month and, since the sum of the Notional Interest Rate and the Daily Index Maintenance Fee is greater than such return, once the Notional Interest Rate for the month and the Daily Index Maintenance Fee are subtracted, the return of the Index for the month is negative and equals -0.075%.

Example 3: Each ETF depreciates and the Money Market Position remains flat. 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**	**% Change from Column A to Column B**	**Weighting**	**Column C x Column D**
EMB	100.00	90.00	-10.00%	20.00%	-2.000%
LQD	100.00	92.00	-8.00%	5.00%	-0.400%
IYR	100.00	98.00	-2.00%	20.00%	-0.400%
BKLN	100.00	95.00	-5.00%	5.00%	-0.250%
Money Market Position	100.00	100.00	0.00%	50.00%	0.000%
				Return of Index Underlying Assets:	-3.050%
				Return of Notional Cash Investment in the Notional Interest Rate:	0.083%
				Total Daily Index Maintenance Fee:	0.042%
				Index Return:	-3.175%

In this example, each ETF had negative returns and the Money Market Position remained flat. The return of the Index Underlying Assets prior to adjustment for the Notional Interest Rate and the Daily Index Maintenance Fee equals -3.050% for the month and once the Notional Interest Rate for the month and the Daily Index Maintenance Fee are subtracted the return of the Index for the month is further reduced and equals -3.175%.

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**	**% Change from Column A to Column B**	**Weighting**	**Column C x Column D**
EMB	100.00	102.00	2.00%	20.00%	0.400%
LQD	100.00	90.00	-10.00%	5.00%	-0.500%
IYR	100.00	100.10	0.10%	20.00%	0.020%
BKLN	100.00	95.00	-5.00%	5.00%	-0.250%
Money Market Position	100.00	100.00	0.00%	50.00%	0.000%
				Return of Index Underlying Assets:	-0.330%
				Return of Notional Cash Investment in the Notional Interest Rate:	0.083%
				Total Daily Index Maintenance Fee:	0.042%
				Index Return:	-0.455%

In this example, two of the ETFs had a negative return, two of the ETFs had a positive return and the Money Market Position remained flat. The return of the Index Underlying Assets prior to adjustment for the Notional Interest Rate and the Daily Index Maintenance Fee equals -0.330% for the month and, once the Notional Interest Rate for the month and the Daily Index Maintenance Fee are subtracted, the return of the Index for the month is further reduced and equals -0.455%.

Example 5: The Index ratably rebalances into the Money Market Position during the month.

		Column A	Column B	Column C	Column D	Column E
	Index Underlying Asset (Ticker)	**Hypothetical Initial Level**	**Hypothetical Final Level**	**% Change from Column A to Column B**	**Weighting**	**Column C x Column D**
With Initial Exposure to the Money Market Position (one week of the month)	EMB	100.00	102.00	2.00%	20.00%	0.400%
	LQD	100.00	103.00	3.00%	5.00%	0.150%
	IYR	100.00	104.00	4.00%	20.00%	0.800%
	BKLN	100.00	105.00	5.00%	5.00%	0.250%
	Money Market Position	100.00	101.00	1.00%	50.00%	0.500%
					Return of Index Underlying Assets:	2.100%
					Return of Notional Cash Investment in the Notional Interest Rate:	0.083%
					Total Daily Index Maintenance Fee:	0.042%
					Index Return:	1.975%

		Column A	Column B	Column C	Column D	Column E
	Index Underlying Asset (Ticker)	**Hypothetical Initial Level**	**Hypothetical Final Level**	**Column B / Column A**	**Weighting**	**Column C x Column D**
With Additional Exposure to the Money Market Position (remaining three weeks of the month)	EMB	100.00	102.00	2.00%	16.00%	0.320%
	LQD	100.00	103.00	3.00%	4.00%	0.120%
	IYR	100.00	104.00	4.00%	16.00%	0.640%
	BKLN	100.00	105.00	5.00%	4.00%	0.200%
	Money Market Position	100.00	101.00	1.00%	60.00%	0.600%
					Return of Index Underlying Assets:	1.880%
					Return of Notional Cash Investment in the Notional Interest Rate:	0.083%
					Total Daily Index Maintenance Fee:	0.042%
					Index Return:	1.755%

In this example, the Index Underlying Assets all had positive returns for the month. In order to highlight the effect of rebalancing into the Money Market Position, we have assumed that such a rebalancing occurs one week into the month and that on each subsequent Index Business Day the realized volatility for the applicable Volatility Cap Period exceeds the Volatility Cap and is equal to 7.5%, thereby reducing the exposure to the Base Index (and, consequently, each Index Underlying Asset) by 20%. For the first week of the month (a quarter of the month in this example), the Underlying Assets and their weights were as indicated above. For each portion of the month indicated

above, before and after the rebalancing, we have shown what the Index Underlying Assets' returns would have been for the month as a whole and, consequently, what the return of the Index Underlying Assets would have been for the month as a whole. The return of the Index Underlying Assets for the month prior to adjustment for the Notional Interest Rate and the Daily Index Maintenance Fee equals 1.935% (i.e., the result of a quarter of the month at the returns prior to the additional allocation to the Money Market Position as a result of the volatility control feature plus three quarters of the month at the returns after such allocation) and, once the Notional Interest Rate and the Daily Index Maintenance Fee for the month are subtracted, the return of the Index for the month equals 1.810% (i.e., 1.935% minus 0.125% (the sum of the Notional Interest Rate plus the Daily Index Maintenance Fee). Since the returns on EMB, LQD, IYR and BKLN were higher than the Money Market Position, the increased weighting to the Money Market Position for a portion of the month reduced the return of the Index relative to the return associated with the Index using the Money Market Position.

We cannot predict which Eligible Underlying Assets will be chosen as Index Underlying Assets in any month, the weights of the Index Underlying Assets or what the final levels will be for any Index Underlying Assets or the Overnight Interest Rate. The actual amount that you will receive at maturity and the rate of return on the CDs will depend on the performance of the Index which will be determined by the Index Underlying Assets chosen and their weightings.

License

Wells Fargo Securities, LLC and Goldman, Sachs & Co. have entered into a non-transferable, non-exclusive license agreement permitting the Bank to use the Index in connection with the issuance of the CDs. The license agreement provides that the following language must be stated in this Terms Supplement:

"The CDs are not sponsored, by Goldman, Sachs & Co. or any of its affiliates (individually and collectively, "Goldman"). Goldman makes no representation or warranty, express or implied, to the owners of the CDs or any member of the public regarding the advisability of investing in securities generally or in the CDs particularly or the ability of the Index and the sub-indices thereto to track market factors or perform in any particular way. Goldman has licensed the Bank to use the Index, which is determined, composed and calculated by or on behalf of Goldman without regard to the Bank or the CDs. Goldman has no obligation to take the needs of the Bank or the owners of the CDs into consideration in determining, composing or calculating the Index. Goldman is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CDs to be issued or in the determination or calculation of the equation by which the CDs is to be converted into cash.

GOLDMAN DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN. GOLDMAN MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE BANK, OWNERS OF THE CDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED TO THE BANK OR FOR ANY OTHER USE. GOLDMAN MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL GOLDMAN HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES."

ANNEX A
THE ELIGIBLE UNDERLYING ASSETS

THE SPDR® S&P 500 ETF TRUST

The SPDR® S&P 500® ETF Trust (the "SPDR Trust") is a unit investment trust designed to generally correspond, before expenses, to the price and yield performance of the S&P 500® Index. The SPDR Trust is organized under New York law and is governed by a trust agreement between State Street Bank and Trust Company and PDR Services LLC. The SPDR Trust was created to provide investors with the opportunity to purchase a security representing a proportionate undivided interest in a portfolio of securities consisting of substantially all of the common stocks, in substantially the same weighting, that comprise the S&P 500 Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 33-46080 and 811-06125 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The SPDR Trust is listed on the NYSE Arca, Inc. under the ticker symbol "SPY." As of the date of this Terms Supplement, our affiliate Wells Fargo & Company is one of the companies included in the SPDR Trust and the S&P 500 Index.

This Terms Supplement relates only to the CDs offered hereby and thereby and does not relate to the SPDR Trust. We have derived all disclosures contained in this Terms Supplement regarding the SPDR Trust from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the SPDR Trust. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the SPDR Trust in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the SPDR Trust (and therefore the price of the SPDR Trust at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the SPDR Trust could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the SPDR Trust. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the SPDR Trust, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the SPDR Trust.

The S&P 500 Index

We obtained all information contained in this Terms Supplement regarding the S&P 500 Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC ("S&P Dow Jones"), the index sponsor. S&P Dow Jones has no obligation to continue to publish, and may discontinue publication of, the S&P 500 Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the S&P 500 Index in connection with the offer and sale of any CDs. **As of the date of this Terms Supplement, we are one of the companies included in the S&P 500 Index.**

On July 2, 2012, The McGraw-Hill Companies, Inc. ("McGraw-Hill"), which owned the S&P Indices business, and CME Group, Inc., which is a 90% owner of the joint venture that owned the Dow Jones Indexes business, announced the launch of a new joint venture, S&P Dow Jones Indices LLC. S&P Dow Jones Indices LLC owns the S&P Indices business and the Dow Jones Indexes business, including the S&P 500 Index.

SPDR® is a trademark of Standard & Poor's Financial Services LLC.

The S&P 500 Index is published by S&P Dow Jones and is intended to provide an indication of the pattern of common stock price movement in the large capitalization segment of the United States equity market. The S&P 500 Index covers approximately 80% of the United States equity market.

The calculation of the value of the S&P 500 Index (discussed below in further detail) is based on the relative value of the aggregate Market Value (as defined below) of the common stocks of 500 companies as of a particular time compared to the aggregate average Market Value of the common stocks of 500 similar companies during the base period of the years 1941 through 1943. Historically, the "Market Value" of any component stock of the S&P 500 Index was calculated as the product of the market price per share and the number of the then-outstanding shares of such component stock. As discussed below, the index sponsor began to use a new methodology to calculate the Market Value of the component stocks during March 2005 and completed its transition to the new calculation methodology during September 2005.

S&P Dow Jones chooses companies for inclusion in the S&P 500 Index with the aim of achieving a distribution by broad industry groupings that approximates the distribution of these groupings in the common stock population of the Standard & Poor's Stock Guide Database, which S&P Dow Jones uses as an assumed model for the composition of the total market. Relevant criteria employed by S&P Dow Jones include that the company must be a U.S. company, the financial viability of the particular company, the market capitalization of that company (which currently must be $5.3 billion or greater), the public float of that company (which must represent at least 50% of the outstanding shares of that stock), the contribution of that company to the index's sector balance, and adequate liquidity (the ratio of annual dollar value traded to float adjusted market capitalization should be 1.00 or greater, and the company should trade a minimum of 250,000 shares in each of the six months leading up to the evaluation date). In addition, a company must have a primary listing to its common stock on the NYSE, NYSE Arca, NYSE MKT, NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA or Bats EDGX. Continued index membership is not necessarily subject to these guidelines. S&P Dow Jones aims to minimize unnecessary turnover and each removal is determined on a case-by-case basis. Companies that substantially violate one or more of criteria for index inclusion and companies that no longer meet the inclusion criteria as a result of a merger, acquisition or significant restructuring will be considered for removal.

Computation of the S&P 500 Index

Prior to March 2005, the Market Value of a component stock was calculated as the product of the market price per share and the total number of outstanding shares of the component stock. In March 2004, the index sponsor announced that it would transition the S&P 500 Index to float-adjusted market capitalization weights. The transition began in March 2005 and was completed in September 2005. The index sponsor's criteria for selecting stock for the S&P 500 Index was not changed by the shift to float adjustment. However, the adjustment affects each company's weight in the S&P 500 Index (i.e., its Market Value). Currently, S&P Dow Jones calculates the S&P 500 Index based on the total float-adjusted market capitalization of each component stock, where each stock's weight in the S&P 500 Index is proportional to its float-adjusted market value. Under float adjustment, the share counts used in calculating the S&P 500 Index reflect only those shares that are available to investors, not all of a company's outstanding shares. S&P Dow Jones identifies shareholders that it determines to be concerned with control of a company and therefore whose holdings are subject to float adjustment. Such control shareholders generally include:

1. Officers and directors
2. Private equity, venture capital and special equity firms
3. Shares held for control by another publicly traded company
4. Strategic partners
5. Holders of restricted shares
6. Employee stock ownership plans
7. Foundations associated with the company

8. Holders of unlisted share classes of stock
9. Government entities at all levels except government retirement/pension funds
10. Any individual person who controls a 5% or greater stake in a company as reported in regulatory filings

Where holdings by a single block of control shareholders exceed 5% of the outstanding shares of a company, all holdings of that block are excluded from the float-adjusted count of shares to be used in the index calculation. Officers and directors are considered a single control block for purposes of this 5% test. However, officers and directors are excluded from the float-adjusted count even if they (as a group) do not meet the 5% minimum threshold, provided that there is another control block greater than 5%, thus enabling total float to surpass the 5% minimum threshold. Treasury stock, stock options, restricted shares, equity participation units, warrants, preferred stock, convertible stock and rights are also not part of the float.

Mutual funds, investment advisory firms, pension funds, or foundations not associated with the company and investment funds in insurance companies are part of the float. Also included in the float are shares held in a trust to allow investors in countries outside the country of domicile, shares that trust beneficiaries may buy or sell without difficulty or significant additional expense beyond typical brokerage fees, and, if a company has multiple classes of stock outstanding, shares in an unlisted or non-traded class that can be converted by shareholders to a listed class without undue delay and cost.

As of the date of this Terms Supplement, for each stock, an investable weight factor ("IWF") is calculated by dividing the available float shares, defined as the total shares outstanding less shares held in one or more control blocks where the holdings of the control block exceed the minimum threshold as described above, by the total shares outstanding. The float-adjusted index is then calculated by: dividing the sum of the IWF multiplied by both the price and the total shares outstanding for each stock by the index divisor. For companies with multiple classes of stock, S&P Dow Jones calculates the weighted average IWF for each stock using the proportion of the total company market capitalization of each share class as weights. In these cases, the stock price is based on one class, usually the most liquid class, and the share count is based on the total shares outstanding.

S&P Dow Jones has announced that, effective with the September 2015 rebalance, each class of stock for a company with multiple share classes will be separately evaluated for inclusion, and separately weighted, in the S&P 500 Index. Index membership eligibility for a company with multiple share classes will continue to be based on the total market capitalization of the company. However, the decision to include each publicly listed share class will be evaluated class by class. Listed share classes not already in the S&P 500 Index would need to pass the then current liquidity and float criteria used to evaluate companies for inclusion in the S&P 500 Index, but not market capitalization criteria (which is only considered at the company level). Once a listed share class is added to the S&P 500 Index, it will be retained in the S&P 500 Index even though it may appear to violate certain criteria for inclusion in the S&P 500 Index. Listed share class deletions will be at the discretion of the governing index committee. The weight of each share class in the S&P 500 Index will only reflect its own float, not the combined float of all company share classes. It is possible that one listed share class may be included in the S&P 500 Index while a second listed share class of the same company is excluded. Unlisted share classes will not be combined with any other listed share classes, but these unlisted share classes will be included in the company total market capitalization.

The S&P 500 Index is calculated using a base-weighted aggregate methodology: the level of the S&P 500 Index reflects the total Market Value of all the component stocks relative to the S&P 500 base period of 1941-43. The daily calculation of the S&P 500 Index is computed by dividing the Market Value of the S&P 500 component stocks by the index divisor.

The S&P 500 Index maintenance includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends and stock price adjustments due to company restructurings or spin-offs. Continuity in index values is maintained by adjusting the index divisor for all changes in the S&P 500 constituents' share capital after the base period of 1941-43 with the index value as of the base period set at 10. Some corporate actions, such as stock splits and stock dividends do not require index divisor adjustments because following a stock split or stock dividend, both the stock price and number of shares outstanding are adjusted by S&P Dow Jones so that there is no change in the Market Value of the component stock. Corporate actions (such

as stock splits, stock dividends, spin-offs and rights offerings) are applied after the close of trading on the day before the ex-date. Share changes resulting from exchange offers are applied on the ex-date.

To prevent the level of the S&P 500 Index from changing due to corporate actions, all corporate actions which affect the total Market Value of the S&P 500 Index require an index divisor adjustment. By adjusting the index divisor for the change in total Market Value, the level of the S&P 500 Index remains constant. This helps maintain the level of the S&P 500 Index as an accurate barometer of stock market performance and ensures that the movement of the S&P 500 Index does not reflect the corporate actions of individual companies in the S&P 500 Index. All index divisor adjustments are made after the close of trading and after the calculation of the closing levels of the S&P 500 Index. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the S&P 500 Index and do not require index divisor adjustments.

The table below summarizes the types of index maintenance adjustments and indicates whether or not an index divisor adjustment is required.

Type of Corporate Action	**Comments**	**Divisor Adjustment**
Company added/deleted	Net change in market value determines 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 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

Each of the corporate events exemplified in the table requiring an adjustment to the index divisor has the effect of altering the Market Value of the component stock and consequently of altering the aggregate Market Value of the S&P 500 component stocks (the "Post-Event Aggregate Market Value"). In order that the level of the S&P 500 Index (the "Pre-Event Index Value") not be affected by the altered Market Value (whether increase or decrease) of the affected component stock, a new index divisor ("New Divisor") is derived as follows:

$$\frac{\text{Post-Event Aggregate Market Value}}{\text{New Divisor}} = \text{Pre-Event Index Value}$$

$$\text{New Divisor} = \frac{\text{Post-Event Aggregate Market Value}}{\text{Pre-Event Index Value}}$$

A large part of the S&P 500 Index maintenance process involves tracking the changes in the number of shares outstanding of each of the S&P 500 Index companies. Four times a year, on a Friday close to the end of each calendar quarter, the share totals of companies in the S&P 500 Index are updated as required by any changes in the number of shares outstanding and then the index divisor is adjusted accordingly. In addition, changes in a company's shares due to its acquisition of another public company are made as soon as reasonably possible. Changes in a company's shares outstanding of 5% or more due to public offerings, tender offers, Dutch auctions or exchange offers are also made as soon as reasonably possible. Other changes of 5% or more (due to, for example, company stock repurchases, private placements, an acquisition of a privately held company, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, at-the-market stock offerings or other recapitalizations) are made weekly, and are announced on Fridays for implementation after the close of trading on the following Friday. If a 5% or more change causes a company's IWF to change by 5 percentage points or more (for example from 0.80 to 0.85), the IWF will be updated at the same time as the share change, except IWF changes resulting from partial tender offers will be considered on a case-by-case basis. Changes to an IWF of less than 5 percentage points are implemented at the next IWF review, which occurs annually. In the case of certain rights issuances, in which the number of rights issued and/or terms of their exercise are deemed substantial, a price adjustment and share increase may be implemented immediately.

THE iSHARES® MSCI EAFE ETF

The iShares® MSCI EAFE ETF is issued by the iShares Trust, a registered investment company. The iShares MSCI EAFE ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI EAFE® Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares MSCI EAFE ETF is listed on the NYSE Arca, Inc. under the ticker symbol "EFA."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares MSCI EAFE ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares MSCI EAFE ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares MSCI EAFE ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares MSCI EAFE ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares MSCI EAFE ETF (and therefore the price of the iShares MSCI EAFE ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares MSCI EAFE ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares MSCI EAFE ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the iShares MSCI EAFE ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares MSCI EAFE ETF.

The MSCI EAFE Index

We obtained all information contained in this Terms Supplement regarding the MSCI EAFE Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, MSCI, Inc., the index sponsor ("MSCI"). MSCI has no obligation to continue to publish, and may discontinue publication of, the MSCI EAFE Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the MSCI EAFE Index in connection with the offer and sale of any CDs.

The MSCI EAFE Index is a free float-adjusted market capitalization index compiled by MSCI that is designed to measure developed market equity performance, excluding the United States and Canada. As of the date of this Terms Supplement, the following developed market country indices are included in the MSCI EAFE Index: 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. MSCI is under no obligation to continue to include these country indices. The component country indices included within the MSCI EAFE Index are a sampling of equity securities across industry groups in such country's equity markets. The MSCI EAFE Index is calculated in U.S. dollars, is an MSCI International Index and is part of the MSCI Global Investable Market Indices, the methodology of which is discussed below.

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iShares® is a registered mark of BlackRock Institutional Trust Company, N.A.

MSCI, Inc. has announced that, effective with the November 2015 semi-annual index review, companies traded outside of their country of classification (i.e., "foreign listed companies") will become eligible for inclusion in the component country indices included in the MSCI EAFE Index. In order for a component country index to be eligible to include foreign listed companies, it must meet the Foreign Listing Materiality Requirement. To meet the Foreign Listing Materiality Requirement, the aggregate market capitalization of all securities represented by foreign listings should represent at least (i) 5% of the free float-adjusted market capitalization of the relevant component country index and (ii) 0.05% of the free-float adjusted market capitalization of the MSCI ACWI Investable Market Index (an index that measures equity performance in both the developed and emerging markets). In connection with the November 2015 semi-annual index review, three of the component country indices included in the MSCI EAFE Index, the MSCI Hong Kong Index, the MSCI Israel Index and the MSCI Netherlands Index, became eligible to include foreign listed companies. The newly eligible foreign listed securities were added at half their free float-adjusted market capitalization as part of the November 2015 semi-annual index review, and their remaining free float-adjusted market capitalization were added as part of the May 2016 semi-annual index review.

Constructing the MSCI EAFE Index

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 MSCI Standard Index; (v) creating style segments within each size segment within each market; and (vi) classifying securities under the Global Industry Classification Standard (the "GICS").

Defining the Equity Universe

(i) 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 into market categories, including Developed Markets ("DM") and Emerging Markets ("EM"). All listed equity securities, or listed securities that exhibit characteristics of equity securities, except mutual funds (other than business development companies in the U.S.), ETFs, equity derivatives, limited partnerships, and most investment trusts, are eligible for inclusion in the equity universe. Real Estate Investment Trusts ("REITs") in some countries and certain income trusts in Canada are also eligible for inclusion. All of the country indices included in the MSCI EAFE Index are classified as DM.

(ii) 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 applying investability screens to individual companies and securities in the equity universe that are classified in that market. A market is equivalent to a single country, except in DM Europe, where all DM countries in Europe are aggregated into a single market for index construction purposes. Subsequently, individual DM Europe country indices within the MSCI Europe Index are derived from the constituents of the MSCI Europe Index under the global investable market indices methodology. The global investable equity universe is the aggregation of all market investable equity universes.

The investability screens used to determine the investable equity universe in each market are:

(i) 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"). The equity universe minimum size requirement applies to companies in all markets, DM or EM, and is derived as follows:

- First, the companies in the DM equity universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float-adjusted market

capitalization of the DM equity universe is calculated at 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, the full market capitalization of the company at that point defines the equity universe minimum size requirement.

At the time of the November 2015 Semi-Annual Index Review ("SAIR"), the equity universe minimum size requirement was set at $203,000,000. 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.

(ii) Equity Universe Minimum 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.

(iii) DM and EM 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 adequate liquidity. The Annualized Traded Value Ratio ("ATVR"), a measure that offers the advantage of screening out extreme daily trading volumes and taking into account the free float-adjusted market capitalization size of securities, is used to measure liquidity. In the calculation of the ATVR, the trading volumes in depository receipts associated with that security, such as ADRs or GDRs, are also considered. A minimum liquidity level of 20% of 3-month ATVR and 90% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 20% of 12-month ATVR, are required for inclusion of a security in a market investable equity universe of a DM. A minimum liquidity level of 15% of 3-month ATVR and 80% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 15% of 12-month ATVR, are required for inclusion of a security in a market investable equity universe of an EM.

