UBS Bank USA, N.A.

Rate-Linked Certificates of Deposit

UBS Bank USA, N.A. may offer and sell Rate-Linked Certificates of Deposit (the "CDs") from time to time. This disclosure statement describes some of the general terms that may apply to the CDs and the general manner in which they may be offered. The specific terms of any CDs that we offer and the specific manner in which such CDs may be offered, will be described for each particular offering of CDs in an applicable supplement to this disclosure statement (the "applicable supplement") and any applicable addendum to this disclosure statement (the "applicable addendum").

If there is any inconsistency between the terms of the CDs described in this disclosure statement and the applicable supplement, the applicable supplement will govern.

Issuer:	UBS Bank USA, N.A. ("UBS Bank", "we", "our" and "us"), Member FDIC
Principal Amount:	Unless otherwise specified in the applicable supplement, the principal amount of each CD will be $1,000.
Supplemental Amount(s):	On the applicable payment date (including the maturity date), the CDs may pay a supplemental amount based on (1) a reference asset described below, (2) a fixed amount or rate or (3) movements in the level or other events relating to a reference asset described below. ***Any supplemental amount on the CDs may be zero.***
Payment at Maturity:	Unless otherwise specified in the applicable supplement, at maturity the CDs will pay the principal amount plus any supplemental amount.
Reference Asset:	Any supplemental amount payable on the CDs may be based on, as applicable, an index of interest rates, an interest rate, an index of consumer prices or other asset classes, a measure, formula or instrument, including that related to macroeconomic events or indicators or the occurrence or non-occurrence of any event or circumstance (each, a "reference asset").
Trade Date:	As specified in the applicable supplement.
Original Issue Date:	As specified in the applicable supplement.
Payment Date(s):	One or more dates that may be specified in the applicable supplement, as described under "General Terms of the CDs — Payment Dates" in the applicable supplement.
Valuation Date(s):	One or more dates that may be specified in the applicable supplement.
Maturity Date:	As specified in the applicable supplement.
Calculation Agent:	Unless otherwise specified in the applicable supplement, UBS AG.

The principal amount of the CDs will be insured by the Federal Deposit Insurance Corporation (the "FDIC") to the extent provided by law. In general, such deposit insurance is currently limited to $250,000 per depositor, in aggregate, for all deposits held by a depositor in the same ownership right and capacity (as such phrase is construed by the FDIC) with UBS Bank and per participant for deposits in certain retirement accounts as described in the section entitled "Deposit Insurance" in this disclosure statement. For purposes of FDIC insurance coverage, the principal amount of your CD established under this program is aggregated with your other deposit balances held in the same ownership right and capacity at UBS Bank, including but not limited to, any certificates of deposit, UBS Cash Reserve deposits, or deposits held at UBS Bank through the UBS Bank Sweep Programs and the UBS FDIC-Insured Deposit Program. By purchasing a principal amount of CDs, the holder of the CD is making a deposit in UBS Bank. A depositor purchasing a principal amount of CDs in excess of the FDIC insurance limit, or which, together with other deposits that the depositor maintains at UBS Bank in the same ownership right and capacity exceeds the FDIC insurance limit, should not rely on the availability of deposit insurance with respect to such excess. The terms of the CDs included in the applicable supplement describe the calculation of, and our obligation to make payments with respect to, interest on the CDs. Unless and until (i) the supplemental amount has been calculated and (ii) UBS Bank has become obligated to pay the interest, the FDIC likely would take the position that the supplemental amount is neither eligible for Federal deposit insurance coverage, nor represents a valid claim against the FDIC as conservator or receiver in the event of the insolvency of UBS Bank. Any secondary market premium paid by a depositor above the principal amount of the CDs would not be insured or recognized by the FDIC.

The CDs are not eligible for withdrawal prior to maturity, except upon the death or adjudication of incompetence of a beneficial owner of the CDs, as described under "Description of the CDs – Estate feature of the CDs" below, which is subject to important limitations. Please contact us or the applicable dealer if you have any questions concerning the application of the limit on early withdrawal to your CDs.

For more information about the limits of Federal deposit insurance coverage that apply to the CDs and the priority of the CDs relative to other obligations of UBS Bank in the event of UBS Bank's insolvency, see "Deposit Insurance" herein. The information contained in this disclosure statement, including any statements with respect to the rules, regulations and interpretations of the FDIC, is current only as of the date of this disclosure statement.

In making an investment decision, investors must rely on their own examination of UBS Bank and the terms of the offering, including the merits and risks involved. See "Risk Factors" beginning on page S-5 of this disclosure statement and the risks described in the applicable supplement for risks relating to an investment in the CDs.

The CDs are obligations solely of UBS Bank, and are not obligations of UBS AG or any other affiliate of UBS Bank. In addition, the CDs are not guaranteed by UBS AG or any other affiliate of UBS Bank.

The CDs will be made available through UBS Securities LLC unless otherwise specified in the applicable supplement.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual and quarterly Consolidated Reports of Condition and Income ("Call Reports") (FFIEC 041) with the Federal Financial Institutions Examination Council ("FFIEC") for submission to our primary federal banking regulator. Our Call Reports are available on the FFIEC website at https://cdr.ffiec.gov/public or upon request to us. Reference to these "uniform resource locators" or "URLs" is made as an inactive textual reference for informational purposes only. Other information found at these websites is not incorporated by reference in this disclosure statement.

We incorporate by reference into this disclosure statement our Call Reports for the years ended December 31, 2025, 2024, 2023 and 2022, and any future Call Reports we file with the FFIEC (including any future quarterly Call Report) until we complete our offering of the CDs. Although the information in our Call Reports is derived from the financial reporting system used to produce our financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), the information in our Call Reports may differ, sometimes materially, from our audited financial statements for the corresponding period or at the corresponding date as a result of differences in the classification or presentation of items in accordance with the instructions for preparing the Call Reports.

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

We will furnish without charge to each person, including any beneficial owner, to whom this disclosure statement is delivered, at the request of such person, any or all of the Call Reports described above. You can request a copy of these documents, excluding exhibits, by writing us at the following address: 95 State Street, Suite 2200, Salt Lake City, Utah 84111.

You should rely only on the information incorporated by reference or provided in this disclosure statement, the applicable supplement and any applicable addendum. We have not authorized anyone to provide you with different information. We are not making an offer of these CDs in any state where the offer is not permitted. You should not assume that the information in this disclosure statement is accurate as of any date other than the date on the front of the document.

SUMMARY OF UBS BANK USA, N.A.

UBS Bank is a federally chartered national banking association and member of the FDIC. UBS Bank is primarily regulated by the Office of the Comptroller of the Currency. UBS Bank is a wholly-owned subsidiary of UBS Americas Inc. and an indirect wholly-owned subsidiary of UBS Group AG. As such, UBS Bank is subject to the Board of Governors of the Federal Reserve System's consolidated supervision of UBS.

UBS Bank provides banking products and services primarily to clients of UBS's Wealth Management USA business. Its offerings include FDIC-insured deposit accounts, securities-backed loans, residential mortgage and commercial real estate loans and credit and debit card products.

The CDs are UBS Bank obligations and not obligations of UBS Group AG, UBS Americas Inc., UBS Securities LLC, UBS Financial Services Inc. or of any other of UBS Bank's affiliates.

DESCRIPTION OF THE CDS

This disclosure statement describes terms that will apply generally to the CDs. Each particular CD will have financial and other terms specific to it, and the specific terms of each CD will be described in an applicable supplement and any applicable addendum that will accompany this disclosure statement. Those terms may vary from the terms described here. The applicable supplement and any applicable addendum should be read in connection with this disclosure statement.

References to "UBS Bank", "we", "our" and "us" refer only to UBS Bank USA, N.A.. References to the "applicable supplement" mean the supplement to this disclosure statement that describes the specific terms of your CDs unless the context otherwise requires.

If there is any inconsistency between the terms of the CDs described in this disclosure statement and the applicable supplement, the applicable supplement will govern.

What are the CDs?

The CDs evidence deposit liabilities of UBS Bank. At maturity the CDs will pay the principal amount plus any supplemental amount. The CDs will pay one or more "supplemental amounts" at maturity or on any other applicable payment date as specified in the applicable supplement, and may be based on, as applicable, an index of interest rates, an interest rate, an index of consumer prices or other asset classes, a measure, formula or instrument, including that related to macroeconomic events or indicators or the occurrence or non-occurrence of any event or circumstance (each, a "reference asset"). ***Any supplemental amount for the CDs may be zero***. See "Certain Features of the CDs" and "Reference Assets" in this disclosure statement and the applicable supplement.

Specific Terms of each CD Will Be Described in the Applicable Supplement

The applicable supplement will describe the specific terms of your CDs. The terms described therein modify or supplement those described herein. You should read the applicable supplement in conjunction with this disclosure statement.

What are the Tax Consequences of the CDs?

The U.S. federal income tax consequences of an investment in certain offerings of the CDs are summarized below in the discussion under "Material U.S. Federal Income Tax Consequences"; however, prospective investors are urged to read the discussion in the applicable supplement relating to their CDs and discuss the tax consequences of their particular situation with their tax advisors.

Depending on the specific terms of the CDs, the CDs could be treated as fixed rate debt instruments, variable rate debt instruments or debt instruments subject to the special tax rules governing contingent payment debt instruments for U.S. federal income tax purposes. Accordingly, this disclosure statement presents only a general summary of the tax consequences of owning, holding and disposing of certain offerings of the CDs and you should review carefully the applicable supplement, which will set forth the appropriate tax treatment, and should consult your tax advisor. See "Material U.S. Federal Income Tax Consequences" below for more detail.

Both U.S. and non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the CDs, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Additions and Withdrawals

No additions are permitted to be made to any CD once purchased. When you purchase a CD, you agree with us to keep your funds on deposit for the term of the CD. Accordingly, unless otherwise provided in the applicable supplement, the CDs are not eligible for withdrawal prior to maturity, except upon the death or adjudication of incompetence of a beneficial owner of the CDs, as described under "Estate feature of the CDs" below, which is subject to important limitations.

Unless otherwise specified in the applicable supplement, by your purchase of a CD you are deemed to represent to us that your deposits with us, including the CDs, when aggregated in accordance with FDIC regulations are within the FDIC insurance limit for each ownership right and capacity.

Mandatory Redemption Upon Termination of FDIC Insurance

Unless otherwise specified in the applicable supplement, if our status as an insured depository institution is terminated, to the extent permitted by applicable law and regulation we will redeem all outstanding CDs at their full principal amount plus any supplemental amount that has been calculated and we have become obligated to pay such supplemental amount. We will redeem the CDs on the last business day on which our outstanding deposit accounts would be insured by the FDIC. Notwithstanding the foregoing, in the event the mandatory redemption date occurs on or after the maturity date, you will receive the payment at maturity as described elsewhere herein.

Estate feature of the CDs

Unless otherwise provided in the applicable supplement, early withdrawals of the CDs will be permitted only in the event of the death or adjudication of incompetence of a beneficial owner of the CDs. If a beneficial owner of a CD dies or is determined to be legally incompetent by a court or an administrative body with the appropriate authority to do so, the authorized representative of the beneficial owner will have the option to request redemption of its CD subject to the following important limitations:

- The amount withdrawn with respect to such beneficial owner of the CDs, together with the principal amount of any other CDs subject to this withdrawal limit requested to be withdrawn with respect to such beneficial owner and in the same FDIC ownership right and capacity, may not exceed the FDIC insurance coverage amount applicable to such beneficial owner in such insurable ownership right and capacity in which such CDs are held in the aggregate (i.e., $250,000 per depositor for each insurable right and capacity as of the date of this Disclosure Statement);
- The request for early withdrawal must be submitted within eighteen (18) months of the death or adjudication of incompetence of the beneficial owner; and
- A request for early withdrawal may not be submitted with respect to less than all of the CDs beneficially owned by the deceased or adjudicated incompetent beneficial owner.

We call this right of redemption the "estate feature" of the CDs. This section describes the estate feature, how it works, what the authorized representative would receive on redemption, and the requirements with which an authorized representative would need to comply in order to redeem a CD that is eligible for redemption under the estate feature.

All issues regarding eligibility for early withdrawal will be determined by us in our sole discretion. Written verification acceptable to us will be required to permit early withdrawal.

Who is an authorized representative? An authorized representative could be a personal representative, a court appointed representative or another person who is authorized to represent the beneficial owner of the CD and who has the right to sell, transfer or otherwise dispose of an interest in the CD and the right to receive the proceeds of the CD and any amounts payable to the beneficial owner of the CD under the laws of the applicable jurisdiction. A surviving joint owner of a deceased beneficial owner of a CD may have authority to act with respect to the CD under applicable law.

What events qualify a beneficial owner's CDs for redemption under the estate feature? Any of the following events will give rise to the authorized representative's right to request redemption of the beneficial owner's CDs:

- a declaration of legal incompetency or death of a person holding a beneficial ownership interest in a CD as a joint tenant or tenant by the entirety with another person, a tenant in common with the deceased holder's spouse or a tenant in common with a person other than such deceased person's spouse;
- a declaration of legal incompetency or death of a person who, at the time of their death, was a beneficiary of a revocable or irrevocable trust that holds a beneficial ownership interest in such CD; or
- a declaration of legal incompetency or death of a person who, at the time of their death, was entitled to substantially all of the beneficial ownership interests in a CD under applicable law (including under certain custodial, trust and nominee arrangements).

A declaration of legal incompetency of a person must be made by a court or other administrative body with appropriate authority, sometimes called having "competent jurisdiction", to do so.

What will an authorized representative receive upon redemption of a CD pursuant to the estate feature? Unless otherwise provided in the applicable supplement:

- Upon acceptance for payment by us of a redemption request, the authorized representative will receive the principal amount on the redemption date, which will occur not more than 45 days after the date of acceptance for payment of the request for redemption; provided that the amount received with respect to a beneficial owner of the CDs, together with the principal amount of any other CDs subject to this withdrawal limit requested to be withdrawn with respect to the same beneficial owner and in the same FDIC ownership right and capacity, may not exceed the FDIC insurance coverage amount applicable to such beneficial owner in such insurable ownership right and capacity in which such CDs are held in the aggregate (i.e., $250,000 per depositor for each insurable right and capacity as of the date of this Disclosure Statement).
- If the CD pays a fixed interest rate or floating interest rate and the redemption request is accepted for payment, on the redemption date the authorized representative also will receive any interest accrued during the period from and including the interest payment date immediately preceding the redemption date to but excluding the redemption date.
- If the CD provides for contingent coupons, on the redemption date the authorized representative will receive only the face amount of the CD unless the request for redemption is accepted for payment on a day that is on or after a coupon determination date but before the coupon payment date associated with such coupon determination date, in such case the authorized representative will also receive the coupon, if any, in respect of that coupon determination date on the coupon payment date for such coupon (and will receive the face amount on the redemption date).

- If the CD provides for variable coupons, on the redemption date the authorized representative will receive only the face amount of the CD unless the request for redemption is accepted for payment on a day that is on or after a coupon determination date but before the coupon payment date associated with such coupon determination date, in such case the authorized representative will receive the coupon in respect of that coupon determination date on the coupon payment date for such coupon (and will receive the face amount on the redemption date).
- If the CD provides for an automatic call feature and for payments to be made on call payment dates, on the redemption date the authorized representative will receive only the face amount of the CD unless the request for redemption is accepted for payment on a day that is on or after a call observation date but before the call payment date associated with such call observation date. In such case, if the CD is automatically called on such call observation date, the authorized representative will instead receive the payment that would otherwise be due on the corresponding call payment date (and in such case, the redemption date will be no later than such corresponding call payment date).
- In no event will the authorized representative receive any amount with respect to a supplemental amount payable at maturity of the CDs.

What does it mean for a redemption request to be accepted for payment? There are requirements and procedures that govern whether and how an authorized representative may request an estate feature redemption. Please see "What does an authorized representative need to do to request redemption pursuant to the estate feature?" below. We will review promptly all redemption requests we receive and, if the requirements and procedures have been met, we will accept those requests for payment.

If I am an authorized representative for someone who is deceased or who has been declared legally incompetent, should I redeem the CDs pursuant to the estate feature? Given the limitations on the amounts an authorized representative may receive upon redemption of a CD, and the fact that you would not receive future payments on the CDs if they are redeemed, you should consider carefully whether you should sell the CDs in the secondary market, if one exists for the CDs. In some cases, the secondary market sale price (if there is a secondary market) may be higher than the amount that would be received upon redemption. Authorized representatives may contact the beneficial owner's broker to determine the price of the CDs in the secondary market, if any. UBS Securities LLC is under no obligation to maintain a secondary market for the CDs.

What does an authorized representative need to do to request redemption pursuant to the estate feature? The authorized representative cannot submit an estate feature redemption request directly to us. The authorized representative of the deceased or incapacitated beneficial owner will be required to provide the beneficial owner's broker with the following items:

- a written request for redemption signed by the authorized representative of the deceased or incapacitated beneficial owner with the signature guaranteed by a member firm of a registered national securities exchange or of the Financial Institution Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States and a written instruction to notify the depositary, including the delivery of a redemption request to the depositary in the form specified in the annex to this disclosure statement, of the authorized representative's desire to obtain redemption pursuant to exercise of the estate feature;
- appropriate evidence satisfactory to the broker:
  a) that the deceased or incapacitated beneficial owner was the beneficial owner of the CD at the time of death,
  b) that the death or adjudication of incompetence of the beneficial owner has occurred, including a certified copy of the death certificate or declaration or order of incompetency as applicable,
  c) of the date of death or adjudication of incompetence of the beneficial owner, and
  d) that the representative has authority to act on behalf of the beneficial owner; and if applicable, a properly executed assignment or endorsement;
- tax waivers and any other instruments or documents that the broker or UBS Bank may reasonably require in order to establish the validity of the beneficial ownership of the CD and the claimant's entitlement to payment;
- any additional information that the broker or UBS Bank may reasonably require to evidence satisfaction of any conditions to the exercise of the estate feature or to document beneficial ownership or authority to make the election and to cause the redemption of the CD; and
- if the interest in the CD is held by a nominee of the deceased beneficial owner, a certificate satisfactory to the broker and UBS Bank from the nominee attesting to the deceased's beneficial ownership of the CD.

The request for early withdrawal must be submitted within eighteen (18) months of the death or adjudication of incompetence of the beneficial owner.

What happens after the authorized representative provides the information to the broker? After the authorized representative provides the information set forth above to the beneficial owner's broker, the broker will then deliver, under the depositary's applicable procedures, the death certificate or declaration or order of incompetency, as applicable, and a redemption request in the form specified

in the annex to this disclosure statement to the depositary, together with evidence satisfactory to the depositary from the broker stating that it represents the deceased or legally incompetent beneficial owner. If we or the depositary has questions regarding the eligibility or validity of any exercise of the estate feature, the redemption request will be returned to the broker for clarification. All questions regarding the eligibility or validity of any exercise of the estate feature will be determined by us, in our sole discretion, which determination will be final and binding on all parties.

Can the authorized representative withdraw a redemption request once it is made? The beneficial owner's broker may withdraw any redemption request by delivering a written request for withdrawal to the depositary not less than 15 days before the redemption date. A written request must specify:

- the date on which the redemption request was submitted to the depositary,
- the principal amount and the CUSIP number of the CDs that were to be redeemed, and
- that the authorized representative has instructed the broker to withdraw the redemption request.

UBS Bank has no responsibility for the actions of the depositary or any broker, or any other financial institution through which any interest in the CDs may be held, with regard to redemption requests or withdrawal requests, including any failure to make, or any delay in making, such a request on the part of the depositary, any broker or any such other institution.

Upon an early redemption or withdrawal of a CD, your rights to any future interest or principal payments would be extinguished.

DEPOSIT INSURANCE

The CDs are protected by Federal deposit insurance provided by the Deposit Insurance Fund (the "DIF"), which is administered by the FDIC and backed by the full faith and credit of the U.S. Government, up to a maximum amount of $250,000 per depositor for all deposits held in the same ownership right and capacity per depository institution (the "Maximum Insured Amount"). The maximum amount of deposit insurance available in the case of deposits in certain retirement accounts (the "Maximum Retirement Account Amount") as described below under "Retirement Plans and Accounts – General" is $250,000 per participant per insured depository institution.

Any accounts or deposits a holder maintains directly with UBS Bank in the same ownership right and capacity as such holder maintains its CDs would be aggregated with such the principal amount of such CDs for purposes of the Maximum Insured Amount or the Maximum Retirement Account Amount, as applicable, including, but not limited to, any certificates of deposit, UBS Cash Reserve deposits, or deposits held at UBS Bank through the UBS Bank Sweep Programs and the UBS FDIC-Insured Deposit Program. Although Federal deposit insurance includes both principal and accrued interest (subject to the applicable limit), unless and until (i) any applicable supplemental amount has been calculated and (ii) UBS Bank has become obligated to pay such supplemental amount, the FDIC likely would take the position that such supplemental amount is neither insured nor represents a valid claim against the FDIC as conservator or receiver. Accordingly, any supplemental amount likely would neither be insured nor recognized by the FDIC prior to its calculation on the applicable valuation date. Any secondary market premium you pay for the CDs would not be insured by the FDIC.

