

Certificates of Deposit

Disclosure Statement

Dated: January 25, 2023

Truist Bank Certificates of Deposit

Truist Bank (the “**Bank**”) may offer its certificates of deposit as described herein (the “**CDs**”), from time to time, including fixed rate CDs, floating rate CDs, fixed to floating rate CDs, and step up rate CDs. We will specify the terms and conditions of each series of the CDs in a supplement to this Disclosure Statement (a “**supplement**”). Each CD is a deposit obligation of the Bank, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the “**FDIC**”), subject to the limitations and restrictions set forth herein. See “Deposit Insurance”.

Unless otherwise specified in the applicable supplement, early withdrawal of a CD will only be available in the event of the death or adjudication of incompetence of a beneficial owner of the CD. See “Description of the CDs—Additions and Withdrawals”. Although a Broker or its affiliates may purchase the CDs from you, none of the Brokers is obligated to do so. The Brokers and their affiliates are not obligated to, and do not intend to, make a market for the CDs. You may not be able to sell your CDs readily or at a price that will enable you to realize your desired yield. Only CDs held to the Stated Maturity Date or CDs that are the subject of a permitted early withdrawal will be entitled to the return of the full Deposit Amount.

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the CDs, including the merits and risks involved. We encourage you to read “Risk Factors” herein and the risks described in the applicable supplement. The CDs are obligations solely of the Bank, and are not obligations of or guaranteed by Truist Financial Corporation or any other affiliate of the Bank or any Broker. The CDs have not been nor will they be registered under the Securities Act of 1933, and are not required to be so registered. Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of the CDs or passed upon the accuracy or adequacy of this Disclosure Statement. Any representation to the contrary is a criminal offense.

The CDs may be made available through Truist Securities, Inc., Truist Investment Services, Inc. and certain other brokers (each, a “**Broker**”), as specified in the applicable supplement. Truist Securities, Inc. and Truist Investment Services, Inc. are affiliates of the Bank.

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ABOUT THIS DISCLOSURE STATEMENT

This Disclosure Statement, together with the applicable supplement, describe the terms of the CDs offered hereby and thereby. These documents contain information you should carefully consider when making your investment decision. You should rely only on the information contained in this Disclosure Statement and the applicable supplement. Prior to delivery of the final supplement for a CD, during the marketing of the CDs, we may provide you with a preliminary supplement subject to completion which describes the anticipated terms of the CD. To the extent that any information in the applicable supplement is inconsistent with the information contained in this Disclosure Statement, the information in the applicable supplement will control. Neither the Bank nor any Broker has authorized anyone to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this Disclosure Statement and the applicable supplement may not be modified by any oral representation made prior to or subsequent to your purchase of a CD.

This Disclosure Statement and the applicable supplement do not constitute an offer to sell or the solicitation of an offer to buy the CDs in any circumstances in which such offer or solicitation is unlawful.

The information in this Disclosure Statement and the applicable supplement may change after the date on the front of the applicable document. You should not interpret the delivery of this Disclosure Statement or the applicable supplement or the sale of the CDs as an indication that there has been no change in the information set forth herein or therein since those dates.

The CDs are not appropriate for all investors and involve a number of risks and important legal and tax consequences that should be discussed with your professional advisers. You should be aware that the regulations of Financial Industry Regulatory Authority, Inc., or FINRA, and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of the CDs.

AVAILABLE INFORMATION

Truist Bank

Truist Bank (the “Bank”) is a North Carolina-chartered bank that is not a member of the Federal Reserve System. The Bank offers a full range of financial services for consumers and businesses through its branches located in Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Maryland, Mississippi, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia and the District of Columbia. The principal executive offices of the Bank are located at 214 N. Tryon Street, Charlotte, North Carolina 28202. Truist Bank is the surviving entity of the merger of SunTrust Bank with and into Branch Banking & Trust Company. The Bank has historically filed Consolidated Reports of Condition and Income (the “Call Reports”) on Federal Financial Institutions Examination Council (“FFIEC”) Form 031 with its primary federal regulator. Each Call Report consists of a Balance Sheet, Income Statement, Changes in Equity Capital and other supporting schedules as of the end of or for the period to which the Call Report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the FFIEC. These instructions in most, but not all, cases follow generally accepted accounting principles, including the opinions and statements of the Accounting Principles Board and the Financial Accounting Standards Board. The information in the Call Reports may differ, sometimes materially, from 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. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about the Bank, the Call Reports nevertheless provide important information concerning the financial condition and results of operations of the Bank. The Call Reports are publicly available upon written request to the FDIC, 3501 North Fairfax Drive, Room E-1002, Arlington, Virginia 22226, Attention: Public Information Center, or by calling the FDIC Public Information Center at 877-275-3342 or 703-562-2200. The call reports are also available on the Internet website of the FFIEC at <https://cdr.ffiec.gov/public>. The Bank incorporates by reference into this Disclosure Statement the Call Reports of the Bank for the years ended December 31,

2021 and 2022 and any future Call Reports filed by the Bank until the offering of the CDs is complete. 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.

Truist Financial Corporation

The Bank is a wholly-owned subsidiary of Truist Financial Corporation, a registered bank holding company incorporated under North Carolina law that has elected to become a financial holding company under the Bank Holding Company Act of 1956, as amended. Truist Financial Corporation offers a wide range of financial services including retail and commercial banking, investments, insurance, wealth management, asset management, mortgage, corporate banking, capital markets and specialized lending. Truist Financial Corporation is the surviving entity in the merger of SunTrust Banks, Inc. and BB&T Corporation. **The CDs are deposit obligations of the Bank and are not obligations of, or guaranteed by, Truist Financial Corporation, or any other affiliate of the Bank.**

DESCRIPTION OF THE CDs

This section summarizes the material 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 a supplement that will accompany this Disclosure Statement. Those terms may vary from the terms described here. When we refer to your **“supplement”**, we mean the Disclosure Statement Supplement describing the specific terms of the CDs you purchase. Prior to delivery of the final supplement for a CD, during the marketing of the CDs, we may provide you with a preliminary supplement subject to completion which describes the anticipated terms of the CD. The terms we use in any supplement that we also use in this document will have the meanings we give them in this Disclosure Statement, unless we say otherwise in your supplement. **You should carefully review the applicable supplement for a description of the terms of the CD being offered.**

General

The terms of each CD will be specified in the applicable supplement. Unless otherwise specified in the applicable supplement, the CDs will be made available in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

The term of any CD will commence on the date specified in the applicable supplement, which we call the **“Issue Date”**. The CDs will mature on the maturity date specified in the applicable supplement (the **“Stated Maturity Date”**). The Bank may have the ability to call the CDs at its option (a **“Call Feature”**) on the call dates (the **“Call Dates”**) and at the call prices (the **“Call Prices”**) specified in the applicable supplement.

The CDs will pay interest on the dates specified in the applicable supplement, which we call the **“Interest Payment Dates.”** Unless otherwise specified in the applicable supplement, if any Interest Payment Date is not a Business Day (as defined below), the applicable interest payment will be made on the following Business Day, but interest on that payment will be unadjusted.

Unless otherwise specified in the applicable supplement, interest on the CDs will accrue from and including the Issue Date. Unless otherwise specified in the applicable supplement, we use the term **“Interest Period”** to refer to the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date, and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

The CDs will not be automatically renewed or rolled over and interest on the CDs will not accrue after the Stated Maturity Date or any earlier Call Date. The Bank will not compound any interest earned on the CDs.

If an Interest Payment Date or the Stated Maturity Date or any earlier Call Date falls on a day that is not a Business Day, any payments otherwise due on your CDs on such day will be remitted on the next day that is a Business Day, without any interest or other payment with respect to the delay. A **“Business Day”** is any day other than a Saturday, Sunday, legal holiday or day on which banking institutions are required or authorized by law or regulation to close in New

York, New York or Charlotte, North Carolina. Payments on the CDs will be remitted by the Bank to the Depository Trust Company (“DTC”) when due. Upon receipt in full of such amounts by DTC, the Bank will be discharged from any further obligation with regard to such payments. Such payments will be credited through DTC’s procedures to participant firms and thereafter will be remitted to the Broker through whom you purchased your CD, so long as such Broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with such Broker. See “Legal Ownership and Payment”.