Due to liquidity concerns relating to securities trading at very high stock prices, a security with a stock price above $10,000 will fail the liquidity screening and will not be included in any market investable equity universe. This limitation applies only for securities that are not currently constituents of the MSCI Global Investable Market Indices. Current constituents of the MSCI Global Investable Market Indices will remain in their respective indices even if their stock price passes $10,000.

(iv) Global Minimum Foreign Inclusion Factor Requirement: This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security's Foreign Inclusion Factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company). In general, a security must have an FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe. Exceptions to this general rule are made only in the limited cases where the exclusion of securities of a very large company would compromise the Standard Index's ability to fully and fairly represent the characteristics of the underlying market.

(v) Minimum Length of Trading Requirement: This investability screen is applied at the individual security level. For an initial public offering ("IPO") 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 IPOs are not subject to the minimum length of trading requirement and may

be included in a market investable equity universe and the Standard Index outside of a quarterly or semi-annual index review.

(vi) 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 ("FOL") 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 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 (the "Size Segment Indices"):

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

Index Continuity Rules for the 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 DM Standard Index and a minimum number of three constituents will be maintained for an EM Standard Index. The MSCI EAFE Index is a DM Standard Index, meaning that only securities that would qualify for inclusion in a Large Cap Index or a Mid Cap Index will be included in the MSCI EAFE Index.

If after the application of the index construction methodology, a Standard Index contains fewer than five securities in a DM or three securities in an EM, then the largest securities by free float-adjusted market capitalization are added to the Standard Index in order to reach five constituents in that DM or three in that EM. At subsequent index reviews, if the free float-adjusted market capitalization of a non-index constituent is at least 1.50 times the free float-adjusted market capitalization of the smallest existing constituent after rebalancing, the larger free float-adjusted market capitalization security replaces the smaller one.

When the index continuity rule is in effect, the market size-segment cutoff is set at 0.5 times the global minimum size reference for the Standard Index rather than the full market capitalization of the smallest company in that market's Standard Index.

Creating Style Indices within Each Size Segment

All securities in the investable equity universe are classified into value or growth segments using the MSCI Global Value and Growth methodology. 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. To this end, MSCI has designed, in conjunction with Standard & Poor's, the GICS. The GICS entails four levels of classification: (1) sector; (2) industry groups; (3) industries; (4) sub–industries. Under the GICS, each company is assigned uniquely to one sub–industry according to its principal business activity. Therefore, a company can belong to only one industry grouping at each of the four levels of the GICS. The GICS classification of each security is used by MSCI to construct additional indices.

Maintenance of the MSCI EAFE Index

In order to maintain the representativeness of the MSCI EAFE Index, MSCI may make structural changes to the MSCI EAFE Index as a whole by adding or deleting component country indices. In particular, MSCI may add additional component country indices to the MSCI EAFE Index or subtract one or more of its current component country indices prior to the maturity of the CDs. Currently, such changes in the MSCI EAFE Index 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 component country index is maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of such index, and index stability and low index turnover. The maintenance of the component country indices is reflected in the MSCI EAFE Index.

In particular, index maintenance involves:

(i) SAIRs in May and November of the Size Segment which include:

- Updating the indices on the basis of a fully refreshed equity universe.
- Taking buffer rules into consideration for migration of securities across size and style segments.
- Updating FIFs and Number of Shares ("NOS").

The objective of the SAIRs is to systematically reassess the various dimensions of the equity universe for all markets on a fixed semi-annual timetable. A SAIR involves a comprehensive review of the Size Segment Indices. During each SAIR, the equity universe is updated and the global minimum size range is recalculated for each size segment. Among other index maintenance activities, for each market, new equity securities are identified and tested for inclusion in the relevant index and existing component securities are evaluated to ensure they meet the revised requirements for inclusion in the relevant index.

(ii) Quarterly Index Reviews ("QIRs") in February and August of the Size-Segment Indices aimed at:

- Including significant new eligible securities (such as IPOs that were not eligible for earlier inclusion) in the index.
- Allowing for significant moves of companies within the Size Segment Indices, using wider buffers than in the SAIR.
- Reflecting the impact of significant market events on FIFs and updating NOS.

The objective of the QIRs is to ensure that the MSCI Indices continue to be an accurate reflection of the evolving equity marketplace. This is achieved by a timely reflection of significant market driven changes that were not captured in the index at the time of their actual occurrence but are significant enough to be reflected before the next SAIR. QIRs may result in additions or deletions

due to, among other factors, migration to another Size Segment Index, and changes in FIFs and NOS. Only additions of significant new investable companies are considered during a QIR and only with respect to Standard Indices. The buffer zones used to manage the migration of companies from one segment to another are wider than those used in the SAIR. The style classification is reviewed only for companies that are reassigned to a different size segment.

(iii) Ongoing event-related changes. Ongoing event-related changes to the 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, bonus issues, public placements and other similar corporate actions that take place on a continuing basis. These changes generally are reflected in the indices at the time of the event. Significantly large IPOs are included in the indices after the close of the company's tenth day of trading.

The results of the SAIRs and QIRs are announced at least two weeks in advance of implementation. All changes resulting from corporate events are announced prior to their implementation.

Index Calculation

The MSCI EAFE Index is calculated using the Laspeyres' concept of a weighted arithmetic average together with the concept of chain-linking. As a general principle, today's MSCI Indices levels are obtained by applying the change in the market performance to the previous period MSCI EAFE Index levels.

Corporate Events

In addition to the index maintenance described above, maintaining the component country indices also includes monitoring and completing adjustments for certain corporate events, including mergers and acquisitions, tender offers, share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings or spin-offs. Index maintenance of the component country indices is reflected in the MSCI EAFE Index. The adjustments for certain corporate events are described more fully below.

Mergers and Acquisitions

As a general principle, MSCI implements mergers and acquisitions as of the close of the last trading day of the acquired entity or merging entities (last offer day for tender offers), regardless of the status of the securities (index constituents or non-index constituents) involved in the event. MSCI uses market prices for implementation. This principle applies if all necessary information is available prior to the completion of the event and if the liquidity of the relevant constituent(s) is not expected to be significantly diminished on the day of implementation. Otherwise, MSCI will determine the most appropriate implementation method and announce it prior to the changes becoming effective.

For U.S. mergers and acquisitions, where the delisting date for the acquired security is not available in advance and the completion of the transaction may be delayed due, for example, to the existence of financing conditions, MSCI will wait until the official announcement of the completion of the deal to delete the security and will give clients advance notice before the deletion. However, if the delisting date for the acquired security is not available in advance, and the transaction is not subject to any financing conditions, MSCI will delete such securities shortly after the relevant shareholders' approvals, provided that all other conditions required for completion of the transaction have been met.

If the deletion of securities after the official announcement of the completion of a deal results in deleting securities after they have ceased trading. MSCI will use the following deletion prices:

- the last traded price before the delisting if the acquisition is for cash; or
- a calculated price based on the terms of the acquisition and the market share price of the acquirer if the acquisition is for shares or cash and shares.

Tender Offers

In tender offers, the acquired or merging security is generally deleted from the applicable MSCI Indices at the end of the initial offer period, when the offer is likely to be successful and/or if the free float of the security is likely to be substantially reduced (this rule is applicable even if the offer is extended), or once the results of the offer have been officially communicated and the offer has been successful and the security's free float has been substantially reduced, if all required information is not available in advance or if the offer's outcome is uncertain. The main factors considered by MSCI when assessing the outcome of a tender offer (not in order of importance) are: the announcement of the offer as friendly or hostile, a comparison of the offer price to the acquired security's market price, the recommendation by the acquired company's board of directors, the major shareholders' stated intention whether to tender their shares, the required level of acceptance, the existence of pending regulatory approvals, market perception of the transaction, official preliminary results if any, and other additional conditions for the offer.

If a security is deleted from an MSCI index, the security will not be reinstated immediately after its deletion even when the tender offer is subsequently declared unsuccessful and/or the free float of the security is not substantially reduced. It may be reconsidered for MSCI index inclusion at the following regularly scheduled index review. MSCI uses market prices for implementation.

Late Announcements of Completion of Mergers and Acquisitions

When the completion of an event is announced too late to be reflected as of the close of the last trading day of the acquired or merging entities, implementation occurs as of the close of the following day or as soon as practicable thereafter. In these cases, MSCI uses a calculated price for the acquired or merging entities. The calculated price is determined using the terms of the transaction and the price of the acquiring or merged entity, or, if not appropriate, using the last trading day's market price of the acquired or merging entities.

Conversions of Share Classes

Conversions of a share class into another share class resulting in the deletion and/or addition of one or more classes of shares are implemented as of the close of the last trading day of the share class to be converted.

Spin-Offs

On the ex-date of a spin-off, a price adjustment factor ("PAF") is applied to the price of the security of the parent company. The PAF is calculated based on the terms of the transaction and the market price of the spun-off security. If the spun-off entity qualifies for inclusion, it is included as of the close of its first trading day. In order to decide whether the spun-off entity qualifies for inclusion, the full company market capitalization of the spun-off entity is estimated by MSCI prior to the spin-off being effective. These estimates are typically based on public information provided by the parent company, including amongst others the spin-off prospectus and estimates from brokers.

In cases of spin-offs of partially-owned companies, the post-event free float of the spun-off entity is calculated using a weighted average of the existing shares and the spun-off shares, each at their corresponding free float. Any resulting changes to FIFs and/or domestic inclusion factors ("DIF") are implemented as of the close of the ex-date.

When the spun-off security does not trade on the ex-date, a "detached" security is created to avoid a drop in the free float-adjusted market capitalization of the parent entity, regardless of whether the spun-off security is added or not. The detached security is included until the spun-off security begins trading, and is deleted thereafter. Generally, the value of the detached security is equal to the difference between the price on the day prior to the ex-date and the ex-price of the parent security.

Corporate Actions

Corporate actions such as splits, bonus issues and rights issues, which affect the price of a security, require a price adjustment. In general, the PAF is applied on the ex-date of the event to ensure that security prices are

comparable between the ex-date and the day prior to the ex-date. To do so, MSCI adjusts for the value of the right and/or the value of the special assets that are distributed and the changes in number of shares and FIF, if any, are reflected as of the close of the ex-date. In general, corporate actions do not impact the free float of the securities because the distribution of new shares is carried out on a pro rata basis to all existing shareholders. Therefore, MSCI will generally not implement any pending number of shares and/or free float updates simultaneously with the event.

If a security does not trade for any reason on the ex-date of the corporate action, the event will be generally implemented on the day the security resumes trading.

Share Placements and Offerings

Changes in number of shares and FIF resulting from primary equity offerings representing at least 5% of the security's number of shares are generally implemented as of the close of the first trading day of the new shares, if all necessary information is available at that time. Otherwise, the event is implemented as soon as practicable after the relevant information is made available. A primary equity offering involves the issuance of new shares by a company. Changes in number of shares and FIF resulting from primary equity offerings representing less than 5% of the security's number of shares are implemented at the next regularly scheduled index review following the completion of the event. Block sales or large market transactions involving changes in strategic ownership, which are publicly announced, made by way of immediate book-building and/or in the absence of an offer prospectus, that result in significant changes in free float estimates and corresponding FIFs will generally be reflected at the following regularly scheduled index review. For public secondary offerings of existing constituents representing at least 5% of the security's number of shares, where possible, MSCI will announce these changes and reflect them shortly after the results of the subscription are known. Secondary public offerings that, given lack of sufficient notice, were not reflected immediately will be implemented at the following regularly scheduled index review.

Debt-to-Equity Swaps

In general, large debt-to-equity swaps involve the conversion of debt into equity originally not convertible at the time of issue. In this case, changes in numbers of shares and subsequent FIF and/or DIF changes are implemented as of the close of the first trading day of the newly issued shares, or shortly thereafter if all necessary information is available at the time of the swap. In general, shares issued in debt-to-equity swaps are assumed to be issued to strategic investors. As such, the post event free float is calculated on a pro forma basis assuming that all these shares are non-free float. Changes in numbers of shares and subsequent FIF and/or DIF changes due to conversions of convertible bonds or other convertible instruments, including periodical conversions of preferred stocks and small debt-to-equity swaps are implemented at a following regularly scheduled index review.

Suspensions and Bankruptcies

MSCI will remove from the MSCI Equity Indices as soon as practicable companies that file for bankruptcy, companies that file for protection from their creditors and companies that fail stock exchange listing requirements upon announcement of delisting.

MSCI will delete from the MSCI Equity Indices after 40 business days of suspension, where feasible, securities of companies facing financial difficulties (e.g., liquidity issues, debt repayment issues, companies under legal investigation, etc.) with at least two business days advance notice. Subsequently, if and when these securities resume normal trading, they may be considered as a potential addition to the MSCI Indices at the next scheduled SAIR. In certain cases, when the financial situation of companies is not transparent, after 40 business days of suspension, MSCI may retain companies in the indices and may evaluate them at a subsequent index review.

Securities of companies suspended due to pending corporate events (e.g., merger, acquisition, etc.), will continue to be included in the MSCI Indices until they resume trading regardless of the duration of the suspension period.

When the primary exchange price is not available, MSCI will delete securities at an over the counter or equivalent market price when such a price is available and deemed relevant. If no over the counter or equivalent price is available, the security will be deleted at the smallest price (unit or fraction of the currency) at which a security can trade on a given exchange.

THE iSHARES® MSCI JAPAN ETF

The iShares® MSCI Japan ETF is issued by iShares, Inc., a registered investment company. The iShares MSCI Japan ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Japan Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 33-97598 and 811-09102 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares MSCI Japan ETF is listed on the NYSE Arca, Inc. under the ticker symbol "EWJ."

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We and/or our affiliates may presently or from time to time engage in business with the iShares MSCI Japan ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the iShares MSCI Japan ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares MSCI Japan ETF.

The MSCI Japan Index

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The MSCI Japan Index is a free float-adjusted market capitalization index compiled by MSCI that is designed to measure performance of the large- and mid-capitalization segments of Japan's equity market. The MSCI Japan Index covers approximately 85% of the free float-adjusted market capitalization in Japan. The MSCI Japan Index is calculated in U.S. dollars, is an MSCI International Index and is part of the MSCI Global Investable Market Indices, the methodology of which is discussed below. The MSCI Japan Index is categorized as a developed market index and is considered a "standard" index, which means it consists of all eligible large- and mid-capitalization stocks, as determined by MSCI, in the relevant market.

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MSCI, Inc. has announced that, effective with the November 2015 semi-annual index review, companies traded outside of their country of classification (i.e., "foreign listed companies") will become eligible for inclusion in the MSCI Japan Index. In order for the MSCI Japan Index to be eligible to include foreign listed companies, it must meet the Foreign Listing Materiality Requirement. To meet the Foreign Listing Materiality Requirement, the aggregate market capitalization of all securities represented by foreign listings should represent at least (i) 5% of the free float-adjusted market capitalization of the MSCI Japan Index and (ii) 0.05% of the free-float adjusted market capitalization of the MSCI ACWI Investable Market Index (an index that measures equity performance in both the developed and emerging markets).

Constructing the MSCI Japan Index

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 MSCI Standard Index; (v) creating style segments within each size segment within each market; and (vi) classifying securities under the Global Industry Classification Standard (the "GICS").

Defining the Equity Universe

(i) 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 into market categories, including Developed Markets ("DM") and Emerging Markets ("EM"). All listed equity securities, or listed securities that exhibit characteristics of equity securities, except mutual funds (other than business development companies in the U.S.), ETFs, equity derivatives, limited partnerships, and most investment trusts, are eligible for inclusion in the equity universe. Real Estate Investment Trusts ("REITs") in some countries and certain income trusts in Canada are also eligible for inclusion. The MSCI Japan Index is classified as a DM index.

(ii) 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 applying investability screens to individual companies and securities in the equity universe that are classified in that market. A market is equivalent to a single country, except in DM Europe, where all DM countries in Europe are aggregated into a single market for index construction purposes. Subsequently, individual DM Europe country indices within the MSCI Europe Index are derived from the constituents of the MSCI Europe Index under the global investable market indices methodology. The global investable equity universe is the aggregation of all market investable equity universes.

The investability screens used to determine the investable equity universe in each market are:

(i) 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"). The equity universe minimum size requirement applies to companies in all markets, DM or EM, and is derived as follows:

- First, the companies in the DM equity universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float-adjusted market capitalization of the DM equity universe is calculated at 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, the full market capitalization of the company at that point defines the equity universe minimum size requirement.

At the time of the November 2014 Semi-Annual Index Review ("SAIR"), the equity universe minimum size requirement was set at $209,000,000. 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.

(ii) Equity Universe Minimum 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.

(iii) DM and EM 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 adequate liquidity. The Annualized Traded Value Ratio ("ATVR"), a measure that offers the advantage of screening out extreme daily trading volumes and taking into account the free float-adjusted market capitalization size of securities, is used to measure liquidity. In the calculation of the ATVR, the trading volumes in depository receipts associated with that security, such as ADRs or GDRs, are also considered. A minimum liquidity level of 20% of 3-month ATVR and 90% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 20% of 12-month ATVR, are required for inclusion of a security in a market investable equity universe of a DM. A minimum liquidity level of 15% of 3-month ATVR and 80% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 15% of 12-month ATVR, are required for inclusion of a security in a market investable equity universe of an EM.

Due to liquidity concerns relating to securities trading at very high stock prices, a security with a stock price above $10,000 will fail the liquidity screening and will not be included in any market investable equity universe. This limitation applies only for securities that are not currently constituents of the MSCI Global Investable Market Indices. Current constituents of the MSCI Global Investable Market Indices will remain in their respective indices even if their stock price passes $10,000.

(iv) Global Minimum Foreign Inclusion Factor Requirement: This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security's Foreign Inclusion Factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company). In general, a security must have an FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe. Exceptions to this general rule are made only in the limited cases where the exclusion of securities of a very large company would compromise the Standard Index's ability to fully and fairly represent the characteristics of the underlying market.

(v) Minimum Length of Trading Requirement: This investability screen is applied at the individual security level. For an initial public offering ("IPO") 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 IPOs are not subject to the minimum length of trading requirement and may be included in a market investable equity universe and the Standard Index outside of a quarterly or semi-annual index review.

(vi) 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 ("FOL") 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 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 (the "Size Segment Indices"):

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

Index Continuity Rules for the 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 DM Standard Index and a minimum number of three constituents will be maintained for an EM Standard Index. The MSCI Japan Index is a DM Standard Index, meaning that only securities that would qualify for inclusion in a Large Cap Index or a Mid Cap Index will be included in the MSCI Japan Index.

If after the application of the index construction methodology, a Standard Index contains fewer than five securities in a DM or three securities in an EM, then the largest securities by free float-adjusted market capitalization are added to the Standard Index in order to reach five constituents in that DM or three in that EM. At subsequent index reviews, if the free float-adjusted market capitalization of a non-index constituent is at least 1.50 times the free float-adjusted market capitalization of the smallest existing constituent after rebalancing, the larger free float-adjusted market capitalization security replaces the smaller one.

When the index continuity rule is in effect, the market size-segment cutoff is set at 0.5 times the global minimum size reference for the Standard Index rather than the full market capitalization of the smallest company in that market's Standard Index.

Creating Style Indices within Each Size Segment

All securities in the investable equity universe are classified into value or growth segments using the MSCI Global Value and Growth methodology. 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. To this end, MSCI has designed, in conjunction with Standard & Poor's, the GICS. The GICS entails four levels of classification: (1) sector; (2) industry groups; (3) industries; (4) sub–industries. Under the GICS, each company is assigned uniquely to one sub–industry according to its principal business activity. Therefore, a company can belong to only one industry grouping at each of the four levels of the GICS. The GICS classification of each security is used by MSCI to construct additional indices.

Maintenance of the MSCI Japan Index

The MSCI Japan Index is maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of such index, and index stability and low index turnover.

In particular, index maintenance involves:

(i) SAIRs in May and November of the Size Segment which include:

- Updating the indices on the basis of a fully refreshed equity universe.
- Taking buffer rules into consideration for migration of securities across size and style segments.
- Updating FIFs and Number of Shares ("NOS").

The objective of the SAIRs is to systematically reassess the various dimensions of the equity universe for all markets on a fixed semi-annual timetable. A SAIR involves a comprehensive review of the Size Segment Indices. During each SAIR, the equity universe is updated and the global minimum size range is recalculated for each size segment. Among other index maintenance activities, for each market, new equity securities are identified and tested for inclusion in the relevant index and existing component securities are evaluated to ensure they meet the revised requirements for inclusion in the relevant index.

(ii) Quarterly Index Reviews ("QIRs") in February and August of the Size-Segment Indices aimed at:

- Including significant new eligible securities (such as IPOs that were not eligible for earlier inclusion) in the index.
- Allowing for significant moves of companies within the Size Segment Indices, using wider buffers than in the SAIR.
- Reflecting the impact of significant market events on FIFs and updating NOS.

The objective of the QIRs is to ensure that the MSCI Indices continue to be an accurate reflection of the evolving equity marketplace. This is achieved by a timely reflection of significant market driven changes that were not captured in the index at the time of their actual occurrence but are significant enough to be reflected before the next SAIR. QIRs may result in additions or deletions due to, among other factors, migration to another Size Segment Index, and changes in FIFs and NOS. Only additions of significant new investable companies are considered during a QIR and only with respect to Standard Indices. The buffer zones used to manage the migration of companies from one segment to another are wider than those used in the SAIR. The style classification is reviewed only for companies that are reassigned to a different size segment.

(iii) Ongoing event-related changes. Ongoing event-related changes to the 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, bonus issues, public placements and other similar corporate actions that take place on a continuing basis. These changes generally are reflected in the indices at the time of the event. Significantly large IPOs are included in the indices after the close of the company's tenth day of trading.

The results of the SAIRs and QIRs are announced at least two weeks in advance of implementation. All changes resulting from corporate events are announced prior to their implementation.

Index Calculation

The MSCI Japan Index is calculated using the Laspeyres' concept of a weighted arithmetic average together with the concept of chain-linking. As a general principle, today's MSCI Indices levels are obtained by applying the change in the market performance to the previous period MSCI Japan Index levels.

Corporate Events

In addition to the index maintenance described above, maintaining the MSCI Japan Index also includes monitoring and completing adjustments for certain corporate events, including mergers and acquisitions, tender offers, share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings or spin-offs. The adjustments for certain corporate events are described more fully below.

Mergers and Acquisitions

As a general principle, MSCI implements mergers and acquisitions as of the close of the last trading day of the acquired entity or merging entities (last offer day for tender offers), regardless of the status of the securities (index constituents or non-index constituents) involved in the event. MSCI uses market prices for implementation. This principle applies if all necessary information is available prior to the completion of the event and if the liquidity of the relevant constituent(s) is not expected to be significantly diminished on the day of implementation. Otherwise, MSCI will determine the most appropriate implementation method and announce it prior to the changes becoming effective.

For U.S. mergers and acquisitions, where the delisting date for the acquired security is not available in advance and the completion of the transaction may be delayed due, for example, to the existence of financing conditions, MSCI will wait until the official announcement of the completion of the deal to delete the security and will give clients advance notice before the deletion. However, if the delisting date for the acquired security is not available in advance, and the transaction is not subject to any financing conditions, MSCI will delete such securities shortly after the relevant shareholders' approvals, provided that all other conditions required for completion of the transaction have been met.

If the deletion of securities after the official announcement of the completion of a deal results in deleting securities after they have ceased trading. MSCI will use the following deletion prices:

- the last traded price before the delisting if the acquisition is for cash; or
- a calculated price based on the terms of the acquisition and the market share price of the acquirer if the acquisition is for shares or cash and shares.