Each holder is responsible for monitoring the total amount of its deposits with UBS Bank in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs and deposits bought through or swept to UBS Bank from brokerage accounts held at our affiliate. In circumstances in which the Maximum Insured Amount or Maximum Retirement Account Amount is exceeded, (a) such excess uninsured portion of the CDs or any other deposits will constitute uninsured deposit claims in the event of the receivership or conservatorship of UBS Bank, (b) unless and until (i) any supplemental amount has been calculated and (ii) UBS Bank has become obligated to pay such supplemental amount, the FDIC likely would take the position that such supplemental amount is neither insured nor represents a valid claim against the FDIC as conservator or receiver for UBS Bank, (c) any secondary market premium you paid for the CDs would neither be insured by the FDIC nor recognized as a claim against the FDIC as conservator or receiver for UBS Bank, and (d) no broker, adviser, employee, officer or director of UBS Bank will be responsible for any insured or uninsured portion of the CDs or any other deposits or other claims for any unpaid supplemental amount or secondary market premium associated with the CDs or other deposits. Persons considering the purchase, ownership or disposition of a CD should consult their legal advisors concerning the availability of Federal deposit insurance coverage.

The summary of FDIC deposit insurance regulations contained in this disclosure statement is not intended to be a full restatement of applicable FDIC regulations and interpretations, which may change from time to time. In certain instances, additional terms and conditions which are not described herein may apply. Nor does the summary constitute legal advice. Accordingly, the discussion in this document is qualified in its entirety by such regulations and interpretations, and you are urged to discuss with your attorney the insurance coverage afforded to any CD that you may purchase. You may also obtain information by contacting the FDIC, Deposit Insurance Unit, National Center for Consumer & Depositor Assistance, by mail at 550 17th Street, N.W., Washington, D.C. 20429, by phone at 877-275-3342 or by visiting the FDIC website at fdic.gov/deposit/index.html.

If the CDs or other deposits of a holder at UBS Bank are assumed by another depository institution, whether by merger, consolidation, or other assumption by statute or law, such CDs or deposits will continue to be separately insured from the deposits that such holder might have established with the acquirer until (a) six months after the date of the assumption or the maturity date of the CDs or other time deposit which were assumed, whichever is later or (b) with respect to deposits which are not time deposits, the expiration of a six-month period from the date of the assumption. Thereafter any assumed deposits are aggregated with the existing deposits with the assuming depository institution held in the same ownership right and capacity for purposes of Federal deposit insurance. Any deposit opened at the assuming depository institution after the date of assumption are aggregated with deposits established with the assuming depository institution for purposes of Federal deposit insurance.

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

The FDIC's regulations impose conditions for obtaining FDIC insurance coverage for deposits held through agents, such as the dealer. These conditions include recordkeeping requirements applicable to the dealer as your agent and custodian.

Agent or Nominee Accounts. Funds owned by a customer and held in an account in the name of an agent or nominee of such customer (such as the CDs held in a brokerage account) are not treated as owned by the agent or nominee, but are treated as deposits of the customer, are added to other deposits of such customer held in the same ownership right and capacity at UBS Bank, and are insured up to the Maximum Insured Amount in the aggregate.

Custodial Accounts. Funds in accounts held by a custodian, guardian or conservator (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but rather are treated as deposits of the beneficiary, are added to other deposits of the

beneficiary held in the same ownership right and capacity at UBS Bank, and are insured up to the Maximum Insured Amount in the aggregate.

Joint Accounts. The interests of co-owners in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to the Maximum Insured Amount in the aggregate, separately and in addition to the Maximum Insured Amount allowed on other deposits owned individually by any of the co-owners of such account (hereinafter referred to as a "Joint Account"). Joint Accounts are insured separately from such individually owned accounts only if each of the co-owners is a natural person and has a right of withdrawal on the same basis as the other co-owners. If the Joint Account meets the foregoing criteria then it shall be deemed to be jointly owned, provided that the account records of UBS Bank or the dealer from whom the CDs are purchased are clear and unambiguous as to the ownership of the account. However, if the account records are ambiguous or unclear as to the manner in which the account is owned, then the FDIC may consider evidence other than such account records to determine ownership.

The names of two or more persons on a Deposit Account is conclusive evidence that the account is a Joint Account unless the deposit records as a whole are ambiguous and some other evidence indicates that there is a contrary ownership right and capacity.

Qualifying joint accounts in the names of both husband and wife which are comprised of community property funds are added together and insured up to twice the Maximum Insured Amount, separately from any funds deposited into accounts at UBS Bank bearing their individual names.

In the event an individual has an interest in more than one Joint Account and different co-owners are involved, the individual's interest in all of such Joint Accounts (subject to the limitation that such individual's insurable interest in any one account may not exceed the Maximum Insured Amount divided by the number of owners of such account) at UBS Bank is then added together and insured up to the Maximum Insured Amount in the aggregate, with the result that no individual's insured interest in the joint account category can exceed the Maximum Insured Amount. For deposit insurance purposes, the co-owners of any Joint Account are deemed to have equal interests in the Joint Account unless otherwise stated in UBS Bank's records.

Entity Accounts. The deposit accounts of any corporation, partnership or unincorporated association, provided such entity is operated primarily for some purpose other than to increase deposit insurance (i.e., an "independent activity"), are added together and insured up to the Maximum Insured Amount in the aggregate per depository institution. Any such entity not engaged in an independent activity are deemed to be owned by the entity's owner and are insured accordingly.

Trust Accounts. Deposits in an account at UBS Bank held pursuant to any of the following trust arrangements established by the same grantor are generally insured for up to Maximum Insured Amount per eligible beneficiary, multiplied by the number of beneficiaries, up to a maximum of 5 eligible beneficiaries:

- Informal revocable trusts, which include accounts in which the grantor evidences an intent that, at his or her death, the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a "Totten trust" account, "payable upon death" account or "transfer on death" account. Each beneficiary must be included in the account records of UBS Bank or the dealer from whom the CDs are purchased.

- Formal revocable trusts, which are written trust arrangements in which the grantor retains ownership and control of the assets and designation of beneficiaries during his or her lifetime and the assets pass to the beneficiaries upon the death of the grantor. The trusts may be referred to as "living" or "family" trusts.

- Irrevocable trust accounts, which are trust arrangements established by statute or written trust agreement. Coverdell Education Savings Accounts are irrevocable trust accounts.

A beneficiary's interest in any trust account will be aggregated with the beneficiary's interest in all other trust accounts created by the same grantor and insured up to the Maximum Insured Amount.

Retirement and Employee Benefit Plans and Accounts - Generally. You may have interests in various retirement and employee benefit plans and accounts that are holding deposits of UBS Bank. The amount of deposit insurance you will be entitled to will vary depending on the type of plan or account and on whether deposits held by the plan or account and therefore are either treated separately or aggregated with the deposits of UBS Bank held by other plans or accounts. It is therefore important to understand the type of plan or account holding the CD. The following sections entitled "Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits" and "Aggregation of Retirement and Employee Benefit Plans and Accounts" generally discuss the rules that apply to deposits of retirement and employee benefit plans and accounts.

Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits. Subject to the limitations discussed below, under FDIC regulations, an individual's non-contingent interest in the deposits at UBS Bank held by certain types of employee benefit plans are eligible for insurance on a "pass-through" basis up to the applicable deposit insurance limits for that type of plan. This means that, instead of an employee benefit plan's deposits at UBS Bank being entitled to deposit insurance based on its aggregated deposits in UBS Bank, each participant in the employee benefit plan is entitled to insurance of the individual's interest in the employee benefit plan's deposits at UBS Bank, up to the applicable Maximum Insured Amount (subject to the limitations and aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the deposit insurance allowed on other deposits held by the individual at UBS Bank. However, pass-through insurance is aggregated across certain types of accounts. See the section entitled "Aggregation of Retirement and Employee Benefit Plans and Accounts."

A deposit held by an employee benefit plan that is eligible for pass-through insurance is **not** insured for an amount equal to the number of plan participants multiplied by the applicable deposit insurance limits, but rather is calculated based on the amount of the non-contingent interest of each plan participant. For example, assume an employee benefit plan that is a Qualified Retirement Account (defined below) owns $500,000 in deposits at UBS Bank and the plan has two participants, one with a vested non-contingent interest of $350,000 and one with a vested non-contingent interest of $150,000. In this case, the account is insured up to $400,000, with the individual with the $350,000 interest insured up to the $250,000 Maximum Retirement Account Amount limit and the individual with the $150,000 interest insured up to the full value of such interest, both on a pass-through basis (subject to the aggregation rules below).

Moreover, the contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee defined benefit plan are **not** insured on a pass-through basis. Any interests of an employee in an employee benefit plan deposit which are not capable of evaluation in accordance with FDIC rules (*i.e.*, contingent interests) are aggregated with the contingent interests of other participants and insured up to the applicable deposit insurance limits. Similarly, overfunded amounts are not insured on a pass-through basis but instead are insured in the aggregate up to the applicable deposit insurance limits separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Aggregation of Retirement and Employee Benefit Plans and Accounts

Self-Directed Retirement Accounts. The principal amount of deposits held in Qualified Retirement Accounts, plus accrued but unpaid interest, if any, are aggregated together and insured by Federal deposit insurance up to a maximum of the Maximum Retirement Account Amount for all such deposits held by you at UBS Bank. "Qualified Retirement Accounts" consist of (i) any individual retirement account ("IRA"), (ii) any eligible deferred compensation plan described in section 457 of the Code, (iii) any individual account plan described in section 3(34) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts and (iv) any plan described in section 401(d) of the Code, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts. The FDIC sometimes generically refers to this group of accounts as "self-directed retirement accounts." Supplementary FDIC materials indicate that Roth IRAs, self-directed Keogh Accounts, Simplified Employee Pension plans, Savings Incentive Match Plans for Employees and self-directed defined contribution plans (such as 401(k) plans) are intended to be included within this group of Qualified Retirement Accounts.

Other Employee Benefit Plans. Any employee benefit plan, as defined in Section 3(3) of ERISA, any plan described in Section 401(d) of the Code, or any eligible deferred compensation plan under section 457 of the Code, that does not constitute a Qualified Retirement Account (for example, certain employer-sponsored profit sharing plans) can still satisfy the requirements for pass-through insurance with respect to non-contingent interests of individual plan participants, *provided* that FDIC requirements for recordkeeping and account titling as a fiduciary or custodial account are met ("Non-Qualifying Benefit Plans"). Defined contribution plan accounts and Keogh accounts that are not "self-directed" also generally would be treated as Non-Qualifying Benefit Plans. For Non-Qualifying Benefit Plans, the amount subject to Federal deposit insurance is the Maximum Insured Amount. Under FDIC regulations, an individual's interests in Non-Qualifying Benefit Plans maintained by the same employer or employee organization (*e.g.*, a union) which are holding deposits at UBS Bank are insured up to the Maximum Insured Amount in the aggregate on a pass-through basis, separate from other accounts held at UBS Bank in other ownership rights or capacities.

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

- *Total Coverage for the Account Might Not Equal the Maximum Retirement Account Amount Times the Number of Participants*. Each deposit held by an employee benefit plan may not necessarily be insured for an amount equal to the number of participants multiplied by the Maximum Retirement Account Amount. For example, suppose an employee benefit plan owns $500,000 in CDs at UBS Bank. Suppose, further, that the employee benefit plan has two participants, one with a vested non-contingent interest of $300,000 and one with a vested non-contingent interest of $200,000. The account would be insured up to $400,000, with the individual with the $300,000 interest insured up to the $250,000 Maximum Retirement Account Amount limit and the individual with the $200,000 interest insured up to the full value of such interest, each on a pass-through basis.
- *Aggregation*. An individual's non-contingent interests in funds deposited at UBS Bank by different employee benefit plans of the same employer or employee organization are aggregated for purposes of applying this pass-through Maximum Retirement Account

Amount per participant deposit insurance limit, and are insured in aggregate only up to the Maximum Retirement Account Amount per participant.

- *Contingent Interests/Overfunding*. Any portion of an employee benefit plan's deposits that is not attributable to the non-contingent interests of employee benefit plan participants is not eligible for pass-through deposit insurance coverage, and is insured, in aggregate, up to the Maximum Insured Amount.

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

Neither UBS Bank nor any broker will be obligated to any holder for amounts not covered by Federal deposit insurance nor will they be obligated to make any payments to any holder in satisfaction of any loss such holder might incur, including losses that result from (a) a delay in insurance payouts applicable to its CD, (b) its receipt of a decreased rate of return on the reinvestment of the proceeds received as a result of a payment on a CD prior to its scheduled maturity, (c) payment in cash of the CD principal prior to maturity in connection with the receivership, conservatorship, or liquidation of an insured institution, the termination of the depository institution's deposit insurance by the FDIC, or the assumption of all or a portion of its deposit liabilities at a lower interest rate or (d) its receipt of a decreased rate of return as compared to the supplemental amount.

Payments under Adverse Circumstances

If the FDIC were appointed as conservator or receiver of UBS Bank, the FDIC would be authorized to disaffirm or repudiate any contract to which UBS Bank is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of UBS Bank's affairs. It is possible that, for this purpose, deposit obligations, such as the CDs, would be considered "contracts", and that the CDs could be repudiated by the FDIC as conservator or receiver of UBS Bank. Any such repudiation should result in a claim by a depositor against the conservator or receiver for the principal amount of the CDs and any accrued interest. No claim would be available for any secondary market premium paid by a depositor above the principal amount of a CD, and no claim would likely be available for any supplemental amount unless (i) it has been calculated and (ii) UBS Bank has become obligated to pay it. Therefore, you can lose up to the full amount of any secondary market premium and up to the full amount of the supplemental amount.

If the FDIC were appointed as conservator or receiver of UBS Bank, the FDIC may, at its election, either transfer the CDs to another FDIC-insured bank (included a newly formed "bridge bank") or may pay off the principal amount of the CDs, including accrued interest, subject to the Maximum Insured Amount or Maximum Retirement Account Amount, as applicable. As with all deposits, if the FDIC determines to pay off the deposits, 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.

The records maintained by UBS Bank and any brokers regarding ownership of CDs would be used to establish your eligibility for Federal deposit insurance coverage. In addition, you may be required to provide certain documentation to the FDIC and your broker before insurance proceeds 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 the payment.

In the event that deposit insurance payments become necessary for the CDs, the FDIC is required to pay the principal amount plus, if applicable, any unpaid supplemental amount that has been calculated and which UBS Bank is obligated to pay as of the date of the closing of UBS Bank, as prescribed by law, and subject to the Maximum Insured Amount or Maximum Retirement Account Amount, as applicable. In the event the FDIC determines to pay out the principal amount of the CDs (rather than transfer the CDs to another bank), no interest is earned on deposits from the time UBS Bank is placed into receivership or conservatorship until insurance payments are received.

In the event UBS Bank were to be placed into conservatorship or receivership between an early redemption date (as defined and specified in the applicable disclosure supplement) and the time you receive the early redemption amount (as defined and specified in the applicable disclosure supplement), the amount of the early redemption amount in excess of the principal amount of the CD, if any, may not be FDIC insured.

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

As noted above, the FDIC as conservator or receiver may, at its own election, transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including liabilities such as the CDs, without the approval or consent of the beneficial owners of the CDs. The transferee depository institution could seek to redeem the CDs early, or in lieu thereof, offer the beneficial owners of the CDs the choice of substitute terms which may be less favorable. If a CD is redeemed or paid off prior to its maturity date,

either by a transferee depository institution or the FDIC, you may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

The brokers will not be obligated to you for amounts not covered by deposit insurance nor will the brokers 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 and accrued interest or the accreted value of a CD prior to its scheduled maturity or (iii) payment in cash of the principal and accrued interest or the accreted value of your CDs prior to maturity in connection with the conservatorship or receivership of UBS Bank The amount of a payment on a CD that had been purchased at a premium in the secondary market is based on the original par amount (or, in the case of a zero-coupon CD, its accreted value) 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, the brokers will not be obligated to credit your account with funds in advance of payments received from the FDIC.

Preference in Right of Payment

Certain claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. The relevant statute requires claims to be paid in the following order:

- first, administrative expenses of the receiver;
- second, any deposit liability of the institution;
- third, any other general or senior liability of the institution not described below;
- fourth, any obligation subordinated to depositors or general creditors not described below;
- fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

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

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

RISK FACTORS

You should carefully consider whether the CDs are suited to your particular circumstances. This section describes the most significant risks relating to the CDs. We urge you to read the following information about these risks and the risks described in the applicable supplement, together with the other information in this disclosure statement and the applicable supplement, before investing in the CDs.

Risks Related to General Credit and Return Characteristics

Your CDs may pay interest at a low rate or they may pay no interest at all.

The applicable supplement will state whether your CDs pay interest and may pay no interest at all. If your CDs do pay interest, they may do so at a rate that is below the prevailing market rate for our CDs that are not linked to a reference asset.

Consequently, unless the amount payable on your CDs on the maturity date substantially exceeds the amount you paid for your CDs, the overall return you earn on your CDs could be less than what you would have earned by investing in CDs that bear interest at prevailing market rates.

Investors in the CDs may receive no more than the principal amount of their CDs at maturity.

Any supplemental amount on the CDs may be determined by reference to the price, value or level of a reference asset. The direction and magnitude of the change in the price, value or level of the relevant reference asset will determine any supplemental amount payable on such CDs. The terms of particular CDs may or may not include a minimum return greater than the principal amount at maturity or a minimum interest rate. Thus, if you purchase CDs that do not provide a minimum return greater than the principal amount you invested, at maturity you may receive only the principal amount.

Any interest or other supplemental amount not accrued will not be covered by Federal deposit insurance in most instances.

Federal deposit insurance covers only any interest or other supplemental amount that is fully ascertainable and has accrued on the books and records of UBS Bank through the date the FDIC was appointed as conservator or receiver. Any supplemental amount that is contingent until an applicable determination date does not accrue on the books and records of UBS Bank prior to such determination date. Federal deposit insurance does not cover any interest or other supplemental amount that would otherwise accrue on or after the date the FDIC is appointed as UBS Bank's conservator or receiver. As a result, the amount you could receive pursuant to Federal deposit insurance may be less than the full amount that would otherwise be payable on the CD.

Payments on your CDs and any interest or other supplemental amount on your CDs may not be covered by Federal deposit insurance in some instances.

If, in the future, the regulations or statutes governing the provision of Federal deposit insurance are changed such that CDs with terms similar to your CDs are not eligible for Federal deposit insurance, it is unclear whether Federal deposit insurance would continue to apply to your CDs.

To the extent payments under the CDs is not insured by the FDIC, you can depend only on our creditworthiness for payment on the CDs.

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

In the event of a receivership and liquidation of UBS Bank and the FDIC makes payment on the CDs under Federal deposit insurance, the FDIC will be subrogated to all rights of holders of the CDs against UBS Bank to the extent of such payment.

The CDs are obligations solely of UBS Bank, and are not obligations of UBS Group AG, UBS AG or any other affiliate of UBS Bank. In addition, the CDs are not guaranteed by UBS Group AG, UBS AG or any other affiliate of UBS Bank.

The stated payout on the CDs applies only if you hold your CDs to maturity.

You should be willing to hold your CDs to maturity. If you are able to sell your CDs prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment, even if the payment at maturity on your CDs is linked to a reference asset that has performed favorably over the term of the CDs.

The status as uninsured deposits could reduce your recovery of principal deposited and/or adversely affect your return.

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

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

The FDIC as conservator or receiver also may transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including deposit liabilities such as the CDs (or only the insured portion thereof), without the approval or consent of the beneficial owners of the CDs. The transferee depository institution could seek to redeem the CDs early, or in lieu thereof, offer the beneficial owners of the CDs the choice of substitute terms which may be less favorable. If a CD is redeemed or paid off prior to its maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

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

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

The scope and extent of FDIC insurance coverage may change.

Amendments to existing legislation or regulations or enactment of new legislation or regulations relating to FDIC insurance may be introduced at any time. In the event that any such change to existing law or regulation occurs, for example, a change in law that would result in termination of FDIC insurance for the CDs, holders of the CDs may be affected. We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations, would have on holders of the CDs. The Bank is not presently required, nor does it intend, to notify holders of the CDs of any subsequent changes in the federal deposit insurance coverage rules.