No CD account will be established by the Bank until the later of (i) the Bank’s receipt of the proceeds thereof from a Broker and (ii) the settlement of a CD through the facilities of DTC on the Issue Date thereof (the “**Settlement Date**”). Furthermore, the Bank has the right, exercisable in its own discretion at or prior to the Settlement Date, to reject any such proceeds, without regard to its earlier receipt thereof. Any such rejection of funds after receipt thereof may result from a determination made solely by the Bank in good faith that market conditions as of the Settlement Date would render issuance of the relevant CD uneconomic to the Bank on the terms set forth in the relevant supplement. Any such funds rejected by the Bank will be returned without the accrual of any interest.

The CDs are obligations solely of the Bank and are not obligations of, and are not guaranteed by, Truist Financial Corporation or any other affiliate of the Bank or any Broker.

You should compare the terms of the CDs to other available investments before deciding to purchase a CD. The rate of return ultimately realized on the CDs may be lower than the rates on other deposits available through the Bank or your Broker.

Interest

Unless otherwise specified in the applicable supplement, the CDs will bear interest as follows:

- A fixed rate CD will pay the same interest throughout the term of the CD, as specified in the applicable supplement.
- A step-up CD will pay interest throughout the term of the CD at increasing rates, as specified in the applicable supplement.
- A floating rate CD will pay interest on rates specified in the applicable supplement and will be reset at specified intervals over the term of the CDs.
- A fixed to floating rate CD will pay a fixed rate of interest during the fixed interest rate period and a floating rate of interest during the floating interest rate period.

Fixed Rate CDs and Step-Up CDs

Each fixed rate CD will mature on the applicable Stated Maturity Date and will bear interest from the Issue Date at a stated interest rate, as specified in the applicable supplement, until the principal is paid or made available for payment.

Each step-up CD will mature on the applicable Stated Maturity Date and bear interest from the Issue Date at a stated interest rate, which will increase over the term of the CDs, as specified in the applicable supplement, until the principal is paid or made available for payment.

Unless otherwise specified in the applicable term sheet, interest on fixed rate and step-up CDs will be computed on an actual/365 basis (i.e. based on the actual number of days in the relevant Interest Period divided by 365).

Floating Rate CDs

Each floating rate CD will mature on the applicable Stated Maturity Date and will bear interest at a floating rate determined by reference to an interest rate or interest rate formula (a “Base Rate”) as specified in the applicable supplement. The applicable Base Rate will be described in detail in the applicable supplement.

In some cases, the base rate for a floating rate CD may be adjusted by:

- adding or subtracting a specified number of basis points, called the “spread,” with one basis point being 0.01%; or
- multiplying the base rate by a specified percentage, called the “spread multiplier.”

If you purchase a floating rate CD, the applicable supplement will specify whether a spread or spread multiplier will apply to your CDs and, if so, the amount of the applicable spread or spread multiplier.

If set forth in the applicable supplement, a floating rate CD may also have either or both of the following limitations on the interest rate:

- a Maximum Interest Rate - a specified upper limit (or “ceiling” or “cap”) that the rate of interest may not exceed; and/or
- a Minimum Interest Rate - a specified lower limit (or “floor”) that the rate of interest that may not fall below.

If you purchase a floating rate CD, the applicable supplement will specify whether a Maximum Interest Rate and/or a Minimum Interest Rate will apply to your CDs and, if so, include those rates. In no event will the interest on any floating rate CD be less than zero.

The interest rate on a floating rate CD may be reset by the Calculation Agent daily, weekly, monthly, quarterly, semiannually or annually (each, an “Interest Reset Period”), as provided in the applicable supplement. The date on which the interest rate resets and the reset rate becomes effective is called the “Interest Reset Date.” The Base Rate in effect from and including the Issue Date (or any other date specified in the applicable supplement on which interest begins to accrue) to but excluding the first Interest Reset Date will be the “Initial Base Rate.”

An Interest Reset Date for any floating rate CD that falls on a day that is not a Business Day will not be postponed.

The rate of interest that goes into effect on any Interest Reset Date will be determined by the Calculation Agent by reference to a particular date called an “Interest Determination Date.”

If applicable and unless otherwise specified in the applicable supplement, the “Calculation Date” pertaining to an Interest Determination Date means the earlier of (i) the tenth calendar day after that Interest Determination Date, or, if that day is not a Business Day, the next succeeding Business Day, and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Stated Maturity Date or, for any Deposit Amount to be redeemed or repaid, any redemption or repayment date.

For a floating rate CD, accrued interest for an Interest Period will be calculated by multiplying the Deposit Amount of the floating rate CD by an accrued interest factor. Unless otherwise specified in the applicable supplement, this accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which interest is being paid. The interest factor for each day is computed on an actual/365 basis.

For these calculations, the interest rate in effect on any Interest Reset Date will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding Interest Reset Date or, if none, the Initial Base Rate.

All percentages used in or resulting from any calculation of the rate of interest on a floating rate CD will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% rounded up to 0.00001%), and all U.S. dollar amounts used in or resulting from these calculations on floating rate CDs will be rounded to the nearest cent (with one-half cent rounded upward).

Fixed to Floating Rate CDs

Each fixed to floating rate CD will mature on the applicable Stated Maturity and will bear interest from the Issue Date at a fixed interest rate specified in the applicable supplement (the “Fixed Interest Rate Period”) until the end of the Fixed Interest Rate Period. After the Fixed Interest Rate Period, the fixed to floating rate CD will bear interest at a floating rate specified in the applicable supplement (the “Floating Interest Rate Period”) to but excluding the Stated Maturity Date or Call Date. The applicable supplement will specify the dates of the Fixed Interest Rate Period and the Floating Interest Rate Periods, and the applicable interest rate for each period. The provisions described above for floating rate CDs (spread, spread multiplier, Maximum Interest Rate, Minimum Interest Rate, Interest Reset Dates, Interest Determination Dates, Calculation Dates and rounding) apply to fixed to floating rate CDs during the Floating Interest Rate Period. The relevant provisions for the Fixed Interest Rate Period and the Floating Interest Rate Periods will be set forth in the applicable supplement.

Unless otherwise specified in the applicable supplement, interest on fixed to floating rate CDs will be computed on the actual/365 basis (i.e. based on the actual number of days in the relevant Interest Period divided by 365).

The interest factors, interest amounts and other calculations related to the CDs will be determined by the calculation agent specified in the applicable supplement (the “**Calculation Agent**”). It is anticipated that the Calculation Agent will be the Bank, although we may specify one or more affiliates or third parties as the Calculation Agent in the relevant supplement. All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, in the absence of manifest error, shall be conclusive for all purposes and binding on the beneficial owners of the CDs. The Calculation Agent may exercise significant discretion in calculating amounts payable with respect to the CDs. See “Risk Factors—The Calculation Agent May Have an Adverse Economic Interest”.

Early Call at Our Option

If a CD is designated as a callable CD in the applicable supplement (a “Callable CD”), the Callable CD generally will be callable at our option during the periods or on the specific dates specified in the applicable supplement, on written notice given as provided in the applicable supplement. Unless otherwise provided in the applicable supplement, any such call will be effected in increments per \$1,000 principal amount Callable CD, at the call price or prices specified in the applicable supplement (each, a “Call Price”). If any Callable CDs are called by us prior to the Stated Maturity Date, you will be entitled to receive only the applicable Call Price and, unless otherwise specified in the applicable supplement, you will not receive any interest. If we do not call a Callable CD prior to the Stated Maturity Date, the principal amount plus the interest, if any, that you receive on the Stated Maturity Date may be less than any of the Call Prices. In the event we were to fail between the time a call notice is given and the time you receive the Call Price, the amount of the Call Price in excess of the Deposit Amount would not be insured. Unless otherwise specified in the applicable supplement, notice of redemption will be given not less than five (5) Business Days prior to the Call Date.

Additions and Withdrawals

No additions are permitted to be made to any CD.