Tender Offers

In tender offers, the acquired or merging security is generally deleted from the applicable MSCI Indices at the end of the initial offer period, when the offer is likely to be successful and/or if the free float of the security is likely to be substantially reduced (this rule is applicable even if the offer is extended), or once the results of the offer have been officially communicated and the offer has been successful and the security's free float has been substantially reduced, if all required information is not available in advance or if the offer's outcome is uncertain. The main factors considered by MSCI when assessing the outcome of a tender offer (not in order of importance) are: the announcement of the offer as friendly or hostile, a comparison of the offer price to the acquired security's market price, the recommendation by the acquired company's board of directors, the major shareholders' stated intention whether to tender their shares, the required level of acceptance, the existence of pending regulatory approvals, market perception of the transaction, official preliminary results if any, and other additional conditions for the offer.

If a security is deleted from an MSCI index, the security will not be reinstated immediately after its deletion even when the tender offer is subsequently declared unsuccessful and/or the free float of the security is not substantially reduced. It may be reconsidered for MSCI index inclusion at the following regularly scheduled index review. MSCI uses market prices for implementation.

Late Announcements of Completion of Mergers and Acquisitions

When the completion of an event is announced too late to be reflected as of the close of the last trading day of the acquired or merging entities, implementation occurs as of the close of the following day or as soon as practicable thereafter. In these cases, MSCI uses a calculated price for the acquired or merging entities. The calculated price is determined using the terms of the transaction and the price of the acquiring or merged entity, or, if not appropriate, using the last trading day's market price of the acquired or merging entities.

Conversions of Share Classes

Conversions of a share class into another share class resulting in the deletion and/or addition of one or more classes of shares are implemented as of the close of the last trading day of the share class to be converted.

Spin-Offs

On the ex-date of a spin-off, a price adjustment factor ("PAF") is applied to the price of the security of the parent company. The PAF is calculated based on the terms of the transaction and the market price of the spun-off security. If the spun-off entity qualifies for inclusion, it is included as of the close of its first trading day. In order to decide whether the spun-off entity qualifies for inclusion, the full company market capitalization of the spun-off entity is estimated by MSCI prior to the spin-off being effective. These estimates are typically based on public information provided by the parent company, including amongst others the spin-off prospectus and estimates from brokers.

In cases of spin-offs of partially-owned companies, the post-event free float of the spun-off entity is calculated using a weighted average of the existing shares and the spun-off shares, each at their corresponding free float. Any resulting changes to FIFs and/or domestic inclusion factors ("DIF") are implemented as of the close of the ex-date.

When the spun-off security does not trade on the ex-date, a "detached" security is created to avoid a drop in the free float-adjusted market capitalization of the parent entity, regardless of whether the spun-off security is added or not. The detached security is included until the spun-off security begins trading, and is deleted thereafter. Generally, the value of the detached security is equal to the difference between the price on the day prior to the ex-date and the ex-price of the parent security.

Corporate Actions

Corporate actions such as splits, bonus issues and rights issues, which affect the price of a security, require a price adjustment. In general, the PAF is applied on the ex-date of the event to ensure that security prices are comparable between the ex-date and the day prior to the ex-date. To do so, MSCI adjusts for the value of the right and/or the value of the special assets that are distributed and the changes in number of shares and FIF, if any, are reflected as of the close of the ex-date. In general, corporate actions do not impact the free float of the securities because the distribution of new shares is carried out on a pro rata basis to all existing shareholders. Therefore, MSCI will generally not implement any pending number of shares and/or free float updates simultaneously with the event.

If a security does not trade for any reason on the ex-date of the corporate action, the event will be generally implemented on the day the security resumes trading.

Share Placements and Offerings

Changes in number of shares and FIF resulting from primary equity offerings representing at least 5% of the security's number of shares are generally implemented as of the close of the first trading day of the new shares, if all necessary information is available at that time. Otherwise, the event is implemented as soon as practicable after the relevant information is made available. A primary equity offering involves the issuance of new shares by a company. Changes in number of shares and FIF resulting from primary equity offerings representing less than 5% of the security's number of shares are implemented at the next regularly scheduled index review following the completion of the event. Block sales or large market transactions involving changes in strategic ownership, which

are publicly announced, made by way of immediate book-building and/or in the absence of an offer prospectus, that result in significant changes in free float estimates and corresponding FIFs will generally be reflected at the following regularly scheduled index review. For public secondary offerings of existing constituents representing at least 5% of the security's number of shares, where possible, MSCI will announce these changes and reflect them shortly after the results of the subscription are known. Secondary public offerings that, given lack of sufficient notice, were not reflected immediately will be implemented at the following regularly scheduled index review.

Debt-to-Equity Swaps

In general, large debt-to-equity swaps involve the conversion of debt into equity originally not convertible at the time of issue. In this case, changes in numbers of shares and subsequent FIF and/or DIF changes are implemented as of the close of the first trading day of the newly issued shares, or shortly thereafter if all necessary information is available at the time of the swap. In general, shares issued in debt-to-equity swaps are assumed to be issued to strategic investors. As such, the post event free float is calculated on a pro forma basis assuming that all these shares are non-free float. Changes in numbers of shares and subsequent FIF and/or DIF changes due to conversions of convertible bonds or other convertible instruments, including periodical conversions of preferred stocks and small debt-to-equity swaps are implemented at a following regularly scheduled index review.

Suspensions and Bankruptcies

MSCI will remove from the MSCI Equity Indices as soon as practicable companies that file for bankruptcy, companies that file for protection from their creditors and companies that fail stock exchange listing requirements upon announcement of delisting.

MSCI will delete from the MSCI Equity Indices after 40 business days of suspension, where feasible, securities of companies facing financial difficulties (e.g., liquidity issues, debt repayment issues, companies under legal investigation, etc.) with at least two business days advance notice. Subsequently, if and when these securities resume normal trading, they may be considered as a potential addition to the MSCI Indices at the next scheduled SAIR. In certain cases, when the financial situation of companies is not transparent, after 40 business days of suspension, MSCI may retain companies in the indices and may evaluate them at a subsequent index review.

Securities of companies suspended due to pending corporate events (e.g., merger, acquisition, etc.), will continue to be included in the MSCI Indices until they resume trading regardless of the duration of the suspension period.

When the primary exchange price is not available, MSCI will delete securities at an over the counter or equivalent market price when such a price is available and deemed relevant. If no over the counter or equivalent price is available, the security will be deleted at the smallest price (unit or fraction of the currency) at which a security can trade on a given exchange.

THE iSHARES® 20+ YEAR TREASURY BOND ETF

The iShares® 20+ Year Treasury Bond ETF is issued by the iShares Trust, a registered investment company. The iShares 20+ Year Treasury Bond ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the ICE U.S. Treasury 20+ Year Bond Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares 20+ Year Treasury Bond ETF is listed on the NYSE Arca, Inc. under the ticker symbol "TLT."

The iShares 20+ Year Treasury Bond ETF began tracking the ICE U.S. Treasury 20+ Year Bond Index on April 1, 2016. Prior to April 1, 2016, the iShares 20+ Year Treasury Bond ETF tracked the Barclays U.S. 20+ Year Treasury Bond Index. The ICE U.S. Treasury 20+ Year Bond Index has different criteria for selecting U.S. Treasury bonds for inclusion in the index than the Barclays U.S. 20+ Year Treasury Bond Index.

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares 20+ Year Treasury Bond ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares 20+ Year Treasury Bond ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares 20+ Year Treasury Bond ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares 20+ Year Treasury Bond ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares 20+ Year Treasury Bond ETF (and therefore the price of the iShares 20+ Year Treasury Bond ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares 20+ Year Treasury Bond ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares 20+ Year Treasury Bond ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the iShares 20+ Year Treasury Bond ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares 20+ Year Treasury Bond ETF.

The ICE U.S. Treasury 20+ Year Bond Index

We obtained all information contained in this Terms Supplement regarding the ICE U.S. Treasury 20+ Year Bond Index (the "ICE 20+ Year Index"), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Interactive Data Pricing and Reference Data LLC ("Interactive Data"), a subsidiary of Intercontinental Exchange, Inc. Interactive Data has no obligation to continue to publish, and may discontinue publication of, the ICE 20+ Year Index. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the ICE 20+ Year Index in connection with the offer and sale of any CDs.

The ICE 20+ Year Index is a market-value weighted index that is designed to measure the performance of the U.S. dollar-denominated, fixed-rate U.S. Treasury market. The ICE 20+ Year Index was launched on December 31, 2015.

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iShares® is a registered mark of BlackRock Institutional Trust Company, N.A.

The ICE 20+ Year Index measures the performance of the U.S. dollar-denominated, fixed-rate U.S. Treasury market that has a remaining maturity of 20 or more years.

Index Eligibility Criteria and Inclusion Rules

The ICE 20+ Year Index consists of securities that meet the criteria listed below (the "Eligible Bond universe"). The basis of the Eligible Bond universe are those securities for which content is available daily, including evaluations and reference data, through Interactive Data.

Maturity

Each security must have a minimum effective maturity of at least twenty years as of the last business day of the month. Treasury bonds issued with calls are removed from the ICE 20+ Year Index for the entire month in which they are called.

Size

Each security is required to have a minimum amount outstanding of $300 million. Amount outstanding is defined as the par amount outstanding of each Treasury security, inclusive of any announced auctions or re-openings, less the par amount of that Treasury security held in the Federal Reserve System Open Market Account or bought at issuance by the Federal Reserve. A new issuance bought at auction by the Federal Reserve is not included in the Eligible Bond universe. Secondary market purchases by the Federal Reserve that occur in the current month are not reflected in the Eligible Bond universe until the following month.

Coupon

The Eligible Bond universe includes only fixed-rate securities, excluding zero-coupon securities.

Currency

The Eligible Bond universe includes only securities with principal and interest denominated in U.S. dollars.

Bond Type

Inflation-linked securities, Treasury bills, floating-rate notes, cash-management bills and any government agency debt issued with or without a government guarantee are excluded from the Eligible Bond universe.

Index Maintenance

The ICE 20+ Year Index is rebalanced monthly. Securities are required to meet the ICE 20+ Year Index inclusion rules highlighted in the previous section to be considered for inclusion at the beginning of any given month. This includes the availability of evaluated pricing and reference data through Interactive Data.

Rebalancing

The ICE 20+ Year Index is rebalanced on the last Bond Business Day of each month. A "Bond Business Day" is a day on which the Securities Industry and Financial Markets Association ("SIFMA") declares that the U.S. fixed-income markets are open.

The new ICE 20+ Year Index for the next month is published three Business Days prior to the end of the month. The new ICE 20+ Year Index will include all securities in the Eligible Bond universe, including any new auctions or re-openings which are announced on or before the third Business Day prior to month end.

The ICE 20+ Year Index is not adjusted for securities that become eligible or ineligible for inclusion during the month. Any such changes are incorporated in the ICE 20+ Year Index for the next month.

Reinvestment of Cash Flows

Cash that has accrued intra-month from interest and principal payments by the securities included in the ICE 20+ Year Index earns no reinvestment return during the month. Accumulated cash (from coupon and principal payments) is removed from the ICE 20+ Year Index at month-end, such that the cash is reinvested *pro rata* across the entire ICE 20+ Year Index.

New Issues

Qualifying securities issued on or before the Rebalancing Date may qualify for inclusion. Issued securities are included in the pro forma ICE 20+ Year Index with a price of $100 until replaced with an evaluated price as soon as available after auction day.

Calculation

Returns and risk measures, such as yield duration, are first calculated at the constituent level and then aggregated to the ICE 20+ Year Index level using constituents' market weights.

Constituent Level Calculations

P_0, A_0, PAR_0, C_0 and MV_0 and P_1, A_1, PAR_1, C_1 and MV_1 denote the price, accrued interest, par amount, cumulative coupon payments and market values at date T_0 and date T_1, respectively. C denotes the coupon payments during the period (excluding any coupon payment on date T_0 but including any coupon payment on date T_1).

Coupon payments during the period are calculated as follows: $C = C_1 - C_0$.

The market values at time T_0 and T_1 are: $MV_0 = PAR_0 \times [(P_0 + A_0) + C_0]$ and $MV_1 = PAR_1 \times [(P_1 + A_1) + C_1]$, respectively.

The price return R_1^{price} and coupon return R_1^{coupon} (whenever applicable) are defined as follows:

- Price return: return due to price appreciation over the return period:

$$R_1^{price} = \frac{P_1 - P_0}{(P_0 + A_0)}$$

- Coupon return: return due to coupon accrual during the period:

$$R_1^{coupon} = \frac{(A_1 - A_0) + C}{(P_0 + A_0)}$$

The total return is the sum of the price return and the coupon return:

$$Total\ Return_0 = Price\ Return_1 + Coupon\ Return_1$$

Index Level Calculations

The ICE 20+ Year Index had an initial level of 100 at the inception date. As time passes, the ICE 20+ Year Index level is calculated in an iterative way as follows:

$$Index\ Level_1 = Index\ Level_0 + (Index\ Level_0 \times Index\ Total\ Returns_1)$$

The ICE 20+ Year Index total return is calculated by aggregating the constituent level total returns using market weights. To calculate the ICE 20+ Year Index total return for the period from dates T_0 and T_1, market value weights at date T_0 are used. The total market value of the ICE 20+ Year Index at time T_0 is $\sum_n MV_0^n$ plus any intra-

month cash from coupon payment or principal repayment and the weight for constituent security, which is calculated as follows:

$$w_o^i = \frac{MV_o^i}{\left(Cash + \sum n\, MV_o^n\right)}$$

The ICE 20+ Year Index's level will be provided to four decimal places.

Index Policies

Timing and Pricing Source

3:00 p.m. Eastern Standard Time evaluations from Interactive Data will be used to calculate the ICE 20+ Year Index's level at the end of each day. Bonds in the ICE 20+ Year Index are priced on the bid side.

Calendar

The ICE 20+ Year Index follows the SIFMA U.S. bond market holiday schedule. The ICE 20+ Year Index's level is calculated daily at the end of each Bond Business Day. When the bond market closes early per the SIFMA schedule, the ICE 20+ Year Index's level may be calculated at a time in accordance with the recommended close. However, evaluated pricing from Interactive Data must be available to calculate the ICE 20+ Year Index's level.

Verification

The ICE 20+ Year Index's level is calculated using 3:00 p.m. Eastern Standard Time evaluations from Interactive Data. These evaluations are based upon methodologies designed to accurately and reliably reflect the market the ICE 20+ Year Index is based upon.

Interactive Data's bid-side evaluations are market-based measurements that represent its good faith opinions as to what the holder would receive in an orderly transaction (for an institutional round lot position, typically $1,000,000 or greater current value in U.S. dollars or local currency equivalent) under current market conditions. Trades and bids are reviewed to determine that the lot size is representative of an institutional round lot, though smaller or retail sized lots may be considered especially if this is the only or primary trading information available.

Interactive Data's evaluators meet regularly to discuss market movements and other macro-economic information. Interactive Data evaluates U.S. Treasury securities by obtaining feeds continuously from a number of live data sources including active market makers and inter-dealer brokers. Sources are reviewed on the basis of their historical accuracy for individual issues and maturity ranges. As new information is received, it is compared against the previous evaluation as part of the daily process.

Interactive Data also maintains a verification process designed to identify price tolerance breaks for further investigation.

When needed to establish an ICE 20+ Year Index determination, Expert Judgment will be based upon the Interactive Data Index Design Principles, which detail the core design principles adhered to by the Interactive Data ETF & Index Services Team (the "Services Team") in establishing an ICE 20+ Year Index determination specific to the ICE 20+ Year Index. "Expert Judgment" refers to the exercise of discretion by the Services Team with respect to the use of data in determining a benchmark. Expert Judgment includes extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer's or seller's credit quality or weighting firm bids or offers greater than a particular concluded transaction. The Interactive Data Index Design Principles are available on request to Interactive Data.

Restatements

Interactive Data reserves the right to restate the ICE 20+ Year Index's level based on its discretion. The ICE 20+ Year Index subscribers are notified prior to a restatement of data. Restatements are typically communicated on the same day but may take longer depending on the volume of restatements required and other conditions.

Index Governance

The Interactive Data Index Governance Committee (the "Governance Committee") is responsible for governance, accountability and oversight of the ICE 20+ Year Index. The Governance Committee provides oversight to the Services Team that has daily responsibilities for the development, issuance and operation of the ICE 20+ Year Index.

The Governance Committee will approve any necessary changes in the ICE 20+ Year Index's methodology. The Services Team is then responsible for implementing the changes and notifying the people or entities that purchase benchmark determination services from the Services Team ("Subscribers").

Advance notice will be provided, where possible, and the amount of notice will be based upon the severity of the impact of the change to allow for comments from Subscribers and appropriate preparation to implement the change.

THE iSHARES® iBOXX $ INVESTMENT GRADE CORPORATE BOND ETF

The iShares® iBoxx $ Investment Grade Corporate Bond ETF is issued by the iShares Trust, a registered investment company. The iShares iBoxx $ Investment Grade Corporate Bond ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the iBoxx® $ Liquid Investment Grade Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares iBoxx $ Investment Grade Corporate Bond ETF is listed on the NYSE Arca, Inc. under the ticker symbol "LQD." As of the date of this Terms Supplement, our affiliate Wells Fargo & Company is one of the companies whose bonds are held by the iShares® iBoxx $ Investment Grade Corporate Bond ETF.

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares iBoxx $ Investment Grade Corporate Bond ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares iBoxx $ Investment Grade Corporate Bond ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares iBoxx $ Investment Grade Corporate Bond ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares iBoxx $ Investment Grade Corporate Bond ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares iBoxx $ Investment Grade Corporate Bond ETF (and therefore the price of the iShares iBoxx $ Investment Grade Corporate Bond ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares iBoxx $ Investment Grade Corporate Bond ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares iBoxx $ Investment Grade Corporate Bond ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to iShares iBoxx $ Investment Grade Corporate Bond ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares iBoxx $ Investment Grade Corporate Bond ETF.

The iBoxx® $ Liquid Investment Grade Index

We obtained all information contained in this Terms Supplement regarding the iBoxx $ Liquid Investment Grade Index (the "IG Index"), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Markit Group Limited, the index sponsor ("Markit"). Markit has no obligation to continue to publish, and may discontinue publication of, the IG Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the IG Index in connection with the offer and sale of any CDs.

The IG Index is designed to reflect the performance of the U.S. dollar investment-grade corporate bond market. The IG Index is market-value weighted with an issuer cap of 3%.

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iShares® is a registered mark of BlackRock Institutional Trust Company, N.A.

The IG Index consists of investment grade U.S. dollar-denominated bonds issued by corporate issuers from developed countries and rated by at least one of three rating services: Fitch Ratings, Moody's Investors Service and Standard & Poor's Rating Services. The IG Index composition is rebalanced once a month, after the close of business on the last day of each month (the "rebalancing date"). The new IG Index composition becomes effective on the first business day of the next month (the "composition month").

The bonds in the IG 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 such date (the "Bond Selection Cut-off Date").

The IG Index is multi-contributor priced. Prices for the bonds in the IG Index are sourced from a number of leading market makers. The received quotes are subject to a quality control process which is intended to exclude stale or off-market prices, and the quotes that pass the quality control are consolidated to the IG Index price. Additionally, the IG Index rules and their application are governed by two committees:

- *Technical Committee*: composed of representatives of market makers and banks. The Technical Committee meets once a month in order to arbitrate monthly rebalancing, and to monitor market developments. It also provides assistance in the identification of eligible constituents, especially in the instance where the eligibility or the classification of a bond is unclear or contentious. Additionally, the Technical Committee discusses any market developments which may warrant index rule changes and provides recommendations on changes to the rules.

- *Oversight Committee*: composed of representatives from a broad range of asset managers. The purpose of the oversight Committee is to review the recommendations and decisions of the Technical Committee and also to provide consultation and approval on any market developments which may warrant rule changes.

Selection Criteria for the iBoxx $ Liquid Investment Grade Index

The following selection criteria are applied to select the constituents for the IG Index: bond type, credit rating, time to maturity, amount outstanding, classification, lockout period and minimum run.

Bond Type. Only fixed-rate bonds whose cash flow can be determined in advance are eligible for the IG Index. The IG Index is comprised solely of bonds. Treasury Bills and other money market instruments are not eligible. The IG Index includes only U.S. dollar-denominated bonds.

In particular, bonds with the following characteristics are included: fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer's rating), sinking funds and amortizing bonds, medium-term notes, Rule 144A offerings with a registration right, callable bonds and putable bonds.

The following instrument types are specifically excluded from the Index: preferred shares, optionally and mandatorily convertible bonds, subordinated bank debt 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/warrants), private placements, perpetual bonds, fixed-to-floater bonds, floating rate notes, pay-in-kind bonds (during the pay-in-kind period), zero coupon bonds, zero step-ups (GAINS) and bonds with differences between accrual and coupon payment periods and monthly-paying bonds.

Any bond subject to a firm call or tender offer in the month immediately following the rebalancing date will be excluded from the IG Index, provided that Markit is aware of that tender offer or call as of the Bond Selection Cut-off Date

Credit Rating. All bonds in the IG Index must have a Markit iBoxx Rating of investment grade. Ratings from the following three credit rating agencies are considered for the calculation of the Markit iBoxx Rating: Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Rating Services ("S&P"). Investment grade is defined to be 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 foregoing agencies, then the Markit iBoxx Rating is the average of the provided ratings. The rating is consolidated to the nearest rating grade. Rating notches are not used. In 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. To qualify for entry in the IG Index, bonds must have at least three years and six months remaining time to maturity. Bonds in the IG Index must have maturities of at least three years at the rebalancing date.

Amount Outstanding. The outstanding face value of all bonds denominated in U.S. dollars from the issuer (excluding fixed-to-floater and perpetual bonds) must be greater than or equal to $2 billion as of the Bond Selection Cut-off Date. The outstanding face value of a bond must be greater than or equal to $750 million as of the Bond Selection Cut-off Date. Partial buybacks or increases will affect the outstanding face value of a prospective bond. Markit considers changes to the outstanding face value of a candidate bond as a result of partial or full buybacks or increases, provided that Markit is aware of such changes as of the Bond Selection Cut-off Date.

Bond Classification. The bond must be 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.

Bonds must be denominated in U.S. dollars, publicly registered in the United States with the SEC and clear and settle through The Depository Trust Company. Eurobonds are excluded.

Bonds from countries classified as developed markets based on the “Markit Global Economic Development Classification” are eligible for the IG Index. The issuer or, in the case of a finance subsidiary, the issuer’s guarantor, must be domiciled 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 the United Kingdom in order to be eligible for inclusion in the IG Index. A new country is added to the IG Index if it is classified as a developed market based on the “Markit Global Economic Development Classification”. A country is no longer eligible for the IG 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 or exclusion of a country becomes effective at the end of the October following that publication.

Lockout Period. A bond that drops out of the IG Index at the rebalancing day is excluded from re-entering the IG Index for a three-month period. The rule for the lockout period takes precedence over the other rules for the IG Index selection. A locked out bond will not be selected, even if it qualifies for the IG Index.

Minimum Run. Any bond that enters the IG Index must remain in the IG Index for a minimum of six months, provided it is not downgraded to sub-investment grade, defaulted or fully redeemed in that period.

Annual Index Review

The rules for the IG Index are reviewed once per year during the annual index review process to ensure that the IG Index provides a balanced representation of the U.S. dollar-denominated liquid investment grade corporate debt market. The results of the annual index review become available at the end of October.