You will have no right to withdraw the principal amount of your CDs prior to the maturity date.

When you purchase the CDs, you agree with UBS Bank to keep your funds on deposit for the term of the CDs. Except as provided under "Description of the CDs — Estate feature of the CDs" herein or as otherwise specified in the applicable supplement, you will not have the right to withdraw any portion of the principal amount of your CDs prior to the maturity date. Therefore, you should not rely on the possibility of early withdrawal for gaining access to your funds prior to the maturity date.

Your CDs may be subject to mandatory redemption in the event our status as an insured depository institution is terminated.

Unless otherwise specified in the applicable supplement, in the event our status as an insured depository institution is terminated, to the extent permitted by applicable law and regulation we will redeem your CDs in full. The payment amount you receive upon such redemption due to the termination of Federal deposit insurance from the FDIC may be less than the amount you would have otherwise received on the maturity date.

Risks Related to Certain Features of the CDs

The following risk factors describe risks pertaining to certain features that may apply to your CDs. Your CDs may incorporate several or none of these features. Your CDs may also incorporate additional features that will be specified in the terms of the applicable supplement. We urge you to read the following information about these risks and the risks described in the applicable supplement, together with the other information in the applicable supplement, before investing in the CDs.

Early Redemption or Repayment at Our Option:

CDs that may be redeemed or repaid early are subject to reinvestment risk.

If your CDs may be redeemed or repaid early at our option and we choose to do so, the term of the CDs will be reduced and you will not receive any payment on the CDs after the applicable redemption or repayment date. In the event that the CDs are redeemed

or repaid early, there is no guarantee that you would be able to reinvest the proceeds from a redemption or repayment of the CDs at a comparable rate of return. To the extent you are able to reinvest such proceeds in an investment comparable to the CDs, you may incur transaction costs such as dealer discounts and hedging costs built into the price of the new CDs.

CDs subject to early redemption at our option will be redeemed at a time that is advantageous to us and without regard to your interests.

In determining whether to redeem the CDs, we will consider various factors, including then-current market interest rates and our expectations about payments we will be required to make on the CDs in the future. If we redeem the CDs early, we will do so at a time that is advantageous to us and without regard to your interests. Further, our right to redeem the CDs may also adversely impact your ability to sell your CDs in the secondary market.

We are more likely to redeem the CDs at a time when the reference asset is performing favorably from your perspective and when we expect them to continue to do so. Therefore, although the CDs may offer the potential to earn a higher yield than the yield on more conventional CDs that bear interest at prevailing market rates, it is more likely that we would redeem the CDs early if the CDs are paying a higher rate than more conventional CDs that bear interest at prevailing market rates and we expect them to continue to do so. Conversely, we are not likely to redeem the CDs early if the reference asset is performing unfavorably from your perspective, resulting in a lower yield than the yield on conventional CDs that bear interest at prevailing market rates. Therefore, the CDs are more likely to remain outstanding when the expected amount payable on the CDs is less than what would be payable on other comparable CDs and when your risk of not receiving any positive return on your initial investment is relatively higher.

Zero Coupon:

The yield on a zero coupon CD may be lower than the yield on standard debt securities of comparable maturity.

You will not generally receive periodic payments of interest on the CDs as you would on a conventional CD of comparable maturity that pays periodic payments of interest at a fixed rate or floating rate. Rather, the CDs will be issued at a price less than their principal amount and you will generally receive a single payment at maturity. Because you do not receive periodic payments of interest throughout the term of the CDs, the return of each CD at maturity may not compensate you for any opportunity cost implied by inflation and other factors relating to the time value of money. Additionally, if you try to sell a zero coupon CD in any secondary market, the market value of zero coupon CDs tend to be more volatile than conventional CDs that pay periodic payments of interest, and you may suffer substantial losses. Therefore, the effective yield to maturity of the CDs may be less than that which would be earned on conventional CDs of comparable maturity that pay periodic payments of interest.

Floating Interest Rate:

CDs with a floating rate of interest present significant risks not associated with conventional fixed interest rate CDs.

If the CDs are floating rate CDs, the rate of interest paid on the CDs will not be fixed, but will vary depending on the value or performance of the applicable reference asset. Therefore, floating rates of interest present significant risks not associated with a conventional fixed rate CD. These risks include fluctuation of the applicable interest rate and the possibility that, in the future, you will receive a lesser supplemental amount or no supplemental amount at all. We have no control over a number of matters that may affect interest rates, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results.

Further, if the terms of the applicable supplement specify an inverse floating rate, you will have inverse exposure to the positive performance of the reference asset, meaning that if the reference asset appreciates, the supplemental amount paid on the CDs will decline. Therefore, you may receive little or no interest payments on the CDs if the reference asset appreciates over the term of the CDs.

The method pursuant to which the rate of interest for any floating rate CD is determined may adversely affect the market value of, and return on, such CDs.

The method pursuant to which the rate of interest for any floating rate CD is determined may be subject to change and could adversely affect the market value of, and return on, such CDs. Certain base rates are deemed to be "benchmarks" and are the subject of ongoing national and international regulatory scrutiny and reforms. Some of these reforms are already effective, while others are still to be formulated or implemented.

As discussed further under "Reference Assets" herein, if the base rate for any floating rate CD does not appear on the relevant screen page at the relevant time on any interest determination date, the rate of interest applicable to the related interest period will be determined by the calculation agent pursuant to the alternative method(s) specified for such base rate under "Reference Assets" herein (the "fallback mechanism").

Notwithstanding the fallback mechanism applicable to a floating rate CD, if the calculation agent determines that a benchmark event (as defined under "Reference Assets — Special Rate Calculation Terms" herein) has occurred with respect to an applicable base rate, then the calculation agent shall either determine or appoint an independent advisor to determine an alternative base rate in accordance with the terms under "Reference Assets" herein. Any such determination may also result in changes to, inter alia, the definitions of the spread (if applicable), day count fraction, business day, interest determination date and/or any other terms of the CDs as necessary to implement such other rate as the applicable base rate. Further, if (i) the calculation agent is unable to appoint an independent advisor or if such independent advisor appointed fails to determine an alternative base rate, and (ii) the calculation agent is unable or unwilling to determine the alternative base rate, the rate of interest for the affected interest period will be determined by reference to the rate of interest determined as at the last preceding interest determination date.

The use of an alternative base rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on such CDs if the applicable base rate remained available in its current form. Furthermore, the calculation agent may have to exercise its discretion to determine (or to elect not to determine) an alternative base rate in accordance with the procedure specified under "Reference Assets—Base Rate Replacement" and in such a situation is likely to have a conflict of interest. Any such consequences could adversely affect the market value of, and return on, such CDs.

More generally, any of the above changes or any other consequential changes to any "benchmark" on which interest payments under any floating rate CDs are based as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the value of, and return on, such CDs.

The Consumer Price Index ("CPI") and its method of calculation may change in the future and could adversely affect the value of CPI-linked CDs.

The CPI is subject to revision by the Bureau of Labor Statistics of the U.S. Department of Labor ("BLS"). For example, the BLS revises the CPI to account for changes in consumer buying habits or shifts in population distribution or demographics. In addition, the census conducted every 10 years by the U.S. Census Bureau provides information that BLS may use to revise geographic samples to reflect population distribution and other demographic factors. Also, as a matter of policy, the BLS researches statistical methods to apply to the calculation of the CPI. Thus, even between major revisions, further updates or revisions to the index methodology can be made. For example, effective with the release of the January 2015 CPI on February 26, 2015, the BLS utilized a new estimation system for the CPI that includes several methodological changes including imputation of price changes by a narrower set of item and geographic source data. It is not possible to predict the extent of the effects of the new estimation system on the CPI and, therefore, the impact on any supplemental amount on the CDs and the market value of CPI-linked CDs.

The composition and characteristics of SOFR are not the same as those of U.S. dollar LIBOR.

The Federal Reserve Bank of New York (the "FRBNY") began to publish the Secured Overnight Financing Rate ("SOFR") in April 2018 and began publishing the SOFR index (as defined herein) on March 2, 2020. Similarly, the CMS rate, or U.S. Dollar SOFR ICE swap rate, was first published by the ICE Benchmark Administration ("IBA") in November 2021.

However, the composition and characteristics of SOFR are not the same as those of U.S. dollar London Interbank Offered Rate ("LIBOR"). For example, SOFR is a secured overnight rate, while LIBOR is an unsecured rate that represents interbank funding over different maturities. In addition, because SOFR is a transaction-based rate, it is backward-looking, whereas LIBOR is forward-looking. Because of these and other differences, there can be no assurance that SOFR will perform in the same way as LIBOR would have done at any time, and there is no guarantee that it is a comparable substitute for LIBOR.

SOFR may be more volatile than other benchmark or market rates.

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as LIBOR. Although changes in compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the market value of, and return on, any SOFR-linked CDs may fluctuate more than floating rate CDs that are linked to less volatile rates. As such, SOFR may bear little or no relation to the historical data. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The FRBNY has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the FRBNY will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in SOFR-linked CDs.

Any failure of SOFR to gain market acceptance could adversely affect the market value of and return on SOFR-linked CDs.

According to the ARRC, SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants may not consider SOFR a suitable replacement or successor for all of the purposes for which LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the market value of, and return on, SOFR-linked CDs.

In addition, if SOFR does not prove to be widely used as a benchmark in comparable floating rate products, the trading price of SOFR-linked CDs may be lower than those of CDs that are linked to rates that are more widely used. Similarly, market terms for floating-rate CDs linked to SOFR, such as the manner of determining SOFR, the spread over the base rate reflected in interest rate provisions or, if applicable, the manner of compounding the base rate, may evolve over time and trading prices of earlier issued SOFR-linked CDs may be lower than those of later-issued SOFR-based CDs as a result. Investors may not be able to sell their CDs at all or may not be able to sell their CDs at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

SOFR may be modified or discontinued and SOFR-linked CDs may bear interest by reference to a rate other than SOFR, which could adversely affect the market value of, and return on, the CDs.

SOFR and the SOFR index is published by the FRBNY based on data received by it from sources other than us, and we have no control over its methods of calculation, publication schedule, rate revision practices or availability of SOFR or the SOFR index at any time. There can be no guarantee, particularly given its relatively recent introduction, that SOFR or the SOFR index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in CDs linked to SOFR or the SOFR index. If the manner in which SOFR or the SOFR index is calculated is changed, that change may result in a reduction in the supplemental amount payable on CDs linked to SOFR and the trading prices of the CDs. In addition, the FRBNY may withdraw, modify or amend the published SOFR or the SOFR index data in its sole discretion and without notice. Except as indicated elsewhere herein or in the applicable supplement, the interest rate for any interest period will not be adjusted for any modifications or amendments to SOFR data that the FRBNY may publish after a specified time.

If the calculation agent determines that a SOFR benchmark transition event (as defined herein) and its related SOFR benchmark replacement date (as defined herein) have occurred in respect of SOFR or the SOFR index, then the interest rate on the affected CDs will no longer be determined by reference to SOFR or the SOFR index, as applicable, but instead will be determined by reference to a different rate, plus a spread adjustment, which we refer to as a "SOFR benchmark replacement", as further described under the caption "Certain Features of the CDs — SOFR".

If a particular SOFR benchmark replacement (as defined herein) or SOFR benchmark replacement adjustment (as defined herein) cannot be determined, then the next-available SOFR benchmark replacement or SOFR benchmark replacement adjustment will apply. These replacement rates and adjustments may be selected, recommended or formulated by (i) the Relevant Governmental Body (as defined herein) (such as the ARRC), (ii) the International Swaps and Derivatives Association, Inc. ("ISDA") or (iii) in certain circumstances, the calculation agent. In addition, the terms of the CDs expressly authorize the calculation agent to make SOFR benchmark replacement conforming changes (as defined herein) with respect to, among other things, changes to the definition of "interest period", the timing and frequency of determining rates and making payments of interest and other administrative matters. The determination of a SOFR benchmark replacement, the calculation of the interest rate on the affected CDs by reference to a SOFR benchmark replacement (including the application of a SOFR benchmark replacement adjustment), any implementation of SOFR benchmark replacement conforming changes and any other determinations, decisions or elections that may be made under the terms of the CDs in connection with a benchmark transition event, could adversely affect the market value of, and return on, the CDs.

In addition, (i) the composition and characteristics of the SOFR benchmark replacement will not be the same as those of SOFR (however it is calculated in respect of the affected CDs) or the SOFR index, as applicable, the SOFR benchmark replacement may not be the economic equivalent of SOFR or the SOFR index, there can be no assurance that the SOFR benchmark replacement will perform in the same way as SOFR or the SOFR index would have at any time and there is no guarantee that the SOFR benchmark replacement will be a comparable substitute for SOFR or the SOFR index (each of which means that a SOFR benchmark transition event could adversely affect the market value of, and return on, of the CDs), (ii) any failure of the SOFR benchmark replacement to gain market acceptance could adversely affect the CDs, (iii) the SOFR benchmark replacement may have a very limited history and the future performance of the SOFR benchmark replacement may not be predicted based on historical performance, (iv) the secondary trading market for CDs linked to the SOFR benchmark replacement may be limited and (v) the administrator of the

SOFR benchmark replacement may make changes that could change the value of the SOFR benchmark replacement or discontinue the SOFR benchmark replacement and has no obligation to consider your interests in doing so.

The interest rate on SOFR-linked CDs may be based on a compounded SOFR rate, SOFR Average and the SOFR index, which is relatively new in the marketplace.

For each interest period, the interest rate on floating-rate CDs linked to SOFR may be based on compounded SOFR, which may be calculated using the SOFR index published by the FRBNY according to the specific formula described under "Certain Features of the CDs — SOFR", rather than the SOFR rate published on or in respect of a particular date during such interest period or an arithmetic average of SOFR rates during such period. For this and other reasons, the interest rate on a CD linked to compounded SOFR or the SOFR index during any interest period will not necessarily be the same as the interest rate on other SOFR-linked investments that use an alternative basis to determine the applicable interest rate, including, potentially, other CDs based on compounded SOFR. Further, if the interest rate is based on compounded SOFR or another SOFR-linked investment and the SOFR rate in respect of a particular date during an interest period is negative, its contribution to compounded SOFR or the SOFR index, as applicable, will be less than one, resulting in a reduction to compounded SOFR used to calculate the interest payable on CDs linked to compounded SOFR on the interest payment date for such interest period.

Limited market precedent exists for CDs and securities that use SOFR as the interest rate and the method for calculating an interest rate based upon SOFR varies. Accordingly, the use of the SOFR index, SOFR Average or the specific formula for compounded SOFR or SOFR Average used in a CD linked to compounded SOFR may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that may adversely affect the market value of, and return on, CDs linked to compounded SOFR or SOFR Average. Furthermore, the manner of adoption or application of reference rates based on the SOFR in the bond market may differ materially compared with the application and adoption of the SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any potential inconsistencies between the adoption of reference rates based on the SOFR across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the SOFR-linked CDs.

Compounded SOFR with respect to a particular interest period will only be capable of being determined near the end of the relevant interest period.

If the interest rate on your CDs is based on compounded SOFR, the SOFR index or SOFR Average, the level of compounded SOFR applicable to a particular interest period and, therefore, the amount of interest payable with respect to such interest period, will be determined on the interest determination date (as defined further below) for such interest period. Because each such date will be near the end of such interest period, you will not know the amount of interest payable with respect to a particular interest period until shortly before the related interest payment date and it may be difficult for you to reliably estimate the amount of interest that will be payable on each such interest payment date. In addition, some investors may be unwilling or unable to trade CDs linked to the compounded SOFR or the SOFR index without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of CDs linked to the compounded SOFR, the SOFR index or SOFR Average.

Compounded SOFR for an interest period during a floating period may not reflect any subsequently published corrections to SOFR.

The FRBNY publishes SOFR each U.S. government securities business day at approximately 8:00 a.m. (New York time) for trades made on the immediately preceding U.S. government securities business day. After publication, if (i) the FRBNY discovers errors in the transaction data or calculation process or additional transaction data becomes available and (ii) such errors or additional data would change the published SOFR by at least one basis point (0.01%), subject to change based on periodic review by the FFRBNY, then the FRBNY will republish SOFR at approximately 2:30 p.m. (New York time) on that same day. The FRBNY will not revise published SOFR on any U.S. government securities business day after the original date of publication and, even if the FRBNY's policy changes to permit revisions to SOFR after the initial publication date, such changes would not be reflected in the calculation agent's determination of Compounded SOFR on a U.S. government securities business day under the notes because any such determination is made as of 3:00 p.m. (New York time) on each U.S. government securities business day without regard to any subsequently published revisions.

There is limited historical data regarding the U.S. Dollar SOFR ICE Swap Rate and the future performance of the U.S. Dollar SOFR ICE Swap Rate cannot be predicted based on historical performance.

The U.S. Dollar SOFR ICE Swap Rate was first published by the IBA in November 2021. Accordingly, the U.S. Dollar SOFR ICE Swap Rate has limited historical performance. You should not rely on any historical changes or trends in such rate. The future performance of the U.S. Dollar SOFR ICE Swap Rate cannot be predicted based on its past performance, and its performance during the term of U.S. Dollar SOFR ICE Swap Rate-linked CDs may bear little or no relation to its limited historical performance. Since its initial publication, daily changes in the U.S. Dollar SOFR ICE Swap Rate have, on occasion, been more volatile than daily

changes in comparable benchmark or market rates. As a result, the return on the affected CDs may fluctuate to a larger degree than floating-rate CDs that are linked to less volatile rates.

Additionally, because the U.S. Dollar SOFR ICE Swap Rate is such a new rate, there is an increased likelihood that the methodology pursuant to which the rate is calculated may be changed by the IBA (or any successor) than there would be if it had a longer publication history. Currently, the U.S. Dollar SOFR ICE Swap Rate represents the fixed rate of interest payable on a hypothetical interest rate swap. In such a hypothetical swap, a fixed rate of interest is exchangeable for a floating rate based on SOFR (compounded in arrears for twelve months using standard market conventions), each payable annually on an Actual/360 basis (i.e. interest accrues based on the actual number of days elapsed in a year assumed to be 360 days). UBS Bank has no control over the determination, calculation or publication of the U.S. Dollar SOFR ICE Swap Rate and there can be no guarantee that it will not be discontinued or fundamentally altered in a manner that is materially adverse to your interest in U.S. Dollar SOFR ICE Swap Rate-linked CDs. Any changes to the manner in which the U.S. Dollar SOFR ICE Swap Rate is calculated could adversely affect the market value of, and return on, the affected CDs.

Interest Conversion Right:

If we exercise our right to convert a floating rate of interest to a fixed rate of interest, you would no longer receive the potentially higher floating rates for the remaining term of the CDs.

If your CDs are subject to an interest conversion right, beginning on a date specified in the applicable supplement and on the other specified dates thereafter, we will have the sole right to convert a floating rate of interest to a fixed rate of interest. Our decision may depend on movements in market interest rates compared to the fixed interest rate that would apply to the CDs if we exercised our interest conversion right. We would be more likely to exercise our interest conversion right and pay the fixed interest rate if the floating interest has been and is likely to be greater than the fixed interest rate for the remainder of the term of the CDs. If we were to elect to exercise our interest conversion right, you would not receive the potentially higher floating rates for the remaining term of the CDs and the value of the CDs would likely decline as a result.

Maximum Return, Maximum Rate, Ceiling or Cap:

The interest or any other supplemental amount on the CDs will be limited to the maximum return, maximum rate, ceiling or cap.

If your CDs are subject to a maximum return, maximum rate, ceiling or cap, the interest or any other supplemental amount on the CDs will be limited to the maximum return, maximum rate, ceiling or cap, as applicable. Therefore, you will not benefit from any increased level of a reference asset that causes the return on the CDs to exceed the maximum return, maximum rate, ceiling or cap and your return on the CDs may be less than a hypothetical direct investment in the reference asset.

Range Accruals:

You will not receive any interest or any other supplemental amount on the CDs unless the level of a reference asset is within a specified range or above or below a certain value.

If your CDs are subject to a range accrual feature, UBS Bank will not pay any interest or any other supplemental amount on the CDs unless the level of a reference asset is within a specified range or above or below a certain level specified in the applicable supplement. Therefore, even if the level of the reference asset increases over the term of the CDs, you may not receive any interest payment or any other supplemental amount on the CDs if the level of the reference asset is not within a specified range or above or below a certain level.

Risks Related to Liquidity and Secondary Market Issues

There may not be an active trading market in the CDs; sales in the secondary market may result in significant losses.

You should be willing to hold your CDs to maturity. There may be little or no secondary market for the CDs. The CDs will not be listed or displayed on any securities exchange or any electronic communications network. UBS Securities LLC and other affiliates of UBS Bank may make a market for the CDs, but are not required to do so and may stop any such market-making activities at any time.