No withdrawals of principal or interest will be permitted prior to the Stated Maturity Date, except, if so specified in the applicable supplement, in the event of the death of the beneficial owner of a CD, or the adjudication of incompetence of any such beneficial owner by a court or other administrative body of competent jurisdiction, which we refer to as the “**Estate Feature**”. In such event, early withdrawal of the full Deposit Amount of the CD of such beneficial owner will be permitted, without penalty; provided, however, that, with respect to any beneficial owner, the Bank has the right, in its sole discretion, to limit the withdrawal amount without penalty, as allowed under the Estate Feature, to an aggregate amount of \$250,000.00 of CD deposits. For example, if the applicable CD is held through an IRA with multiple beneficiaries, the Estate Feature will not be permitted to be exercised unless all of the beneficiaries validly complete the procedures required to exercise the Estate Feature. The amount payable by the Bank upon a withdrawal pursuant to the Estate Feature will equal the Deposit Amount of the withdrawn CD plus accrued and unpaid interest (if any) to but excluding the withdrawal date. Your Broker will require appropriate documentation evidencing the death or adjudication of incompetence of a beneficial owner of the CD.

Pursuant to the Internal Revenue Code of 1986, as amended (the “Code”), the beneficiary of an IRA (but not a Roth IRA) must begin making withdrawals from the IRA after age 72. **CDs held in an IRA are not eligible for early withdrawals simply because the beneficiary must begin making mandatory withdrawals from the IRA.** IRA beneficiaries should be careful to only purchase CDs with stated maturities that correspond to the mandatory withdrawal requirements.

Information in the Supplement

Your supplement will describe one or more of the following terms of your CD:

- the aggregate principal amount of the CDs;
- the Stated Maturity Date;
- the Issue Date;
- the Settlement Date;
- the Interest Payment Dates;
- the spread, if any, and spread multiplier if any;
- the Maximum Interest Rate, if any, or the Minimum Interest Rate, if any;
- the Interest Reset Period, if any, and Interest Reset Dates, if any, and Calculation Dates, if any;
- the Base Rate, if any, and Initial Base Rate, if any;
- the authorized denominations of your CDs;
- any Market Disruption Events that may enable the Calculation Agent to postpone a payment on the CDs;
- the CUSIP number of your CDs;
- the identity of the Calculation Agent;
- whether the CD has a Call Feature, and if so, the applicable Call Date(s) and Call Prices;
- the fees payable to the Brokers and the Bank’s structuring and development costs; and
- any other terms of your CDs, which could be different from those described in this Disclosure Statement.

RISK FACTORS

The CDs may be subject to significant risks. Prospective purchasers of the CDs should understand the risks of investing in the CDs and should reach their own investment decision, only after careful consideration, with their advisors, of the suitability of the CDs in light of their particular financial circumstances, the following risk factors and the other information included in the applicable supplement and this Disclosure Statement.

The CDs are Subject to the Credit Risk of Truist Bank.

The CDs are deposit obligations of the Bank and are not, either directly or indirectly, an obligation of any third party. Any Deposit Amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to the creditworthiness of the Bank. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the CDs and, in the event the Bank were to default on its obligations, you may not receive amounts owed to you under the terms of the CDs in excess of the amounts covered by the applicable FDIC insurance. See “Deposit Insurance”.

If Your CDs are Callable at the Option of the Bank, Your Maximum Return will be Effectively Limited.

If your CDs are callable at the option of the Bank and the Bank exercises its option to call the CDs, you will only receive the applicable Call Price and you will not be entitled to receive the amount that otherwise would have been payable on the Stated Maturity Date. If your CDs have a Call Feature, this does not mean that you have a similar right to require us to repay your CDs. Where such a Call Feature exists, you may not be able to reinvest the redemption proceeds in a comparable instrument with a similar maturity, including those of the Bank, at an effective interest rate or with an effective return as high as the interest rate or return on the CDs being redeemed. The Bank will exercise any Call Feature, if at all, when it is most advantageous for the Bank to do so.

The CDs May Not Be a Suitable Investment for All Depositors.

Each prospective depositor in the CDs must determine the suitability of that investment (either alone or with the help of a financial adviser) in light of his or her own circumstances. In particular, each prospective depositor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant CDs, the merits and risks of investing in the relevant CDs and the information contained or incorporated by reference in this Disclosure Statement or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his or her own particular financial situation, an investment in the relevant CDs and the impact such investment will have on his or her overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of a deposit in the CDs;
- thoroughly understand the terms of the relevant CDs and be familiar with the behavior of any relevant Base Rate and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his or her investment and his or her ability to bear the applicable risks.

Some CDs are complex financial instruments and may be purchased as a way to reduce risk or enhance yield by an understood, measured, appropriate addition of risk to an overall portfolio. A prospective depositor should not invest in CDs that are complex financial instruments unless he or she has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the CDs will perform under changing conditions, the resulting effect on the value of such CDs and the impact such investment will have on the prospective depositor’s overall investment portfolio.

You May be Unable to Sell Your CDs Prior to Their Stated Maturity Date.

Although a Broker or its affiliates may purchase the CDs from you, none of the Brokers is obligated to do so. The Brokers and their affiliates are not required to, and do not intend to, make a market for the CDs. There can be no assurance that a secondary market will develop. As a result, you may not be able to sell your CDs prior to their Stated Maturity Date. You should therefore not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, receiving a return on the CDs prior to their Stated Maturity Date, or having access to proceeds prior to the Stated Maturity Date.

In the event that a buyer is available at the time you attempt to sell your CDs prior to their Stated Maturity Date, the price at which your CDs are sold may result in a return to you which may differ from the return which the CDs would

have earned had they been held to the Stated Maturity Date, due to the fact that the value of the CDs in such circumstances will likely be based on a number of factors such as interest rate movements, whether the CDs are callable at the option of the Bank, time remaining until the Stated Maturity Date, the Bank's creditworthiness and other market conditions, all of which factors may impact the value of the CDs and some of which are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. If you sell the CDs prior to their Stated Maturity Date, the sale price may be lower than the price you may have received if you had held your CDs until their Stated Maturity Date. In addition, the price you may pay for any such CDs in the secondary market might include a mark-up established by the applicable market maker. Similarly, the price at which CDs may be sold if a secondary market is available will reflect a mark-down retained by the applicable broker. In the event you choose to sell a CD prior to its Stated Maturity Date, you may receive substantially less in sale proceeds than the Deposit Amount. The CDs are not designed to be short-term investments. Investors should be willing and able to hold the CDs to maturity.

The Historical Performance of Any of the Base Rates is not an Indication of Its Future Performance.

The historical performance of any of the Base Rates, which may be included in the applicable supplement, should not be taken as an indication of its future performance. It is impossible to predict whether the level of a Base Rate will fall or rise over the term of the CDs. The level of the Base Rate will be influenced by complex and interrelated economic, financial, regulatory, geographic, judicial, political and other factors that can affect the level of the Base Rate and/or the market value of the CDs.

You Must Rely on Your Own Evaluation of the Merits of a Purchase of the CDs.

In connection with your purchase of the CDs, we urge you to consult your own financial, tax and legal advisers as to the risks associated with your purchase of the CDs and to investigate the instrument(s) included in the Reference Asset. You should make such investigation as you deem necessary and appropriate as to the merits of a purchase of the CDs.

The Inclusion of Placement Fees and Structuring and Development Costs in the Issue Price of the CDs and Certain Hedging Costs are Likely to Adversely Affect the Price at Which You Can Sell Your CDs.

Assuming no changes in market conditions or any other relevant factors, the price, if any, at which you may be able to sell the CDs will likely be significantly less than their issue price. The issue price includes, and any price quoted to you is likely to exclude, placement fees paid with respect to the CDs and structuring and development costs and offering expenses. In addition, any such price is also likely to reflect dealer discounts, mark-ups and other transaction costs, such as a discount to account for costs associated with establishing or unwinding any related hedge transaction. The Bank expects such costs will include the projected profit that its hedge counterparty expects to realize in consideration for assuming the risks inherent in providing the hedge for the Bank's obligations under the CDs. The price at which a Broker or any other potential buyer may be willing to buy your CDs will also be affected by the market and other conditions discussed above under "-- You May be Unable to Sell Your CDs Prior to Their Stated Maturity Date.

The CDs Will Be Offered at Varying Prices.