Index Rebalancing

The IG Index is rebalanced every month, on the last business day of the month after the close of business, i.e., the rebalancing date. Changes to amounts outstanding are taken into account only if they are publicly known four business days before the end of the month. Changes in ratings are taken into account only if they are publicly known three business days before the end of the month. New bonds issued are taken into account if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating has become known at least four business days before the end of the month.

Three business days before the end of each month, the rating information for the constituents is updated

and the list is adjusted for all rating changes which are known to have taken place three trading days before the end of the month. Bonds that are known to have been upgraded to investment grade after the bond selection cut-off date are not included in the membership, but bonds which are known to have been downgraded to high yielded three trading days before the end of the month do get excluded from the membership.

In a first step, the selection criteria set out above are applied to the universe of U.S. dollar-denominated bonds. Bond ratings and amount outstanding are used as of the Bond Selection Cut-off Date. Maturity dates remain fixed for the life of the bond. Only bonds with a first settlement date on or before the rebalancing date are included in the selection process. Once the eligible bond universe has been defined, the weight for each bond is determined and if necessary capped, applying an issuer cap of 3%. The weights and capping factors are determined on the last business day of each month using the end-of-month market values.

Pricing Methodology

Index calculations are based on multi-sourced pricing that takes into account a variety of data inputs, including market quotes received from sell-side/buy-side market participants, end-of-day book of records prices, institutional size transaction data and, where observable prices are not available, a curve-based pricing model. The curve-based pricing model is based on the yield curve of the calculation day. Yield curves for determining the price must be entity specific, be currency specific, be seniority specific (including guarantees), be cash flow type specific, contain bonds of similar issue size, be single coupon frequency specific (each bucket will have constituents with a common coupon frequency), separate legacy issues within an entity (merger-related legacy issues generally require a separate curve) and trade consistently as fungible issues (i.e., at same spread vs. reference bond consistently).

Calculation of the iBoxx $ Liquid Investment Grade Index

Calculations are performed daily, using iBoxx bid prices at approximately 4:00 p.m. Eastern Time.

The total return of the IG Index is calculated using the price changes, accrued interest, interest payments and reinvestment income on cash flows received during the composition month.

Treatment of Special Intra-Month Events

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last iBoxx price, the call price or the repurchase price, as applicable. A redemption factor and redemption price are used to treat these events in the IG Index and in calculations relating thereto. 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.

If a bond is identified as trading flat of accrued, the accrued interest on the bond is set to zero in the total return index calculation and the bond is excluded from the calculation of all bond and index analytical values.

Some bonds have predefined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e. floating coupon bonds are not eligible for the IG Index. The two main categories of bonds with coupon changes of this nature are step-up bonds and event-driven bonds. Step-up bonds have a pre-defined coupon schedule that cannot change during the life of the bond. That coupon schedule is used in all bond calculations. Event-driven bonds' coupons may change upon the occurrence (or non-occurrence) of specified events, such as ratings changes, failure to register a bond or failure to complete a merger. In the calculation of the IG Index and the analytics, the coupon schedule as of the calculation date is used. Any events occurring after the calculation date are ignored in the determination of the applicable coupon schedule.

THE iSHARES® iBOXX $ HIGH YIELD CORPORATE BOND ETF

The iShares® iBoxx $ High Yield Corporate Bond ETF is issued by the iShares Trust, a registered investment company. The iShares iBoxx $ High Yield Corporate Bond ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the iBoxx® $ Liquid High Yield Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares iBoxx $ High Yield Corporate Bond ETF is listed on the NYSE Arca, Inc. under the ticker symbol "HYG."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares iBoxx $ High Yield Corporate Bond ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares iBoxx $ High Yield Corporate Bond ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares iBoxx $ High Yield Corporate Bond ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares iBoxx $ High Yield Corporate Bond ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares iBoxx $ High Yield Corporate Bond ETF (and therefore the price of the iShares iBoxx $ High Yield Corporate Bond ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares iBoxx $ High Yield Corporate Bond ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares iBoxx $ High Yield Corporate Bond ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to iShares iBoxx $ High Yield Corporate Bond ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares iBoxx $ High Yield Corporate Bond ETF.

The iBoxx® $ Liquid High Yield Index

We obtained all information contained in this Terms Supplement regarding the iBoxx $ Liquid High Yield Index (the "HY Index"), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Markit Group Limited, the index sponsor ("Markit"). Markit has no obligation to continue to publish, and may discontinue publication of, the HY Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the HY Index in connection with the offer and sale of any CDs.

The HY Index is designed to reflect the performance of the U.S. dollar-denominated high yield corporate bond market. The HY Index is market-value weighted with an issuer cap of 3%.

The HY Index consists of sub-investment grade U.S. dollar-denominated bonds issued by corporate issuers from developed countries and rated by at least one of three rating services: Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") or Standard & Poor's Rating Services ("S&P"). The HY Index composition is rebalanced once a month, after the close of business on the last business day of the rebalancing month (the "rebalancing date"). The new HY Index composition becomes effective on the first business day of the next month (the "composition month").

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iShares® is a registered mark of BlackRock Institutional Trust Company, N.A.

The bonds in the HY 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 such date (the "Bond Selection Cut-off Date").

The HY Index is multi-contributor priced. Prices for the bonds in the HY Index are sourced from a number of leading market makers. The received quotes are subject to a quality control process which is intended to exclude stale or off-market prices, and the quotes that pass the quality control are consolidated to the HY Index price. Additionally, the HY Index rules and their application are governed by two committees:

- *Technical Committee*: composed of representatives of market makers and banks. The Technical Committee meets once a month in order to arbitrate monthly rebalancing, and to monitor market developments. It also provides assistance in the identification of eligible constituents, especially in the instance where the eligibility or the classification of a bond is unclear or contentious. Additionally, the Technical Committee discusses any market developments which may warrant index rule changes and provides recommendations on changes to the rules.

- *Oversight Committee*: composed of representatives from a broad range of asset managers. The purpose of the Oversight Committee is to review the recommendations of the Technical Committee and also to provide consultation on any market developments which may warrant rule changes.

Selection Criteria for the iBoxx $ Liquid High Yield Index

The following selection criteria are applied to select the constituents for the HY Index: bond type, credit rating, time to maturity, amount outstanding, classification, lockout period and minimum run.

Bond Type. Only fixed-rate bonds whose cash flow can be determined in advance are eligible for the HY Index. The HY Index is comprised solely of bonds. Treasury Bills and other money market instruments are not eligible. The HY Index includes only U.S. dollar denominated bonds.

In particular, bonds with the following characteristics are included: fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer's rating), sinking funds and amortizing bonds, medium-term notes, Rule 144A offerings, callable bonds and putable bonds.

The following instrument types are specifically excluded from the HY Index: preferred shares, optionally and mandatorily 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 (unless callable and meets the time to maturity requirements set forth below), floating rate notes, pay-in-kind bonds (during the pay-in-kind period), zero coupon bonds, zero step-ups (GAINS), bonds with differences between accrual and coupon payment periods and monthly-paying bonds, and Regulation S offerings.

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 from the HY Index, provided that Markit is aware of that tender offer or call as of the Bond Selection Cut-off Date.

Credit Rating. Bonds in the HY Index must have a Markit iBoxx Rating of sub-investment grade, which is defined as BB+ or lower by S&P or Fitch or Ba1 or lower by Moody's, but the bonds must not be in default. If a bond is rated by more than one of the foregoing ratings agencies, then the Markit iBoxx Rating is the average of the provided ratings. The rating is consolidated to the nearest rating grade in accordance with Appendix 4.3 to the Markit iBoxx Rules. Rating notches are not used. Issues rated D by Fitch or S&P, or that have been subject to a default press release by Moody's cannot enter the HY Index. Those issues in the HY Index that are 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 taken out of the HY Index on the next rebalancing date. After a bond has migrated into high yield from investment grade status, it must retain that status for three months (the "stabilization period") before it can be included in the HY Index. In case of an ID change or changes of a 144A version into a registered bond, the ratings from the 144A bond also are used for the registered bond.

Time to Maturity. To qualify for entry in the HY Index, bonds must have at least one year and six months remaining time to maturity. Bonds in the HY Index must have maturities of at least one year at the rebalancing date. As of issuance the time to maturity of the bonds should be fifteen years or less.

Amount Outstanding. The outstanding face value of all bonds denominated in U.S. dollars from the issuer must be greater than or equal to $1 billion as of the Bond Selection Cut-off Date. The outstanding face value of a bond must be greater than or equal to $400 million as of the Bond Selection Cut-off Date. Partial buybacks or increases will affect the outstanding face value of a prospective bond. Markit considers changes to the outstanding face value of a candidate bond as a result of partial or full buybacks or increases, provided that Markit is aware of such changes as of the Bond Selection Cut-off Date.

Bond Classification. The bond must be 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.

Bonds must be denominated in U.S. dollars.

Bonds from countries classified as developed markets based on the "Markit Global Economic Development Classification" are eligible for the HY Index. 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 the United Kingdom in order to be eligible for inclusion in the HY Index. A new country is added to the HY Index if it is classified as a developed market based on the "Markit Global Economic Development Classification". A country is no longer eligible for the HY 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 or exclusion of a country becomes effective at the end of the October following that publication.

Lockout Period. A bond that drops out of the HY Index at the rebalancing day is excluded from re-entering the index for a three-month period. The rule for the lockout period takes precedence over the other rules for the HY Index selection. A locked out bond will not be selected, even if it qualifies for the HY Index

Minimum Run. Any bond that enters the HY Index must remain in the HY Index for a minimum of six months, provided it is not upgraded to investment grade, defaulted or fully redeemed in that period.

Annual Index Review

The rules for the HY Index are reviewed once per year during the annual index review process to ensure that the HY Index provides a balanced representation of the U.S. dollar denominated liquid high yield corporate debt market. The results of the annual index review become effective at the end of October.

Index Rebalancing

The HY Index is rebalanced every month, on the last business day of the month after the close of business, i.e., the rebalancing date. Changes to amounts outstanding are taken into account only if they are publicly known three business days before the end of the month. Changes in ratings are taken into account only if they are publicly known two business days before the end of the month. New bonds issued are taken into account if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating has become known at least three business days before the end of the month.

In a first step, the selection criteria set out above are applied to the universe of U.S. dollar-denominated bonds. Bond ratings and amount outstanding are used as of the Bond Selection Cut-off Date. Maturity dates remain fixed for the life of the bond. Only bonds with a first settlement date on or before the rebalancing date are included in the selection process. Once the eligible bond universe has been defined, the weight for each bond is determined and if necessary capped, applying an issuer cap of 3%. The weights and capping factors are determined on the last

business day of each month using the end-of-month market values.

Pricing Methodology

Index calculations are based on multi-sourced pricing that takes into account a variety of data inputs, including market quotes received from sell-side/buy-side market participants, end-of-day book of records prices, institutional size transaction data and, where observable prices are not available, a curve-based pricing model. The curve-based pricing model is based on the yield curve of the calculation day. Yield curves for determining the price must be entity specific, be currency specific, be seniority specific (including guarantees), be cash flow type specific, contain bonds of similar issue size, be single coupon frequency specific (each bucket will have constituents with a common coupon frequency), separate legacy issues within an entity (merger-related legacy issues generally require a separate curve) and trade consistently as fungible issues (i.e., at same spread vs. reference bond consistently).

Calculation of the iBoxx $ Liquid High Yield Index

Calculations are performed daily, using iBoxx bid prices at approximately 4:00 p.m. Eastern Time.

The total return of the HY Index is calculated using the price changes, accrued interest, interest payments and reinvestment income on cash flows received during the composition month.

Treatment of Special Intra-Month Events

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last iBoxx price, the call price or the repurchase price, as applicable. A redemption factor and redemption price are used to treat these events in the HY Index and in calculations relating thereto. 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.

If a bond is identified as trading flat of accrued, the accrued interest on the bond is set to zero in the total return index calculation and the bond is excluded from the calculation of all bond and index analytical values.

Some bonds have predefined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e. floating coupon bonds are not eligible for the HY Index. The two main categories of bonds with coupon changes of this nature are step-up bonds and event-driven bonds. Step-up bonds have a pre-defined coupon schedule that cannot change during the life of the bond. That coupon schedule is used in all bond calculations. Event-driven bonds' coupons may change upon the occurrence (or non-occurrence) of specified events, such as ratings changes, failure to register a bond or failure to complete a merger. In the calculation of the HY Index and the analytics, the coupon schedule as of the calculation date is used. Any events occurring after the calculation date are ignored in the determination of the applicable coupon schedule.

THE iSHARES® MSCI EMERGING MARKETS ETF

The iShares® MSCI Emerging Markets ETF is issued by iShares, Inc., a registered investment company. The iShares MSCI Emerging Markets ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Emerging Markets Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 33-97598 and 811-09102 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares MSCI Emerging Markets ETF is listed on the NYSE Arca, Inc. under the ticker symbol "EEM."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares MSCI Emerging Markets ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares MSCI Emerging Markets ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares MSCI Emerging Markets ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares MSCI Emerging Markets ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares MSCI Emerging Markets ETF (and therefore the price of the iShares MSCI Emerging Markets ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares MSCI Emerging Markets ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares MSCI Emerging Markets ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the iShares MSCI Emerging Markets ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares MSCI Emerging Markets ETF.

The MSCI Emerging Markets Index

We obtained all information contained in this Terms Supplement regarding the MSCI Emerging Markets Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by MSCI, Inc. ("MSCI"), the index sponsor. MSCI has no obligation to continue to publish, and may discontinue publication of, the MSCI Emerging Markets Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the MSCI Emerging Markets Index in connection with the offer and sale of any CDs.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index compiled by MSCI that is designed to measure equity market performance in the global emerging markets. As of the date of this Terms Supplement, the following emerging market country indices are included in the MSCI Emerging Markets Index: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates. MSCI is under no obligation to continue to include these country indices. The component country indices included within the MSCI Emerging Markets Index are a sampling of equity securities across industry groups in such country's equity markets. The MSCI Emerging Markets Index is calculated in U.S. dollars, is an MSCI International Index and is part of the MSCI Global Investable Market Indices, the methodology of which is discussed below.

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MSCI, Inc. has announced that, effective with the November 2015 semi-annual index review, companies traded outside of their country of classification (i.e., "foreign listed companies") will become eligible for inclusion in the component country indices included in the MSCI Emerging Markets Index. In order for a component country index to be eligible to include foreign listed companies, it must meet the Foreign Listing Materiality Requirement. To meet the Foreign Listing Materiality Requirement, the aggregate market capitalization of all securities represented by foreign listings should represent at least (i) 5% of the free float-adjusted market capitalization of the relevant component country index and (ii) 0.05% of the free-float adjusted market capitalization of the MSCI ACWI Investable Market Index (an index that measures equity performance in both the developed and emerging markets). In connection with the November 2015 semi-annual index review, one of the component country indices included in the MSCI Emerging Markets Index, the MSCI China Index, became eligible to include foreign listed companies. The newly eligible foreign listed securities were added at half their free float-adjusted market capitalization as part of the November 2015 semi-annual index review, and their remaining free float-adjusted market capitalization were added as part of the May 2016 semi-annual index review.

Constructing the MSCI Emerging Markets Index

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 MSCI Standard Index; (v) creating style segments within each size segment within each market; and (vi) classifying securities under the Global Industry Classification Standard (the "GICS").

Defining the Equity Universe

(i) 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 into market categories, including Developed Markets ("DM") and Emerging Markets ("EM"). All listed equity securities, or listed securities that exhibit characteristics of equity securities, except mutual funds (other than business development companies in the U.S.), ETFs, equity derivatives, limited partnerships, and most investment trusts, are eligible for inclusion in the equity universe. Real Estate Investment Trusts ("REITs") in some countries and certain income trusts in Canada are also eligible for inclusion. All of the country indices included in the MSCI Emerging Markets Index are classified as EM.

(ii) 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 applying investability screens to individual companies and securities in the equity universe that are classified in that market. A market is equivalent to a single country, except in DM Europe, where all DM countries in Europe are aggregated into a single market for index construction purposes. Subsequently, individual DM Europe country indices within the MSCI Europe Index are derived from the constituents of the MSCI Europe Index under the global investable market indices methodology. The global investable equity universe is the aggregation of all market investable equity universes.

The investability screens used to determine the investable equity universe in each market are:

(i) 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"). The equity universe minimum size requirement applies to companies in all markets, DM or EM, and is derived as follows:

- First, the companies in the DM equity universe are sorted in descending order of full market capitalization and the cumulative coverage of the free float-adjusted market capitalization of the DM equity universe is calculated at 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, the full market capitalization of the company at that point defines the equity universe minimum size requirement.

At the time of the November 2014 Semi-Annual Index Review ("SAIR"), the equity universe minimum size requirement was set at $203,000,000. 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.

(ii) Equity Universe Minimum 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.

(iii) DM and EM 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 adequate liquidity. The Annualized Traded Value Ratio ("ATVR"), a measure that offers the advantage of screening out extreme daily trading volumes and taking into account the free float-adjusted market capitalization size of securities, is used to measure liquidity. In the calculation of the ATVR, the trading volumes in depository receipts associated with that security, such as ADRs or GDRs, are also considered. A minimum liquidity level of 20% of 3-month ATVR and 90% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 20% of 12-month ATVR, are required for inclusion of a security in a market investable equity universe of a DM. A minimum liquidity level of 15% of 3-month ATVR and 80% of 3-month frequency of trading over the last 4 consecutive quarters, as well as 15% of 12-month ATVR, are required for inclusion of a security in a market investable equity universe of an EM.

Due to liquidity concerns relating to securities trading at very high stock prices, a security with a stock price above $10,000 will fail the liquidity screening and will not be included in any market investable equity universe. This limitation applies only for securities that are not currently constituents of the MSCI Global Investable Market Indices. Current constituents of the MSCI Global Investable Market Indices will remain in their respective indices even if their stock price passes $10,000.

(iv) Global Minimum Foreign Inclusion Factor Requirement: This investability screen is applied at the individual security level. To be eligible for inclusion in a market investable equity universe, a security's Foreign Inclusion Factor ("FIF") must reach a certain threshold. The FIF of a security is defined as the proportion of shares outstanding that is available for purchase in the public equity markets by international investors. This proportion accounts for the available free float of and/or the foreign ownership limits applicable to a specific security (or company). In general, a security must have an FIF equal to or larger than 0.15 to be eligible for inclusion in a market investable equity universe. Exceptions to this general rule are made only in the limited cases where the exclusion of securities of a very large company would compromise the Standard Index's ability to fully and fairly represent the characteristics of the underlying market.

(v) Minimum Length of Trading Requirement: This investability screen is applied at the individual security level. For an initial public offering ("IPO") 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 IPOs are not subject to the minimum length of trading requirement and may be included in a market investable equity universe and the Standard Index outside of a quarterly or semi-annual index review.

(vi) 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 ("FOL") 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 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 (the "Size Segment Indices"):

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

Index Continuity Rules for the 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 DM Standard Index and a minimum number of three constituents will be maintained for an EM Standard Index. The MSCI Emerging Markets Index is an EM Standard Index, meaning that only securities that would qualify for inclusion in a Large Cap Index or a Mid Cap Index will be included in the MSCI Emerging Markets Index.

If after the application of the index construction methodology, a Standard Index contains fewer than five securities in a DM or three securities in an EM, then the largest securities by free float-adjusted market capitalization are added to the Standard Index in order to reach five constituents in that DM or three in that EM. At subsequent index reviews, if the free float-adjusted market capitalization of a non-index constituent is at least 1.50 times the free float-adjusted market capitalization of the smallest existing constituent after rebalancing, the larger free float-adjusted market capitalization security replaces the smaller one.

When the index continuity rule is in effect, the market size-segment cutoff is set at 0.5 times the global minimum size reference for the Standard Index rather than the full market capitalization of the smallest company in that market's Standard Index.

Creating Style Indices within Each Size Segment

All securities in the investable equity universe are classified into value or growth segments using the MSCI Global Value and Growth methodology. 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. To this end, MSCI has designed, in conjunction with Standard & Poor's, the GICS. The GICS entails four levels of classification: (1) sector; (2) industry groups; (3) industries; (4) sub–industries. Under the GICS, each company is assigned uniquely to one sub–industry according to its principal business activity. Therefore, a company can belong to only one industry grouping at each of the four levels of the GICS. The GICS classification of each security is used by MSCI to construct additional indices.

Maintenance of the MSCI Emerging Market Index

In order to maintain the representativeness of the MSCI Emerging Markets Index, MSCI may make structural changes to the MSCI Emerging Markets Index as a whole by adding or deleting component country indices. In particular, MSCI may add additional component country indices to the MSCI Emerging Markets Index or subtract one or more of its current component country indices prior to the maturity of the CDs. Currently, such changes in the MSCI Emerging Markets Index 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 component country index is maintained with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve index continuity, continuous investability of constituents and replicability of such index, and index stability and low index turnover. The maintenance of the component country indices is reflected in the MSCI Emerging Markets Index.

In particular, index maintenance involves:

(i) SAIRs in May and November of the Size Segment which include:

- Updating the indices on the basis of a fully refreshed equity universe.
- Taking buffer rules into consideration for migration of securities across size and style segments.
- Updating FIFs and Number of Shares ("NOS").

The objective of the SAIRs is to systematically reassess the various dimensions of the equity universe for all markets on a fixed semi-annual timetable. A SAIR involves a comprehensive review of the Size Segment Indices. During each SAIR, the equity universe is updated and the global minimum size range is recalculated for each size segment. Among other index maintenance activities, for each market, new equity securities are identified and tested for inclusion in the relevant index and existing component securities are evaluated to ensure they meet the revised requirements for inclusion in the relevant index.

(ii) Quarterly Index Reviews ("QIRs") in February and August of the Size-Segment Indices aimed at:

- Including significant new eligible securities (such as IPOs that were not eligible for earlier inclusion) in the index.
- Allowing for significant moves of companies within the Size Segment Indices, using wider buffers than in the SAIR.
- Reflecting the impact of significant market events on FIFs and updating NOS.

The objective of the QIRs is to ensure that the MSCI Indices continue to be an accurate reflection of the evolving equity marketplace. This is achieved by a timely reflection of significant market driven changes that were not captured in the index at the time of their actual occurrence but are significant enough to be reflected before the next SAIR. QIRs may result in additions or deletions

due to, among other factors, migration to another Size Segment Index, and changes in FIFs and NOS. Only additions of significant new investable companies are considered during a QIR and only with respect to Standard Indices. The buffer zones used to manage the migration of companies from one segment to another are wider than those used in the SAIR. The style classification is reviewed only for companies that are reassigned to a different size segment.

(iii) Ongoing event-related changes. Ongoing event-related changes to the 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, bonus issues, public placements and other similar corporate actions that take place on a continuing basis. These changes generally are reflected in the indices at the time of the event. Significantly large IPOs are included in the indices after the close of the company's tenth day of trading.

The results of the SAIRs and QIRs are announced at least two weeks in advance of implementation. All changes resulting from corporate events are announced prior to their implementation.

Index Calculation

The MSCI Emerging Markets Index is calculated using the Laspeyres' concept of a weighted arithmetic average together with the concept of chain-linking. As a general principle, today's MSCI Indices levels are obtained by applying the change in the market performance to the previous period MSCI Emerging Markets Index levels.

Corporate Events

In addition to the index maintenance described above, maintaining the component country indices also includes monitoring and completing adjustments for certain corporate events, including mergers and acquisitions, tender offers, share changes, stock splits, stock dividends, and stock price adjustments due to company restructurings or spin-offs. Index maintenance of the component country indices is reflected in the MSCI Emerging Markets Index. The adjustments for certain corporate events are described more fully below.