If you sell your CDs before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.

In addition, if we, UBS Securities LLC or any other affiliate of ours purchases a CD in the secondary market within six days after the date of initial issuance of the CD, the purchase price will be reduced by an early withdrawal penalty of fifty (50) basis points.

The market value of the CDs may be influenced by unpredictable factors.

The market value of your CDs may fluctuate between the date you purchase them and the maturity date. Several factors, many of which are beyond our control and interrelate in complex and unpredictable ways, will influence the terms and features of your CDs at issuance and the market value of the CDs. Generally, we expect that the level of the relevant reference asset(s) on any day will affect the market value of the CDs more than any other single factor. Other factors that may influence the terms and features of your CDs at issuance and the market value of the CDs include:

- the volatility of a reference asset (*i.e.*, the frequency and magnitude of changes in the level(s) of such assets over the term of the CDs);
- the volatility of interest rates in the U.S. (i.e. the frequency and magnitude of changes in interest rates).
- interest rates in the U.S. market and each market related to the reference asset;
- for any CD having multiple reference assets, the correlation among such reference assets;
- the time remaining to the maturity of the CDs;
- the availability of comparable instruments and supply and demand for the CDs, including inventory positions with UBS Securities LLC or any other market-maker;
- for any reference asset relating to non-U.S. markets, the exchange rate and volatility of the exchange rate between the U.S. dollar and the foreign currency of such markets;
- the creditworthiness of UBS Bank; and
- geopolitical, economic, financial, political, regulatory, judicial, force majeure or other events that affect the performance or level of the reference asset generally.

These and other factors interrelate in complex and unpredictable ways, and the effect of one factor on the terms and features of your CDs at issuance and the market value of your CDs may offset or enhance the effect of another factor. The value of the CDs prior to maturity may be less than the principal amount, and may be significantly different than the amount expected at maturity.

The inclusion of commissions and compensation in the issue price of the CDs is likely to adversely affect secondary market prices of the CDs.

Assuming no change in market conditions or any other relevant factors, the price, if any, at which UBS Securities LLC or its affiliates (or any third party market maker) are willing to purchase the CDs in secondary market transactions will likely be lower than the issue price, because the issue price is likely to include, and secondary market prices are likely to exclude, commissions or other compensation paid with respect to, or embedded profit in, the CDs. In addition, any such prices may differ from values determined by pricing models used by UBS Securities LLC or its affiliates, as a result of dealer discounts, mark-ups or other transactions.

Risks Related to General Characteristics of Reference Assets

Fluctuations relating to exchange rates may affect the market value of, and return on, your investment.

Fluctuations in exchange rates may affect the value of your investment. The Consumer Price Index, SOFR, the U.S. Dollar SOFR ICE Swap Rate and Federal Funds (Effective) Rate are each subject to volatility due to a variety of factors affecting interest rates generally and the rates of U.S. Treasury securities specifically, including:

- sentiment regarding underlying strength in the U.S., European and global economies;
- expectation regarding the level of price inflation;
- sentiment regarding credit quality in U.S., European and global credit markets;
- central bank policy regarding interest rates; and
- performance of capital markets.

Risks Related to Hedging Activities and Conflicts of Interest

Trading and other transactions by UBS Bank or its affiliates in any reference asset or derivative products based on any reference asset may adversely affect any supplemental amount on the CDs and the market value of the CDs.

As described below under "Use of Proceeds and Hedging" UBS Bank or its affiliates expect to enter into hedging transactions involving purchases of listed and/or over-the-counter options, futures or securities or other instruments with returns linked or related to changes in the performance of the reference asset prior to, on and/or after the applicable trade date, and may subsequently enter into additional

hedging transactions or unwind those previously entered into. Although they are not expected to, any of these hedging activities may adversely affect the market price or level of such reference asset and, therefore, any supplemental amount on the CDs and the market value of the CDs. It is possible that UBS Bank or its affiliates could receive substantial returns from these hedging activities while the market value of the CDs declines. No holder of the CDs will have any rights or interest in our hedging activity or any positions we may take in connection with our hedging activity.

UBS Bank or its affiliates may also engage in trading in other investments relating to the reference asset on a regular basis as part of our general commodities, broker-dealer and other businesses, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the level of the reference asset and, therefore, any supplemental amount on the CDs and the market value of the CDs. UBS Bank or its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to the levels or the performance of a reference asset. By introducing competing products into the marketplace in this manner, UBS Bank or its affiliates could adversely affect the market value of, and your return on, the CDs. UBS Securities LLC and other affiliates of UBS Bank, as well as other third parties, may also make a secondary market in the CDs, although they are not obligated to do so. As market makers, trading of the CDs may cause UBS Securities LLC or other affiliates of UBS Bank, as well as other third parties, to be long or short the CDs in their inventory. The supply and demand for the CDs, including inventory positions of market makers, may affect the secondary market price for the CDs and any supplemental amount on the CDs.

The business activities of UBS Bank or its affiliates may create conflicts of interest.

As noted above, UBS Bank and its affiliates expect to engage in trading activities related to a reference asset, including listed and/or over-the-counter options, futures, exchange-traded funds or other instruments on a reference asset, that are not for the account of holders of the CDs or on their behalf. These trading activities may present a conflict between the holders' interest in the CDs and the interests UBS Bank and its affiliates will have in facilitating transactions, including block trades, futures, options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the level of such reference asset, could be adverse to the interests of the holders of the CDs.

Furthermore, we or one of our affiliates may serve as issuer, agent or underwriter for issuances of other securities or financial instruments with returns linked or related to changes in the performance of a reference asset. To the extent that we or one of our affiliates serves as issuer, agent or underwriter for these securities or financial instruments, our or their interests with respect to these securities or financial instruments may be adverse to those of the holders of the CDs. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the value of the CDs. Any of these activities by UBS Bank or other affiliates may affect the level of a reference asset and, therefore, the market value of, and return on, the CDs.

We and our affiliates may publish research, express opinions or provide recommendations that are inconsistent with investing in or holding the CDs. Any such research, opinions or recommendations could affect the level of a reference asset or the market value of, and return on, the CDs.

UBS Bank and its affiliates publish research from time to time on financial markets, commodities markets and other matters that may influence the value of the CDs, or express opinions or provide recommendations that are inconsistent with purchasing or holding the CDs. UBS Bank and its affiliates may have published research or other opinions that call into question the investment view implicit in your CDs. Any research, opinions or recommendations expressed by UBS Bank or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the CDs and any reference asset to which the CDs are linked.

There are potential conflicts of interest between you and the calculation agent.

Unless otherwise specified in the applicable supplement, UBS AG will serve as the calculation agent. The calculation agent will, among other things, decide any supplemental amount on the CDs. We may change the calculation agent after the original issue date of any CDs without notice. For a fuller description of the calculation agent's role, see "General Terms of the CDs — Role of Calculation Agent". The calculation agent will exercise its judgment when performing its functions.

For example, if the calculation agent determines that a benchmark event has occurred with respect to an applicable base rate, then the calculation agent will determine whether to calculate the relevant rate using an alternative base rate as determined in the manner specified under "Reference Assets" herein. In such instances, the calculation agent may determine any changes to the definitions of day count fraction, business day, interest determination date and/or any other terms of the CDs as necessary to implement the alternative base rate as the applicable base rate. Because these determinations by the calculation agent may affect any supplemental amount on the CDs, the calculation agent may have a conflict of interest if it needs to make any such decisions.

Additionally, for floating rate CDs linked to certain floating rates, the calculation agent may have the discretion to replace the applicable floating rate following the occurrence of certain events and make other changes to the terms of the affected CDs, such as the spread, if any, as discussed elsewhere herein.

Affiliates of UBS Bank may act as agent or dealer in connection with the sale of the CDs.

UBS Bank and its affiliates act in various capacities with respect to the CDs. We and our affiliates may act as a principal, agent or dealer in connection with the sale of the CDs. Such affiliates, including the sales representatives, will derive compensation from the distribution of the CDs and such compensation may serve as an incentive to sell these CDs instead of other investments. We may pay dealer compensation to any of our affiliates acting as agents or dealers in connection with the distribution of the CDs.

Risks Related to Taxation Issues

The tax consequences of an investment in your CDs may be uncertain.

The characterization of the CDs for U.S. federal income tax purposes will depend on the terms and conditions of such CDs. Depending on the terms and conditions of the CDs, the tax consequences of an investment in your notes may be uncertain. The tax discussion set forth under "Material U.S. Federal Income Tax Consequences" in the accompanying disclosure statement addresses certain tax consequences that are generally expected to be applicable to the CDs but it does not address the tax treatment of any particular CD. Accordingly, tax consequences different than those described therein may be applicable to any particular CD. The tax consequences for a particular CD will be discussed in the applicable supplement.

Both U.S. and non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the CDs, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

GENERAL TERMS OF THE CDS

The following is a summary of the general terms which may apply to your CDs. The information in this section is qualified in its entirety by the more detailed explanation set forth elsewhere in the applicable supplements. In this section, references to "holders" mean those who own the CDs registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in the CDs registered in street name or in the CDs issued in book-entry form through the Depository Trust Company ("DTC") or another depositary. Owners of beneficial interests in the CDs should read the section entitled "Evidence of the CDs" herein.

To the extent the amounts payable on the CDs are based on a reference asset, the terms of this disclosure statement will be amended in the applicable supplement to account for such reference asset.

Denomination

Unless otherwise specified in the applicable supplement, the CDs will have a principal amount of $1,000 and a minimum investment of one CD.

Payment at Maturity

Unless otherwise specified in the applicable supplement, at maturity the CDs will pay the principal amount plus any supplemental amount. The CDs are not eligible for withdrawal prior to maturity, except upon the death or adjudication of incompetence of a beneficial owner of the CDs, as described under "Description of the CDs – Estate feature of the CDs", which is subject to important limitations.

Supplemental Amount

The CDs may bear a rate of interest based on (1) a reference asset, (2) a fixed amount or rate or (3) movements in the levels or other events relating to a reference asset. The applicable supplement will specify whether the CDs will pay any supplemental amount and, if so, the rate, reference asset and/or formulas used to determine such supplemental amounts.

Original Issue Discount

The CDs may be issued at a price that is less than the principal amount and provide that, upon redemption or acceleration of maturity, an amount less than the principal amount will be payable (an "original issue discount CD"). An original issue discount CD may be a zero coupon CD, meaning you will not receive periodic payments of interest on the CDs as you would on a conventional CD that pays periodic interest and will instead receive a single payment at maturity.

A CD issued at a discount to its principal amount may, for U.S. federal income tax purposes, be considered an original issue discount CD, regardless of the amount payable upon redemption or acceleration of maturity. See "Material U.S. Federal Income Tax Consequences — CDs Treated as Indebtedness for U.S. Federal Income Tax Purposes — Original Issue Discount" in this disclosure statement for a brief description of the U.S. federal income tax consequences of owning an original issue discount CD.

Interest Payment Dates

Interest payment dates for your CDs may be specified in the applicable supplement.

Interest Reset Dates

Unless otherwise specified in the applicable supplement, the first day of each interest reset period after the initial interest reset period will be the "interest reset date" as defined below under "Interest Rate Mechanics — Floating Rate CDs)" and is subject to adjustment in accordance with the business day convention specified in the applicable supplement, as described under "— Business Day Conventions" below.

Maturity Date

The maturity date for your CDs will be the date specified in the applicable supplement, subject to the business day convention specified in the applicable supplement. We describe business day conventions under "— Business Day Conventions" below.

Reissuances or Reopened Issues

Under some limited circumstances, and at our sole discretion, we may "reopen" or reissue certain issuances of CDs. These further issuances, if any, will be consolidated to form a single class with the originally issued CDs and will have the same CUSIP or ISIN number and will trade interchangeably with the CDs immediately upon settlement. Any additional issuances will increase the aggregate principal amount of the outstanding CDs of the class, plus the aggregate principal amount of any CDs bearing the same CUSIP or ISIN number that are issued pursuant to any future issuances of CDs bearing the same CUSIP or ISIN number. The price of any additional offering will be determined at the time of pricing of that offering.

We intend to comply with the requirements under the Treasury regulations governing "qualified reopenings," and we will therefore treat any additional offerings of CDs as part of the same issue as the CDs for U.S. federal income tax purposes. Accordingly, for purposes of the Treasury regulations governing original issue discount on debt instruments, we will treat any additional offerings of CDs as having the same original issue date, the same issue price and, with respect to holders, the same adjusted issue price as the CDs.

Business Days

One or more of the following business day definitions may apply to any CD, as specified in the applicable supplement:

"*Euro business day*" means each Monday, Tuesday, Wednesday, Thursday and Friday on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System, or any successor system, is open for business.

"*New York business day*" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.

"*U.S. government securities business day*" means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Additional business days not defined above may apply to any CD and will be described in the applicable supplement.

Business Day Conventions

As specified in the applicable supplement, one of the following business day conventions may apply to any CD with regard to any relevant date:

For the Following Business Day Convention and the Modified Following Business Day convention, if the maturity date or any earlier redemption or repayment date with respect to any CD falls on a day that is not a business day, then the maturity date, earlier redemption date or earlier repayment date will be adjusted in accordance with the relevant business day convention and any payment of principal, premium, if any, and interest otherwise due on such day will accrue and be made in accordance with the adjusted maturity date, redemption date or repayment date, as applicable.

Following Business Day Convention: For any interest payment date, including the interest payment date that falls on the maturity date, if such date would otherwise fall on a day that is not a business day, then such date will be postponed to the next day that is a business day.

Modified Following Business Day Convention: For any interest payment date, including the interest payment date that falls on the maturity date, if such date would otherwise fall on a day that is not a business day, then such date will be postponed to the next day that is a business day, except that, if the next business day falls in the next calendar month, then such date will be advanced to the immediately preceding day that is a business day.

For the Following Unadjusted Business Day Convention and Modified following Unadjusted Business Day Convention, if the maturity date or any earlier redemption or repayment date with respect to any CD falls on a day that is not a business day, then the maturity date, earlier redemption date or earlier repayment date will be adjusted, and any payment of principal, premium, if any, and interest otherwise due on such day will be made, in accordance with the applicable business day convention, *provided* that any payment of principal, premium, if any, and interest otherwise due will accrue in accordance with the original maturity date, redemption date or repayment date, as applicable.

Following Unadjusted Business Day Convention: For any interest payment date that falls on a day that is not a business day, including the interest payment date that falls on the maturity, any payment due on such interest payment date will be postponed to the next day that is a business day; provided that interest due with respect to such interest payment date shall not accrue from and including such interest payment date to and including the date of payment of such interest as so postponed.

Modified Following Unadjusted Business Day Convention: For any interest payment date that falls on a day that is not a business day, including the interest payment date that falls on the maturity, any payment due on such interest payment date will be postponed to the next day that is a business day; provided that interest due with respect to such interest payment date shall not accrue from and including such interest payment date to and including the date of payment of such interest as so postponed, and provided further that, if such day would fall in the next succeeding calendar month, the date of payment with respect to such interest payment date will be advanced to the business day immediately preceding such interest payment date.

Regular Record Dates for Interest

Unless otherwise specified in the applicable supplement, the regular record date relating to a payment on the CDs will be the business day prior to the applicable payment date.

Manner of Payment

We or our paying agent will make payments on the CDs in accordance with the applicable policies as in effect from time to time of the depositary. The Depository Trust Company, New York, New York, known as "DTC", will be the depositary for all CDs. Under those policies, we or our paying agent will pay directly to the depositary, or its nominee, and not to any indirect owners who own beneficial interests in the CDs. An indirect owner's right to receive those payments will be governed by the rules and practices of the depositary and its participants as described under "Evidence of the CDs" herein.

Role of Calculation Agent

Unless otherwise specified in the applicable supplement, UBS AG will serve as the calculation agent. We may change the calculation agent after the original issue date of the CDs without notice. The calculation agent will make all determinations regarding any supplemental amount in respect of your CDs, the performance or level of any reference asset, as applicable, early redemption events, business days, the maturity date, any optional redemption date, the interest rate and all other determinations or adjustments with respect to the CDs, in its sole discretion. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent. You will not be entitled to any compensation from us for any loss suffered as a result of any of the above determinations by the calculation agent.

Currency of CDs

Amounts that become due and payable on your CDs in cash will be payable in U.S. dollars.

Interest Rate Mechanics

If the terms of the applicable supplement specify that your CDs will bear interest and unless otherwise specified in the applicable supplement, any interest payments on the CDs will be determined as follows:

Fixed Rate CDs

If the terms of the applicable supplement specify that your CDs will bear interest at a fixed rate, on each interest payment date you will receive an interest payment per CD equal to the product of (i) the principal amount of $1,000 *multiplied by* (ii) the applicable fixed rate specified in the applicable supplement for the relevant interest period *multiplied by* (iii) an accrued interest factor for the interest period based on a day count fraction of Actual/365 (as described below under "Day Count Conventions").

Unless otherwise specified in the applicable supplement, an interest period will be the period from and including the previous interest payment date (or the original issue date in the case of the first interest payment date) to and excluding the applicable interest payment date (which will also be the maturity date in the case of the final interest payment date). The applicable supplement will specify the interest periods.

Interest payment dates will be one or more dates that will be specified in the applicable supplement and are not subject to the business day convention specified in the applicable supplement.

Depending on the economic features of your CDs specified in the applicable supplement, in a fixed-to-floating rate CD, a fixed rate may automatically convert to a floating rate during the term of the CDs. Additionally, the fixed rate may increase or decrease in a step-up or step-down feature applies to your CDs. See "Certain Features of the CDs" below.

Floating Rate CDs

If the terms of the applicable supplement specify that your CDs will bear interest at a floating rate, the interest payments, if any, will be linked to a reference asset or movements in the level or other events relating to a reference asset, as may also be adjusted by one or more features, as described under "Certain Features of the CDs". Any reference asset and any additional features that apply to the interest rate will be specified in the applicable supplement.

Unless otherwise specified in the applicable supplement, on each interest payment date you will receive an interest payment per CD equal to the product of (i) the principal amount of $1,000 *multiplied by* (ii) the rate calculated in accordance with the terms specified in the applicable supplement for the relevant interest period *multiplied by* (iii) an accrued interest factor for the interest period based on a day count fraction of Actual/365 (as described below under "Day Count Conventions"). The interest payments on the CDs may also be adjusted by one or more features, as described under "Certain Features of the CDs".

Unless otherwise specified in the applicable supplement, an "interest period" will be the period from and including the previous interest payment date (or the original issue date in the case of the first interest payment date) to and excluding the applicable interest payment date (which will also be the maturity date in the case of the final interest payment date). The applicable supplement will specify the interest periods.

The interest rate in effect on any particular day on a floating rate CD, other than a SOFR-linked CD or a floating rate CD based on another backward-looking rate, will be the interest rate determined with respect to the latest interest reset date (as defined below) that occurs on or before that day. The interest rate may be reset daily, weekly, monthly, quarterly, semi-annually or annually, which is referred to as the "interest reset period".

Unless otherwise specified in the applicable supplement, the first day of each interest reset period after the initial interest reset period will be the "interest reset date" and is subject to adjustment in accordance with the business day convention specified in the applicable supplement, as described under "General Terms of the CDs — Business Day Conventions".

If the initial interest date is not specified in the applicable supplement, the original issue date will be treated as the first interest reset date, and as specified in the applicable supplement, the interest rate in effect from the original issue date to the first interest reset date will be referred to as the "initial base rate" and may equal to the applicable base rate specified in the applicable supplement.

The calculation agent will determine the interest rate that takes effect on each interest reset date on the corresponding interest calculation date (as defined below) or interest determination date. Unless otherwise specified in the applicable supplement, the "interest determination date" will be as follows:

- for all floating rate CDs other than SOFR CDs, CPI Rate CDs, the interest determination date relating to a particular interest reset date will be the second business day before the interest reset date.

- for SOFR CDs and floating rate CDs based on other backward looking rates, the interest determination date relating to a particular interest period will be the date two U.S. government securities business days (or such other day as specified in the applicable supplement) before the applicable interest payment date (or, in the case of the final interest period, prior to the maturity date or if we elect to redeem in part or in full any CDs, the redemption date for such CDs);

- For CPI Rate CDs, the interest determination date relating to a particular interest period will be the interest payment date for that interest period.

However, except for SOFR CDs, the determination of the rate will actually be made on a day no later than the corresponding interest calculation date. Unless otherwise specified in the applicable supplement, the "interest calculation date" will be the earlier of the following:

- the tenth calendar day after the interest determination date or, if that tenth calendar day is not a business day, the next succeeding business day; or

- the business day immediately preceding the interest payment date or the maturity, whichever is the day on which the next payment of interest will be due.

The calculation agent need not wait until the relevant interest calculation date to determine the interest rate if the rate information it needs to make the determination is available from the relevant sources sooner.