The Brokers will offer the CDs for sale at varying prices determined at the time of each sale. Accordingly, the price that you pay for the CDs may be higher than the prices paid by other depositors based on the date and time you made your purchase, from whom you purchased the CDs (e.g., directly from the Bank or through a Broker), any related transaction costs (e.g., any brokerage commission) and other factors beyond our control.

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

The value of the CDs prior to stated maturity will be affected by the then-current level of the Base Rate, interest rates at that time and a number of other factors, some of which are interrelated in complex ways. The effect of any one factor may be offset or magnified by the effect of another factor. The following factors are expected to affect the value

of the CDs. When we refer to the “value” of your CD, we mean the value you could receive for your CD if you are able to sell it in the open market before the Stated Maturity Date.

- **Changes in the level of the Base Rate.** If a Base Rate is applicable to your CDs, the Bank expects that the market value of the CDs prior to maturity will depend substantially on the level of the Base Rate. In addition, the level of the Base Rate itself will be influenced by complex and interrelated political, economic, financial and other factors that can affect the money markets generally.
- **Volatility of the Base Rate.** Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Base Rate increases or decreases, the market value of the CDs may be adversely affected.
- **Interest rates.** The Bank expects that the market value of the CDs will be affected by changes in prevailing interest rates. In general, if interest rates increase, the market value of the CDs may decrease, and if interest rates decrease, the market value of the CDs may increase.
- **The Bank’s credit ratings, financial condition and results of operations.** Actual or anticipated changes in the Bank’s current credit ratings as well as the Bank’s financial condition or results of operations may significantly affect the market value of the CDs. However, because the return on the CDs is dependent upon factors in addition to the Bank’s ability to pay its obligations under the CDs, such as the specific terms of the CDs, an improvement in the Bank’s credit ratings, financial condition or results of operations is not expected to have a positive effect on the market value of the CDs.

You should understand that the impact of one of the factors specified above, such as a change in interest rates, may offset some or all of any change in the value of the CDs attributable to another factor. Because numerous factors are expected to affect the value of the CDs, changes in the level of the Base Rate may not result in a comparable change in the value of the CDs. We anticipate that the value of the CDs will always be at a discount to the Deposit Amount plus the maximum payment amount.

Our Insolvency May Result In Early Payment Of Your CDs.

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

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

When you purchase a CD, you agree with the Bank to keep your funds on deposit for the term of the CD. Except in accordance with the Estate Feature, you will not have the right to withdraw any portion of the Deposit Amount prior to the Stated Maturity Date. Therefore, you should not rely on the possibility of early withdrawal for gaining access to your funds prior to the Stated Maturity Date. In addition, with respect to any beneficial owner of a CD, the Bank has the

right to limit to \$250,000 the combined aggregate Deposit Amount of CDs in respect of which it will accept an exercise of the Estate Feature. See “Description of the CDs—Additions and Withdrawals”.

The Calculation Agent May Have an Adverse Economic Interest.

The Calculation Agent will make certain determinations and judgments in connection with various calculations in connection with the CDs, including, without limitation, the calculation of the interest rate or interest amount. Because the Calculation Agent is anticipated to be the Bank or one of our affiliates, the Calculation Agent may have economic interests that are adverse to the interests of the holders of the CDs.

Risks Relating to Floating Rate CDs and Fixed to Floating Rate CDs During the Floating Interest Rate Period

The Floating Rate Will Be Uncertain and Could Be as Low as Zero.

Depending on the interest rate environment, CDs with floating rate may pay substantially less interest over the applicable term of the CDs than would be paid on fixed rate CDs of the same term. The interest rate during any Interest Period where a floating rate of interest is applicable is uncertain and could be as little as 0.0%. Depending on the terms of your CDs, you should, therefore, be prepared to realize no return at maturity over the Deposit Amount of your CDs. Even if your return on the CDs is positive, and even if your CDs have a specified fixed rate of interest for one or more Interest Periods, your total yield may be less than the yield you would earn if you invested in fixed rate CDs of the Bank with the same maturity date. The return on the CDs may not compensate you for the opportunity cost when you take into account factors, such as inflation, that affect the time value of money.

A Depositor’s Gain, if any, on the CDs at Maturity May Be Limited to the Maximum Interest Rate (i.e., a Ceiling or Cap).

A floating rate may be subject to the Maximum Interest Rate. In the event that the Maximum Interest Rate is applicable, the maximum return on the CDs will be limited by the Maximum Interest Rate, regardless of the positive percentage increase in the relevant Base Rate.

The Floating Rate, if Applicable, Will Not Be Linked to the Base Rate at Any Time Other Than on the Interest Determination Date.

The floating rate, if applicable, will be based on the Base Rate on the Interest Determination Dates. Even if the level of the Base Rate increases during the term of the CDs on days other than the Interest Determination Dates, but then decreases on one or more of the Interest Determination Dates, the relevant interest payment amount will be less, and may be significantly less, than it would have been had the interest payment amounts been linked to the Base Rate prior to such decrease. Although the actual level of the Base Rate on the Stated Maturity Date or at other times during the term of the CDs may be higher than its levels on the Interest Determination Dates, the floating rate will be based solely on the base rate on each of the Interest Determination Dates.

DEPOSIT INSURANCE

General

This section describes FDIC deposit insurance covering deposits, such as the CDs issued by the Bank. The FDIC deposit insurance laws and regulations, including the level of insurance coverage, are subject to change. The Bank cannot predict whether or not any future changes will occur and whether they will apply retroactively to the CDs.

The Deposit Amount of your CDs is insured by the FDIC, an independent agency of the U.S. Government. The FDIC standard maximum deposit insurance amount (the “**MDIA**”) is \$250,000 per depositor, per insured bank, for each account ownership category.

The CDs are eligible for FDIC insurance up to \$250,000 for deposits held in the same ownership category (for example, single accounts are insured separately from joint accounts, certain retirement accounts and/or revocable

trust accounts). For purposes of calculating FDIC deposit insurance limits, the Deposit Amount of your CD will be combined with deposit balances held directly or indirectly by you with the Bank in the same ownership category (including checking accounts, certificates of deposit and other deposits in your name or held through an intermediary, such as your broker in a sweep deposit program, or a fiduciary acting in an agency capacity).

The FDIC has taken the position that the “amount of the deposit” for deposit insurance purposes is the principal amount of the deposit plus the ascertainable, accrued interest as of the date of the depository institution’s failure. Thus, any interest amount that has not yet been ascertained and accrued (i.e., become due) as of the date of the Bank’s conservatorship or receivership, as well as any secondary market premium paid by you above the Deposit Amount on the CDs, is not insured by the FDIC. FDIC insurance covers only any interest amount that has become ascertainable and has accrued on the books and records of the Bank prior to the date the FDIC was appointed conservator or receiver. FDIC insurance does not cover any interest amount that would otherwise accrue on or after the date the FDIC is appointed the Bank’s conservator or receiver. As a result, the amount you could receive pursuant to FDIC insurance may be less than the full amount that would otherwise be payable on the CD.

Funds become eligible for deposit insurance immediately upon issuance of a CD. You are responsible for monitoring the total amount of all direct or indirect deposits held by or for you with the Bank for purposes of determining the amounts eligible for coverage by FDIC insurance, including the Deposit Amount of your CDs.

You can calculate your estimated insurance coverage using the FDIC’s online Electronic Deposit Insurance Estimator at edie.fdic.gov. The information on such website is not a part of this Disclosure Statement.

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

Single Accounts. This type of account is owned by one person without named beneficiaries. All single accounts owned by the same person at the same bank are added together and insured up to \$250,000.00. Single accounts that name beneficiaries are insured as Revocable Trust deposits.

Joint Accounts. This type of deposit account is owned by two or more people without named beneficiaries. If all requirements are met, each co-owners share of every joint account at the same insured bank are added together and insured up to \$250,000.00. Joint accounts that name beneficiaries are insured as Revocable Trust deposits.

Corporate, Partnership and Unincorporated Association Accounts. This type of deposit account is owned by corporations, partnerships, and unincorporated associations. The entities must be separately organized under state law and operate primarily for some purpose other than to increase deposit insurance coverage. All deposits owned by a corporation, partnership, or unincorporated association at the same bank are added together and insured up to \$250,000.00, separately from the personal accounts of the owners or members.