Mergers and Acquisitions

As a general principle, MSCI implements mergers and acquisitions as of the close of the last trading day of the acquired entity or merging entities (last offer day for tender offers), regardless of the status of the securities (index constituents or non-index constituents) involved in the event. MSCI uses market prices for implementation. This principle applies if all necessary information is available prior to the completion of the event and if the liquidity of the relevant constituent(s) is not expected to be significantly diminished on the day of implementation. Otherwise, MSCI will determine the most appropriate implementation method and announce it prior to the changes becoming effective.

For U.S. mergers and acquisitions, where the delisting date for the acquired security is not available in advance and the completion of the transaction may be delayed due, for example, to the existence of financing conditions, MSCI will wait until the official announcement of the completion of the deal to delete the security and will give clients advance notice before the deletion. However, if the delisting date for the acquired security is not available in advance, and the transaction is not subject to any financing conditions, MSCI will delete such securities shortly after the relevant shareholders' approvals, provided that all other conditions required for completion of the transaction have been met.

If the deletion of securities after the official announcement of the completion of a deal results in deleting securities after they have ceased trading. MSCI will use the following deletion prices:

- the last traded price before the delisting if the acquisition is for cash; or
- a calculated price based on the terms of the acquisition and the market share price of the acquirer if the acquisition is for shares or cash and shares.

Tender Offers

In tender offers, the acquired or merging security is generally deleted from the applicable MSCI Indices at the end of the initial offer period, when the offer is likely to be successful and/or if the free float of the security is likely to be substantially reduced (this rule is applicable even if the offer is extended), or once the results of the offer have been officially communicated and the offer has been successful and the security's free float has been substantially reduced, if all required information is not available in advance or if the offer's outcome is uncertain. The main factors considered by MSCI when assessing the outcome of a tender offer (not in order of importance) are: the announcement of the offer as friendly or hostile, a comparison of the offer price to the acquired security's market price, the recommendation by the acquired company's board of directors, the major shareholders' stated intention whether to tender their shares, the required level of acceptance, the existence of pending regulatory approvals, market perception of the transaction, official preliminary results if any, and other additional conditions for the offer.

If a security is deleted from an MSCI index, the security will not be reinstated immediately after its deletion even when the tender offer is subsequently declared unsuccessful and/or the free float of the security is not substantially reduced. It may be reconsidered for MSCI index inclusion at the following regularly scheduled index review. MSCI uses market prices for implementation.

Late Announcements of Completion of Mergers and Acquisitions

When the completion of an event is announced too late to be reflected as of the close of the last trading day of the acquired or merging entities, implementation occurs as of the close of the following day or as soon as practicable thereafter. In these cases, MSCI uses a calculated price for the acquired or merging entities. The calculated price is determined using the terms of the transaction and the price of the acquiring or merged entity, or, if not appropriate, using the last trading day's market price of the acquired or merging entities.

Conversions of Share Classes

Conversions of a share class into another share class resulting in the deletion and/or addition of one or more classes of shares are implemented as of the close of the last trading day of the share class to be converted.

Spin-Offs

On the ex-date of a spin-off, a price adjustment factor ("PAF") is applied to the price of the security of the parent company. The PAF is calculated based on the terms of the transaction and the market price of the spun-off security. If the spun-off entity qualifies for inclusion, it is included as of the close of its first trading day. In order to decide whether the spun-off entity qualifies for inclusion, the full company market capitalization of the spun-off entity is estimated by MSCI prior to the spin-off being effective. These estimates are typically based on public information provided by the parent company, including amongst others the spin-off prospectus and estimates from brokers.

In cases of spin-offs of partially-owned companies, the post-event free float of the spun-off entity is calculated using a weighted average of the existing shares and the spun-off shares, each at their corresponding free float. Any resulting changes to FIFs and/or domestic inclusion factors ("DIF") are implemented as of the close of the ex-date.

When the spun-off security does not trade on the ex-date, a "detached" security is created to avoid a drop in the free float-adjusted market capitalization of the parent entity, regardless of whether the spun-off security is added or not. The detached security is included until the spun-off security begins trading, and is deleted thereafter. Generally, the value of the detached security is equal to the difference between the price on the day prior to the ex-date and the ex-price of the parent security.

Corporate Actions

Corporate actions such as splits, bonus issues and rights issues, which affect the price of a security, require

a price adjustment. In general, the PAF is applied on the ex-date of the event to ensure that security prices are comparable between the ex-date and the day prior to the ex-date. To do so, MSCI adjusts for the value of the right and/or the value of the special assets that are distributed and the changes in number of shares and FIF, if any, are reflected as of the close of the ex-date. In general, corporate actions do not impact the free float of the securities because the distribution of new shares is carried out on a pro rata basis to all existing shareholders. Therefore, MSCI will generally not implement any pending number of shares and/or free float updates simultaneously with the event.

If a security does not trade for any reason on the ex-date of the corporate action, the event will be generally implemented on the day the security resumes trading.

Share Placements and Offerings

Changes in number of shares and FIF resulting from primary equity offerings representing at least 5% of the security's number of shares are generally implemented as of the close of the first trading day of the new shares, if all necessary information is available at that time. Otherwise, the event is implemented as soon as practicable after the relevant information is made available. A primary equity offering involves the issuance of new shares by a company. Changes in number of shares and FIF resulting from primary equity offerings representing less than 5% of the security's number of shares are implemented at the next regularly scheduled index review following the completion of the event. Block sales or large market transactions involving changes in strategic ownership, which are publicly announced, made by way of immediate book-building and/or in the absence of an offer prospectus, that result in significant changes in free float estimates and corresponding FIFs will generally be reflected at the following regularly scheduled index review. For public secondary offerings of existing constituents representing at least 5% of the security's number of shares, where possible, MSCI will announce these changes and reflect them shortly after the results of the subscription are known. Secondary public offerings that, given lack of sufficient notice, were not reflected immediately will be implemented at the following regularly scheduled index review.

Debt-to-Equity Swaps

In general, large debt-to-equity swaps involve the conversion of debt into equity originally not convertible at the time of issue. In this case, changes in numbers of shares and subsequent FIF and/or DIF changes are implemented as of the close of the first trading day of the newly issued shares, or shortly thereafter if all necessary information is available at the time of the swap. In general, shares issued in debt-to-equity swaps are assumed to be issued to strategic investors. As such, the post event free float is calculated on a pro forma basis assuming that all these shares are non-free float. Changes in numbers of shares and subsequent FIF and/or DIF changes due to conversions of convertible bonds or other convertible instruments, including periodical conversions of preferred stocks and small debt-to-equity swaps are implemented at a following regularly scheduled index review.

Suspensions and Bankruptcies

MSCI will remove from the MSCI Equity Indices as soon as practicable companies that file for bankruptcy, companies that file for protection from their creditors and companies that fail stock exchange listing requirements upon announcement of delisting.

MSCI will delete from the MSCI Equity Indices after 40 business days of suspension, where feasible, securities of companies facing financial difficulties (e.g., liquidity issues, debt repayment issues, companies under legal investigation, etc.) with at least two business days advance notice. Subsequently, if and when these securities resume normal trading, they may be considered as a potential addition to the MSCI Indices at the next scheduled SAIR. In certain cases, when the financial situation of companies is not transparent, after 40 business days of suspension, MSCI may retain companies in the indices and may evaluate them at a subsequent index review.

Securities of companies suspended due to pending corporate events (e.g., merger, acquisition, etc.), will continue to be included in the MSCI Indices until they resume trading regardless of the duration of the suspension period.

When the primary exchange price is not available, MSCI will delete securities at an over the counter or equivalent market price when such a price is available and deemed relevant. If no over the counter or equivalent price is available, the security will be deleted at the smallest price (unit or fraction of the currency) at which a security can trade on a given exchange.

THE iSHARES® J.P. MORGAN USD EMERGING MARKETS BOND ETF

The iShares® J.P. Morgan USD Emerging Markets Bond ETF is issued by the iShares Trust, a registered investment company. The iShares J.P. Morgan USD Emerging Markets Bond ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the J.P. Morgan Emerging Markets Bond Index Global CORE (the "EMBIG Core Index"). Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act") and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares J.P. Morgan USD Emerging Markets Bond ETF is listed on the NYSE Arca, Inc. under the ticker symbol "EMB."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares J.P. Morgan USD Emerging Markets Bond ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares J.P. Morgan USD Emerging Markets Bond ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares J.P. Morgan USD Emerging Markets Bond ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares J.P. Morgan USD Emerging Markets Bond ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares J.P. Morgan USD Emerging Markets Bond ETF (and therefore the price of the iShares J.P. Morgan USD Emerging Markets Bond ETF at the time we price the CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares J.P. Morgan USD Emerging Markets Bond ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares J.P. Morgan USD Emerging Markets Bond ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to iShares J.P. Morgan USD Emerging Markets Bond ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares J.P. Morgan USD Emerging Markets Bond ETF.

The J.P. Morgan Emerging Markets Bond Index Global CORE

The Bank obtained all information contained in this Terms Supplement regarding the EMBIG Core Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information and information supplied by JPMorgan Securities LLC. That information reflects the policies of, and is subject to change by, JPMorgan Securities LLC, the index sponsor ("JPMS"). JPMS has no obligation to continue to publish, and may discontinue publication of, the JPMorgan EMBI Global Core Index at any time. Neither the Bank nor any Broker has independently verified the accuracy or completeness of any information with respect to the JPMorgan EMBI Global Core Index in connection with the offer and sale of the CDs.

The EMBIG Core Index is a broad, diverse, market capitalization weighted index designed to measure the performance of liquid, U.S. dollar-denominated emerging market fixed- and floating-rate debt instruments issued by sovereign and quasi-sovereign entities. Quasi-sovereign entities are entities the securities of which are either 100% owned by their respective governments or subject to a 100% guarantee that does not rise to the level of constituting the full faith and credit by such governments. The methodology is designed to distribute the weights of each country within the EMBIG Core Index by limiting the weights of countries with higher debt outstanding and reallocating this excess to countries with lower debt outstanding.

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In order for a bond to be considered eligible for inclusion in the EMBIG Core Index, the bond must be issued by a country with a GNI per capita below the Index Income Ceiling ("IIC") for three consecutive years (an "Eligible Country Issuer"). The IIC is defined as the income level that is adjusted every year by the growth rate of the World "GNI per capita" (which is provided annually by the World Bank). The base IIC level was established in 1987 at US$6,000 GNI per capita. A country will be removed as an Eligible Country Issuer from the EMBIG Core Index if (i) the country's long term foreign currency sovereign credit rating is A-/A3/A- or above (from Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, Inc., respectively), in each case, for each of the three consecutive calendar years immediately preceding the date on which the World Bank publishes the World GNI per capita. Countries that either have restructured their external debt during the past ten years or currently have restructured external debt outstanding will also be considered for inclusion in the EMBIG Core Index.

Once the universe of emerging markets countries has been defined for the EMBIG Core Index, the eligible instruments from these countries must be selected. Instruments that satisfy all of the following defined criteria will be eligible for inclusion in the EMBIG Core Index:

1. Instrument type;
2. Issuer type classification;
3. Currency denomination;
4. Current face amount outstanding;
5. Remaining time until maturity;
6. Legal jurisdiction;
7. Settlement method;
8. Availability of daily pricing; and
9. Quantifiable source of cash flow return.

Instrument Type. The instrument must be one or more of:

1. a fixed or floating rate bond;
2. a capitalizing/amortizing bond; or
3. a bond with embedded options, such as the right of an issuer to call the bonds early, an investor put provision, a payment in kind provision or any other rights that may be attached to that bond (*e.g.*, an embedded exchange for subordinated debt).

Issuer Type Classification. The EMBIG Core Index contains bonds issued by an Eligible Country Issuer or a quasi-sovereign entity that is (i) 100% guaranteed or 100% owned by the national government of an Eligible Country Issuer and (ii) domiciled in an Eligible Country Issuer. Instruments issued by municipalities or provinces that meet the above criteria are eligible for inclusion in the EMBIG Core Index.

Currency Denomination. Only those instruments denominated in U.S. dollars are eligible for inclusion in the EMBIG Core Index.

Current Face Amount Outstanding. Only issues with a current face amount outstanding of $1 billion or more will be considered for inclusion. If an issue's current face outstanding falls below this requirement, the issue will be removed from the EMBIG Core Index at the next month-end rebalancing date. The reverse also holds true. Existing issues that, through reopenings, increase in size to satisfy the minimum current face outstanding requirement are then considered for inclusion in the EMBIG Core Index at the next month-end rebalancing date.

Time Until Maturity. Only those instruments with at least 2.5 years until maturity are considered for inclusion. Once added, an instrument may remain in the EMBIG Core Index until 24 months before it matures. On the month-end preceding this anniversary, the instrument is removed from the EMBIG Core Index.

Legal Jurisdiction. Inclusion into the EMBIG Core Index is limited to issues with legal jurisdiction that is domestic to a G-7 country. Local law instruments are not eligible for the EMBIG Core Index.

Settlement Criteria. Instruments in the EMBIG Core Index must be able to settle internationally (either through Euroclear or another institution domiciled outside the issuing country).

Availability of Daily Pricing. The instrument's bid and offer prices must be available on a daily and timely basis from PricingDirect Inc. ("Pricing Direct"). The lack of availability of such prices prevents the addition of a new issue to the EMBIG Core Index. In the case of the current EMBIG Core Index issues, if reliable prices for an issue become unavailable, it is removed from the EMBIG Core Index. Once an issue is removed, it will not be reconsidered for inclusion in the EMBIG Core Index during the next 12 months.

Quantifiable Source of Cash Flow Return. The legal documentation governing the instrument must provide a cash flow structure from which verifiable daily returns or other statistics (*i.e.*, yield, spreads) can be calculated in a reasonably accurate manner using commercially reasonable efforts.

The EMBIG Core Index is generally rebalanced on a monthly basis. A new issue that meets the admission requirements is added to the EMBIG Core Index on the first month-end business day after its issuance, provided its issue date falls before the 15th of the month. A new issue whose settlement date falls on or after the 15th of the month is added to the EMBIG Core Index on the last business day of the next month.

There are two exceptions to this rule. The first exception applies to a new issue that is released as part of a debt exchange program. For example, if a country exchanges a portion of its outstanding debt for a new issue after the 15th of the month, at the month-end rebalancing date immediately following this event the amount of debt retired in this exchange would be removed from the EMBIG Core Index. The new issue would then be added to the EMBIG Core Index (provided official exchange results are made available in a timely manner and the issue settles by month-end).

The second exception concerns Regulation S securities. An instrument that is issued solely in reliance on Regulation S of the Securities Act of 1933 and not pursuant to Rule 144A will be ineligible for inclusion in the EMBIG Core Index until the expiration of the relevant Regulation S restricted period. The date at which the restriction is lifted will effectively be the new "issue" date, at which point the 15th of the month rule will apply.

The weight of each security in the EMBIG Core Index is determined by first starting with the face amount outstanding of all eligible securities and aggregating such securities by country. The highest-weighted countries are then constrained by capping the total weight within those countries. The result establishes new (constrained) country face amounts that are then used to calculate the new eligible face amounts per security within those countries. To calculate the final weights of each security in the EMBIG Core Index, the current day's price is multiplied by each security's adjusted face amount. The market capitalization for each security is then divided by the total market capitalization for all securities in the EMBIG Core Index. The result represents the weight of the security expressed as a percentage of the EMBIG Core Index.

The EMBIG Core Index is scheduled to be priced at or about 5:00 p.m. New York time every business day in the U.S. bond market calendar by reference to the calendar convention guidance provided by Emerging Markets Trading Association. The prices of the bonds are provided by PricingDirect. PricingDirect is a wholly-owned subsidiary of JPMS and provides valuation and other metrics data for fixed income securities and derivatives. PricingDirect determines these prices through a proprietary evaluation process that takes into account market-based evaluations (such as market intelligence for traded, quoted securities).

THE iSHARES® U.S. REAL ESTATE ETF

The iShares® U.S. Real Estate ETF is issued by the iShares Trust, a registered investment company. The iShares U.S. Real Estate ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Real Estate Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares U.S. Real Estate ETF is listed on the NYSE Arca, Inc. under the ticker symbol "IYR."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares U.S. Real Estate ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares U.S. Real Estate ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares U.S. Real Estate ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares U.S. Real Estate ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares U.S. Real Estate ETF (and therefore the price of the iShares U.S. Real Estate ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares U.S. Real Estate ETF could affect the payment(s)with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares U.S. Real Estate ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the iShares U.S. Real Estate ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares U.S. Real Estate ETF.

Dow Jones U.S. Real Estate Index

We obtained all information contained in this Terms Supplement regarding the Dow Jones U.S. Real Estate Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC ("S&P Dow Jones"). The Dow Jones U.S. Real Estate Index is an index calculated, published and disseminated by S&P Dow Jones. S&P Dow Jones has no obligation to continue to publish, and may discontinue publication of, the Dow Jones U.S. Real Estate Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the Dow Jones U.S. Real Estate Index in connection with the offer and sale of any CDs.

On July 2, 2012, The McGraw-Hill Companies, Inc. ("McGraw-Hill"), which owned the S&P Indices business, and CME Group, Inc., which is a 90% owner of the joint venture that owned the Dow Jones Indexes business, announced the launch of a new joint venture, S&P Dow Jones Indices LLC. S&P Dow Jones Indices LLC owns the S&P Indices business and the Dow Jones Indexes business, including the Dow Jones Industrial Average.

The Dow Jones U.S. Real Estate Index attempts to measure the performance of the real estate sector of the United States equity market. Component companies include real estate holding and development companies and real estate investment trusts ("REITs"). REITs are passive investment vehicles that invest primarily in income-producing real estate or real estate-related loans and interests.

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iShares® is a registered mark of BlackRock Institutional Trust Company, N.A.

Background on The Dow Jones U.S. Real Estate Index

The Dow Jones U.S. Real Estate Index is one of the 19 supersector indices that make up the Dow Jones U.S. Index^{SM}. The Dow Jones U.S. Index is a broad-based measure of the U.S. stock market, which aims to represent the top 95% of U.S. companies based on float-adjusted market capitalization, excluding the most thinly traded securities. That is, the Dow Jones U.S. Index is a market capitalization-weighted index in which only the shares of a company that are readily available to investors—the "float"—are counted. The Dow Jones U.S. Index is a sub-set of the Dow Jones Global Index^{SM}. The Dow Jones Global Index targets 95% coverage of markets open to foreign investment and tracks 48 countries, including 25 developed markets and 23 emerging markets.

The Dow Jones U.S. Real Estate Index, the Dow Jones U.S. Index, and the Dow Jones Global Index are part of the Dow Jones Global Indexes^{SM} family, which is a comprehensive global index series designed to provide a broad range of portfolio-management and benchmarking tools. The Dow Jones Global Indexes include regional, country, size-segment, and sector indexes. The sector indexes track global sector indexes and sector indexes for each country and region. The sectors are defined based on the proprietary classification system used by Dow Jones Indexes. Dow Jones' proprietary classification system includes 10 industries, 19 supersectors, 41 sectors, and 114 subsectors. Dow Jones' proprietary classification system allocates companies to the subsector whose definition most closely describes the nature of its business. The nature of a company's business is determined by its source of revenue or where it constitutes the majority of revenue.

Composition of the Dow Jones U.S. Real Estate Index

Stocks in the top 95% of the index universe by free-float market capitalization are selected as components of the Dow Jones U.S. Index, skipping stocks that fall within the bottom 1% of the universe by free-float market capitalization and within the bottom .01% of the universe by turnover. To be included in the Dow Jones U.S. Real Estate Index, the issuer of the component securities must be classified in the Real Estate supersector of industry classifications as maintained by Dow Jones' proprietary classification system. The Real Estate supersector—part of the Financials industry classification—is composed of two sectors.

The Real Estate Investment & Services sector consists of real estate holding and development companies that invest directly or indirectly in real estate through development, investment, or ownership; and real estate services companies that provide services to real estate companies but do not own the properties themselves, including agencies, brokers, leasing companies, management companies, and advisory services. The Real Estate Investment Trusts sector consists of REITs or listed property trusts ("LPTs") that invest in a variety of subsector-specific properties such as industrial and office properties and residential properties.

The Dow Jones U.S. Real Estate Index component candidates must also 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, and shares in limited partnerships 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, LPTs, and similar real-property-owning passthrough structures taxed as REITs by their domiciles are also eligible. Multiple classes of shares are included if each issue, on its own merit, meets the other eligibility criteria. Securities that have had more than ten non-trading days during the past quarter are excluded.

Review of the Dow Jones U.S. Real Estate Index

The Dow Jones U.S. Real Estate Index is reviewed on a quarterly basis. The number of shares outstanding for component stocks are updated during the quarterly review. However, if the number of outstanding shares for an index component changes by more than 5% due to a corporate action, the share total will be adjusted immediately after the close of trading on the date of the event. Whenever possible, changes will be announced at least two business days prior to implementation. Changes in shares outstanding due to stock dividends, splits and other corporate actions also are adjusted immediately after the close of trading on the day they become effective. Quarterly reviews are implemented during March, June, September and December. Both component changes and share changes become effective at the opening on the first Monday after the third Friday of the review month.

Changes to the Dow Jones U.S. Real Estate Index are implemented after the official closing values have been established. All adjustments are made before the start of the next trading day. Constituent changes that result from the periodic review will be announced on the second Friday of the third month of each quarter (e.g. March, June, September and December).

In addition to the scheduled quarterly review, the Dow Jones U.S. Real Estate Index is reviewed on an ongoing basis. Changes in index composition and related weight adjustments are necessary whenever there are extraordinary events such as delistings, bankruptcies, mergers or takeovers involving index components. In these cases, each event will be taken into account as soon as it is effective. Whenever possible, the changes in the index components will be announced at least two business days prior to their implementation date. In the event that a component no longer meets the eligibility requirements, it will be removed from the index. Mergers, takeovers, and spinoffs, as well as organic growth in a company's business segments, can require industry and sector transfers. If a company's primary revenues shift from one line of business to another, the company will be assigned a new industry, supersector, sector, and subsector during a quarterly review. A company's classification may also require an immediate change as a result of a special event such as a merger, takeover, or spinoff.

THE ALERIAN MLP ETF

The Alerian MLP ETF is issued by the ALPS ETF Trust, a registered investment company. The Alerian MLP ETF seeks investment results that correspond generally to the price and yield performamnce, before fees and expenses, of the Alerian MLP Infrastructure Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-148826 and 811-22175 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The Alerian MLP ETF is listed on the NYSE Arca, Inc. under the ticker symbol "AMLP."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the Alerian MLP ETF. We have derived all disclosures contained in this Terms Supplement regarding the Alerian MLP ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the Alerian MLP ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the Alerian MLP ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the Alerian MLP ETF (and therefore the price of the Alerian MLP ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Alerian MLP ETF could affect the payment(s)with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the Alerian MLP ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the Alerian MLP ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the Alerian MLP ETF.

The Alerian MLP Infrastructure Index

We obtained all information contained in this Terms Supplement regarding the Alerian MLP Infrastructure Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, GKD Index Partners, LLC. The Alerian MLP Infrastructure Index is calculated, maintained and published by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P") in consultation with GKD Index Partners, LLC. Neither GKD Index Partners, LLC nor S&P has any obligation to continue to publish, and may discontinue the publication of, the Alerian MLP Infrastructure Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the Alerian MLP Infrastructure Index in connection with the offer and sale of any CDs.