Day Count Conventions

Unless otherwise specified, the "accrued interest factor" will be Actual/365, which equals the actual number of days in the interest period in respect of which payment is being made divided by 365.

CERTAIN FEATURES OF THE CDS

To the extent the amounts payable on the CDs are based on a reference asset other than those described in this disclosure statement, the terms of this disclosure statement will be supplemented in the applicable supplement to account for such reference asset.

Your CDs may incorporate several or none of these features or additional features which will be specified in the applicable supplement.

Investing in the CDs involves significant risks. The CDs may differ from ordinary CDs in that, depending on the economic features of your CDs described in the applicable supplement, you may receive no interest or any other supplemental amount. The interest or any other supplemental amount on the CDs may be based on the performance of a reference asset. Depending on the particular terms of your CDs and performance of the reference asset, you may receive no interest or any other supplemental amount. See "Risk Factors" in this disclosure statement and the risks described in the applicable supplement.

Callable CDs

If the applicable supplement specifies that the CDs will be callable at the option of UBS Bank, the CDs for that particular offering will be callable by UBS Bank at its discretion in whole, but not in part (an "issuer call"), as of the applicable interest payment date(s). If we decide to exercise an issuer call, we will give written notice before the applicable interest payment date. If UBS Bank elects to call the CDs as of an applicable interest payment date, you will receive on such interest payment date an amount specified in the applicable supplement. Following an issuer call, no further payments will be made on the CDs.

Fixed-to-Floating Rate CDs

If the applicable supplement specifies that the CDs will have a fixed-to-floating interest rate, the CDs for that particular offering will bear a fixed rate of interest for a specified period of time beginning on the original issue date (or any other date specified in the applicable supplement), and thereafter the fixed rate of interest will automatically convert into a floating rate of interest for the remaining term of the CDs. The fixed rate and floating rate interest periods will be specified in the applicable supplement.

Floating-to-Fixed Rate CDs

If the applicable supplement specifies that the CDs will have a floating-to-fixed interest rate, the CDs for that particular offering will bear a floating rate of interest for a specified period of time beginning on the original issue date (or any other date specified in the applicable supplement), and thereafter the floating rate of interest will automatically convert into a fixed rate of interest for the remaining term of the CDs. The floating rate and fixed rate interest periods will be specified in the applicable supplement.

Fixed Rate Conversion CDs

If the applicable CDs are fixed rate conversion CDs, the CDs will bear interest at a fixed rate specified in the applicable supplement until we exercise our "interest conversion right". The date or dates upon which we may exercise our interest conversion right (each, a "conversion date") will be specified in the applicable supplement. On each conversion date, we may elect to convert the fixed rate conversion CDs in whole, and not in part, so that instead of paying the fixed interest rate, we will pay the floating interest rate specified in the applicable supplement on each interest payment date following the conversion date. If we decide to exercise the interest conversion right, we will give written notice before the conversion date. Upon an interest conversion, the amount of interest payable on the fixed rate conversion CDs will be floating and will no longer be based on the specified fixed rate, and the amount of interest payable on the fixed rate conversion CDs will be floating and will no longer be based on the specified fixed rate.

Floating Rate Conversion CDs

If the applicable CDs are floating rate conversion CDs, the CDs will bear interest at a floating rate specified in the applicable supplement until we exercise our interest conversion right. If the applicable CDs are floating rate conversion CDs, the CDs will bear interest at a floating rate specified in the applicable supplement until we exercise our interest conversion right. The date or dates upon which we may exercise our interest conversion right (each, a "conversion date") will be specified in the applicable supplement. On each conversion date, we may elect to convert the floating rate conversion CDs in whole, and not in part, so that instead of paying the floating interest rate, we will pay the fixed interest rate specified in the applicable supplement on each interest payment date following the conversion date. If we decide to exercise the interest conversion right, we will give written notice before the conversion date. Upon an interest conversion, the amount of interest payable on the floating rate conversion CDs will be fixed and will no longer be based on the specified floating rate.

Step-Up and Step-Down CDs

Fixed rate CDs may have a "step-up" or "step-down" feature. Step-up CDs will have increasing annual interest rates in successive interest periods, as indicated in the applicable supplement. Step-down CDs will have decreasing annual interest rates in successive interest periods, as indicated in the applicable supplement.

Inverse Floating Rate CDs

Any floating rate may be designated in the applicable supplement as an inverse floating rate. In that case, unless otherwise specified in the applicable supplement, the interest rate on the floating rate CD will be equal to:

- the initial interest rate or another fixed rate of interest specified in the applicable supplement for the period commencing on the original issue date, or the date on which the CD otherwise begins to accrue interest if different from the original issue date, up to the first interest reset date; and

- a fixed rate of interest specified in the applicable supplement *minus* the interest rate determined by the reference rate(s) as adjusted for the period commencing on an interest reset date.

Commencing on the first interest reset date, the rate at which interest on the inverse floating rate CD is payable will be reset as of each interest reset date.

The interest rate will be determined in accordance with the applicable provisions below. The interest rate in effect on each day will be based on:

- if the day is an interest reset date, the interest rate determined as of the interest determination date immediately preceding the applicable interest reset date; or

- if the day is not an interest reset date, the interest rate determined as of the interest determination date immediately preceding the most recent interest reset date.

Range Accrual CDs

"Range accrual CDs" are CDs where the interest or any other supplemental amount on the CDs only accrue if the level of a reference asset is within a specified "range" or above or below a certain threshold level as of the applicable valuation date(s) as specified in the applicable supplement.

Zero Coupon CDs

Fixed rate CDs may be zero-coupon CDs, which will bear no interest and are instead issued at a price lower than the principal amount. If your CDs are zero-coupon CDs, the applicable supplement may specify the original issue discount and the information necessary to determine the accreted value. The accreted value will be (1) as of any date prior to the maturity date, an amount equal to the sum of (a) the original issue price of your CDs and (b) the portion of the excess of the principal amount of your CDs over the original issue price that shall have been accreted from the original issue price up to and including the maturity date maturity, at a rate that will be specified in the applicable supplement from the original issue date, computed on the basis of an Actual/365 (Fixed) day count convention; and (2) as of any date on or after the stated maturity, the principal amount of your CDs.

Maximum Return, Maximum Rate, Ceiling or Cap

The interest or any other supplemental amount on the CDs may be subject to a "maximum return," "maximum rate," "ceiling" or a "cap" limiting the rate of return or interest which may accrue during the term of the CDs or during any interest period.

Minimum Rate or Floor

The interest or any other supplemental amount on the CDs may be subject to a "minimum rate" or "floor" guaranteeing a minimum rate of return or interest which may accrue during the term of the CDs or during any interest period. For example, if the applicable CD specifies that the interest for a specified period is subject to a minimum rate or floor of 0%, the interest for those specified periods will accrue at a rate of no less than 0%.

Rate Cut-off

The "rate cut-off period" is the specified period during which interest accrues on the CDs immediately prior to an interest payment date, to but excluding the interest payment date. The reference asset for purposes of determining the amount payable for each day during

the rate cut-off period will be set a specified number of business days prior to the related interest payment date using the applicable interest rate immediately preceding the start of the rate cut-off period, and will remain in effect until the related interest payment date.

Spread

The "spread" is the number of basis points (where one basis point equals one one-hundredth of a percentage point) that may be specified in the applicable supplement to be added to or subtracted from the reference asset level or other formula. The spread may also be expressed as a percentage where one percentage point is 100 basis points.

Initial Level

The "initial level" is the reference asset closing level on the trade date or other date as specified in the applicable supplement.

Final Level

The "final level" is the reference asset level on the applicable date specified in the applicable supplement, or the arithmetic average of the reference asset levels on each of the dates specified in the applicable supplement.

REFERENCE ASSETS

Depending on the specific economic features of your CDs described in the applicable supplement, the interest or any other supplemental amount on the CDs may be based on, as applicable, one or more indices, an interest rate, an index of consumer prices or other asset classes, a measure, formula or instrument, including that related to macroeconomic events or indicators or the occurrence or non-occurrence of any event or circumstance (each, a "reference asset").

As may be specified in the applicable supplement, the reference assets specified below may serve as a base rate for a floating rate CD in particular. In this section, italicized terms are defined below under "— Special Rate Calculation Terms". For more information on floating rate CDs, see "Interest Rate Mechanics — Floating Rate CDs" above.

Unless otherwise specified in the applicable supplement, the "base rate" may be one or more of the following:

- the CPI Rate,
- SOFR,
- the U.S. Dollar SOFR ICE Swap Rate,
- the federal funds (effective) rate,
- a combination of any of the above, or
- any other rate or interest rate formula specified in the applicable supplement.

Depending on the particular economic features of your CD specified in the applicable supplement, the base rate may be adjusted by a spread and may be limited by a maximum or minimum rate as described above in "Certain Features of the CDs". If the calculation agent determines that the relevant base rate has been discontinued, it may select an alternative base rate in accordance with the provisions specified under "*—Base Rate Replacement*" below.

Consumer Price Index (CPI)

If you purchase CPI Rate CDs, your CDs will bear interest at a base rate equal to the CPI rate and may be adjusted by features specified, if any, in the applicable supplement.

The "Consumer Price Index" or "CPI" means, for any interest determination date, the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor (the "BLS") and reported on Bloomberg ticker "CPURNSA" or any successor service ("Bloomberg CPURNSA"). The BLS makes the majority of its CPI data and press releases publicly available immediately at the time of release. This material may be accessed electronically by means of the BLS' home page on the Internet at http://www.bls.gov. The CPI for a particular month is published during the following month. The CPI is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors' and dentists' services, and drugs. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are included in determining consumer prices. Income taxes and investment items such as stocks, bonds and life insurance are not included. The CPI includes expenditures by urban wage earners and clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. In calculating the CPI, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the BLS to take into account changes in consumer expenditure patterns.

The monthly level of the CPI displays the average change in the prices of consumer goods and services since a "base period", which currently is the 1982-1984 average. For the purposes of calculating the monthly level of the CPI, the level of the base period is set at 100. For example, the level of the CPI in May 2014 was 237.900, which can be interpreted to mean that a representative set of consumer items that cost $100.00 in 1982-1984 would have cost $237.90 in May 2014 (an increase of 137.90%). If the BLS rebases the CPI when the CDs are outstanding, the calculation agent will continue to calculate inflation using 1982-1984 as the base period for so long as the current CPI continues to be published. Any conversion by the BLS to a new base period will not affect the measurement of the percent changes in a given index series from one time period to another, except for rounding differences. Rebasing might affect the published "headline" number often quoted in the financial press, but the calculation agent will readjust the inflation calculation for the CDs using the percentage changes of the rebased CPI.

The BLS has made technical and methodological changes to the CPI, and is likely to continue to do so. Examples of recent methodological changes include:

- the use of regression models to adjust for improvements in the quality of various goods (televisions, personal computers, etc.);
- the introduction of geometric averages to account for consumer substitution within the CPI categories;
- changing the housing/shelter formula to increase rental equivalence estimation; and
- effective with the release of the January 2015 CPI on February 26, 2015, the BLS will use a new estimation system for the CPI, which will introduce several methodological changes and allow for improved flexibility and review capabilities.

Similar changes in the future could affect the level of the CPI and alter the interest payable on the CDs.

Unless otherwise specified in the applicable supplement, with respect to a certain month specified in the applicable supplement (the "reference month"), the "CPI Rate" refers to the change in the level of the CPI calculated as follows:

$$CPI\ Rate = \frac{CPI_t - CPI_{t-x}}{CPI_{t-x}}$$

where:

CPI_t = the level of the CPI for the applicable reference month, as published on Bloomberg CPURNSA;

CPI_{t-x} = the level of the CPI for the calendar month that is "x" calendar months prior to the reference month, where "x" will be a number specified in the applicable supplement, as published on Bloomberg CPURNSA.

Based on the above formula, for example, if the relevant CPI Rate is the annual percentage change in the CPI for the reference month that is the *third* calendar month prior to the month of the relevant interest payment date, then the interest rate payable on September 30, 2014 will reflect the percentage change in the CPI from June 2013 to June 2014 (the reference month) plus the applicable spread, if any. Continuing the example, the June 2014 CPI was 238.343 and the June 2013 CPI was 233.504, so the relevant 12-month CPI Rate was 2.07% for June 2014.

If the applicable supplement defines the relevant CPI Rate to be the 1-month change in the level of the CPI and defines the relevant reference month as the *fourth* calendar month prior to the month of the relevant interest payment date, then the interest payable on September 30, 2014 will reflect the percentage change in the CPI from April 2014 to May 2014 (the reference month) plus the applicable spread, if any. Continuing the example, the May 2014 CPI was 237.900 and the April 2014 CPI was 237.072, so the relevant 1-month CPI Rate was 0.35% for May 2014.

The number of months defined in order to determine the reference month can vary from CD to CD and will be determined in the applicable supplement.

If the performance of the CPI for a particular reference month is negative and when added to the spread equals a negative number, you will not receive an interest payment on the corresponding interest payment date. The interest payment on any interest payment date will not be less than 0.00% per annum, unless specified in the applicable supplement.

The following procedures will be followed if the CPI cannot be determined as described above:

- If the CPI is not reported on Bloomberg CPURNSA for a particular month by 3:00 p.m. New York City time on the interest determination date, but has otherwise been published by the BLS, the calculation agent will determine the CPI as published by the BLS for that month using any other source as the calculation agent deems appropriate.
- If the CPI is rebased to a different year or period, the base reference period will continue to be the 1982-1984 base period as long as the 1982-1984 CPI continues to be published.
- If the CPI for the reference month is subsequently revised by the BLS, the calculation agent will continue to use the CPI initially published by the BLS on the interest reset date.
- If, while the CDs are outstanding, the CPI is discontinued or substantially altered, as determined by the calculation agent, the applicable substitute index for the CDs will be that chosen by the Secretary of the Treasury for the Department of Treasury's Inflation-Protected Securities, as described in Appendix B, Section I, Paragraph B.4 of Part IV of 69 Federal Register, No. 144 (July 28, 2004). If none of those securities are outstanding, the calculation agent will determine a substitute index for the CDs

in accordance with general market practice at the time, provided that the procedure for determining the resulting interest rate is administratively acceptable to the calculation agent.

SOFR

If you purchase a SOFR-linked CD, your CD will bear interest at an interest rate equal to SOFR, which is the secured overnight financing rate that is published by the FRBNY and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities. In addition, when SOFR is the interest rate basis the SOFR base rate will be adjusted by the spread, if any, specified in the applicable supplement. SOFR, on any applicable date, will be determined in the following manner:

- SOFR as published by the FRBNY or any successor (the "SOFR administrator") on the SOFR administrator's website (or any successor page) at 3:00 p.m. (New York time) on such date (the "SOFR determination time"); provided that

- if SOFR does not appear as described in the preceding bullet by the specified time, then: (i) if a SOFR benchmark transition event and its related SOFR benchmark replacement date have not occurred with respect to SOFR, then SOFR shall be the rate determined pursuant to the "SOFR Unavailability Provisions" described below; or (ii) if a SOFR benchmark transition event and its related SOFR benchmark replacement date have occurred with respect to SOFR, then SOFR shall be the rate determined pursuant to the "Effect of a SOFR Benchmark Transition Event" provisions described below.

For the avoidance of doubt, in accordance with the SOFR benchmark replacement provisions, after a SOFR benchmark transition event and its related SOFR benchmark replacement date have occurred, the interest payable for each interest period on the applicable CDs will be an annual rate equal to the sum of the SOFR benchmark replacement (as defined below) and the applicable spread, if any.

Compounded SOFR

The applicable supplement may specify that the CDs are linked to compounded SOFR. Unless otherwise specified in the applicable supplement, compounded SOFR will be determined by reference to the SOFR index in the manner described herein. The SOFR index is published by the FRBNY and measures the cumulative impact of compounding SOFR on a unit of investment over time, with the initial value set to 1.00000000 on April 2, 2018, the first value date of SOFR. The SOFR index value reflects the effect of compounding SOFR on each U.S. Government Securities Business Day and allows the calculation of compounded SOFR averages over custom time periods. The FRBNY notes on its publication page for the SOFR index that use of the SOFR index is subject to important limitations, indemnification obligations and disclaimers, including that the FRBNY may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR index at any time without notice.

Unless otherwise specified in the applicable supplement, "compounded SOFR" will be determined by the calculation agent in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) x \frac{360}{d}$$

where:

"*SOFR Index*$_{Start}$ = For interest periods other than the initial interest period, the SOFR index value on the preceding interest determination date, and, for the initial interest period, the SOFR index value on the date that is two U.S. government securities business days before the first day of such initial interest period;

"SOFR Index$_{End}$ = The SOFR index value on the interest determination date relating to the applicable interest payment date (or in the final interest period, relating to the maturity date or the redemption date); and

"*d*" is the number of calendar days in the relevant observation period.

For purposes of determining compounded SOFR in this manner, "SOFR index" means, with respect to any U.S. Government Securities Business Day:

- the SOFR index value as published by the SOFR administrator as such index appears on the SOFR administrator's website at 3:00 p.m. (New York time) on such U.S. government securities business day (the "SOFR determination time"); provided that:

- if a SOFR index value does not so appear as specified in the preceding bullet at the SOFR determination time, then: (i) if a SOFR benchmark transition event and its related SOFR benchmark replacement date have not occurred with respect to the SOFR index, then the compounded SOFR shall be the rate determined pursuant to the "SOFR Index Unavailability Provisions"

below; or (ii) if a SOFR benchmark transition event and its related SOFR benchmark replacement date have occurred with respect to the SOFR index, then compounded SOFR shall be the rate determined pursuant to the "Effect of a SOFR Benchmark Transition Event" provisions described below.

Alternatively, the applicable supplement may specify that the applicable rate is to be determined using Compounded Daily SOFR. "*Compounded Daily SOFR*" will be computed as follows:

$$\left[\prod_{i=1}^{do}\left(1+\frac{SOFRi \times ni}{360}\right)-1\right]\times\frac{360}{d}$$

where:

"d_0", is the number of U.S. Government Securities Business Days in the applicable interest period.

"*i*" is a series of whole numbers from one to d_0, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the applicable interest period.

"$SOFR_i$", for any U.S. Government Securities Business Day "*i*" in an interest period, is a reference rate equal to Daily SOFR in respect of that day.

"n_i" is the number of calendar days in the applicable interest period from, and including, the U.S. Government Securities Business Day "*i*" to, but excluding, the following U.S. Government Securities Business Day.

"*d*" is the number of calendar days in the applicable interest period.

Notwithstanding anything to the contrary in the applicable supplements, if the calculation agent determines on or prior to the relevant time that a SOFR benchmark transition event and its related SOFR benchmark replacement date (each as defined below) have occurred with respect to determining the SOFR index value, then the SOFR benchmark replacement provisions set forth below will thereafter apply to all determinations of the rate of interest payable on such CDs.

For these calculations, the daily SOFR in effect on any U.S. government securities business day will be the applicable SOFR or SOFR index value as reset on that date.

Alternatively, the applicable supplement may specify that the applicable rate is to be determined using SOFR Average. "*SOFR Average*" is the rate of return on a daily compounded interest investment for 30-, 90- or 180-days as specified in the applicable supplement, and will be, for any interest determination date:

- such rate as published by the SOFR administrator on the SOFR administrator's website (or any successor page) at 3:00 p.m. (New York time) on such interest determination date (the "SOFR determination time"); provided that:

- if a SOFR Average value does not so appear as specified in the preceding bullet at the SOFR determination time, then: (i) if a SOFR benchmark transition event and its related SOFR benchmark replacement date have not occurred with respect to SOFR Average, then SOFR Average shall be the rate determined pursuant to the "SOFR Average Unavailability Provisions" below; or (ii) if a SOFR benchmark transition event and its related SOFR benchmark replacement date have occurred with respect to the SOFR Average, then SOFR Average shall be the rate determined pursuant to the "Effect of a SOFR Benchmark Transition Event" provisions described below.

SOFR Unavailability Provisions

If SOFR is not published on an applicable date and a SOFR benchmark transition event and its related SOFR benchmark replacement date have not occurred with respect to SOFR, SOFR means, for the applicable date for which SOFR is not available, SOFR as published on the first preceding U.S. government securities business day for which SOFR was published on the SOFR administrator's website.

SOFR Index Unavailability Provisions.