Revocable Trust Accounts. This type of deposit account is owned by one or more people that identifies one or more beneficiaries who will receive deposits upon the death of the owner(s). It includes both formal trusts and informal “In Trust For” (ITF)/ “Payable on Death” (POD) accounts. If all requirements are met, all revocable trusts owned by the same person at the same bank are added together, and the owner is insured up to \$250,000.00 per beneficiary. Determining insurance coverage for a revocable trust can be complex and is calculated differently depending on the number of beneficiaries named by the owner, the beneficiaries’ interests and the amount of the deposit. You should contact the FDIC and/or consult with a legal or financial advisor for assistance with any specific questions, as the information contained herein is only a general summary.

Irrevocable Trust Accounts. This type of deposit account is held in connection with an irrevocable trust established by statute or a written trust agreement. The owner contributes deposits or other property to the trust and gives up all power to cancel or change the trust. Irrevocable trusts usually have contingent interests which cause the trust to be insured for a maximum of \$250,000.00 regardless of the number of beneficiaries. The non-contingent interests of a beneficiary in all revocable trusts established by the same owner and held at the same bank are added together and

insured up to \$250,000.00. Determining insurance coverage for an irrevocable trust can be complex and dependent upon the terms of the trust. You should contact the FDIC for assistance and/or consult with a legal or financial advisor with any specific questions, as the information contained herein is only a general summary

Certain Retirement Accounts. A retirement account is insured under the Certain Retirement Accounts ownership category if the account qualifies as one of the following: Individual Retirement Account (IRA); Self-directed defined contribution plan account; Self-directed Keogh plan account (or H.R. 10 plan account) designed for self-employed individuals; or, a Section 457 deferred compensation plan account. The FDIC adds together all “certain retirement accounts” owned by the same person at the same insured bank and insures the total amount up to \$250,000. The term “self-directed” is defined to mean that plan participants have the right to direct how the money is invested, including the ability to direct that deposits be placed at an FDIC-insured bank. The FDIC will consider an account to be self-directed if the participant of the retirement plan has the right to choose a particular bank’s deposit accounts as an investment option. For important information regarding how the CDs are not subject to early withdrawal without penalty, even if the account owner is subject to mandatory withdrawal requirements, see “Description of the CDs—Additions and Withdrawals”.

Questions About FDIC Deposit Insurance Coverage

You can learn more about FDIC insurance at the FDIC’s website at <http://www.fdic.gov/deposit-insurance/>. The information on such website is not a part of this Disclosure Statement. You can also contact the FDIC by mail at: Federal Deposit Insurance Corporation, Attn: Deposit Insurance Section, 550 17th Street N.W., Washington, D.C., 20429; by telephone at (877) 275-3342; or by email using the FDIC’s online Deposit Insurance Form at <https://ask.fdic.gov/fdicinformationandsupportcenter/s/>

Payments Under Adverse Circumstances

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

As explained above, the MDIA applies to the principal and any interest that has been ascertained and become due on all CDs and other deposit accounts maintained by you at the Bank in the same legal ownership category. The records maintained by the Bank and your Broker regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to your Broker before insurance payments are released to you.

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

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

FEES

Truist Securities, Inc. and Truist Investment Services, Inc., who are affiliates of the Bank, and any other Broker offering the CDs on behalf of the Bank, will receive a placement fee from the Bank in connection with your purchase of a CD. Your Broker may be an affiliate of the Bank.

The Bank has reserved the right to sell CDs directly to investors on its own behalf in those jurisdictions where it is authorized to do so. No selling commission will be payable nor will a selling discount be allowed on any sales made directly by the Bank. The Bank will have the sole right to accept offers to purchase CDs and may reject any such offer, in whole or in part.

The issue price of the CDs will include the placement fees and structuring and development costs described in the applicable supplement. The Bank expects to hedge its obligations under the CDs through affiliated or unaffiliated counterparties. The structuring and development costs described in the applicable supplement will include the Bank's estimated hedging costs. The Bank's cost of hedging will include the projected profit that the Bank's counterparty expects to realize in consideration for assuming the risks inherent in providing the hedge for the Bank's obligations under the CDs. Because hedging the Bank's obligations entails risk and may be influenced by market forces beyond the Bank's or its counterparty's control, such hedging may result in a profit that is more or less than expected, or could result in a loss. In addition, the Bank may enter into arrangements with one or more of its affiliates to hedge the market risks associated with its obligations to pay amounts due on the Stated Maturity Date of any CD. The affiliates on occasion may include Truist Securities, Inc. and Truist Investment Services, Inc., and the affiliates may make a profit in connection with this arrangement.

SECONDARY MARKET

Your Broker, though not obligated to do so, may maintain a secondary market in the CDs after their Settlement Date. If you wish to sell your CD prior to maturity and the Broker does not maintain a secondary market, the Broker may attempt to sell your CD in a secondary market maintained by another broker-dealer. The Broker cannot provide assurance that you will be able to sell your CDs prior to their maturity. In addition, a secondary market for the CDs may be discontinued at any time without notice. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity. See "Risk Factors—You May be Unable to Sell Your CDs Prior to Their Stated Maturity Date."

In the event that the Bank, Truist Securities, Inc., Truist Investment Services, Inc. or any other affiliate of the Bank purchases CDs in the secondary market, these purchases may be subject to certain regulatory conditions, including, if the Bank, Truist Securities, Inc., Truist Investment Services, Inc. or any other affiliate of the Bank purchases CDs from a holder within six days after the date of initial issuance of those CDs, downward adjustments to the purchase price to be paid to such holder to account for early withdrawal penalties imposed by the Bank pursuant to Regulation D of the Federal Reserve Board. Thus, if you sell a CD to us or any of our affiliates shortly after you purchase and pay for it, you may receive a reduced price for your CD.

The Bank does not expect to receive any proceeds from market-making transactions. The Bank does not expect that Truist Securities, Inc., Truist Investment Services, Inc. or any other affiliate that may engage in these transactions will pay any proceeds from its market-making resales to the Bank.

Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale. In the event that a CD is purchased in the secondary market at a premium over the par amount, the premium is not insured by the FDIC. Therefore, if deposit insurance payments become necessary due to the failure of the Bank, the owner of a CD purchased in the secondary market can incur a loss of up to the amount of the premium paid for the CD. See "Deposit Insurance".

The uninsured premium being paid for an interest bearing CD can be determined from the price set forth in your trade confirmation. The price on CDs is typically expressed in relation to par (100.00). Any amount over 100.00 represents the premium. For example, if your trade confirmation states that the price for a CD purchased in the secondary market is 100.25, there is a premium that will not be insured by the FDIC. A price of 99.75 would not include a premium. The trade confirmation will also inform you if the CD has accrued interest, which will be insured as long as

the par amount of CDs held by you in one insurable ownership category at the issuer plus the accrued interest does not exceed the standard MDIA.

If you purchase a CD with a Call Feature in the secondary market at a premium, you will receive only the Deposit Amount if the CD is called.

LEGAL OWNERSHIP AND PAYMENT

The CDs will be evidenced by one or more master certificates issued by the Bank, each representing a number of individual CDs. These master certificates will be held by or on behalf of DTC. The Broker through which you purchase your CD acting as your nominee, authorized representative, agent or custodian, will maintain records evidencing your ownership of the CD that you purchase, and will provide you with a confirmation (a “**Confirmation**”) and periodic account statements (each an “**Account Statement**”) reflecting such purchase, which should be retained for your records. No evidence of ownership, such as a passbook or a certificate, will be provided to you. The Confirmation will state the Deposit Amount of your CD, from which you can determine how much premium, if any, you paid for the CD. The value of your CD may be difficult to accurately determine at any time during the term of the CD. The value indicated on your Account Statement is an estimated value, which may be less than the Deposit Amount of your CD. 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.

Payments on the CDs will be remitted by the Bank to DTC when due. Upon receipt in full of such amounts by DTC, the Bank will be discharged from any further obligation with regard to such payments. Such payments will be credited through DTC’s procedures to participant firms and thereafter will be remitted to the Broker through whom you purchased your CD, so long as such Broker acts as your nominee, authorized representative, agent or custodian, and credited to your account with such Broker. Investors should consult their banks or brokers for information on how they will receive notices.