The Alerian MLP Infrastructure Index, currently consisting of 24 energy infrastructure Master Limited Partnerships ("MLPs"), is a liquid, midstream-focused subset of the Alerian MLP Index, which is comprised of 50 energy MLPs. The Alerian MLP Infrastructure Index, whose constituents earn the majority of their cash flow from the transportation, storage, and processing of energy commodities, provides investors with a benchmark for the infrastructure component of the MLP asset class. The Alerian MLP Infrastructure Index is a price return index and is calculated on a real-time basis by S&P using a capped, float-adjusted, capitalization-weighted methodology.

MLPs

MLPs are publicly traded partnerships that generally derive at least 90% of their gross income from the exploration, development, mining or production, processing, refining, transportation or marketing of minerals or natural resources or certain passive income, including interest, dividends and real property rents. Only MLPs that

are in the infrastructure industry and that satisfy the eligibility requirements described below may be included in the Alerian MLP Infrastructure Index.

Index Eligibility

A company or partnership, or its security, as applicable, must meet the following criteria in order to be eligible for inclusion in the Alerian MLP Infrastructure Index; likewise, an index constituent will be removed from the Alerian MLP Infrastructure Index on the next quarterly rebalancing date if it fails to meet all of these criteria:

1. Be a publicly traded partnership or limited liability company ("LLC").

2. Earn the majority of its pro forma cash flow from the transportation, storage, and processing of energy commodities. (This requirement is meant to exclude, among others, those MLPs in the production, retail marketing, royalty, shipping or wholesale distribution businesses. Majority of cash flow is calculated on a trailing-two-quarter basis using a partnership's reported business segments. Cash flow from a partnership's general partner interest or incentive distribution rights in another publicly traded partnership or LLC is not taken in account for the purposes of this determination.)

3. Represent the primary limited partner interests of a partnership or LLC that is an operating company. (This requirement is meant to exclude, among others, general partner interests, i-units, preferred units, closed-end funds, exchange-traded products, open-end funds and royalty trusts.)

4. Paid at least its pro-rata minimum quarterly distribution ("MQD") for the trailing two quarters. (A partnership fails to meet this criterion if it pre-announces a distribution cut below its MQD after declaring its distribution for the preceding quarter but before the upcoming rebalancing date. However, a partnership that cuts its distribution due to ongoing merger or buyout discussions in public will not be removed from the MLP Index on that basis alone. If the discussions dissolve and the partnership fails to reinstate a distribution that is at least equal to its MQD by the following quarter, it will then be removed. If a partnership does not have an MQD, the initial quarterly distribution specified in the final prospectus of its initial public offering will be used.)

5. Maintained or grown its distribution quarter-over-quarter for at least one of the trailing two quarters.

6. Have a split-adjusted median daily dollar trading volume of at least $2.5 million for each of the trailing six months.

7. Have a distribution policy intended to maintain or increase distributions over time.

8. Generated positive distributable cash flow for the trailing four quarters combined.

9. Have an adjusted market capitalization ("AMC") of at least $2 billion.

A non-constituent will only be added to the Alerian MLP Infrastructure Index if it meets all of the above criteria. A constituent will remain in the Alerian MLP Infrastructure Index if it continues to meet the first eight criteria and has an AMC of at least $1.6 billion (20% below the entry threshold, representing the generally accepted definition of a bear market).

However, notwithstanding the above, the Alerian MLP Infrastructure Index must have a minimum of 20 constituents. If the number of constituents falls below 20, new constituents will be added to the Alerian MLP Infrastructure Index on the next rebalancing date until the number reaches 20, with preference given in accordance with the following criteria (in the order provided):

- Failing the fewest number of criteria, or

- AMC.

The index eligibility criteria are reviewed regularly to ensure consistency with industry trends. Any material changes will be announced by the MLP Index Sponsor on its website.

Float Adjustment

The calculation of the Alerian MLP Infrastructure Index is adjusted for each index constituent's public float through the relevant index constituent's "Investable Weight Factor." Each index constituent's Investable Weight Factor is determined pursuant to the following formula:

(Units outstanding − non-common units − unregistered common units − insider-owned common units) / Units outstanding

With respect to each index constituent, the units included in the calculation of units outstanding include, but are not limited to, common units, subordinated units, special class units and paid-in-kind units. Excluded are general partner units, management incentive units, and tradable, non-common units. For the purposes of the Investable Weight Factor calculation, insider-owned common units are those that are included in Item 12 ("Security Ownership of Certain Beneficial Owners and Management") of an index constituent's latest annual report or proxy.

The Investable Weight Factors of the index constituents are updated quarterly and are incorporated in the determinations of the index constituents' index weights on the related determination date of each quarterly rebalancing date.

Weighting by Capitalization

Each index constituent's weight in the Alerian MLP Infrastructure Index is determined based on its float-adjusted market capitalization relative to the other index constituents and pre-set index weight caps, as follows. After market close on the first Friday of each March, June, September and December, each of which is a rebalancing determination date, the index constituents to be included after the next quarterly rebalancing are preliminarily weighted and ranked by their respective float-adjusted market capitalization. If the preliminary weight of the largest index constituent exceeds 10.00%, it is assigned an index weight of 10.00% and its excess weight is proportionately distributed to the remaining index constituents. After this reallocation, if the resulting weight of the second largest index constituent exceeds 7.50%, it is assigned a weight of 7.50% and its excess weight is proportionately distributed to the remaining lowered-ranked index constituents. This 7.50% weight cap is tested on the third, fourth, fifth, and sixth largest index constituents, and any excess weight will be proportionately distributed to the remaining lowered-ranked index constituents, iteratively. After these steps, if the resulting weight of the seventh largest index constituent exceeds 4.75%, it is assigned a weight of 4.75% and its excess weight is proportionately distributed to the remaining lowered-ranked index constituents. This process is repeated iteratively until none of the remaining index constituents has a weight that exceeds 4.75%.

Index Rebalancings

Two types of rebalancing will occur to the MLP Index: quarterly rebalancings and special rebalancings. Quarterly rebalancings occur on the third Friday of each March, June, September, and December, each of which is a quarterly rebalancing date, and are effective at the open of the next trading day. In the event that the major U.S. exchanges are closed on any quarterly rebalancing date, the relevant rebalancing will take place after market close on the immediately preceding trading day. With respect to each quarterly rebalancing, data relating to index constituent eligibility, additions, and deletions are compiled and analyzed as of 4:00 p.m. EST on the related rebalancing determination date, and each index constituent's index weight is calculated pursuant to the process described above and assigned after market close on the quarterly rebalancing date.

Special rebalancings are triggered by corporate actions and will be implemented as practically as possible on a case-by-case basis. In the event of a merger between two index constituents, a special rebalancing will take place one full trading session after the issuance of a press release indicating all needed votes have been casted in favor of the merger. If any affected index constituent is delisted before market open on the day after all merger votes have been casted, the delisted index constituent will trade at the conversion price, including any cash consideration. Data relating to the selection of a replacement constituent will be compiled and analyzed as of 4:00 p.m. EST two trading days prior to the date of the last required merger vote. The units outstanding and Investable Weight Factors

of the surviving index constituent and any replacement index constituent will be updated, and their index weights will be calculated and assigned after market close on the date of the special rebalancing.

Index Governance

An independent advisory board of MLP and energy infrastructure executives and senior legal and financial professionals reviews all methodology modifications and constituent changes to ensure that they are made objectively and without bias. The advisory board consists of a minimum of five members, all of whom must be independent. The President and CEO of Alerian Capital Management will make presentations on the MLP Index to the advisory board on a quarterly basis at a minimum, generally on the Thursday prior to the second Friday of each March, June, September, and December. A board book will be distributed in advance of each meeting so that board members have the ability to review proposed index changes, if any, and the supporting data and index rules prior to the meeting. Because information regarding methodology modifications and constituent changes is material and can have an impact on the market, all board discussions will be confidential.

THE POWERSHARES® SENIOR LOAN PORTFOLIO

The PowerShares Senior Loan Portfolio is issued by PowerShares Trust, a registered investment company. The PowerShares Senior Loan Portfolio seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P/LSTA U.S. Leveraged Loan 100 Index. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-138490 and 811-21977 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The PowerShares Senior Loan Portfolio is listed on the NYSE Arca, Inc. under the ticker symbol "DBC."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the PowerShares Senior Loan Portfolio. We have derived all disclosures contained in this Terms Supplement regarding the PowerShares Senior Loan Portfolio from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the PowerShares Senior Loan Portfolio. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the PowerShares Senior Loan Portfolio in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the PowerShares Senior Loan Portfolio (and therefore the price of the PowerShares Senior Loan Portfolio at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the PowerShares Senior Loan Portfolio could affect the payment(s)with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the PowerShares Senior Loan Portfolio. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the PowerShares Senior Loan Portfolio, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the PowerShares Senior Loan Portfolio.

S&P/LSTA U.S. Leveraged Loan 100 Index

We obtained all information contained in this Terms Supplement regarding the S&P/LSTA U.S. Leveraged Loan 100 Index (the "Leveraged Loan 100 Index"), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, S&P Dow Jones Indices LLC. The Leveraged Loan 100 Index is calculated, maintained and published by S&P Dow Jones Indices LLC. S&P Dow Jones Indices LLC has no obligation to continue to publish, and may discontinue the publication of, the Leveraged Loan 100 Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the Leveraged Loan 100 Index in connection with the offer and sale of any CDs.

The Leveraged Loan 100 Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market. The Leveraged Loan 100 Index consists of 100 loan facilities drawn from a larger benchmark — the S&P/LSTA Leveraged Loan Index. The Leveraged Loan 100 Index mirrors the market-weighted performance of the largest institutional leveraged loans based upon market weightings, spreads and interest payments. The Leveraged Loan 100 Index is rebalanced semi-annually to avoid excessive turnover, but reviewed weekly to reflect pay-downs and ensure that the index portfolio maintains 100 loan facilities. At each weekly review, which typically occurs on Friday, facilities that exceed 2% of the market capitalization weight of the Leveraged Loan 100 Index are reduced to 1.90%. A syndicated loan (or credit) is composed of facilities (or tranches). Each facility can have different maturities, sizes, spreads and terms to fulfill a variety of borrowing needs. The Leveraged Loan 100 Index only includes term loans, which generally are fully funded at origination.

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Eligibility Criteria

All syndicated leveraged loans covered by the S&P/LSTA Leveraged Loan Index universe are eligible for inclusion in the Leveraged Loan 100 Index.

Eligibility Factors. In order to be eligible for inclusion in the S&P/LSTA U.S. Leveraged Loan Index, term loans from syndicated credits must be:

- senior secured
- with a minimum initial term of one year
- with a minimum initial spread of LIBOR plus 125 basis points, and
- denominated in US dollar

In addition, terms loans must have a minimum par amount of US $50 million to be eligible for inclusion in the S&P/LSTA U.S. Leveraged Loan Index.

Furthermore, the constituents of the Leveraged Loan 100 Index (the "Index Loans") must have a publicly assigned CUSIP. Only the 100 largest facilities in terms of par amount outstanding from the S&P/LSTA Leverage Loan Index that meet all eligibility requirements are considered for inclusion in the Leveraged Loan 100 Index.

The Leveraged Loan 100 Index covers all issuers regardless of origin, however all facilities must be denominated in U.S. dollar.

Defaulted loans remain in the Leveraged Loan 100 Index unless they no longer meet any of the other criteria for inclusion.

Timing of Changes, Additions and Deletions. When facilities are repaid or no longer priced by LSTA/LPC Mark-to-Market Pricing, they are deleted from the Leveraged Loan 100 Index. An index addition is generally made only if a vacancy is created by an index deletion. Index additions are reviewed on a weekly basis and are made according to par outstanding and overall liquidity. Liquidity is determined by the par outstanding and number of market bids available.

Index Construction

Approaches. The Leveraged Loan 100 Index is designed to measure the performance of the largest segment of the U.S. syndicated leveraged loan market.

Index Calculations

The Leveraged Loan 100 Index is a market value-weighted index. LSTA/LPC Mark-to-Market Pricing is used to price each loan in the Leveraged Loan 100 Index. LSTA/LPC Mark-to-Market Pricing is based on bid/ask quotes gathered from dealers and is not based upon derived pricing models. The Leveraged Loan 100 Index uses the average bid for its market value calculation.

Each loan facility's total return is calculated by aggregating the interest return, reflecting the return due to interest paid and accrued interest, and price return, reflecting the gains or losses due to changes in end-of-day prices and principal prepayments.

The return of each loan facility is weighted in the Leveraged Loan 100 Index based upon its market value outstanding, which reflects both the prior period's price as well as accrued interest. The overall index return is the composite of each component loan facility's return multiplied by the market value outstanding from the prior time period. The returns are calculated for all Index Loans on every calendar day.

Calculation of Index Loan Market Values. The market value for each Index Loan is calculated as of the close on each calendar day. The market value of an Index Loan on day t is calculated as follows:

$$MV_t = IWF * PAR_t \frac{(P_t + AI_t)}{100}$$

where:

MV_t	=	The market value of Index Loan on day *t*
PAR_t	=	The par amount of Index Loan as of the last weekly rebalancing, adjusted for principal pre-payments, etc., up to and including day t.
P_t	=	The price of Index Loan on day *t*
AI_t	=	The accrued interest on Index Loan up to and including day *t*
IWF	=	The Investable Weight Factor used to adjust the par amount when a loan is capped. ($0 \leq IWF \leq 1.0$)

If the valuation date is not a business day, the market value is based on the price as of the immediate prior business day, plus interest accrued to the valuation date.

The Investable Weight Factor (IWF) is used to reduce the weight of an Index Loan to less than 2% if the Index Loan exceeds the maximum 2% weight. At each rebalancing, the loan weights are checked; if any Index Loan exceeds 2%, its IWF is reduced until its weight is 1.90% and all the Index Loans are reviewed for adjusted weights. If necessary, further IWF adjustments are made until no Index Loan exceeds 2% weight.

Calculation of Relative Weights. The relative weight of an Index Loan is defined as the market value of that loan expressed as a percentage of the aggregate market value of all Index Loans in the Index portfolio, as follows:

$$Weight_k = \frac{yIWF_k * MV_k}{\sum [IWF_k * MV_k]}$$

Calculation of Total Return. The total return, TR, of an Index Loan at time *t* is the sum of the interest return and the market price return on day *t*:

$$TR_t = IR_t + PR_t$$

where:

IR_t	=	Interest return on day *t*
PR_t	=	Price return on day *t*

Price return measures the return due to the change in the market price of the loan. Interest return (or coupon return) includes the return due to the interest earned on that loan.

Calculation of Interest Return. In the following formula, PAR should be treated as (IWF*PAR). The formula for the interest return on an individual Index Loan on day *t* is as follows:

$$IR_t = \frac{(PAR_t * R_t) \ /360}{MV_{Beg}}$$

where:

IR_t	=	Interest return on day *t*

PAR_t = Par amount of the Index Loan as of the last weekly rebalancing, adjusted for principal pre-payments, etc., up to and including day *t*.

R_t = Interest rate on day *t*

MV_{Beg} = Market value, at the beginning of day *t*

The index interest rate is determined by the weighted average spread to LIBOR over the rate as provided by Wall Street Office™.

Calculation of Price Return. The formula for the price return for an Index Loan on day *t* is as follows:

$$PR_t = \frac{PAR_t \left[\frac{P_t - P_{t-1}}{100} \right] + Prin_t * \frac{RP - P_{t-1}}{100}}{MV_{Beg}}$$

where:

PR_t = Price return on day *t*

PAR_t = Par amount of the Index Loan as of the last weekly rebalancing, adjusted for principal pre-payments, etc., up to and including day *t*.

P_t = Loan price on day *t*

P_{t-1} = Loan price on the previous day

$Prin_t$ = Principal pre-payments, etc., on day *t*.

MV_{Beg} = Market value, beginning of day *t*

RP = Redemption price

Daily Index Returns. The individual Index Loan returns are aggregated to calculate returns for the Leveraged Loan 100 Index. Specifically, the total return for the Leveraged Loan 100 Index, on a given day, are equal to a weighted average of the returns of the Index Loans that constitute the Leveraged Loan 100 Index — with the weight of each Index Loan return being equal to the relative weight of that Index Loan in the Index as of the previous calendar day (adjusted for principal pre-payments, etc.). The formula is as follows:

$$Index\ TR_t = \frac{\sum_i MV_{i,Beg} * TR_{i,t}}{\sum_i MV_{i,Beg}}$$

where:

$IndexTR_t$ = Total return of the Index on day *t*

TR_t^i = Total return of the Index Loan *i* on day *t*

$MV_{i,Beg}$ = Market value of the Index Loan, beginning of day *t*

Daily Index Values. Index values are calculated each day by applying the current day's index return to the previous day's index value.

Index Maintenance

The Index is maintained in accordance with the following rules:

- A complete review and rebalancing of all Leveraged Loan 100 Index constituents is completed on a semi-annual basis effective after the close of the last business day in June and December;
- Eligible loan facilities approved by S&P/LSTA U.S. Leveraged Loan 100 Index Committee (the "Index Committee") are added to the Leveraged Loan 100 Index during the semi-annual rebalancing. Eligible loan facilities are added to the Leveraged Loan 100 Index at the weekly review only if other facilities are repaid or otherwise drop out of the Leveraged Loan 100 Index, in order to maintain 100 Index Loans.
- Par amounts of Index Loans are adjusted on the weekly rebalancing date to reflect any changes that have occurred since the previous rebalancing date, due to partial pre-payments, pay-downs, etc.
- Constituent facilities are capped at 2% of the Leveraged Loan 100 Index and drawn-down at the weekly rebalancing. When a loan facility exceeds the 2% cap, the weight is reduced to 1.90% and the proceeds are invested in the other Leveraged Loan 100 Index components on a relative-weight basis.

Rebalancing. The Leveraged Loan 100 Index is normally reviewed and rebalanced on a weekly basis to maintain 100 constituents. The Index Committee, nevertheless, reserves the right to make adjustments to the Leveraged Loan 100 Index at any time that it believes appropriate.

Weekly Index rebalancing maintenance (additions, deletions, pay-downs, and other changes to the Leveraged Loan 100 Index) is based on data as of Friday (or the last business day of the week in the case of holidays) and is announced the following Thursday (or Wednesday in the case of a holiday) for implementation on the following Friday. Announcements are made only if there are changes to the Leveraged Loan 100 Index. Highly probable weekly pay-downs are estimated each Friday and enter the return universe at that time, until they are adjusted with actual data the following week. Publicly available information, up to and including each Thursday's close, is considered in each weekly rebalancing.

Index changes published in the announcement generally are not subject to revision and become effective on the date listed in the announcement.

Frequency. The Leveraged Loan 100 Index is priced daily, reviewed weekly to ensure 100 eligible constituents, and is subject to an extensive semi-annual review and rebalancing.

Currency of Calculation. The Leveraged Loan 100 Index is calculated in U.S. dollars.

Base Date. The Leveraged Loan 100 Index base date is January 1, 2002. The base value on that date is 1000. Levels prior to October 20th, 2008 are pro-forma.

Cash flows. The Leveraged Loan 100 Index is rebalanced weekly to maintain 100 constituents. Interest payments are considered paid on a rolling 90-day basis from the date each loan enters the Leveraged Loan 100 Index and are reinvested in the Leveraged Loan 100 Index, on a relative-weight basis, after 90 days. Pre-payments, pay-downs, and most other forms of cash flow (other than scheduled interest payments) are reconciled at the end of each week to be considered part of that week's total return.

Base Rate. Each loan uses a base rate in the calculation of interest. This base rate represents the average contracted LIBOR rate set on institutional loans posted by the Markit WSOData loan database. The base rate, for Leveraged Loan 100 Index calculation purposes, is updated each Monday.

Loan Interest Rate. On each individual loan in the Index, the loan interest rate is the Base Rate plus the spread relevant to each loan.

Index Interest Rate. The Leveraged Loan 100 Index interest rate is the sum of all Loan Interest Rates multiplied by their relevant weights in the Leveraged Loan 100 Index.

Index Governance

Index Committee. The Index Committee maintains the Leveraged Loan 100 Index. The committee is composed of employees of S&P Dow Jones Indices and Leverage Commentary & Data and chaired by the Managing Director and Index Committee Chairman at S&P Dow Jones Indices. Meetings are held annually and as needed. The Index Committee is solely responsible for all matters relating to methodology, maintenance, constituent

selection and index procedures. The Index Committee makes decisions based on all available information and discussions are kept confidential to avoid any unnecessary impact on market trading.

Overview of Leveraged Loans Market

Generally, leveraged loans are made to leveraged borrowers whose credit ratings are speculative grade and who are paying interest rates or spreads (premiums above LIBOR or another base rate) sufficient to attract the interest of non-bank term-loan investors. Leveraged loans are also often issued with original issue discount (OID). The credit ratings for leveraged loans are typically in the range of BB or Ba or below.

Leveraged loans are commonly used to finance the acquisition of a company by the borrower but are also used for more general corporate purposes. Today, the U.S. market is dominated by institutional investors who use leveraged loans to balance the risk and reward levels of their portfolios.

Leveraged loans are floating-rate instruments and can generate higher yield, the interest-rate margins of which usually are based on the credit ratings or leverage ratios of the borrower and will fluctuate with market volatility.

Large leveraged loans are often syndicated. The syndication process begins with the borrower picking an arranging bank(s) and settling on a structure of the deal. The arranging bank(s) will in turn go to the "retail" market, which consists of banks, finance companies and institutional investors, such as mutual funds, structured finance vehicles and hedge funds, to offer the loan to these accounts. Since 1998, the market has adopted a "market flex" model, which allows the arranging bank(s) to change the pricing of the loan based on investor demand—in some cases within a predetermined range—as well as to shift amounts between various tranches of a loan. After the closing and initial allocation, these syndicated loans are also often traded in the secondary market, structured as either assignments or participations. An assignment of a loan typically requires the consent of the borrower and agent (though consent may be withheld only if a reasonable objection is made), where the assignee becomes a direct signatory to the loan and receives interest and principal payments directly from the administrative agent. In contrast, the buyer in a participation agreement takes a participating interest in the selling lender's commitment, and the selling lender remains the official holder of the loan.

Unlike traditional equity or debt instruments, leveraged loans are not exchange-traded. Instead, investors usually trade leveraged loans through dealer desks at the large underwriting banks. Dealer-to-dealer trading is mostly conducted through an over-the-counter broker. Today, LSTA/LPC Mark-to-Market Pricing provides a source of daily, third-party pricing data on secondary loans.

Investing in leverage loans carries considerable risks. Leveraged loans typically represent debt of sub-investment-grade companies with high leverage. Loan prices can drop precipitously during a credit crisis. In addition, default on payment of principal and/or interest is a real and significant risk associated with leveraged loans, with or without macro-economic risks. Although leveraged loans are typically secured by the assets of the operating company (unlike high-yield bonds, which are generally unsecured), holders of leveraged loans may still suffer losses of both principal and interest when the company defaults.

THE POWERSHARES® DB COMMODITY INDEX TRACKING FUND

The PowerShares DB Commodity Index Tracking Fund is a Delaware statutory trust that issues common units of beneficial interest, called "Shares," representing fractional undivided beneficial interests in and ownership of the PowerShares DB Commodity Index Tracking Fund. The PowerShares DB Commodity Index Tracking Fund's investment objective is to track changes, whether positive or negative, in the level of the DBIQ Optimum Yield Diversified Commodity Index Excess Return™ over time, plus the excess, if any, of the PowerShares DB Commodity Index Tracking Fund's interest income from its holdings of United States Treasury and other high credit quality short-term fixed income securities over the expenses of the PowerShares DB Commodity Index Tracking Fund. The PowerShares Commodity Fund pursues its investment objective by investing in a portfolio of exchange-traded futures contracts on the commodities composing the DBIQ Commodity Index (the "Index Commodities"). The PowerShares Commodity Fund's portfolio also includes United States Treasury securities and other high credit quality short-term fixed income securities. The trustee of the PowerShares DB Commodity Index Tracking Fund, Wilmington Trust Company, has delegated to Invesco PowerShares Capital Management LLC certain of the power and authority to manage the business affairs of the PowerShares DB Commodity Index Tracking Fund and has only nominal duties and liabilities to the PowerShares DB Commodity Index Tracking Fund. The PowerShares Commodity Fund is an exchange-traded fund that trades on the NYSE Arca, Inc. ("NYSE Arca") under the ticker symbol "DBC."