If a SOFR $\text{Index}_{\text{Start}}$ or SOFR $\text{Index}_{\text{End}}$ is not published on the associated interest determination date and a SOFR benchmark transition event and its related SOFR benchmark replacement date have not occurred with respect to SOFR, "compounded SOFR" will mean, for the applicable interest period for which the SOFR index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR averages, and definitions required for such formula, published on the

SOFR administrator's website at newyorkfed.org/markets/treasury-repo-reference-rates-information (or any successor page). For the purposes of this provision, references in the SOFR averages compounding formula and related definitions to "calculation period" shall be replaced with "observation period" and the words "that is, 30-, 90-, or 180- calendar days" shall be removed. If the daily SOFR ("$SOFR_i$") does not so appear for any day "i" in the Observation Period, $SOFR_i$ for such day "i" shall be determined as described above under "SOFR Unavailability Provisions".

SOFR Average Unavailability Provisions

If a SOFR Average is not published on the associated interest determination date and a SOFR benchmark transition event and its related SOFR benchmark replacement date have not occurred with respect to SOFR, SOFR Average means, for the applicable interest determination date for which SOFR Average is not available, SOFR Average as published on the first preceding U.S. government securities business day for which the applicable SOFR Average was published on the SOFR administrator's website.

Effect of a SOFR Benchmark Transition Event

(a) *SOFR Benchmark Replacement*. If the calculation agent determines that a SOFR benchmark transition event and its related SOFR benchmark replacement date have occurred prior to the reference time (as defined herein) in respect of any determination of the SOFR benchmark (which would be SOFR or any successor rate) on any date, the SOFR benchmark replacement will replace the then-current SOFR benchmark for all purposes relating to the applicable CDs in respect of such determination on such date and all determinations on all subsequent dates relating to such CDs.

(b) *SOFR Benchmark Replacement Conforming Changes*. In connection with the implementation of a SOFR benchmark replacement, the calculation agent will have the right to make SOFR benchmark replacement conforming changes from time to time.

(c) *Decisions and Determinations*. Any determination, decision or election that may be made by the calculation agent or us pursuant to the SOFR benchmark replacement provisions described herein, including any determination with respect to tenor, rate or adjustment or of the occurrence or non- occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- will be conclusive and binding absent manifest error, may be made in the calculation agent's sole discretion, and, notwithstanding anything to the contrary;
- if made by us, will be made in our sole discretion;
- if made by the calculation agent, will be made after consultation with us, and the calculation agent will not make any such determination, decision or election to which we object; and
- shall become effective without consent from any other party.

Any determination, decision or election pursuant to the SOFR benchmark replacement provisions not made by the calculation agent will be made by us on the basis as described above. The calculation agent shall have no liability for not making any such determination, decision or election. In addition, we may designate an entity (which may be our affiliate) to make any determination, decision or election that we have the right to make in connection with the SOFR benchmark replacement provisions set forth herein.

Certain Defined Terms.

As used herein:

"SOFR benchmark" means, initially, SOFR (howsoever calculated), as such term is defined above; provided that if a SOFR benchmark transition event and its related SOFR benchmark replacement date have occurred with respect to SOFR (or, as applicable, any published SOFR index or SOFR Average used in the calculation thereof) or the then-current SOFR benchmark, then "SOFR benchmark" means the applicable SOFR benchmark replacement.

"SOFR benchmark replacement" means the first alternative set forth in the order below that can be determined by the calculation agent as of the SOFR benchmark replacement date:

(1) the sum of: (a) an alternate rate of interest that has been selected or recommended by the relevant governmental body as the replacement for the then-current SOFR benchmark for the applicable corresponding tenor and (b) the SOFR benchmark replacement adjustment;
(2) the sum of: (a) the ISDA fallback rate and (b) the SOFR benchmark replacement adjustment; or
(3) if (i) the SOFR benchmark replacement cannot be determined in accordance with clause (1) or (2) above as of the SOFR benchmark replacement date or (ii) the calculation agent shall have determined that the ISDA fallback rate determined in accordance with clause (2) above is not an industry-accepted rate of interest as a replacement for the then-current

SOFR benchmark for U.S. dollar-denominated floating rate notes at such time, then the SOFR benchmark replacement shall be the sum of: (a) the alternate rate of interest that has been selected by the calculation agent as the replacement for the then-current SOFR benchmark for the applicable corresponding tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current SOFR benchmark for U.S. dollar denominated floating rate notes at such time and (b) the SOFR benchmark replacement adjustment.

"SOFR benchmark replacement adjustment" means the first alternative set forth in the order below that can be determined by the calculation agent as of the SOFR benchmark replacement date:

(1) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment that has been selected or recommended by the relevant governmental body for the applicable unadjusted SOFR benchmark replacement;

(2) if the applicable unadjusted SOFR benchmark replacement is equivalent to the ISDA fallback rate, then the ISDA fallback adjustment; and

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the calculation agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR benchmark with the applicable unadjusted SOFR benchmark replacement for U.S. dollar denominated floating rate notes at such time.

"SOFR benchmark replacement conforming changes" means, with respect to any SOFR benchmark replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of interest period, the timing and frequency of determining rates and making payments of interest, the rounding of amounts or tenors, and other administrative matters) that the calculation agent decides may be appropriate to reflect the adoption of such SOFR benchmark replacement in a manner substantially consistent with market practice (or, if the calculation agent decides that adoption of any portion of such market practice is not administratively feasible or if the calculation agent determines that no market practice for use of the SOFR benchmark replacement exists, in such other manner as the calculation agent determines is reasonably practicable).

"SOFR benchmark replacement date" means the earliest to occur of the following events with respect to the then-current SOFR benchmark:

(1) in the case of clause (1) or (2) of the definition of "SOFR benchmark transition event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the SOFR benchmark permanently or indefinitely ceases to provide the SOFR benchmark; or

(2) in the case of clause (3) of the definition of "SOFR benchmark transition event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the SOFR benchmark replacement date occurs on the same day as, but earlier than, the reference time in respect of any determination, then the SOFR benchmark replacement date will be deemed to have occurred prior to the reference time for such determination.

For the avoidance of doubt, for purposes of the definitions of SOFR benchmark replacement date and SOFR benchmark transition event, references to SOFR benchmark also include any reference rate underlying such SOFR benchmark.

"SOFR benchmark transition event" means the occurrence of one or more of the following events with respect to the then-current SOFR benchmark (including any daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the SOFR benchmark announcing that such administrator has ceased or will cease to provide the SOFR benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR benchmark;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR benchmark, the central bank for the currency of the SOFR benchmark, an insolvency official with jurisdiction over the administrator for the SOFR benchmark, a resolution authority with jurisdiction over the administrator for the SOFR benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR benchmark, which states that the administrator of the SOFR benchmark has ceased or will cease to provide the SOFR benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR benchmark; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR benchmark announcing that the SOFR benchmark is not, or as of a certain date will not be, representative.

"*Interest payment determination date*" means the date two U.S. government securities business days before the applicable payment date or, in the case of the final interest period, the applicable maturity date, in either case, unless otherwise specified in the applicable supplements.

"*Observation period*" means, in respect of each interest period, the period from, and including, the date two U.S. government securities business days preceding the first date in such interest period to, but excluding, the date two U.S. government securities business days preceding the applicable payment date for such interest period (or in the final interest period, preceding the applicable maturity date), unless otherwise specified in the applicable supplements.

"Corresponding tenor" with respect to a SOFR benchmark replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current SOFR benchmark.

"ISDA definitions" means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA fallback adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA definitions to be determined upon the occurrence of an index cessation event with respect to the SOFR benchmark for the applicable tenor.

"ISDA fallback rate" means the rate that would apply for derivatives transactions referencing the ISDA definitions to be effective upon the occurrence of an index cessation date with respect to the SOFR benchmark for the applicable tenor excluding the applicable ISDA fallback adjustment.

"Reference time" with respect to any determination of the SOFR benchmark means (1) if the SOFR benchmark is SOFR, the SOFR determination time, as such time is defined above, and (2) if the SOFR benchmark is not SOFR, the time determined by the calculation agent in accordance with the SOFR benchmark replacement conforming changes.

"Relevant governmental body" means the Federal Reserve Board and/or the FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board and/or the FRBNY or any successor thereto.

"SOFR administrator" means the FRBNY (or a successor administrator of SOFR)

"SOFR administrator's website" means the website of the FRBNY, currently at http://www.newyorkfed.org, or any successor source.

"Unadjusted SOFR benchmark replacement" means the SOFR benchmark replacement excluding the SOFR benchmark replacement adjustment.

U.S. Dollar SOFR ICE Swap Rate

The "U.S. Dollar SOFR ICE Swap Rate" means the rate for U.S. dollar swaps, which appears on the relevant Bloomberg page as of 11:00 a.m., New York City time on any date of determination. The U.S. Dollar SOFR ICE Swap Rate measures the fixed rate of interest payable on a hypothetical fixed-for-floating U.S. dollar interest rate swap transaction. In such a hypothetical swap transaction, the fixed rate of interest, payable annually on an Actual/360 day count basis, is exchangeable for a floating payment stream based on SOFR (compounded in arrears for twelve months using standard market conventions), also payable annually on an Actual/360 day count basis. SOFR, as discussed further herein, is intended to be a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities. With an Actual/360 day count basis, interest accrues based on the actual number of elapsed days in a hypothetical year assumed to be 360 days. The U.S. Dollar SOFR ICE Swap Rate is published by the IBA. For a more complete discussion of the rate, see theice.com/iba/ice-swap-rate.

The following procedures will be followed if the U.S. Dollar SOFR ICE Swap Rate cannot be determined as described above:

- If the above rate is no longer displayed on the relevant page, or if not displayed by 11:00 a.m., New York City time, on the affected date of determination, then the rate will be determined by the calculation agent after consulting such sources as the calculation agent deems comparable to the relevant Bloomberg page, or any other source it deems reasonable.

- If a benchmark event occurs, then the calculation agent may determine the alternative base rate, including, but not limited to a replacement swap rate that is widely used by market participants who enter into fixed-for-floating U.S. dollar swap transactions; or

- If the calculation agent does not, or is unable to identify any such rate that shall serve as the alternative base rate in accordance with paragraph above, the alternative base rate shall be determined in accordance with the provisions set out under "— Base Rate Replacement" below.

Federal Funds (Effective) Rate

If you purchase federal funds (effective) rate CDs, your CDs will bear interest at a base rate equal to the federal funds (effective) rate and may be adjusted by features specified, if any, in the applicable supplement.

The "federal funds (effective) rate" means, for any interest determination date, the rate on that date for federal funds as published in H.15(519) opposite the heading "Federal funds (effective)" as displayed on the Reuters screen FEDFUNDS1 page under the heading "EFFECT".

The following procedures will be followed if the federal funds (effective) rate cannot be determined as described above:

- If the above rate is not displayed on the Reuters screen FEDFUNDS1 page by 5:00 p.m., New York City time, on the relevant interest determination date, the federal funds (effective) rate will be the rate on that interest determination date as published in the *H.15 Daily Update*, or other recognized electronic source used for the purpose of displaying the applicable rate, opposite the heading "Federal funds (effective)".

- If the above rate is not displayed on the Reuters screen FEDFUNDS1 page and does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 5:00 p.m., New York City time, on the interest determination date, the federal funds rate will remain the federal funds (effective) rate for the immediately preceding interest period (or, in the case of the first reset date following the original issue date where an initial base rate was specified in the applicable supplement, that initial base rate).

- If a benchmark event occurs prior to any interest determination date, then the federal funds (effective) rate shall be determined in accordance with the provisions set out under "— Base Rate Replacement" below.

Base Rate Replacement

If a benchmark event occurs as specified for the relevant base rate above, then the following provisions shall apply:

(A) the calculation agent shall appoint an independent financial institution of international repute or other independent financial advisor experienced in the international capital markets, in each case, appointed by the calculation agent (an "independent advisor") to determine in the independent advisor's discretion, in accordance with clause (D) below, an alternative rate to the applicable base rate (the "alternative base rate") no later than three business days prior to the interest determination date relating to the next succeeding interest period (such business day, the "independent advisor determination cut-off date", and such next succeeding interest period, the "affected interest period") for purposes of determining the floating rate of interest applicable to the affected interest period and all interest periods thereafter;

(B) if prior to the independent advisor determination cut-off date the calculation agent is unable to appoint an independent advisor or the independent advisor appointed by the calculation agent fails to determine an alternative base rate in accordance with clause (D) below, then the calculation agent may determine, in accordance with clause (D) below, the alternative base rate for purposes of determining the floating rate of interest applicable to the affected interest period and all interest periods thereafter;

(C) if clause (B) above applies and the calculation agent is unable or unwilling to determine the alternative base rate prior to the interest determination date relating to the affected interest period in accordance with clause (D) below, (1) the floating rate of interest applicable to the affected interest period shall be determined as at the last preceding interest determination date (through substituting, where a different spread is to be applied to the affected interest period from that which applied to the last preceding interest period, the spread relating to the affected interest period, in place of the spread relating to that last preceding interest period), or, in the case of the first interest period for CDs that have a fixed-to-floating interest rate, the floating interest rate for the floating interest period will be equal to the fixed rate of interest, and (2) with respect to the next succeeding interest period following the affected interest period, clauses (A), (B) and (C) shall apply for purposes of determining the base rate applicable to such succeeding interest period as if references to the affected interest period in such clauses were references to such succeeding interest period; *provided, however,* that, if this clause (C) applies to such succeeding interest period, the floating rate of interest for all future interest periods shall be the floating rate of interest applicable to such succeeding interest period as determined in accordance with this clause (C) unless (1) the calculation agent elects to determine an alternative base rate in respect of any such succeeding interest period and all interest periods thereafter in accordance with the processes set out in this section "—Base Rate Replacement" and (2) an alternative base rate is so determined;

(D) in the case of any determination of an alternative base rate pursuant to clause (A) or (B) above, the alternative base rate shall be such rate as the independent advisor or the calculation agent, as applicable, determines has replaced the applicable base rate in customary market usage, or, if the independent advisor or the calculation agent, as applicable, determines that there is no such rate, such other rate as the independent advisor or the calculation agent determines is most comparable to the applicable base rate; and

(E) if the independent advisor or the calculation agent determines an alternative base rate pursuant to clauses (A) or (B) above, respectively, and (D) above, the calculation agent, or the independent advisor following consultation with the calculation agent (as the case may be), shall also determine (i) the method for obtaining the alternative base rate, including the screen page on or

source from which the alternative base rate appears or is obtained, (ii) whether to apply a spread, formula or methodology for calculating a spread applied to the alternative base rate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to holders as a result of the replacement of the applicable base rate with the alternative base rate (the "adjustment spread") and, if so, determine the adjustment spread, which shall be recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the applicable base rate, where such rate has been replaced by the alternative base rate, and (III) any alternative method for obtaining the alternative base rate if such rate is unavailable on the relevant interest determination date, which alternative method shall be consistent with any alternative base rate that has broad market support.

Special Rate Calculation Terms

In this section, we use several terms that have special meanings relevant to calculating floating interest rates. We define these terms as follows:

The term "*benchmark event*" means:

(a) the relevant base rate has ceased to be published on the relevant screen page as a result of such base rate ceasing to be calculated or administered;

(b) a public statement by the administrator of the relevant base rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such base rate) it has ceased publishing such base rate permanently or indefinitely or that it will cease to do so by a specified future date;

(c) a public statement by the supervisor of the administrator of the relevant base rate that such base rate has been or will, by a specified future date, be permanently or indefinitely discontinued;

(d) a public statement by the supervisor of the administrator of the relevant base rate as a consequence of which base rate will, by a specified future date, be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the CDs;

(e) a public statement by the supervisor of the administrator of the relevant base rate that, in the view of such supervisor, such base rate is or will, by a specified future date, be no longer representative of an underlying market or the methodology to calculate such base rate has materially changed; or

(f) it has or will, by a specified date within the following six months, become unlawful for the calculation agent or the Issuer to calculate any payments due to be made to any holder using the relevant base rate.

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the specified future date in the public statement is more than six months after the date of that public statement, the benchmark event shall not be deemed occur until the date falling six months prior to such specified future date.

The term "*euro-zone*" means, at any time, the region comprised of the member states of the European Economic and Monetary Union, or any successor union, that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992, or any successor treaty.

"*H.15(519)*" means the weekly statistical release designated as such published by the Federal Reserve System Board of Governors, or its successor, available through the website of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15/, or any successor site or publication.

"*H.15 Daily Update*" means the daily update of H.15(519), available through the website of the Board of Governors of the Federal Reserve System, at http://www.federalreserve.gov/releases/h15/update, or any successor site or publication.

The term "*index maturity*" means, with respect to floating rate CDs, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable supplement.

The term "*representative amount*" means an amount that, in the calculation agent's judgment, is representative of a single transaction in the relevant market at the relevant time.

"*Reuters screen*" means the display on the Reuters 3000 Xtra service, or any successor or replacement service, on the page or pages specified in the applicable supplement, or any successor or replacement page or pages on that service.

If, when we use the terms "H.15(519)", "H.15 daily update", "Reuters screen ICESWAP1 page", "Reuters screen page 5" or "Reuters screen" generally, we refer to a particular heading(s) on any of those pages and those references include any successor or replacement heading(s) as determined by the calculation agent.

EVIDENCE OF THE CDS

The CDs will be evidenced by one or more master certificates issued by us, each representing a number of individual CDs. These master certificates will be held by or on behalf of 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, keeps records of the ownership of each CD and will provide you with a written confirmation (the "Confirmation") of your purchase. If applicable, the disclosure supplement will set forth the proposed maturity date, and the terms of any call feature or withdrawal feature that would allow us to redeem the CDs. The Confirmation will also state the original principal amount of your CD, from which you can determine how much premium, if any, you paid for the CD. You should retain the 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 for persons who wish to take physical possession of a certificate.

Book-Entry CDs. We or our paying agent will make payments of principal, premium, if any, and interest, if any, to the account of the depositary, as holder of Book-Entry CDs, by wire transfer of immediately available funds. The Depository Trust Company, New York, New York, known as "DTC", will be the depositary for all CDs. We expect that the depositary, upon receipt of any payment, will immediately credit its participants' accounts in amounts proportionate to their respective beneficial interests in the Book-Entry CDs as shown on the records of the depositary. We also expect that payments by the depositary's participants to owners of beneficial interests in the Book-Entry CDs will be governed by standing customer instructions and customary practices and will be the responsibility of those participants.

Paying Agent. We may appoint one or more financial institutions to act as our paying agent. The paying agent will be responsible for remitting to the Depositary any payments provided by us to it that are due on the CDs and for notifying us of any requests for redemption made pursuant to the estate feature described above. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we are acting as our own paying agent.

Notices. Notices to be given to holders of a CD will be given only to the depositary, in accordance with its applicable policies as in effect from time to time. Investors should consult their banks or brokers for information on how they will receive notices.

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

If you choose to remove your broker as your agent with respect to your CD, you may (i) transfer your CD to another agent (*provided* that the agent is a member of DTC (most major brokerage firms are members; many FDIC- insured depositories are not)) subject to applicable law and our terms and conditions or (ii) request that your ownership of the CD be evidenced directly on the books of the Issuer, subject to applicable law and the Issuer's terms and conditions, including those related to the manner of evidencing CD ownership.

USE OF PROCEEDS AND HEDGING

The net proceeds from the offering of the CDs will be used to provide funding for our operations and other general corporate purposes. We and/or our affiliates may also use those proceeds in transactions intended to hedge our obligations under the CDs as described below.

In anticipation of the sale of the CDs, we and/or our affiliates expect to enter into hedging transactions involving purchases and sales of listed and/or over-the-counter options, futures, exchange-traded funds or other instruments on a reference asset, as applicable, prior to, on or after the applicable trade date. From time to time, we and/or our affiliates may enter into additional hedging transactions or unwind those we have entered into. Consequently, with regard to your CDs, from time to time, we and/or our affiliates may, as applicable:

- acquire or dispose of long and/or short positions in listed or over-the-counter options, futures, exchange-traded funds or other instruments based on the level of a reference asset;
- acquire or dispose of long and/or short positions in listed or over-the-counter options, futures, exchange-traded funds or other instruments based on indices designed to track the performance of a reference asset;
- acquire or dispose of long and/or short positions in listed or over-the-counter options, futures, exchange-traded funds or other instruments based on the level of other similar market indices or other assets; or
- any combination of the above four.

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

We and/or our affiliates may close out our or their hedge position relating to the CDs during the term of your CDs. That step may involve sales or purchases of the instruments described above. No holder of the CDs will have any rights or interest in our or any affiliates' hedging activity or any positions we or our affiliates may take in connection with any hedging activity.