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

If you choose to terminate your Broker as nominee, authorized representative, agent or custodian with regard to a CD, you may (i) transfer your CD to another broker-dealer or other institution that is a member of DTC, or a correspondent of such a member, or (ii) request that your ownership of the CD be evidenced directly on the books of the Bank, subject to applicable law and the Bank’s terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove your Broker, your Broker will have no further responsibility for payments made with respect to the CD.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain United States federal income and, for certain foreign persons, estate tax consequences of the purchase, ownership and disposition of the CDs. The following summary is based upon the Code, regulations issued thereunder, and rulings and decisions in effect (or in some cases proposed) as of the date of this Disclosure Statement, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations. The discussion below applies only to CDs held as capital assets for United States federal income tax purposes and does not purport to address tax consequences to persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, S corporations, persons holding CDs through a partnership or other entity treated as a partnership for U.S. federal income tax purposes, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, certain former citizens or residents of the United States, holders subject to special accounting rules under Section 451(b) of the Code, dealers in securities or currencies, tax-exempt entities, persons holding CDs in a tax-exempt, tax-deferred or tax-advantaged account, persons subject to the alternative minimum tax or persons holding CDs as a hedge against currency risks, as a position in a “straddle” or as part of a “hedging,” “conversion,” “synthetic security” or other integrated transaction for tax purposes.

In addition, this summary does not address any applicable state, local or foreign tax laws. This summary applies only to purchasers of CDs who acquire the CDs in their initial offering for an amount equal to their issue price.

Persons considering purchasing a CD should consult the applicable supplement for additional discussion of the United States federal income tax consequences related to a particular CD. **In addition, persons considering purchasing a CD should consult their own tax advisors concerning the application of the United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of a CD arising under the laws of any other taxing jurisdiction.**

As used herein, the term “**U.S. Holder**” means a beneficial owner of a CD that is for United States federal income tax purposes (a) an individual who is a citizen or resident of the United States, (b) a corporation, or other entity treated as a corporation, that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, or (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Certain trusts not described in clause (d) above in existence on August 20, 1996, that elect to be treated as United States persons will also be U.S. Holders for purposes of the following discussion. As used herein, the term “**non-U.S. Holder**” means a beneficial owner of a CD that is not a U.S. Holder and not a partnership (or other entity classified as a partnership) for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds CDs, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding CDs should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership, and disposition of CDs by the partnership.

General

The Bank currently intends to treat each CD as a debt instrument of the Bank for United States federal income tax purposes and, where required, intends to file information returns with the IRS in accordance with such treatment, in the absence of any change or clarification in the law, by regulation or otherwise, requiring a different characterization of the CDs. Moreover, by purchasing a CD, a purchaser agrees to this treatment of the CDs. The remainder of this discussion assumes such treatment.

U.S. Holders

Taxation of Interest

The taxation of interest on a CD depends on whether the interest is “qualified stated interest” (as defined below). Interest that is qualified stated interest will generally be includible in a U.S. Holder’s income as ordinary interest income when actually or constructively received (if such U.S. Holder uses the cash method of accounting for U.S. federal income tax purposes) or when accrued (if such U.S. Holder uses an accrual method of accounting for U.S. federal income tax purposes). Interest that is not qualified stated interest is includible in a U.S. Holder’s income under the rules governing “original issue discount” described below, regardless of such U.S. Holder’s regular method of tax accounting. Notwithstanding the foregoing, interest that is payable on a CD with a maturity of one year or less from its issue date, referred to as a “Short-Term CD,” is included in a U.S. Holder’s income under the rules described below under “—Short-Term CDs.”

Definition of Qualified Stated Interest

Interest on a CD is “qualified stated interest” if the interest is unconditionally payable, or will be constructively received under Section 451 of the Code, in cash or in property (other than debt instruments of the Bank) at least annually at a single fixed rate (in the case of a fixed rate CD) or at a single “qualified floating rate” or “objective rate” (in the case of a floating rate CD that qualifies as a VRDI, as defined below). If a floating rate CD that qualifies as a VRDI provides for interest other than at a single qualified floating rate or single objective rate, special rules apply to determine the portion of such interest that constitutes qualified stated interest. See “—CDs that are VRDIs (Including Fixed to Floating Rate CDs)” below.

Definition of Variable Rate Debt Instrument (VRDI)

A floating rate CD will qualify as a variable rate debt instrument (“VRDI”) if all four of the following conditions are met.

First, the “issue price” (as defined under “Taxation of Original Issue Discount”) of the floating rate CD must not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date (or, in the case of a floating rate CD that provides for payment of any amount other than qualified stated interest before maturity, its weighted average maturity) and (ii) 15% of the total noncontingent principal payments. A floating rate CD that does not provide for contingent principal will satisfy this requirement as long as it is not issued at a significant premium.

Second, except as provided in the preceding paragraph, the floating rate CD must not provide for any principal payments that are contingent.

Third, the floating rate CD must provide for stated interest (compounded or paid at least annually) at (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” (as defined below).

Fourth, the floating rate CD must provide that a qualified floating rate or objective rate in effect at any time during the term of the floating rate CD is set at the value of the 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 first day.

Definition of a Qualified Floating Rate

Subject to certain exceptions, a variable rate of interest on a floating rate CD is a “qualified floating rate” if variations in the value of the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the floating rate CD is denominated. This definition includes a variable rate equal to (i) the product of an otherwise qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35 or (ii) an otherwise qualified floating rate plus or minus a spread. If the variable rate equals the product of an otherwise qualified floating rate and a single fixed multiple greater than 1.35 or less than or equal to 0.65, however, such rate will generally be an objective rate. A variable rate will not be considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is not fixed throughout the term of the floating rate CD and is reasonably expected as of the issue date to cause the yield on the floating rate CD to be significantly more or less than the expected yield determined without the restriction.

Definition of an Objective Rate

Subject to certain exceptions, an “objective rate” is 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 that is neither within the control of the Bank (or a related party) nor unique to the circumstances of the Bank (or a related party). A rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the floating rate CD’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the term. The IRS may designate rates other than those specified above that will be treated as objective rates. As of the date hereof, no such other rates have been designated. An objective rate is a “qualified inverse floating rate” if (i) the rate is equal to a fixed rate minus a qualified floating rate and (ii) the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate).

If interest on a floating rate CD is stated at a fixed rate for an initial period of one year or less, followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the

variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate.

Taxation of Original Issue Discount

U.S. Holders of CDs issued with original issue discount (“OID”) will be subject to special tax accounting rules, as described in greater detail below. OID is the excess, if any, of a CD’s “stated redemption price at maturity” over the CD’s “issue price.” A CD’s “stated redemption price at maturity” is the sum of all payments provided by the CD (whether designated as interest or as principal) other than payments of qualified stated interest. The “issue price” of a CD is the first price at which a substantial amount of the CDs in the issuance that includes the CD is sold for money (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

Holders of CDs with OID (other than Short-Term CDs, as defined below) generally will be required to include such OID in income as it accrues in accordance with the constant yield method described below, irrespective of the receipt of the related cash payments. A U.S. Holder’s tax basis in a CD is increased by the amount of accrued OID and decreased by each payment other than a payment of qualified stated interest.

The amount of OID with respect to a CD will be treated as zero if the OID is less than an amount equal to 0.0025 multiplied by the product of the stated redemption price at maturity and the number of complete years to maturity (or, in the case of a CD that provides for payment of any amount other than qualified stated interest prior to maturity, the weighted average maturity of the CD). If the amount of OID is less than that amount, the OID that is not included in payments of stated interest is included in income as capital gain as principal payments are made. The amount includible with respect to a principal payment equals the product of the total amount of OID and a fraction, the numerator of which is the amount of such principal payment and the denominator of which is the stated principal amount of the CD.