The PowerShares DB Commodity Index Tracking Fund is a commodity pool as defined in the Commodity Exchange Act and the regulations of the Commodity Futures Trading Commission (the "CFTC"). Invesco is a commodity pool operator registered with the CFTC. The PowerShares DB Commodity Index Tracking Fund is not an investment company registered under the Investment Company Act of 1940, as amended. Information provided to or filed with the Securities and Exchange Commission (the "SEC") by PowerShares DB Commodity Index Tracking Fund pursuant to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, can be located by reference to SEC file number 001-32726 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at http://www.sec.gov. In addition, information about Invesco PowerShares Capital Management LLC and the PowerShares DB Commodity Index Tracking Fund may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement.

This Terms Supplement relates only to the CDs offered thereby and does not relate to the PowerShares DB Commodity Index Tracking Fund. We have derived all disclosures contained in this Terms Supplement regarding the PowerShares DB Commodity Index Tracking Fund from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the PowerShares DB Commodity Index Tracking Fund. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the PowerShares DB Commodity Index Tracking Fund in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the PowerShares DB Commodity Index Tracking Fund (and therefore the price of the PowerShares DB Commodity Index Tracking Fund at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the PowerShares DB Commodity Index Tracking Fund could affect the payment(s)with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the PowerShares DB Commodity Index Tracking Fund. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the PowerShares DB Commodity Index Tracking Fund, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the PowerShares DB Commodity Index Tracking Fund.

Powershares® is a registered trademark of Invesco PowerShares Capital Management LLC.

The DBIQ Optimum Yield Diversified Commodity Index Excess Return™

We obtained all information contained in this Terms Supplement regarding the DBIQ Optimum Yield Diversified Commodity Index Excess Return™ (the "DBIQ Commodity Index"), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Deutsche Bank Securities, Inc. Deutsche Bank Securities, Inc. has no obligation to continue to publish, and may discontinue the publication of, the DBIQ Commodity Index at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the DBIQ Commodity Index in connection with the offer and sale of any CDs.

The DBIQ Commodity Index is intended to reflect the changes in market value, positive or negative, of certain commodities. The DBIQ Commodity Index is (i) calculated on an excess return, or unfunded basis and (ii) rolled in a manner which is aimed at potentially maximizing the roll benefits in backwardated markets and minimizing the losses from rolling in contangoed markets. Futures contracts on the following commodities are included in the DBIQ Commodity Index: Light Sweet Crude Oil (WTI), Heating Oil, Reformulated Blendstock for Oxygenate Blending ("RBOB") Gasoline, Natural Gas, Brent Crude, Gold, Silver, Aluminum, Zinc, Copper Grade A, Corn, Wheat, Soybeans, and Sugar. We refer to each of these commodities as an Index Commodity.

Index Composition

The DBIQ Commodity Index is composed of notional amounts of each of the Index Commodity futures contracts. The notional amounts of each Index Commodity futures contract included in the DBIQ Commodity Index are broadly in proportion to historical levels of the world's production and supplies of the Index Commodities.

The DBIQ Commodity Index is rebalanced annually in November to ensure that each of the Index Commodities is weighted in the same proportion that such Index Commodities were weighted on September 3, 1997, which was the base date. The following table reflects the index base weights, or DBIQ Commodity Index Base Weights, of each Index Commodity on the base date:

Index Commodity	**DBIQ Commodity Index Base Weight**
Brent Crude	12.375%
Heating Oil	12.375%
Light Crude	12.375%
RBOB Gasoline	12.375%
Gold	8.000%
Corn	5.625%
Soybeans	5.625%
Sugar #11	5.625%
Wheat	5.625%
Natural Gas	5.500%
Aluminum	4.167%
Copper – Grade A	4.167%
Zinc	4.167%
Silver	2.000%

Futures contracts on the Index Commodities are traded on the following futures exchanges: Light Sweet Crude Oil (WTI), Heating Oil, RBOB Gasoline and Natural Gas: New York Mercantile Exchange; Brent Crude: ICE-Futures Europe; Gold and Silver: Commodity Exchange Inc., New York; Aluminum, Zinc and Copper Grade A: The London Metal Exchange Limited; Corn, Wheat and Soybeans: Board of Trade of the City of Chicago Inc.; and Sugar: ICE Futures U.S., Inc.

The composition of the DBIQ Commodity Index may be adjusted in the event that Deutsche Bank is not able to calculate the closing prices of the futures contracts on the Index Commodities.

The DBIQ Commodity Index includes provisions for the replacement of futures contracts as they approach maturity. This replacement takes place over a period of time in order to lessen the impact on the market for the futures contracts being replaced. With respect to each Index Commodity, the DBIQ Commodity Index employs a rule-based approach when it "rolls" from one futures contract to another. Rather than selecting a new futures contract based on a predetermined schedule (*e.g.*, monthly), each Index Commodity rolls to the futures contract which generates the best possible "implied roll yield." The futures contract with a delivery month within the next thirteen months which generates the best possible implied roll yield will be included in the DBIQ Commodity Index. As a result, the DBIQ Commodity Index is able to potentially maximize the roll benefits from an Index Commodity in backwardated markets and minimize the losses from rolling in contangoed markets.

In general, as a futures contract approaches its expiration date, its price will move towards the spot price in a contangoed market. Assuming the spot price does not change, this would result in the futures contract price decreasing and a negative implied roll yield. The opposite is true in a backwardated market. Rolling in a contangoed market will tend to cause a drag on an Index Commodity's contribution to the index closing level while rolling in a backwardated market will tend to cause a push on an Index Commodity's contribution to the index closing level.

On the first index business day (defined as a day on which the New York Mercantile Exchange is open for business) of each month (the "Verification Date"), each Index Commodity futures contract will be tested for continued inclusion in the DBIQ Commodity Index. If the Index Commodity futures contract requires delivery of the underlying commodity in the next month (the "Delivery Month"), a new Index Commodity futures contract will be selected for inclusion in the DBIQ Commodity Index. For example, if the first New York business day is May 1, 2015, and the Delivery Month of the Index Commodity futures contract currently in the DBIQ Commodity Index is June 2015, a new Index Commodity futures contract with a later Delivery Month will be selected.

For each underlying Index Commodity in the DBIQ Commodity Index, the new Index Commodity futures contract selected will be the Index Commodity futures contract with the best possible "implied roll yield" based on the closing price for each eligible Index Commodity futures contract. Eligible Index Commodity futures contracts are any Index Commodity futures contracts having a Delivery Month (i) no sooner than the month after the Delivery Month of the Index Commodity futures contract currently in the DBIQ Commodity Index, and (ii) no later than the 13th month after the Verification Date. For example, if the first New York business day is May 1, 2015 and the Delivery Month of an Index Commodity futures contract currently in the DBIQ Commodity Index is June 2015, the Delivery Month of an eligible new Index Commodity futures contract must be between July 2015 and July 2016. The implied roll yield is then calculated and the futures contract on the Index Commodity with the best possible implied roll yield is selected. If two futures contracts have the same implied roll yield, the futures contract with the minimum number of months prior to the exchange expiry month is selected.

After the futures contract selection, the monthly roll for each Index Commodity subject to a roll in that particular month unwinds the old futures contract and enters a position in the new futures contract. This takes place between the 2nd and 6th index business day of the month.

On each day during the roll period, new notional holdings are calculated. The calculations for the old Index Commodity futures contracts that are leaving the DBIQ Commodity Index and the new Index Commodity futures contracts are then calculated. On all days that are not monthly index roll days, the notional holding of each Index Commodity futures contract remains constant.

Calculation of the Index Level

The DBIQ Commodity Index is re-weighted on an annual basis on the 6th index business day of each November. The DBIQ Commodity Index level is expressed as the weighted average return of the Index Commodity futures contracts. The closing level of the DBIQ Commodity Index is calculated by Deutsche Bank based on the closing prices of the futures contracts for each of the Index Commodities and the notional amount of such Index Commodity futures contracts.

The futures contract price for each Index Commodity will be the exchange closing price for such Index Commodity on each index business day. If a weekday is not an exchange business day but is an index business day, the exchange closing price from the previous index business day will be used for each Index Commodity.

The DBIQ Commodity Index has been calculated back to the base date. On the base date, the closing level was 100.

The DBIQ Commodity Index is calculated in USD.

An index business day is a day on which banks in New York, New York are open. An exchange business day is, with respect to an Index Commodity, a day that is a trading day for such Index Commodity on the relevant exchange (unless an index disruption event or force majeure event has occurred).

THE SPDR® GOLD TRUST

The SPDR® Gold Trust (the "Gold Trust") is an investment trust formed under New York law pursuant to a trust indenture. The objective of the Gold Trust is to reflect the performance of the price of gold bullion, less the Gold Trust's expenses. Shares of the Gold Trust represent units of fractional undivided beneficial interest in and ownership of the Gold Trust. The Gold Trust holds gold bars and the shares of the Gold Trust are intended to offer investors an opportunity to participate in the gold market through an investment in securities. World Gold Trust Services, LLC is the sponsor of the Gold Trust, BNY Mellon Asset Servicing, a division of The Bank of New York Mellon, is the trustee of the Gold Trust and HSBC Bank USA, N.A. is the custodian of the Gold Trust. Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, can be located by reference to SEC file numbers 333-153150 and 001-32356 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The Gold Trust is listed on the NYSE Arca, Inc. under the ticker symbol "GLD."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the Gold Trust. We have derived all disclosures contained in this Terms Supplement regarding the Gold Trust from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the Gold Trust. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the Gold Trust in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the Gold Trust (and therefore the price of the Gold Trust at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Gold Trust could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the Gold Trust. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the Gold Trust, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the Gold Trust.

Gold

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

SPDR® is a trademark of Standard & Poor's Financial Services LLC.

THE iSHARES® BARCLAYS TIPS BOND ETF

The iShares® TIPS Bond ETF is issued by the iShares Trust, a registered investment company. The iShares TIPS Bond ETF seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L). Information provided to or filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-92935 and 811-09729 and can be inspected and copied at the public reference facilities maintained by the SEC or through the SEC's website at www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. None of such publicly available information is incorporated by reference into this Terms Supplement. The iShares TIPS Bond ETF is listed on the NYSE Arca, Inc. under the ticker symbol "TIP."

This Terms Supplement relates only to the CDs offered thereby and does not relate to the iShares TIPS Bond ETF. We have derived all disclosures contained in this Terms Supplement regarding the iShares TIPS Bond ETF from the publicly available documents described in the preceding paragraph. In connection with the offering of the CDs, neither we nor any Broker has participated in the preparation of such documents or made any due diligence inquiry with respect to the iShares TIPS Bond ETF. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the iShares TIPS Bond ETF in connection with the offer and sale of CDs. Furthermore, we cannot give any assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents described in the preceding paragraph) that would affect the trading price of the iShares TIPS Bond ETF (and therefore the price of the iShares TIPS Bond ETF at the time we price any CDs) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the iShares TIPS Bond ETF could affect the payment(s) with respect to the CDs and therefore the value of the CDs.

We and/or our affiliates may presently or from time to time engage in business with the iShares TIPS Bond ETF. In the course of such business, we and/or our affiliates may acquire non-public information with respect to the iShares TIPS Bond ETF, and neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, one or more of our affiliates may publish research reports with respect to the iShares TIPS Bond ETF.

The Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)

We obtained all information contained in this Terms Supplement regarding the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L), including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Barclays Capital Inc., the index sponsor ("BCI"). BCI has no obligation to continue to publish, and may discontinue publication of, the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) at any time. Neither we nor any Broker has independently verified the accuracy or completeness of any information with respect to the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) in connection with the offer and sale of any CDs.

The Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) measures the performance of inflation-protected securities issued by the U.S. Treasury("TIPS"). The Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) is market capitalization weighted, includes all publicly issued U.S. inflation-protected securities that meet the criteria for inclusion and is rebalanced once a month on the last calendar day of the month. TIPS are indexed to the non-seasonally adjusted Consumer Price Index for All Urban Consumers, or the CPI-U.

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iShares® is a registered mark of BlackRock Institutional Trust Company, N.A.

Eligibility Criteria

In order to be eligible for inclusion in the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L), securities must have $250 million or more of outstanding face value. U.S. Treasuries held in the Federal Reserve SOMA account (both purchases at issuance and net secondary market transactions) are deducted from the total amount outstanding. Any issuance bought at auction by the Federal Reserve does not enter the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L). Net secondary market purchases and sales are adjusted at each month-end with a one-month lag.

The U.S. inflation-protected securities included in the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) must be rated investment grade (Baa3/BBB-/BBB-) or higher using the middle rating of Moody's, S&P and Fitch after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower is used. When a rating from only one agency is available, that is used to determine index eligibility.

Securities must have a remaining maturity of at least one year, regardless of optionality. Securities with a coupon that converts from fixed to floating rate must have at least one year until the conversion date.

Principal and coupons must be denominated in U.S. dollars. Coupons must be fixed rate, step-up coupons or coupons that change according to a predetermined schedule.

The securities must be SEC-registered securities, bonds exempt from registration at the time of issuance or Rule 144A securities with registration rights. Public obligations of the U.S. Treasury and inflation-protected securities are eligible for inclusion in the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L). State and local government series bonds, STRIPS, T-bills and bellwethers are excluded from the Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L).

Rebalancing

The compositions of the "returns universe" is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated for the ensuing month. The "statistics universe" is a forward-looking version that changes daily to reflect issues dropping out and entering the index, but is not used for return calculation. On the last business day of the month (the "rebalancing date"), the composition of the latest statistics universe becomes the returns universe for the following month.

During the month, indicative changes to securities (*e.g.*, credit rating changes, sector reclassification, amount outstanding changes, corporate actions, ticker changes) are reflected in both the statistic universe and returns universe of the index on a daily basis. These changes may cause bonds to enter or fall out of the statistics universe of the index on a daily basis, but will affect the composition of the returns universe only at month-end, when the index is rebalanced.

Intra-month cash flows from interest and principal payments contribute to monthly index returns, but are not reinvested at any short-term reinvestment rate in between rebalance dates to earn an incremental return. However, after the rebalancing, cash is effectively reinvested into the returns universe for the following month, so that index results over two or more months reflect monthly compounding.

Eligible securities issued but not necessarily settled on or before the month-end rebalancing date qualify for inclusion in the following month's index if required security reference information and pricing are readily available.

Index Calculation

The Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L) is priced by BCI market makers on a daily basis on 3:00 p.m. New York time. Bonds in the index are priced on the mid side. The primary price for each security is analyzed and compared with other third-party pricing sources through statistical routines and scrutiny by the research staff. Significant discrepancies are researched and corrected, as necessary.

The amount outstanding reported for TIPS is equal to the notional par value of each TIP security available for purchase by the public as reported by the U.S. Treasury in the Quarterly Treasury Bulletin. This number is then

adjusted (divided) by the compounded rate of inflation since the date of issue. The number is updated quarterly, at the end of a month that the Quarterly Treasury Bulletin is released.

When a new TIPS is issued or an existing issue is reopened, the full uninflated par amount outstanding enters the index for returns purposes on the first day of the following month. Only when the next published Quarterly Treasury Bulletin includes the new issuance or reopening will this amount be adjusted to reflect the amount outstanding net of holds by the U.S. Treasury.

MONEY MARKET POSITION

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 notional overnight money account denominated in U.S. dollars that accrues interest at a rate determined by reference to the Overnight Interest Rate, which is a rate equal to the Federal Funds Effective Rate. The Federal Funds Effective Rate for any day generally will be the rate for U.S. dollar federal funds on or with respect to such day, as set forth in USD-FEDERAL-FUNDS-H15, as provided by Reuters on RSF.REC.USONFFE=.NaE, or as provided by another recognized source used for the purpose of displaying such rate for that day. For any given calendar day on which an Overnight Interest Rate is not available, the Index Calculation Agent will use for such day the latest available level of the Overnight Interest Rate.

DISCLOSURE STATEMENT

WELLS FARGO BANK, N.A.

CERTIFICATES OF DEPOSIT LINKED TO AN INDEX

The certificates of deposit of Wells Fargo Bank, N.A. (the "Bank") described below ("CDs") are made available through certain broker-dealers (collectively, the "Brokers" and individually, a "Broker") which may include Wells Fargo Advisors ("WFA") (the trade name of the retail brokerage business of the Bank's affiliates, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC). Each CD is a deposit obligation of the Bank, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the "FDIC"). See "Deposit Insurance." **The CDs have complex features and investing in the CDs involves risks not associated with an investment in conventional certificates of deposit. See "Risk Factors" in the accompanying Terms Supplement.**

The full amount of the deposit principal of a CD (the "Deposit Amount") will be returned to you on the Stated Maturity Date. Each CD will pay interest on the Stated Maturity Date in an amount based upon the percentage change in the closing level of an index (the "Index"), measured over a specified period of time and subject to certain terms and conditions (the "Index Interest"). The Index will be specified in a supplement to this Disclosure Statement (a "Terms Supplement"). A CD may pay a minimum interest amount equal to a specified percentage of the Deposit Amount over the term of the CD (the "Minimum Interest Amount"). The CDs are not automatically renewable and no interest will be earned after the Stated Maturity Date. The specific terms of the CDs, including any Minimum Interest Amount, will be set forth in the applicable Terms Supplement. The FDIC has taken the position that any Index Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount of the CD is not insured by the FDIC.

Unless otherwise specified in the applicable Terms Supplement, early withdrawal of a CD will only be available in the event of death or adjudication of incompetence of a beneficial owner of the CD.

Most United States holders of the CDs, other than those holding the CDs through a tax advantaged retirement account (such as an IRA), are subject to tax rules requiring them to include in their taxable income during each tax year in which the CDs are outstanding imputed interest income on the CDs even though interest, if any, will not be paid on the CDs until stated maturity. See "United States Federal Income Tax Consequences."

The CDs are being offered by the Brokers when, as and if issued by the Bank and received and accepted by the Brokers, subject to the right of the Brokers to reject orders in whole or in part and subject to certain other conditions. WFA is an affiliate of the Bank. Other Brokers offering the CDs may include affiliates of the Bank.

In making an investment decision investors must rely on their own examination of the Bank and the terms of the offering, including the merits and risks involved. The CDs are obligations solely of the Bank, and are not obligations of and are not guaranteed by Wells Fargo & Company or any other affiliate of the Bank. The CDs are not registered under the Securities Act of 1933, as amended, and are not required to be so registered. The CDs have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Disclosure Statement or the applicable Terms Supplement. Any representation to the contrary is a criminal offense.

Although the Bank or its affiliates may purchase the CDs from you, neither the Bank nor any of its affiliates is obligated to do so. The Bank and its affiliates are not obligated to, and do not intend to, make a market for the CDs. There is no assurance that a secondary market for the CDs will develop or, if it develops, that it will continue. Consequently, you may not be able to sell your CDs readily or at prices that will enable you to realize your desired yield. Only CDs held to the Stated Maturity Date or CDs that are the subject of a permitted early withdrawal will be entitled to the return of the full Deposit Amount.

December 5, 2016

ABOUT THIS DISCLOSURE STATEMENT

This Disclosure Statement along with the applicable Terms Supplement describe the terms of the CDs offered hereby and thereby. These documents contain information you should consider when making your investment decision. You should rely only on the information contained in this Disclosure Statement and the applicable Terms Supplement. To the extent that any information in the applicable Terms Supplement is inconsistent with the information contained in this Disclosure Statement, the information in the applicable Terms Supplement will control. Neither the Bank nor any Broker has authorized anyone else to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this Disclosure Statement and the applicable Terms Supplement may not be modified by any oral representation made prior or subsequent to your purchase of a CD.

This Disclosure Statement and the applicable Terms Supplement do not constitute an offer to sell or a solicitation of an offer to buy the CDs in any circumstances in which such offer or solicitation is unlawful.

Information in this Disclosure Statement or the applicable Terms Supplement may change after the date on the front of the applicable document. You should not interpret the delivery of this Disclosure Statement or the applicable Terms Supplement or the sale of the CDs as an indication that there has been no change in the information set forth herein or therein since those dates.

WELLS FARGO BANK, N.A.

In deciding whether to purchase the CDs, investors must rely on their own examination of the Bank and the terms of the offering, including the merits and risks involved. Upon request, you will be provided with publicly available financial information regarding the Bank, including its Consolidated Reports of Condition and Income ("Call Reports") filed by the Bank with its primary federal regulator. Call Reports are also available at the FDIC's website at http://www.fdic.gov.

DESCRIPTION OF THE CERTIFICATES OF DEPOSIT

General

The terms of each CD being offered hereby are available from your Broker and will be specified in the applicable Terms Supplement. Unless otherwise specified in the applicable Terms Supplement, the CDs will be issued at 100% of their Deposit Amount and will be made available in denominations of $1,000 and integral multiples of $1,000 in excess thereof. You should carefully review the applicable Terms Supplement for a description of the terms of the CD being offered. The general terms and conditions described in this Disclosure Statement will apply to the CD being offered unless the applicable Terms Supplement provides otherwise.

The term of any CD will commence on the date specified in the applicable Terms Supplement. The CDs will mature on the date specified in the applicable Terms Supplement (the "Stated Maturity Date"); provided, however, that such date will be postponed under the circumstances described in the applicable Terms Supplement. The date used to determine the Initial Index Level (as defined below), any postponement provisions and any disruption events applicable to the Index will be specified in the applicable Terms Supplement.

The CDs will not be automatically renewed or rolled over and Index Interest or the Minimum Interest Amount, if any, on the CDs will not accrue after the Stated Maturity Date. If the Stated Maturity Date falls on a day that is not a Business Day, the CD balances will be remitted on the next day that is a Business Day and no interest on the balances will accrue from and after the Stated Maturity Date. A "Business Day" is any day other than a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or regulation to close in New York, New York.

The Bank may have the ability to call the CDs at its option on the call dates and at the call prices specified in the applicable Terms Supplement.

The CDs issued by the Bank are the obligations solely of the Bank, and are not obligations of and are not guaranteed by Wells Fargo & Company or any other affiliate of the Bank.

You should compare the terms of the CDs to other available investments before deciding to purchase a CD. The rate of return ultimately realized on the CDs may be higher or lower than the rates on other deposits available through the Bank or your Broker.

Interest

Unless otherwise specified in the applicable Terms Supplement, the interest payable on each CD will be the Index Interest as described in the Terms Supplement or, if greater, the Minimum Interest Amount, if any. The specific method of calculating the Index Interest will be set forth in the applicable Terms Supplement. The Index Interest or the Minimum Interest Amount, if any, will be payable on the Stated Maturity Date. The Bank will not compound any interest earned on the CDs and no periodic interest will be paid on the CDs.