The hedging activity discussed above may adversely affect the market value of, and return on, your CDs from time to time and the amounts payable, if any, under the terms of your CDs. See the "Risk Factors" section of this disclosure statement and the risks described in the applicable supplement for a discussion of these adverse effects.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general description of certain material U.S. federal income tax consequences of the ownership and disposition of the CDs and does not purport to be a complete analysis of all tax considerations relating to the CDs. This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury Department (the "Treasury") regulations, rulings and decisions, in each case, as available and in effect as of the date of this document, all of which are subject to change, possibly with retroactive effect. Tax consequences under state, local and non-U.S. laws are not addressed herein. The applicable supplement will contain a further discussion of the U.S. federal income tax consequences applicable to that offering of CDs, which may differ from the discussion herein. The summary of the U.S. federal income tax consequences contained in the applicable supplement supersedes the following summary to the extent it is inconsistent therewith. Prospective purchasers of the CDs are urged to read the discussion in the applicable supplement relating to their CDs and to consult their tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the federal, state, and local tax laws of the U.S. of acquiring, holding and disposing of the CDs and receiving payments of interest, principal and/or other supplemental amounts, in each case as applicable, under the CDs.

This discussion applies to investors that acquire the CDs upon initial issuance and hold the CDs as capital assets for U.S. federal income tax purposes. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a holder in light of its particular circumstances, including alternative minimum tax consequences and does not address the different tax consequences that apply to holders that are members of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings,
- a financial institution or a bank,
- a regulated investment company, real estate investment trust or a common trust fund,
- a life insurance company,
- a tax-exempt organization including an "individual retirement account" or "Roth IRA", as defined in Section 408 or 408A of the Code, respectively,
- a person that owns CDs as part of a hedging transaction, straddle, synthetic security, conversion transaction, or other integrated transaction, or enters into a "constructive sale" with respect to the CDs or a "wash sale" with respect to the CDs or any underlying assets,
- a former citizen or resident of the U.S.,
- a U.S. holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar, or
- taxpayers subject to special tax accounting rules under Section 451(b) of the Code.

Prospective investors considering the purchase of a CD should consult their tax advisors concerning the application of the U.S. federal income tax laws to their particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdictions.

Except as discussed under "— Non-U.S. Holders" below, this discussion is only applicable to U.S. holders. For purposes of this summary, a U.S. holder is a beneficial owner of a CD that is: (i) an individual who is a citizen or a resident of the U.S. for U.S. federal income tax purposes, (ii) a domestic corporation or other entity that is treated as a corporation for U.S. federal income tax purposes and is created or organized in or under the laws of the U.S. or any political subdivision thereof, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a court within the U.S. is able to exercise primary supervision over its administration, and one or more U.S. persons for U.S. federal income tax purposes have the authority to control all substantial decisions of the trust. For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a CD that is: (i) a nonresident alien individual for U.S. federal income tax purposes, (ii) a foreign corporation for U.S. federal income tax purposes; or (iii) an estate or trust whose income is not subject to U.S. federal income tax on a net income basis.

An individual may, subject to certain exceptions, be deemed to be a resident of the U.S. by reason of being present in the U.S. for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

If a partnership, or any entity treated as a partnership for U.S. federal income tax purposes, holds the CDs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a

partnership holding the CDs should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the CDs.

This discussion does not address CDs linked to, or denominated in, one or more foreign currencies the tax treatment of which will be specified in the applicable supplement. Additionally, this summary does not address all the U.S. federal income tax consequences of the ownership or disposition of any underlying asset or other property that a holder may receive at maturity or otherwise pursuant to the terms of certain offerings of the CDs and each holder should consult its tax advisor regarding the potential U.S. federal income tax consequences of the ownership and disposition of any underlying asset.

For purposes of the discussion below, references to "the CDs", means an offering of CDs for which the applicable supplement states that the treatment of such CDs is the treatment discussed under the relevant subheading. The applicable supplement may indicate other issues applicable to a particular CD.

Notwithstanding the rules described below, it should be noted that, under newly enacted law that is effective for tax years beginning after December 31, 2017 (or, in the case of original issue discount, for tax years beginning after December 31, 2018), certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the CDs at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below.

Tax Treatment of the CDs for U.S. Federal Income Tax Purposes

Payments of Interest

Except as described below in the case of interest on a discount CD that is not qualified stated interest, each as defined below under "— Original Issue Discount — General," holders will be taxed on any interest on the CDs as ordinary income at the time the interest is received or the interest accrues, depending on each holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount

General.

The following is a summary of the principal U.S. federal income tax consequences of the ownership of CDs having original issue discount ("OID").

A CD will have OID for U.S. federal income tax purposes if (i) its "issue price" is less than its "stated redemption price at maturity" by more than a de minimis amount, as discussed below and (ii) it has a term of more than one year.

The issue price of a CD is generally the first price at which a substantial amount of the "issue" of CDs is sold to the public for money (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), excluding pre-issuance accrued interest (as discussed below under "— Pre-Issuance Accrued Interest").

The "stated redemption price at maturity" of a CD is generally the total amount of all payments provided by the CD other than "qualified stated interest" payments.

Qualified stated interest is generally stated interest that is "unconditionally payable" in cash or property (other than debt instruments of the issuer) at least annually either at a single fixed rate, or a "qualifying variable rate" (as described below). Qualified stated interest is taxable to a holder when accrued or received in accordance with the holder's regular method of accounting for U.S. federal income tax purposes.

Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the CD otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments. Thus, if the interval between payments varies during the term of the instrument, the value of the fixed rate on which payment is based generally must be adjusted to reflect a compounding assumption consistent with the length of the interval preceding the payment.

CDs having "de minimis OID" generally will be treated as not having OID unless a holder elects to treat all interest on the CD as OID. See "—Election to Treat All Interest and Discount as Original Issue Discount (Constant Yield Method)." A CD will be considered to have "de minimis OID" if the difference between its stated redemption price at maturity and its issue price is less than the product of 0.25 percent of the stated redemption price at maturity and the number of complete years from the issue date to maturity (or the weighted average maturity in the case of a CD that provides for payment of an amount other than qualified stated interest before maturity).

Holders of CDs having OID will be required to include OID in gross income for U.S. federal income tax purposes as it accrues (regardless of the holders' method of accounting), which may be in advance of receipt of the cash attributable to such income. OID

accrues under the constant yield method, based on a compounded yield to maturity, as described below. Accordingly, holders of CDs having OID will generally be required to include in income increasingly greater amounts of OID in successive accrual periods.

The annual amount of OID includible in income by the initial holder of a CD having OID will equal the sum of the "daily portions" of the OID with respect to the CD for each day on which the holder held the CD during the taxable year. Generally, the daily portions of OID are determined by allocating to each day in an "accrual period" the ratable portion of OID allocable to the accrual period. The term "accrual period" means an interval of time with respect to which the accrual of OID is measured, and which may vary in length over the term of the CD provided that each accrual period is no longer than one year and each scheduled payment of principal, interest, or any other amount occurs on either the first or last day of an accrual period.

The amount of OID allocable to an accrual period will be the excess of:

- the product of the "adjusted issue price" of the CD at the commencement of the accrual period and its "yield to maturity" *over*
- the amount of any qualified stated interest payments allocable to the accrual period.

The adjusted issue price of a CD at the beginning of the first accrual period is its issue price and, on any day thereafter, it is the sum of the issue price and the amount of OID previously includible in the gross income of the holder (without regard to any "acquisition premium" as described below under "— CDs Purchased at a Market Discount or Premium"), reduced by the amount of any payment other than a payment of qualified stated interest previously made on the CD. If an interval between payments of qualified stated interest contains more than one accrual period, the amount of qualified stated interest that is payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated on a *pro-rata* basis to each accrual period in the interval, and the adjusted issue price at the beginning of each accrual period in the interval is increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but is not payable until the end of the interval. The yield to maturity of a CD is the yield to maturity computed on the basis of compounding at the end of each accrual period properly adjusted for the length of the particular accrual period. If all accrual periods are of equal length except for a shorter initial and/or final accrual period(s), the amount of OID allocable to the initial period may be computed using any reasonable method; however, the OID allocable to the final accrual period will always be the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period.

Pre-Issuance Accrued Interest

If (i) a portion of the initial purchase price of a CD is attributable to pre-issuance accrued interest, (ii) the first stated interest payment on the CD is to be made within one year of the CD's issue date, and (iii) the payment will equal or exceed the amount of pre-issuance accrued interest, then the holder may compute the issue price of the CD by subtracting the amount of the pre-issuance accrued interest. In that event, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the CD.

CDs Subject to Call or Put Options

For purposes of calculating the yield and maturity of a CD subject to an option, in general, a call option held by us is presumed exercised if, upon exercise, the yield on the CD would be less than it would have been had the option not been exercised, and a put option held by a holder is presumed exercised if, upon exercise, the yield on the CD would be more than it would have been had the option not been exercised. The effect of this rule generally may accelerate or defer the inclusion of OID in the income of a holder whose CD is subject to a put option or a call option, as compared to a CD that does not have such an option. If any option that is presumed to be exercised is not in fact exercised, the CD will be treated as reissued solely for purposes of the OID rules on the date of presumed exercise for an amount equal to its adjusted issue price on that date. The deemed reissuance will have the effect of redetermining the CD's yield and maturity for OID purposes and any related subsequent accruals of OID.

CDs With a Payment Schedule that is Significantly More Likely Than Not to Occur

If (i) a CD provides for alternative payment schedules applicable upon the occurrence of one or more contingencies, (ii) the timing and amounts of the payments that comprise each payment schedule on a CD are known as of the issue date, and (iii) it is determined that one of the payment schedules is significantly more likely than not to occur, then that CD may be subject to special rules under which a holder must determine the yield and maturity of the CD by assuming that the payments will be made according to the payment schedule most likely to occur. The applicable supplement will indicate whether we intend to treat a CD as subject to these special rules.

CDs Purchased at a Market Discount or Premium

Market Discount.

If a holder purchases a CD, other than a CPDI or a Short-Term CD, discussed under "—Short-Term CDs" below, for an amount that is less than its stated redemption price at maturity or, in the case of a CD having OID, less than its revised issue price (which is the sum of the issue price of the CD and the aggregate amount of the OID previously includible in the gross income of any holder (without

regard to any acquisition premium)), the amount of the difference generally will be treated as market discount for U.S. federal income tax purposes. (It is possible that a holder may purchase a CD at original issuance for an amount that is different than its issue price.) The amount of any market discount generally will be treated as de minimis and disregarded if it is less than the product of 0.25 percent of the stated redemption price at maturity of the CD and the number of complete years to maturity (or the weighted average maturity in the case a CD paying any amount other than qualified stated interest prior to maturity).

Under the market discount rules, a holder is required to treat any principal payment on (or, in the case of a CD having OID, any payment that does not constitute qualified stated interest), or any gain on the taxable disposition of a CD as ordinary income to the extent of any accrued market discount that has not previously been included in income. If the CD is disposed of in a nontaxable transaction (other than certain specified nonrecognition transactions), accrued market discount will be includible as ordinary income to the holder as if the holder had sold the CD at its then fair market value. In addition, the holder may be required to defer, until the maturity of the CD or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the CD.

Market discount accrues ratably during the period from the date of acquisition to the maturity of a CD, unless the holder elects to accrue it under the constant yield method. A holder of a CD may elect to include market discount in income currently as it accrues (either ratably or under the constant yield method), in which case the rule described above regarding deferral of interest deductions will not apply. The election to include market discount currently applies to all market discount obligations acquired during or after the first taxable year to which the election applies, and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the basis of the CD in the hands of the holder will be increased by the market discount thereon as it is included in income.

Acquisition Premium.

A holder that purchases a CD having OID, other than a CPDI or a Short-Term CD, for an amount exceeding its "adjusted issue price" (which is described above under "— Original Issue Discount") and less than or equal to the sum of all remaining amounts payable on the CD other than payments of qualified stated interest will be treated as having purchased the CD with acquisition premium. The amount of OID which the holder must include in gross income with respect to such CD will be reduced in the proportion that the excess bears to the OID remaining to be accrued as of the CD's acquisition and ending on the maturity date. Rather than apply the above fraction, the holder that elects to treat all interest as OID would treat the purchase at an acquisition premium as a purchase at an original issuance and calculate OID accruals on a constant yield to maturity, as further discussed below under "—Election to Treat All Interest and Discount as Original Issue Discount (Constant Yield Method)".

Bond Premium.

A holder that acquires a CD, other than a CPDI or a Short-Term CD, for an amount that is greater than the sum of all remaining amounts payable on the CD other than payments of qualified stated interest will be treated as having purchased the CD at a bond premium, and will not be required to include any OID in income. A holder generally may elect to amortize bond premium. The election to amortize bond premium must be made with a timely-filed federal income tax return for the first taxable year to which the holder wishes the election to apply.

If bond premium is amortized, the amount of interest that must be included in the holder's income for each period ending on an interest payment date or on stated maturity, as the case may be, will be reduced by the portion of bond premium allocable to such period based on the CD's yield to maturity (or, in certain circumstances, until an earlier call date) determined by using the holder's adjusted tax basis in the CD, compounding at the close of each accrual period. If the bond premium allocable to an accrual period is in excess of qualified stated interest allocable to that period, the excess may be deducted to the extent of prior income inclusions and is then carried to the next accrual period and offsets qualified stated interest in such period. If a holder elects to amortize bond premium, that holder must reduce its basis in the CDs by the amount of the premium amortized in any year. If an election to amortize bond premium is not made, a holder must include the full amount of each interest payment in income in accordance with its regular method of accounting and will receive a tax benefit from the premium only in computing its gain or loss upon the taxable disposition or payment of the principal amount of the CD.

An election to amortize bond premium will apply to amortizable bond premium on all CDs and other bonds, the interest on which is includible in the holder's gross income, held at the beginning of the holder's first taxable year to which the election applies or thereafter acquired, and may be revoked only with the consent of the IRS. The election to treat all interest as OID is treated as an election to amortize premium. Special rules may apply if a CD is subject to a call prior to maturity at a price in excess of its stated redemption price at maturity.

Election to Treat All Interest and Discount as Original Issue Discount (Constant Yield Method)

A holder of a CD may elect to include in income all interest and discount (including *de minimis* OID and *de minimis* market discount), as adjusted by any premium with respect to the CD, based on a constant yield method, which is described above under "— Original Issue Discount". The election is made for the taxable year in which the holder acquired the CD, and it may not be revoked without the consent of the IRS. If such election is made with respect to a CD having market discount, the holder will be deemed to have elected currently to include market discount on a constant yield basis with respect to all debt instruments having market discount acquired

during the year of election or thereafter. If made with respect to a CD having amortizable bond premium, the holder will be deemed to have made an election to amortize premium generally with respect to all debt instruments having amortizable bond premium held by the holder during the year of election or thereafter.

Variable Rate Debt Instruments

A CD that qualifies as a "variable rate debt instrument" will be subject to the rules described below and will not be treated as a "contingent payment debt instrument" described in the following section. A CD will be treated as a variable rate debt instrument if:

- the issue price of the CD does not exceed the total amount of noncontingent principal payments on the CD by more than the product of such principal payments and the lesser of (i) 15 percent or (ii) the product of 1.5 percent and the number of complete years in the CD's term (or its weighted average maturity in the case of a CD that is an installment obligation), and
- the CD does not provide for any stated interest other than stated interest paid or compounded at least annually at a qualifying variable rate which is (i) one or more "qualified floating rates," (ii) a single fixed rate and one or more qualified floating rates, (iii) a "single objective rate," or (iv) a single fixed rate and a single objective rate that is a "qualified inverse floating rate" (each as described below).

For purposes of determining if a CD is a variable rate debt instrument, a qualified floating rate is a variable rate whose variations can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the debt instrument is denominated and is set at a "current rate." A qualified floating rate (or objective rate, as described below) must be set at a current value of that rate. A current value is the value of the variable rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that day.

A multiple of a qualified floating rate is generally not a qualified floating rate, unless the variable rate is either:

- a product of a qualified floating rate times a fixed multiple greater than 0.65 but not more than 1.35, or
- a product of a qualified floating rate times a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate.

Certain combinations of rates are treated as a single qualified floating rate, including (i) interest stated at a fixed rate for an initial period of one year or less followed by a qualified floating rate (or objective rate) if the value of the floating rate at the issue date is intended to approximate the fixed rate, and (ii) two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the CD. A combination of these rates is generally treated as a single qualified floating rate if the values of all rates on the issue date are within 0.25 percentage points of each other. A variable rate that is subject to an interest rate cap, floor, governor or similar restriction on rate adjustment is treated as a qualified floating rate only if the restriction is fixed throughout the term of the CD, and is not reasonably expected as of the issue date to cause the yield on the CD to differ significantly from its expected yield absent the restriction.

An objective rate is defined as a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information (other than a rate based on information that is within the control of the issuer or an affiliate or that is unique to the circumstances of the issuer or an affiliate). The IRS may designate other variable rates that will be treated as objective rates. However, a variable rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the CD's term will differ significantly from the average value of such rate during the final half of its term. A combination of a fixed rate of stated interest for an initial period of one year or less followed by an objective rate is treated as a single objective rate if the value of the objective rate at the issue date is intended to approximate the fixed rate; such a combination of rates is generally treated as a single objective rate if the objective rate on the issue date does not differ from the fixed rate by more than 0.25 percentage points. An objective rate is a qualified inverse floating rate if it is equal to a fixed rate reduced by a qualified floating rate, the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding permissible rate caps, floors, governors and similar restrictions as those discussed above).

If a CD is a variable rate debt instrument, special rules apply to determine the amount of qualified stated interest and the amount and accrual of any OID. If the CD bears interest that is unconditionally payable or compounds at least annually at a single qualified floating rate or objective rate, all stated interest is treated as qualified stated interest. The accrual of any OID is determined by assuming the CD bears interest at a fixed interest rate equal to the issue date value of the qualified floating rate or qualified inverse floating rate or, in the case of any other objective rate, a fixed internal rate that is equal to the reasonably expected yield for the CD. The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period.

If the CD bears interest at a qualifying variable rate other than a single qualified floating rate or objective rate, the amount and accrual of OID generally are determined by (i) determining a fixed rate substitute for each variable rate as described in the preceding paragraph, (ii) determining the amount of qualified stated interest and OID by assuming the CD bears interest at those substitute fixed rates and (iii) making appropriate adjustments to the qualified stated interest and OID so determined for actual interest rates under the CD. However, if that qualifying variable rate includes a fixed rate, the CD is generally treated for purposes of applying clause (i) of the preceding sentence as if it provided for an assumed qualified floating rate (or qualified inverse floating rate if the actual variable rate is

a qualified inverse floating rate) that would cause the CD to have approximately the same fair market value, and the rate is used in lieu of the fixed rate.

CDs bearing interest at a variable rate and having a term in excess of one year (i) that do not bear interest at a qualifying variable rate, (ii) that have contingent principal payments or (iii) that have an issue price that exceeds the noncontingent principal payments by more than the allowable amount are treated as "contingent payment debt instruments," as described below.

Contingent Payment Debt Instruments

CDs that provide for a variable rate of interest but that do not qualify as variable rate debt instruments are treated as contingent payment debt instruments ("CPDIs"). If a CPDI is issued for cash or publicly traded property, OID is determined and accrued under the "noncontingent bond method."

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

In general, the comparable yield of a CPDI is equal to the yield at which we would issue a fixed rate debt instrument with terms and conditions similar to those of the CPDI, including level of subordination, term, timing of payments, and general market conditions. For example, if a hedge of the CPDI is available that, if integrated with the CPDI, would produce a "synthetic debt instrument" with a specific yield to maturity, the comparable yield will be equal to the yield of the synthetic debt instrument. However, if such a hedge is not available, but similar fixed rate debt instruments issued by us are traded at a price that reflects a spread above a benchmark rate, the comparable yield is the sum of the benchmark rate on the issue date and the spread. The applicable supplement will either provide such comparable yield, or the name or title and address or telephone number of our representative who will provide such comparable yield.

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

In addition to the determination of a comparable yield, the noncontingent bond method requires the construction of a projected payment schedule. The projected payment schedule includes all noncontingent payments, and projected amounts for each contingent payment to be made under the CPDI that are adjusted to produce the comparable yield. The applicable supplement will either provide such projected payment schedule, or the name or title and address or telephone number of our representative who will provide such projected payment schedule. The projected payment schedule remains fixed throughout the term of the CPDI. A holder is required to use our projected payment schedule to determine its interest accruals and adjustments, unless the holder determines that our projected payment schedule is unreasonable, in which case the holder must disclose its own projected payment schedule in connection with its U.S. federal income tax return and the reason(s) why it is not using our projected payment schedule. **Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual contingent amount(s) that we will pay on a CD.**

If the actual amounts of contingent payments are different from the amounts reflected in the projected payment schedule, a holder is required to make adjustments in its OID accruals under the noncontingent bond method described above when those amounts are paid. Adjustments arising from contingent payments that are greater than the assumed amounts of those payments are referred to as "positive adjustments"; adjustments arising from contingent payments that are less than the assumed amounts are referred to as "negative adjustments." Positive and negative adjustments are netted for each taxable year with respect to each CD. Any net positive adjustment for a taxable year is treated as additional OID income of the holder. Any net negative adjustment reduces any OID on the CD for the taxable year that would otherwise accrue. Any excess is then treated as a current-year ordinary loss to the holder to the extent of OID accrued in prior years. The balance, if any, is treated as a negative adjustment in subsequent taxable years and, to the extent that it has not previously been taken into account, reduces the amount realized upon a taxable disposition of the CD.