Inclusion of OID in Income - Fixed Rate CDs

In the case of a fixed rate CD issued with OID, the amount of OID includible in the income of a U.S. Holder for any taxable year is determined under the constant yield method, as follows. First, the “yield to maturity” of the fixed rate CD is computed. The yield to maturity is the discount rate that, when used in computing the present value of all interest and principal payments to be made under the fixed rate CD (including payments of qualified stated interest), produces an amount equal to the issue price of the fixed rate CD. The yield to maturity is constant over the term of the fixed rate CD and, when expressed as a percentage, must be calculated to at least two decimal places.

Second, the term of the fixed rate CD is divided into “accrual periods.” Accrual periods may be of any length and may vary in length over the term of the fixed rate CD, provided that each accrual period is no longer than one year and that each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

Third, the total amount of OID on the fixed rate CD is allocated among accrual periods. In general, the OID allocable to an accrual period equals the product of the “adjusted issue price” of the fixed rate CD at the beginning of the accrual period and the yield to maturity of the fixed rate CD (properly adjusted for the length of the accrual period), less the amount of any qualified stated interest allocable to the accrual period. The adjusted issue price of a fixed rate CD at the beginning of the first accrual period is its issue price. Thereafter, the adjusted issue price of the fixed rate CD is its issue price, increased by the amount of OID previously includible in the gross income of any holder and decreased by the amount of any payment previously made on the fixed rate CD other than a payment of qualified stated interest.

Fourth, the “daily portions” of OID are determined by allocating to each day in an accrual period its ratable portion of the OID allocable to the accrual period.

A U.S. Holder includes in income in any taxable year the daily portions of OID for each day during the taxable year that such Holder held the fixed rate CD. Under the constant yield method described above, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Inclusion of OID in Income - Floating Rate CDs

The taxation of OID on a floating rate CD will depend on whether the floating rate CD is a VRDI, as that term is described above under “—Definition of Variable Rate Debt Instrument (VRDI).”

CDs that are VRDIs (Including Fixed to Floating Rate CDs)

In the case of a VRDI that provides for qualified stated interest (as defined above), the amount of qualified stated interest and OID, if any, includible in income during a taxable year is determined under the rules applicable to fixed rate CDs (described above) by assuming that the variable rate of interest is a fixed rate equal to (i) in the case of a qualified floating rate or a qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, and (ii) in the case of an objective rate (other than a qualified inverse floating rate), the rate that reflects the yield that is reasonably expected for the CD. 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 a CD that is a VRDI does not provide for qualified stated interest or provides for interest in addition to qualified stated interest, the amount of interest and OID accruals are determined by constructing an equivalent fixed rate debt instrument, as follows:

First, in the case of an instrument that provides for interest at a fixed rate, replace the fixed rate by a qualified floating rate (or qualified inverse floating rate, if applicable) such that the fair market value of the instrument as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate (or qualified inverse floating rate) rather than the fixed rate.

Second, determine the fixed rate substitute for each variable rate provided by the CD. The fixed rate substitute for each qualified floating rate provided by the CD is the value of that qualified floating rate on the issue date. If the CD provides for two or more qualified floating rates with different intervals between interest adjustment dates, the fixed rate substitutes are based on intervals that are equal in length. The fixed rate substitute for an objective rate that is a qualified inverse floating rate is the value of the qualified inverse floating rate on the issue date. The fixed rate substitute for an objective rate (other than a qualified inverse floating rate) is a fixed rate that reflects the yield that is reasonably expected for the CD.

Third, construct an equivalent fixed rate debt instrument that has terms that are identical to those provided under the CD, except that the equivalent fixed rate debt instrument provides for the fixed rate substitutes determined in the second step, in lieu of the qualified floating rates or objective rate provided by the CD.

Fourth, determine the amount of qualified stated interest and OID for the equivalent fixed rate debt instrument under the rules described above for fixed rate CDs. These amounts are taken into account as if the U.S. Holder held the equivalent fixed rate debt instrument. See “—Taxation of Interest,” “—Taxation of Original Issue Discount” and “—Inclusion of OID in Income—Fixed Rate CDs” above.

Fifth, make appropriate adjustments for the actual values of the variable rates. In this step, qualified stated interest or OID allocable to an accrual period is increased (or decreased) if the interest actually accrued or paid during the accrual period exceeds (or is less than) the interest assumed to be accrued or paid during the accrual period under the equivalent fixed rate debt instrument. In general, this increase or decrease is an adjustment to qualified stated interest for the accrual period if the equivalent fixed rate debt instrument constructed under the third step provides for qualified stated interest and the increase or decrease is reflected in the amount actually paid during the accrual period, and otherwise the increase or decrease is an adjustment to OID, if any, for the accrual period.

Contingent Payment CDs

Floating rate CDs that are not VRDIs or Short Term CDs will generally be treated as “contingent payment debt instruments” (“**Contingent Payment CDs**”) and will be taxable under the rules applicable thereto (the “**Contingent Debt Regulations**”) for U.S. federal income tax purposes. As a result, the Contingent Payment CDs will generally be subject to the OID provisions of the Code and the Treasury Regulations thereunder, and a U.S. Holder will be required to accrue interest income on the Contingent Payment CDs as set forth below.

At the time the Contingent Payment CDs are issued, the Bank will be required to determine a “comparable yield” for the Contingent Payment CDs. The comparable yield is the yield at which the Bank could issue a fixed rate debt instrument with terms and conditions similar to those of the Contingent Payment CD (including the level of subordination, term, timing of payments and general market conditions, but not taking into consideration the riskiness of the contingencies or the liquidity of the Contingent Payment CD), but is not less than the applicable federal rate (based on the overall maturity of the Contingent Payment CD) announced monthly by the IRS (the “AFR”) and in effect for the month in which the Contingent Payment CD is issued. The comparable yield may be greater than or less than the stated interest rate, if any, with respect to the Contingent Payment CDs. In certain cases where contingent payments with respect to Contingent Payment CDs are not based on market information and where Contingent Payment CDs are marketed or sold in substantial part to tax-exempt holders or other holders for whom the prescribed inclusion of interest is not expected to have a substantial effect on their U.S. tax liability, the comparable yield for the Contingent Payment CD, without proper evidence to the contrary, is presumed to be the AFR.

Solely for purposes of determining the amount of interest income that a U.S. Holder will be required to accrue (and which the Bank will be required to report on an IRS Form 1099), the Bank will be required to construct a “projected payment schedule” for the Contingent Payment CDs, determined under the Contingent Debt Regulations (the “Schedule”), representing a series of payments the amount and timing of which would produce a yield to maturity on the Contingent Payment CDs equal to the comparable yield. The Schedule is determined as of the issue date and generally remains in place throughout the term of the Contingent Payment CDs. The Schedule includes each noncontingent payment and an amount for each contingent payment as determined below. If a contingent payment is based on market information, the amount of the projected payment is the forward price of the contingent payment. If a contingent payment is not based on market information, the amount of the projected payment is the expected value of the contingent payment as of the issue date. The Schedule must produce the comparable yield determined as set forth above. Otherwise, the Schedule must be adjusted under the rules set forth in the Contingent Debt Regulations. Neither the comparable yield nor the Schedule constitutes a representation by the Bank regarding the actual amounts, if any, that the Contingent Payment CDs will pay.

The Bank is required to provide each U.S. Holder of a Contingent Payment CD with the Schedule described above. If the Bank does not create a Schedule or the Schedule is unreasonable, a U.S. Holder must set its own projected payment schedule and explicitly disclose the use of the schedule and the reason therefor. Unless otherwise prescribed by the IRS, the U.S. Holder must make the disclosure on a statement attached to the U.S. Holder’s timely filed U.S. federal income tax return for the taxable year in which the Contingent Payment CD was acquired. A U.S. Holder of a Contingent Payment CD, regardless of accounting method, will be required to accrue as OID the sum of the daily portions of interest on the Contingent Payment CD for each day in the taxable year on which the U.S. Holder held the Contingent Payment CD, calculated by reference to the comparable yield and adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments made on the Contingent Payment CD as set forth below. The daily portions of interest in respect of a Contingent Payment CD are determined by allocating to each day in an accrual period the ratable portion of interest on the Contingent Payment CD that accrues in the accrual period. The amount of interest on a Contingent Payment CD that accrues in an accrual period is determined by multiplying the comparable yield of the Contingent Payment CD (properly adjusted for the length of the accrual period) by the Contingent Payment CD’s adjusted issue price at the beginning of the accrual period. The adjusted issue price of a Contingent Payment CD at the beginning of the first accrual period will equal its issue price and for any accrual period after the first accrual period will be (i) the sum of the issue price of the Contingent Payment CD and any interest previously accrued on the Contingent Payment CD by a U.S. Holder, disregarding any positive or negative adjustments (as discussed below), minus (ii) the amount of any noncontingent payment and projected contingent payments on the Contingent Payment CD for previous accrual periods.