The Index Interest will be calculated using an initial index level (the "Initial Index Level") set forth in the applicable Terms Supplement and the level of the Index (the "Final Index Level") based on the Closing Level or the arithmetic average of the Closing Levels of the Index on a specified date or dates during the term of the CD set forth in the applicable Terms Supplement (the "Valuation Date(s)"). The Index Interest may also be calculated by reference to a participation rate set forth in the applicable Terms Supplement, in which case the percentage change in the Final Index Level from the Initial Index Level will be multiplied by a rate which is less than or greater than 100%. All calculations with respect to the Index Interest will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., 0.000005 would be rounded to 0.00001); and the Index Interest will be rounded to the nearest cent, with one-half cent rounded upward. The method of determining the closing level of the Index (the "Closing Level") will be specified in the applicable Terms Supplement.

While the performance of the Index will be used to determine the amount of any Index Interest paid on each CD, purchasers of a CD will not own or be entitled to an interest in the securities or other assets included in the Index.

Payment of any Index Interest or any Minimum Interest Amount and payment of the Deposit Amount will be automatically credited to your account with your Broker on the Stated Maturity Date.

The Bank's obligation to pay interest depends on the percentage increase of the Final Index Level from the Initial Index Level. There is no assurance that the Index Interest will be greater than the Minimum Interest Amount, if any. If the CDs do not have a Minimum Interest Amount, there is no assurance that you will receive any interest on your CDs.

Additions or Withdrawals

No additions are permitted to be made to any CD.

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

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

Pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), the beneficiary of an IRA (but not a Roth IRA) must begin making withdrawals from the IRA after age 70-1/2. CDs held in an IRA are not eligible for early withdrawal simply because the beneficiary must begin making mandatory withdrawals from the IRA. IRA beneficiaries should purchase the CDs with stated maturities that correspond to the mandatory withdrawal requirements or look to the secondary market for liquidity.

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

Evidence of the CDs

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

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

Payments on the CDs will be remitted by the Bank to DTC when due. Upon receipt in full of such amounts by DTC, the Bank will be discharged from any further obligation with regard to such payments. Such

payments will be credited through DTC's procedures to participant firms and thereafter will be remitted to your Broker, so long as your Broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with your Broker.

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

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

DEPOSIT INSURANCE

General

This section describes FDIC deposit insurance covering deposits, such as the CDs issued by the Bank. The FDIC deposit insurance laws and regulations, including the level of insurance coverage, are subject to change. The Bank cannot predict whether or not any future changes will occur and whether they will apply retroactively to the CDs.

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

The CDs are eligible for FDIC insurance up to $250,000 for deposits held in the same ownership category (for example, individual accounts are insured separately from joint accounts, self-directed retirement accounts and/or revocable trust accounts). For purposes of calculating FDIC deposit insurance limits, the Deposit Amount of your CD will be combined with deposit balances held directly or indirectly by you with the Bank (including checking accounts, certificates of deposit and other deposits in your name or held through an intermediary, such as your broker in a sweep deposit program, or a fiduciary acting in an agency capacity) in the same ownership category. **The FDIC has taken the position that any Index Interest that has not yet been ascertained and become due and any secondary market premium paid by you above the Deposit Amount on the CDs is not insured by the FDIC.** Funds become eligible for deposit insurance immediately upon issuance of a CD. **You are responsible for monitoring the total amount of all direct or indirect deposits held by or for you with the Bank for purposes of determining the amounts eligible for coverage by FDIC insurance, including the Deposit Amount of your CDs.**

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

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

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

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

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

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

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

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

Questions About FDIC Deposit Insurance Coverage

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

Payments Under Adverse Circumstances

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

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

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

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

Your Broker will not be obligated to you for amounts not covered by deposit insurance nor will your Broker be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal of your CD prior to its stated maturity, or (iii) payment

in cash of the principal of your CD prior to its stated maturity in connection with the liquidation of the Bank or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD which had been purchased at a premium in the secondary market is based on the original principal amount and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, your Broker will not be obligated to credit your account with funds in advance of payments received from the FDIC.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the purchase, beneficial ownership, and disposition of CDs as of the date of this Disclosure Statement. When the term "holder" is used in this section, it refers to a beneficial owner of the CDs and not the record holder. Except where noted, this summary deals only with a CD held as a capital asset by a United States holder (as hereinafter defined) who purchases the CD on original issue at the original issue price, and it does not deal with special situations. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities or insurance companies;
- tax consequences to persons holding CDs as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to holders of CDs whose "functional currency" is not the U.S. dollar;
- tax consequences to holders who hold the CDs as part of a retirement plan which is generally subject to special income tax deferral or exemption rules;
- alternative minimum tax consequences, if any; or
- any state, local or foreign tax consequences.

The discussion below is based upon the provisions of the Code and United States Department of Treasury ("Treasury") regulations, rulings and judicial decisions as of the date of this Disclosure Statement. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those discussed below. The Bank will not seek a ruling from the Internal Revenue Service ("IRS") with respect to any matters discussed in this summary. The IRS may challenge one or more of the tax consequences described below.

If a partnership holds CDs, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding CDs, you should consult your own tax advisors.

If you are considering the purchase of CDs, you should consult your own tax advisors concerning the United States federal income tax consequences applicable to you in light of your particular situation and any consequences arising under the laws of any other taxing jurisdiction.

If the Index includes equity securities, the Bank will not attempt to ascertain whether any of the issuers of such equity securities would be treated as Passive Foreign Investment Companies (a "PFIC" or "PFICs") or United States Real Property Holding Corporations (a "USRPHC" or "USRPHCs") within the meaning of the Code. If such issuers were so treated, certain adverse U.S. federal income tax consequences might apply to a United States holder in the case of a PFIC or a non-United States holder in the case of a USRPHC. You should refer to information filed with the Securities and Exchange Commission or another governmental authority by the issuers of any equity securities included in the Index and consult your tax advisor regarding these issues.

United States Holders

The following discussion is a summary of certain United States federal income tax consequences that will apply to you if you are a United States holder of the CDs.

For purposes of this discussion, a "United States holder" is a beneficial owner of a CD that is for United States federal income tax purposes:

- a citizen or resident of the United States;
- a corporation or partnership created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one third of the days present in the immediately preceding year and one sixth of the days present in the second preceding year).

As used herein, the term "non-United States holder" means a beneficial owner of a CD that is not a United States holder.

Accrual of Interest

The Treasury regulations that apply to contingent payment debt instruments will apply to the CDs. All payments on the CDs will be taken into account under these Treasury regulations. As discussed more fully below, the effect of these Treasury regulations will be to:

- require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the CDs;
- result in the accrual of original issue discount by you based on the "comparable yield" of the CDs even though no cash payments will be made to you until redemption or maturity of the CDs; and
- generally result in ordinary rather than capital treatment of any gain, and to some extent loss, upon maturity or on the sale, exchange, redemption or other disposition of the CDs.

Under the contingent payment debt rules, unless you hold the CDs through a tax advantaged retirement account (such as an IRA) you will be required to include original issue discount in income each year, regardless of your usual method of tax accounting, based on the "comparable yield" of the CDs, which will generally be the rate at which the Bank could issue a fixed rate instrument with terms and conditions similar to the CDs, but in any event not less than the applicable federal rate (based on the overall maturity of the CDs). Unless otherwise specified in the accompanying Terms Supplement, the Bank intends to treat the U.S. Dollar as the denomination currency of the CDs if the Index contains one or more foreign currencies. For United States federal income tax purposes, you are required to use the Bank's determination of the denomination currency unless you timely disclose the use of another denomination currency to the Internal Revenue Service on a statement attached to your federal income tax return for the taxable year in which you acquired the CDs. Based on the Bank's determination that the U.S. Dollar is the denomination currency of the CDs, the CDs will not be treated as nonfunctional currency contingent payment debt instruments, but rather the Treasury regulations that apply to contingent payment debt instruments will apply to the CDs. A payment on the CDs may be related to the performance of one or more metals. Certain metals are considered "collectibles" under the Code. In this event, it is

possible that the IRS could assert that the CDs should be treated as partially or fully giving rise to "collectibles" gain or loss. Gain from "collectibles" is currently taxed at a rate of up to 28%. You should consult your tax advisor if a payment on a CD may be related to the performance of one or more metals.

The Bank is required to provide the comparable yield to you and, solely for tax purposes, is also required to provide a projected payment schedule that estimates the amount and timing of contingent payments on the CDs as of their issue date. The issue date of a CD is the date on which the CD is sold to the public for cash consideration. The CDs may be callable at the option of the Bank prior to their Stated Maturity Date. For purposes of determining the projected payment schedule, CDs that may be called prior to their Stated Maturity Date at the option of the Bank generally will be treated from the issue date as having a maturity date on such redemption date if such redemption would result in a lower yield to maturity. If, contrary to the assumptions made as of the issue date, the CDs are not called, then solely for purposes of the accrual of original issue discount, the CDs will be treated as reissued on the date of the change in circumstances for an amount equal to their adjusted issue price. The comparable yield and projected payment schedule for the CDs will be set forth in the applicable Terms Supplement. Investors in the CDs may obtain the finalized projected payment schedule by submitting a written request for such information to Wells Fargo Bank, N.A., MAC J0127-045, 375 Park Avenue, 4th Floor, New York, New York 10152. You will be provided with an annual statement reporting original issue discount accruals, which accruals will reflect the comparable yield. By purchasing a CD you agree to this treatment of the CD and to report all income (or loss) with respect to the CD according to these Treasury regulations. You are required to use the comparable yield determined by the Bank and the projected payments set forth in the projected payment schedule prepared by the Bank in determining your interest accruals, and the adjustments thereto, in respect of the CDs, unless you timely disclose and justify on your federal income tax return the use of a different comparable yield and projected payment schedule. **The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of your interest accruals and adjustments thereof in respect of the CDs and do not and will not constitute a representation regarding the actual amount of any payment on a CD.**

The amount of original issue discount on a CD for each accrual period (generally, each six-month period during which the CDs are outstanding) is determined by multiplying the comparable yield of the CD, adjusted for the length of the accrual period, by the CD's adjusted issue price (as defined below) at the beginning of the accrual period, determined in accordance with the rules set forth in the Treasury regulations governing contingent payment debt instruments. The amount of original issue discount so determined is then allocated on a ratable basis to each day in the accrual period that you held the CD. In general, for these purposes, a CD's adjusted issue price will equal the CD's original issue price, increased by the original issue discount previously accrued on the CD, determined without regard to the adjustments discussed below, and reduced by the amounts of the projected payments on the CD.

If an actual contingent payment made on the CDs differs from the projected contingent payment, an adjustment will be made for the difference. A positive adjustment, for the amount by which an actual contingent payment exceeds the projected contingent payment, will be treated as additional original issue discount on the contingent payment date. A negative adjustment, for the amount by which a projected contingent payment exceeds an actual contingent payment, will:

- first, reduce the amount of original issue discount required to be accrued in the taxable year in which the contingent payment date occurs; and

- second, any negative adjustment that exceeds the amount of original issue discount accrued in the taxable year in which the contingent payment date occurs will be treated as ordinary loss to the extent of your total prior original issue discount inclusions with respect to the CD.

For individuals, such ordinary loss will not be subject to the limitation on miscellaneous itemized deductions.

Sale, Exchange, Redemption or Other Disposition of CDs

Upon the sale, exchange, redemption or other disposition of a CD, you will recognize gain or loss equal to the difference between your amount realized and your adjusted tax basis in the CD. Such gain on a CD generally will be treated as ordinary income. Loss from the disposition of a CD will be treated as ordinary loss to the

extent of your prior net original issue discount inclusions with respect to the CD. Any loss in excess of that amount will be treated as capital loss. Special rules apply in determining the adjusted tax basis of a CD. Your adjusted tax basis in a CD is generally equal to your initial investment in the CD increased by any original issue discount you previously accrued on the CD, determined without regard to the adjustments discussed above, and reduced by the amounts of the projected payments on the CD.

Medicare Tax

For taxable years beginning after December 31, 2012, a United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the United States holder's "net investment income" for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A United States holder's net investment income will generally include its interest income and net gain from the disposition of the CDs, unless such interest income and net gain is derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Net investment income may, however, be reduced by properly allocable deductions to such income. United States holders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains from the CDs.

Non-United States Holders

The following discussion is a summary of certain United States federal income and estate tax consequences that will apply to you if you are a non-United States holder of CDs. Special rules may apply to you if you are a controlled foreign corporation, passive foreign investment company, foreign personal holding company or an individual who is a United States expatriate and therefore subject to special treatment under the Code. You should consult your own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to you.

United States Federal Withholding Tax

The 30% United States federal withholding tax will not apply to any payment, including original issue discount, on a CD provided that you provide your name and address on an IRS Form W-8BEN or W-8-BEN-E and certify, under penalties of perjury, that you are not a United States holder or you hold your CDs through certain foreign intermediaries and you satisfy the certification requirements of applicable Treasury regulations. Special certification rules apply to holders that are pass-through entities rather than individuals.

If you hold a CD in connection with a United States trade or business, you must provide the Bank with IRS Form W-8ECI stating that interest paid on a CD is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

United States Federal Income Tax

Any gain or income on a CD will generally be subject to United States federal income tax if you are engaged in a trade or business in the United States, and gain or income on the CD is effectively connected with the conduct of that trade or business. In such case, you will be subject to United States federal income tax on such gain or income on a net income basis in the same manner as if you were a United States holder.

United States Federal Estate Tax

Your estate will not be subject to United States federal estate tax on CDs beneficially owned by you at the time of your death, provided that any payment to you on a CD, including original issue discount (1) would be eligible for exemption from the 30% withholding tax under the rules described under the heading "—Non-United States Holders—United States Federal Withholding Tax," without regard to the certification requirements, and

(2) would not have been, if received at the time of your death, effectively connected with the conduct by you of a trade or business in the United States.

Section 871(m) of the Code

If the Index is an equity index, Section 871(m) of the Code and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to non-United States holders with respect to certain financial instruments linked to United States equities or indices that include United States equities (such equities and indices, "United States Underlying Equities"). Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more United States Underlying Equities, as determined upon issuance, based on tests set forth in the applicable Treasury regulations (a "Specified CD"). Specifically, and subject to the 2017 exemption described in the next paragraph, Section 871(m) will apply if, at issuance, a financial instrument either meets (i) a "delta" test, if it is a "simple" contract, or (ii) a "substantial equivalence" test, if it is a "complex" contract. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations as well as financial instruments, such as the CDs, that track such indices.

In Notice 2016-76 (the "Notice"), the Treasury and the IRS announced that revised regulations under Section 871(m) would exempt financial instruments issued in 2017 that are not "delta-one". Unless otherwise set forth in the accompanying Terms Supplement, based on the terms of the CDs, the CDs should not be "delta-one" transactions within the meaning of the Notice and, therefore, should not be Specified CDs subject to withholding tax under Section 871(m).

A determination that the CDs are not subject to Section 871(m) is not binding on the IRS, and the IRS may disagree with this treatment. Moreover, Section 871(m) is complex and its application may depend on your particular circumstances. For example, if you enter into other transactions relating to an Index that is an equity index, you could be subject to withholding tax or income tax liability under Section 871(m) even if the CDs are not Specified CDs subject to Section 871(m) as a general matter. You should consult your tax advisor regarding the potential application of Section 871(m) to the CDs.

Because significant aspects of the tax treatment of the CDs are uncertain, persons having withholding responsibility in respect of the CDs may withhold on any payment paid to you, generally at a rate of 30%. To the extent that the Bank has (or an affiliate of the Bank has) withholding responsibility in respect of the CDs, the Bank intends to so withhold. The Bank will not be required to pay any additional amounts with respect to amounts withheld. In order to claim an exemption from, or a reduction in, the 30% withholding, you may need to comply with certification requirements to establish that you are not a United States person and are eligible for such an exemption or reduction under an applicable tax treaty. You should consult your tax advisor regarding the tax treatment of the CDs, including the possibility of obtaining a refund of any amounts withheld and the certification requirement described above.

Legislation Affecting Taxation of CDs held by or through Foreign Entities

Legislation was enacted in 2010 that will impose a 30% withholding tax on withholdable payments (as defined below) made to a foreign financial institution, unless such institution enters into an agreement with the Treasury to, among other things, collect and provide to it substantial information regarding such institution's United States financial account holders, including certain account holders that are foreign entities with United States owners. The legislation also generally imposes a 30% withholding tax on withholdable payments to a non-financial foreign entity unless such entity provides the paying agent with a certification that it does not have any substantial United States owners or a certification identifying the direct and indirect substantial United States owners of the entity. "Withholdable payments" include payments of interest (including original issue discount) from sources within the United States, as well as the gross proceeds from the sale of any property of a type which can produce interest from sources within the United States unless the payments of interest or gross proceeds are effectively connected with the conduct of a United States trade or business and taxed as such. Under final Treasury regulations effective January 28, 2013 and other administrative guidance, these withholding and reporting requirements will apply to payments on the CDs but, pursuant to published guidance issued by the IRS, withholding

on gross proceeds will be delayed until January 1, 2019. You should consult your tax advisor regarding the application of the legislation and regulations to the CDs.

Information Reporting And Backup Withholding

If you are a United States holder of CDs, information reporting requirements will generally apply to original issue discount accrued on the CDs, all payments the Bank makes to you, and the proceeds from the sale of a CD paid to you, unless you are an exempt recipient. Backup withholding tax at the applicable statutory rate will apply if you fail to provide a taxpayer identification number, a certification of exempt status, or if you fail to report in full interest income.

The Treasury has issued final regulations on the reporting of payments of interest and original issue discount accrued on deposits of non-United States holders who are individuals. If you are an individual non-United States holder of CDs, for payments made on and after January 1, 2013, the Bank must report annually to the IRS and to you the amount of interest paid and original issue discount accrued by the Bank and the tax withheld with respect to such payments, if any. Copies of the information returns reporting such payments, accrual and withholding may also be made available to foreign tax authorities with which the United States has in effect an information exchange agreement. Individual non-United States holders of CDs should not be subject to backup withholding regarding payments the Bank makes provided that the Bank does not have actual knowledge or reason to know that a holder is a United States holder and the Bank has received the statement described above under "Non-United States Holders—United States Federal Withholding Tax." If you are an individual non-resident Canadian holder of CDs, similar rules apply to payments and accruals made before January 1, 2013 (and you will be subject to the above-described rules for payments made on and after January 1, 2013). Individual non-United States holders should consult their tax advisors regarding the application of these final regulations.

In addition, if you are a non-United States holder, you will be subject to information reporting and, depending on the circumstances, backup withholding regarding the proceeds of the sale of a CD made within the United States or conducted through United States-related intermediaries, unless the payor receives the statement described above and you meet certain conditions, or you otherwise establish an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your United States federal income tax liability provided the required information is furnished to the IRS.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan to which Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") applies (a "plan"), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the CDs. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan. When the term "holder" is used in this section, it is referring to a beneficial owner of the CDs and not the record holder.

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans to which Section 4975 of the Code applies (also "plans"), from engaging in specified transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "parties in interest") with respect to such plan. A violation of those "prohibited transaction" rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless statutory or administrative exemptive relief is available. Therefore, a fiduciary of a plan should also consider whether an investment in the CDs might constitute or give rise to a prohibited transaction under ERISA and the Code.

Employee benefit plans that are governmental plans, as defined in Section 3(32) of ERISA, certain church plans, as defined in Section 3(33) of ERISA, and foreign plans, as described in Section 4(b)(4) of ERISA (collectively, "non-ERISA arrangements"), are not subject to the requirements of ERISA, or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or regulations ("similar laws").

The Bank and its affiliates may each be considered a party in interest with respect to many plans. Special caution should be exercised, therefore, before the CDs are purchased by a plan. In particular, the fiduciary of the plan should consider whether statutory or administrative exemptive relief is available. The U.S. Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the CDs. Those class exemptions are:

- PTCE 96-23, for specified transactions determined by in-house asset managers;
- PTCE 95-60, for specified transactions involving insurance company general accounts;
- PTCE 91-38, for specified transactions involving bank collective investment funds;
- PTCE 90-1, for specified transactions involving insurance company separate accounts; and
- PTCE 84-14, for specified transactions determined by independent qualified professional asset managers.

In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption for transactions between a plan and a person who is a party in interest (other than a fiduciary who has or exercises any discretionary authority or control with respect to investment of the plan assets involved in the transaction or renders investment advice with respect thereto) solely by reason of providing services to the plan (or by reason of a relationship to such a service provider), if in connection with the transaction the plan receives no less and pays no more, than "adequate consideration" (within the meaning of Section 408(b)(17) of ERISA).

Any purchaser or holder of the CDs or any interest in the CDs will be deemed to have represented by its purchase and holding that either:

- no portion of the assets used by such purchaser or holder to acquire or purchase the CDs constitutes assets of any plan or non-ERISA arrangement; or

- the purchase and holding of the CDs by such purchaser or holder will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any similar laws.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the CDs on behalf of or with "plan assets" of any plan consult with their counsel regarding the potential consequences under ERISA and the Code of the acquisition of the CDs and the availability of exemptive relief.

The CDs are contractual financial instruments. The financial exposure provided by the CDs is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the CDs. The CDs have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the CDs.

Each purchaser or holder of the CDs acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon the Bank or its affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (a) the design and terms of the CDs, (b) the purchaser or holder's investment in the CDs, or (c) the exercise of or failure to exercise any rights the Bank has under or with respect to the CDs;

(ii) the Bank and its affiliates have acted and will act solely for its and their own account in connection with (a) all transactions relating to the CDs and (b) all hedging transactions in connection with the Bank's obligations under the CDs;

(iii) any and all assets and positions relating to hedging transactions by the Bank or its affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) the Bank's interests may be adverse to the interests of the purchaser or holder; and

(v) neither the Bank nor any of its affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that the Bank or any of its affiliates may provide is not intended to be impartial investment advice.

Purchasers of the CDs have the exclusive responsibility for ensuring that their purchase, holding and subsequent disposition of the CDs does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any similar law. Nothing herein shall be construed as a representation that an investment in the CDs would be appropriate for, or would meet any or all of the relevant legal requirements with respect to investments by, plans or non-ERISA arrangements generally or any particular plan or non-ERISA arrangement.

SELLING RESTRICTIONS

Argentina

The CDs and the related offer to purchase CDs and sale of CDs under the terms and conditions provided in the accompanying Terms Supplement and this Disclosure Statement do not constitute a public offering in Argentina. Consequently the Bank has not registered, and will not register, the CDs under the Argentine Comisión Nacional de Valores, the Argentine securities governmental authority, nor has a public offering approval been requested or granted by the Comisión Nacional de Valores. The Bank has not requested, and will not request, any listing authorization of the CDs on any stock market in Argentina.

Brazil

The CDs have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, have not been and will not be registered with the Comissão de Valores Mobiliáros ("CVM"). Any public offering or distribution, as defined under Brazilian laws and regulations, of the CDs in Brazil is not legal without prior registration under Law 6,385/76, and CVM Instruction 400/03. Documents relating to the offering of the CDs, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the CDs is not a public offering of CDs in Brazil), nor be used in connection with any offer for subscription or sale of the CDs to the public in Brazil. Therefore, each of the purchasers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the CDs in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of CDs in the Brazilian capital markets regulated by Brazilian legislation. Persons wishing to offer or acquire the CDs within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Chile

The CDs have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the CDs, or distribution of the accompanying Terms Supplement or this Disclosure Statement, may be made in or from Chile except in circumstances which will result in compliance with any applicable Chilean laws and regulations. Neither this Disclosure Statement nor its related materials constitute an offer of, or an invitation to subscribe for or purchase, the CDs in the Republic of Chile, other than to individually identified buyers pursuant to a private offering within the meaning of article 4 of the Ley de Mercado de Valores (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

Taiwan

The CDs may be made available outside Taiwan for purchase by Taiwan residents outside Taiwan but may not be offered or sold in Taiwan.