If all or a portion of the holder's payment at maturity becomes fixed and determinable at any time more than six months prior to the maturity date, a holder may be required to take into account a positive or negative adjustment on the date the payment becomes fixed and determinable. If the payment on the maturity date is certain to be greater than the contingent payment for the maturity date that is reflected on the projected payment schedule, the holder may be required to treat the difference between the net present value of the payment that is certain to be paid on the maturity date and the net present value of the contingent payment for the maturity date that is reflected on the projected payment schedule (each net present value determined by discounting the amount to the date on which the payment at maturity becomes fixed) as a positive adjustment that is recognized on that date. In this event, if that date is prior to the taxable year that includes the maturity date, the taxable amount will exceed the amount that would have been included in income in the year had the positive adjustment not occurred and will exceed the cash payments on the CD in that year. In addition, in this event, the

projected contingent payment for the maturity date that is reflected in the projected payment schedule will be increased by the absolute difference between the payment that is certain to be paid on the maturity date and the contingent payment for the maturity date that is reflected on the projected payment schedule. If, on the other hand, the payment that is certain to be paid on the maturity date is less than the contingent payment for the maturity date that is reflected on the projected payment schedule, then a holder may be permitted to treat the difference between the net present value of the payment that is certain to be paid on the maturity date and the net present value of the contingent payment for the maturity date that is reflected on the projected payment schedule (each net present value determined by discounting the amount to the date on which the payment at maturity becomes fixed) as a negative adjustment that is recognized on that date, treated as described above. In addition, in this event, the projected contingent payment for the maturity date that is reflected in the projected payment schedule would be decreased by the absolute difference between the payment that is certain to be paid on the maturity date and the contingent payment that is reflected in the projected payment schedule. However, the ability of holders to claim the ordinary loss is not free from doubt.

In general, a holder's basis in a CPDI is increased by the projected contingent payments accrued by the holder under the projected payment schedule (as determined without regard to adjustments made to reflect differences between actual and projected payments) and reduced by the amount of any non-contingent payments and the projected amount of any contingent payments previously made. Gain on the taxable disposition of a CPDI is generally treated as ordinary income. Loss, on the other hand, is treated as ordinary only to the extent of the holder's prior net OID inclusions (i.e., reduced by the total net negative adjustments previously allowed to the holder as an ordinary loss) and capital to the extent in excess thereof. The deductibility of a capital loss realized on the taxable disposition of a CD is subject to limitations.

A holder that purchases a CD for an amount other than the issue price of the CD will be required to adjust its OID inclusions to account for the difference. These adjustments will affect the holder's basis in the CD. Reports to holders may not include these adjustments. Holders that purchase CDs at other than the issue price should consult their tax advisors regarding these adjustments.

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

Short-Term CDs

A CD treated as indebtedness for U.S. federal income tax purposes that has a maturity of one year or less from the date of its issuance is a "Short-Term CD." A Short-Term CD will be acquired with "acquisition discount" equal to all payments under the CD over the holder's basis in the Short-Term CD. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other holders are required to include OID (equal to the difference between all payments on the Short-Term CD over its issue price) in income or, if the holder elects, acquisition discount with respect to a Short-Term CD. OID or acquisition discount on Short-Term CDs is accrued on a straight-line basis, unless an irrevocable election with respect to the Short-Term CD is made to accrue the OID or acquisition discount under the constant yield method based on daily compounding.

In general, an individual or other cash method holder of a Short-Term CD is not required to accrue OID or acquisition discount with respect to the Short-Term CD unless the holder elects to do so. This election applies to all Short-Term CDs acquired by the holder during the first taxable year for which the election is made, and all subsequent taxable years of the holder, unless the IRS consents to a revocation. In the case of a holder that is not required and does not elect to include OID in income currently, any gain realized on the taxable disposition of a Short-Term CD is treated as ordinary income to the extent of the OID which had accrued on a straight-line basis (or, if elected, under the constant yield method based on daily compounding) through the date of taxable disposition, and the holder will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry such Short-Term CDs in an amount not exceeding the accrued OID (determined on a ratable basis, unless the holder elects to use a constant yield basis) on the Short-Term CD, until the OID is recognized.

In general, the treatment of accrual method holders and cash method holders that elect to accrue discount currently on Short-Term CDs that provide for contingent interest payments is uncertain. Under one approach, the holder would wait until the maturity of a Short-Term CD to accrue the discount, even if the term of the Short-Term CD spans a taxable year. Under another approach, a holder would apply rules analogous to the rules that apply to CPDIs as described above under "— Contingent Payment Debt Instruments" and would accrue acquisition discount at our comparable yield (*i.e.*, the yield at which we would issue a fixed-rate noncontingent debt instrument with terms and conditions similar to those of the Short-Term CDs). Under this approach, if the actual contingent interest payment received is less than the accrued discount based on the comparable yield, then the holder would first reduce the acquisition discount accrued for the year in which the contingent interest payment is paid, and any remainder of the difference between the accrued discount and the actual contingent payment would be treated as an ordinary loss. Other approaches may be possible. Prospective investors that are accrual method holders or cash method holders that elect to accrue the discount currently should consult with their tax advisors regarding the appropriate method of accruing the discount on Short-Term CDs that provide for contingent interest payments. Although not entirely clear, it is possible that cash method holders that do not elect to accrue the discount currently should include contingent payments on Short-Term CDs in income upon receipt. Such cash method holders should consult their tax advisors regarding this possibility.

Amortizing CDs

Payments received pursuant to an amortizing CD may consist of both a principal and an interest component. The principal component will generally constitute a tax-free return of capital that will reduce a holder's adjusted tax basis in the CD.

Taxable Disposition of the CDs

Upon the taxable disposition of a CD (including but not limited to disposition by sale, exchange, redemption, or repayment of principal at maturity), a holder will generally recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than amounts attributable to accrued but untaxed interest) and (ii) the holder's adjusted tax basis in the CD. A holder's adjusted tax basis in a CD generally will equal the cost of the CD (net of accrued interest) to the holder, increased by amounts includible in income as OID or market discount (if the holder elects to include market discount in income on a current basis) and reduced by any amortized bond premium and any payments (other than payments of qualified stated interest) made on such CD.

Because the CD is held as a capital asset, such gain or loss (except to the extent that the market discount rules or the rules relating to Short-Term CDs or CPDIs otherwise provide) will generally constitute capital gain or loss. Capital gains of individual taxpayers from the taxable disposition of a CD held for more than one year may be eligible for reduced rates of taxation. The deductibility of a capital loss realized on the taxable disposition of a CD is subject to limitations.

Certain Other CDs

The applicable supplement will discuss the material U.S. federal income tax rules with respect to certain other CDs, including CDs that provide for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies relating to payments of interest or of principal.

Additional Tax Considerations

Medicare Tax on Net Investment Income

U.S. holders that are individuals, estates, and certain trusts are subject to an additional 3.8% tax on all or a portion of their "net investment income" or "undistributed net investment income" in the case of an estate or trust, which may include any income or gain realized with respect to the CDs, to the extent of their net investment income or undistributed net investment income (as the case may be) that when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), $125,000 for a married individual filing a separate return or the dollar amount at which the highest tax bracket begins for an estate or trust. The 3.8% Medicare tax is determined in a different manner than the income tax. U.S. holders should consult their advisors with respect to their consequences with respect to the 3.8% Medicare tax to an investment in the CDs.

Information Reporting with respect to Foreign Financial Assets

U.S. holders may be subject to reporting obligations with respect to their CDs if they do not hold their CDs in an account maintained by a financial institution and the aggregate value of their CDs and certain other "specified foreign financial assets" (applying certain attribution rules) exceeds an applicable threshold. Significant penalties can apply if a U.S. holder is required to disclose its CDs and fails to do so.

Treasury Regulations Requiring Disclosure of Reportable Transactions

Treasury regulations require U.S. taxpayers to report certain transactions ("Reportable Transactions") on IRS Form 8886. An investment in the CDs or a sale of the CDs generally should not be treated as a Reportable Transaction under current law, but it is possible that future legislation, regulations or administrative rulings could cause an investment in the CDs or a sale of the CDs to be treated as a Reportable Transaction. Holders should consult with their tax advisors regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning or disposing of CDs.

Backup Withholding and Information Reporting

The proceeds received from a taxable disposition of the CDs will be subject to information reporting unless a holder is an "exempt recipient" and may also be subject to backup withholding at the rate specified in the Code if such holder fails to provide certain identifying information (such as an accurate taxpayer number in the case of a U.S. holder) or meet certain other conditions. A non-U.S. holder that provides a properly executed and fully completed applicable IRS Form W-8, will generally establish an exemption from backup withholding.

Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against U.S. federal income tax liability, provided the required information is furnished to the IRS.

Non-U.S. Holders

General

Subject to Section 871(m) of the Code and FATCA, discussed below, we generally expect to treat payments made to a non-U.S. holder upon the taxable disposition of the CDs as exempt from U.S. withholding tax and from generally applicable information reporting

and backup withholding requirements with respect to payments on the CDs if (i) such non-U.S. holder complies with certain certification and identification requirements as to its non-U.S. status, including providing us (and/or the applicable withholding agent) a fully completed and validly executed applicable IRS Form W-8 and (ii) in the case of CDs wholly or partially treated as indebtedness (including CDs treated as investment units containing a debt instrument and a put option contract), such non-U.S. holder is unrelated to us and is not a bank, and the interest is not contingent within the meaning of Section 871(h)(4) of the Code.

In general, gain realized on a taxable disposition of the CDs by a non-U.S. holder will not be subject to federal income tax, unless:

- the gain with respect to the CDs is effectively connected with a trade or business conducted by the non-U.S. holder in the U.S.; or
- the non-U.S. holder is a nonresident alien individual who holds the CDs as a capital asset and is present in the U.S. for 183 days or more in the taxable year of such taxable disposition (including but not limited to disposition by sale, exchange, redemption, or repayment of principal at maturity) and certain other conditions are satisfied; or
- the non-U.S. holder has certain other present or former connections with the U.S.

If the gain realized on a taxable disposition of the CDs by the non-U.S. holder is described in either of the three preceding bullet points, the non-U.S. holder may be subject to U.S. federal income tax with respect to the gain except to the extent that an income tax treaty reduces or eliminates the tax and the appropriate documentation is provided.

Notwithstanding the above, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment of the CDs. Further, if we determine that there is a material risk that we will be required to withhold on any payments on the CDs, we may withhold on any such payments to a non-U.S. holder at a 30% rate, unless such non-U.S. holder has provided us (and/or the applicable withholding agent) with (i) a valid IRS Form W-8ECI or (ii) a valid IRS Form W-8BEN or W-8BEN-E claiming tax treaty benefits that reduce or eliminate withholding. If we elect to withhold and such non-U.S. holder has provided us with a valid IRS Form W-8BEN or W-8BEN-E claiming tax treaty benefits that reduce or eliminate withholding, we may nevertheless withhold up to 30% on any payments if there is any possible characterization of the payments that would not be exempt from withholding under the treaty.

We will not pay any additional amounts on account of any withholding tax.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% U.S. withholding tax on "withholdable payments" (i.e., certain U.S.-source payments, including interest (and original issue discount), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. -source interest or dividends) and "passthru payments" (i.e., certain payments attributable to withholdable payments) made to certain foreign financial institutions (and certain of their affiliates) unless the payee foreign financial institution agrees (or is required), among other things, to disclose the identity of any U.S. individual with an account of the institution (or the relevant affiliate) and to report annually certain information about such account. FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or do not certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

Pursuant to final and temporary Treasury regulations and other IRS guidance, the withholding and reporting requirements under FATCA generally apply to certain "withholdable payments", and will generally apply to certain gross proceeds on a sale or other taxable disposition occurring after December 31, 2018, and certain foreign passthru payments made after December 31, 2018 (or, if later, the date that final regulations defining the term "foreign passthru payment" are published). If withholding is required, we (or the applicable paying agent) will not be required to pay additional amounts with respect to the amounts so withheld. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

Investors should consult their tax advisors about the application of FATCA, in particular if they may be classified as financial institutions (or if they hold their CDs through a non-U.S. entity) under the FATCA rules.

Both U.S. and non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the CDs and any shares of an underlying asset received, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

CERTAIN ERISA CONSIDERATIONS

We, UBS Securities LLC and other of our affiliates may each be considered a "party in interest" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a "disqualified person" (within the meaning of Section 4975 of the Code) with respect to an employee benefit plan that is subject to ERISA and/or an individual retirement account, Keogh plan or other plan or account that is subject to Section 4975 of the Code ("Plan"). The purchase of the CDs by a Plan with respect to which UBS Securities LLC or any of our affiliates acts as a fiduciary as defined in Section 3(21) of ERISA and/or Section 4975 of the Code ("Fiduciary") would constitute a prohibited transaction under ERISA or the Code unless acquired pursuant to and in accordance with an applicable exemption. The purchase of the CDs by a Plan with respect to which UBS Securities LLC or any of our affiliates does not act as a Fiduciary but for which any of the above entities does provide services could also be prohibited, but one or more exemptions may be applicable.

The U.S. Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for prohibited transactions that may arise from the purchase or holding of the CDs. These exemptions are PTCE 84-14 (for transactions determined by independent qualified professional asset managers), 90-1 (for insurance company pooled separate accounts), 91-38 (for bank collective investment funds), 95-60 (for insurance company general accounts) and 96-23 (for transactions managed by in-house asset managers). Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code also provide an exemption for the purchase and sale of CDs where neither UBS Bank nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and the Plan pays no more and receives no less than "adequate consideration" in connection with the transaction (the "service provider exemption"). Upon purchasing the CDs, a Plan will be deemed to have represented that the acquisition, holding and, to the extent relevant, disposition of the CDs is eligible for relief under PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23, the service provider exemption or another applicable exemption and that the purchase, holding and, if applicable, subsequent disposition of the CDs will not constitute or result in a non-exempt prohibited transaction. In addition, any such Plan also will be deemed to have represented that none of us, UBS Securities LLC or any other of our affiliates is a fiduciary in connection with the acquisition, holding and disposition of the CDs, or as a result of the exercise by us or our affiliates of any rights in connection with the CDs.

Any person proposing to acquire any CDs on behalf of a Plan should consult with counsel regarding the applicability of ERISA and Section 4975 of the Code thereto, including but not limited to the prohibited transaction rules and the applicable exemptions.

PLAN OF DISTRIBUTION (CONFLICT OF INTEREST)

Unless otherwise specified in the applicable supplement, with respect to each CD to be issued, UBS Bank will agree to sell to UBS Securities LLC, and UBS Securities LLC will agree to purchase from UBS Bank, the aggregate principal amount of the CDs specified on the front cover of the applicable supplement. UBS Bank will pay a placement fee in connection with your purchase of a CD as specified in the applicable supplement. UBS Securities LLC intends to resell the offered CDs at the issue price to public applicable to the offered CDs to be resold. UBS Securities LLC may resell the CDs to securities dealers (the "Dealers") and pay all or a portion of the placement fee to the Dealers. In some cases, the Dealers may resell the CDs to other securities dealers who resell to investors and reallow those other securities dealers all or part of the placement fee they receive from UBS Securities LLC. In the future, we and/or our affiliates may repurchase and resell the offered CDs in market-making transactions. For more information about the plan of distribution and possible market-making activities, see "Supplemental Plan of Distribution (Conflicts of Interest)" in the applicable supplement.

UBS Bank may use this disclosure statement in the initial sale of any CDs. In addition, UBS Bank, UBS Securities LLC or any other affiliate of UBS Bank may use this disclosure statement in a market-making transaction for any CDs after their initial sale. In connection with any offering of the CDs, UBS Bank, UBS Securities LLC, and any other affiliate of UBS Bank or any other securities dealers may distribute this disclosure statement electronically. Unless stated otherwise in the applicable confirmation of sale delivered by UBS Bank or its agent, this disclosure statement is being used in a market-making transaction.

Prohibition on Sales to EEA Retail Investors — The CDs are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, (as amended "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "EU PRIIPs Regulation"), for offering or selling the CDs or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the CDs or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition on Sales to UK Retail Investors — The CDs are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the CDs or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the CDs or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

ANNEX

[Form of Request for Redemption Pursuant to the Estate Feature of the CDs]

Depository Trust and Clearing Corporation Attention:
Reorganization Department
55 Water Street, New York, NY 10041

UBS BANK USA, N.A.
RATE-LINKED CERTIFICATES OF DEPOSIT
[title of CD] (the "Rate-Linked CDs") CUSIP no. [ ]

The undersigned (the "Participant") is, or is acting on behalf of, the beneficial owner of a portion of the Market- Linked CDs specified above, which portion has an outstanding aggregate amount deposited equal to the amount set forth at the end of this redemption request notice. The undersigned hereby elects to exercise the Estate Feature as described in the disclosure statement, dated as of July 27, 2026 , with respect to the Rate-Linked CDs (the "Disclosure Statement").

The undersigned, , does hereby certify, pursuant to the provisions set forth in the Disclosure Statement, to The Depository Trust Company (the "Depositary") and UBS Bank USA, N.A. (the "Bank") that:

[[Name of deceased beneficial owner] is deceased.][An adjudication of incompetence by a court or other administrative body of competent jurisdiction has been obtained with respect to [Name of incapacitated beneficial owner.]]

[Name of deceased/ incapacitated beneficial owner] had a beneficial interest in the above-referenced Rate-Linked CDs in the applicable ownership categories and amounts listed below:

FDIC Ownership Category	Amount ($)
Single Account	$
Retirement Account	$
Joint Account	$
Revocable Trust Account	$
Irrevocable Trust Account	$

[Name of authorized representative] is [beneficial owner's [personal representative/other person authorized to represent the estate of the beneficial owner/surviving joint tenant/surviving tenant by the entirety/trustee of a trust] [the court appointed authorized representative] of [Name of deceased/ incapacitated beneficial owner] and has delivered to the undersigned a request for redemption in form satisfactory to the undersigned, requesting that $ principal amount of such Rate-Linked CDs be redeemed in accordance with the terms of the Disclosure Statement. This amount represents the beneficial owner's entire interest in the Rate-Linked CDs. The documents accompanying this request, all of which are in proper form, are in all respects satisfactory to the undersigned, and the undersigned is satisfied that [Name of authorized representative] is entitled to make this redemption request.

The Participant holds the beneficial interest in the outstanding principal amount of the Rate-Linked CDs indicated at the end of this redemption request notice with respect to which this redemption request is being made on behalf of [Name of deceased/incapacitated beneficial owner].

The Participant hereby certifies that it will indemnify and hold harmless the Depositary, the Paying Agent and the Bank (including their respective officers, directors, agents, attorneys and employees), against all damages, loss, cost, expense (including reasonable attorneys' and accountants' fees), obligations, claims or liability incurred by the indemnified party or parties as a result of or in connection with the redemption of, or failure to redeem, the Market- Linked CD to which this redemption request notice relates. The Participant will, at the request of the Bank, forward to the Bank a copy of the documents submitted by [Name of authorized representative] in support of the request for redemption.

The undersigned hereby represents that it has been duly authorized by the authorized representative to act on behalf of the [deceased][incompetent] beneficial owner. The undersigned further represents that it has informed [Name of authorized representative] that, as an alternative to the redemption option, [Name of authorized representative] may seek to sell the Rate-Linked CDs in the secondary market for a price that may potentially be higher than the redemption amount.

The undersigned represents that it has examined the certified copy of the [certificate of death][order reflecting the adjudication of incompetence] and believes it to be genuine.

Terms used and not defined in this redemption request notice have the meanings given to them in the Disclosure Statement. The redemption of the Rate-Linked CDs will be governed by the terms of the Rate-Linked CDs.

Aggregate amount deposited of Rate-Linked CDs to be redeemed:

$ _____

(must be the entire aggregate amount deposited)

IN WITNESS WHEREOF, the undersigned has executed this request for redemption as of , 20 .

[PARTICIPANT NAME]

By:_____
Name:

_____
(Title)

_____
(Telephone no.)

_____
(Fax no.)

_____
(DTC participant account number, if any)

Medallion guarantee by:

_____

(Note: The Medallion must be guaranteed by a brokerage firm or financial institution that is a member firm of a Stock Transfer Association approved Medallion program)

Attachment: [Certified Certificate of Death][Certified Order of Adjudication of Incompetence]