A U.S. Holder will be required to recognize additional interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a Contingent Payment CD for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a Contingent Payment CD for a taxable year will first reduce the amount of interest in respect of the Contingent Payment CD that a U.S. Holder would otherwise be required to include in income in the taxable year and, to the extent of any excess, will give rise to an ordinary loss equal to that portion of this excess as does not exceed the excess of the amount

of all previous interest inclusions under the Contingent Payment CD over the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the Contingent Payment CD in prior taxable years. A net negative adjustment is not subject to the limitations imposed on miscellaneous deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the Contingent Payment CD or to reduce the amount realized on a sale, exchange or retirement of the Contingent Payment CD. Upon a sale, exchange or retirement of a Contingent Payment CD, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder's adjusted tax basis in the Contingent Payment CD. If the Bank delivers property, other than cash, to a holder in retirement of a Contingent Payment CD, the amount realized will equal the fair market value of the property, determined at the time of retirement, plus the amount of cash, if any, received in lieu of property. A U.S. Holder's adjusted tax basis in a Contingent Payment CD generally will equal the cost of the Contingent Payment CD, increased by the amount of interest income previously accrued by the holder in respect of the Contingent Payment CD, disregarding any positive or negative adjustments, and decreased by the amount of any noncontingent payments and all prior projected contingent payments previously made in respect of the Contingent Payment CD. A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss.

Short Term CDs

In the case of a CD that matures one year or less from its date of issuance (a "**Short-Term CD**"), a cash method U.S. Holder generally is not required to accrue OID for U.S. federal income tax purposes unless such Holder elects to do so. Cash-method U.S. Holders who make such an election, and accrual-method U.S. Holders, are required to include OID in income on such Short-Term CDs as it accrues on a straight-line basis, unless an election is made to accrue the OID according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required, and does not elect, to include the OID in income currently, stated interest will generally be taxable at the time it is received and any gain realized on the sale, exchange or other disposition of the Short-Term CD will be ordinary income to the extent of the OID accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or other disposition (generally reduced by prior payments of interest, if any). In addition, such Holders will be required to defer deductions for all or a portion of any interest paid on indebtedness incurred to purchase or carry Short-Term CDs in an amount not exceeding the accrued OID not previously included in income.

Callable Step-Up CDs

A callable step-up CD is a step-up CD that is callable by the Bank on any date in which the interest rate increases. To determine whether a debt instrument (such as a CD) is issued with OID for tax purposes, the Treasury Regulations generally deem an issuer to exercise a call option in a manner that minimizes the yield on the debt instrument. Our yield would be minimized if we exercise our call with respect to the CDs on the first applicable date on which the CD may be called (the "**call date**"). This assumption is made solely for federal income tax purposes and is not an indication of our intention regarding whether or not to call the CDs at any time. In this case, the CDs would be treated as bearing interest at the interest rate applicable prior to the first call date and maturing on the first call date, and would not be treated as issued with OID. If we do not call the CDs prior to the increase in the interest rate on the call date, then, solely for purposes of calculating OID, the CDs will be deemed to be reissued at their adjusted issue price on the call date and, as a result, generally would not be treated as issued with OID. This deemed issuance should not give rise to taxable gain or loss to holders. The same analysis should apply to each subsequent date in which the interest rate increases. Under this approach, the interest paid on a CD will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's normal method of accounting for tax purposes (regardless of whether we exercise our call on the CDs).

The tax treatment described in the preceding paragraph assumes that we will have the right to call the CD at par (plus accrued but unpaid interest) on each date that the interest rate increases. If this is not the case, step-up CDs may be treated as issued with OID, in which case the CDs generally would be subject to the rules discussed above under the headings "**—Taxation of Original Issue Discount**" and "**—Inclusion of OID in Income—Fixed Rate CDs.**"

Sale, Exchange, Redemption, Repayment or Other Disposition of the CDs (Other than Contingent Payment CDs)

Upon the disposition of a CD (other than a Contingent Payment CD) by sale, exchange, redemption, repayment or other disposition, a U.S. Holder will generally recognize taxable gain or loss equal to the difference, if any, between (i) the amount realized on the disposition (other than amounts attributable to accrued but unpaid interest, which would be treated as such) and (ii) the U.S. Holder's adjusted tax basis in the CD. A U.S. Holder's adjusted tax basis in a CD generally will equal the cost of the CD (net of accrued interest) to the U.S. Holder increased by any OID previously included in income with respect to the CD and decreased by the amount of any payment (other than a payment of qualified stated interest) received in respect of a CD. Capital gain of individual taxpayers from the sale, exchange, redemption, repayment or other 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 sale, exchange, redemption, repayment or other disposition of a CD is subject to limitations.

Additional Tax on Net Investment Income

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

Non-U.S. Holders

Subject to the discussion below of the Foreign Account Tax Compliance Act (FATCA), and of backup withholding, a non-U.S. Holder will not be subject to United States federal income or withholding taxes on any interest income (including OID, if any) on a CD, so long as the income is not effectively connected with the conduct by the non-U.S. Holder of a trade or business in the United States.

Subject to the discussion of FATCA and backup withholding below, any gain realized by a non-U.S. Holder on the sale, exchange or redemption of a CD generally will not be subject to United States federal income tax, unless (1) such gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States or (2) the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

If income or gain on a CD is effectively connected with a non-U.S. Holder's conduct of a trade or business in the United States, the non-U.S. Holder generally will be subject to regular United States federal income tax (and, in the case of a corporate non-U.S. Holder, may also be subject to a 30% branch profits tax, or lower rate provided by a tax treaty) on a net basis on interest and on any gain realized on the sale, exchange or redemption of the CD in the same manner as if it were a U.S. Holder, unless an applicable tax treaty provides otherwise. Non-U.S. Holders should consult their tax advisors regarding the potential application of any tax treaties.

Under current law, a CD will not be includible in the estate of a non-U.S. Holder unless, at the time of such individual's death, payments in respect of such CD would have been effectively connected with the conduct by such individual of a trade or business in the United States.

Foreign Account Tax Compliance Act (FATCA)

FATCA imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest (and OID), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends ("Withholdable Payments"), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the Treasury Department certain information regarding U.S. financial account holders, including certain account holders that are

foreign entities with U.S. owners, with such institution, or otherwise complies with FATCA. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes. These withholding and reporting requirements generally apply to U.S. source periodic payments on the CDs. The U.S. Treasury Department and the IRS have published regulations in proposed form that eliminate withholding on payments of gross proceeds. Pursuant to the proposed regulations, the Bank and the applicable withholding agent may rely on this change to FATCA withholding until the final regulations are issued. If the Bank determines withholding is appropriate with respect to the CDs, the Bank will withhold tax at the applicable statutory rate, and the Bank will not pay any additional amounts in respect of such withholding. Prospective holders are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the CDs.

Information Reporting and Backup withholding

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

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

Information reporting and backup withholding may apply to the proceeds of a sale of a CD by a holder that is a non-U.S. Holder made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the documentation described in the preceding paragraph. Backup withholding is not an additional tax and may be refunded (or credited against a non-U.S. Holder's U.S. federal income tax liability, if any), provided that certain required information is timely furnished to the IRS. The information reporting requirements may apply regardless of whether or not withholding is required. For non-U.S. Holders, copies of the information returns reporting such amounts and withholding also may be made available to the tax authorities in the country in which the holder is a resident under the provisions of an applicable income tax treaty or agreement.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of the CDs by (i) employee benefit plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) plans described in Section 4975 of the Code which are subject to Section 4975 of the Code (including an individual retirement account ("**IRA**")) or provisions under other U.S. or non-U.S. federal, state, local or other laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (collectively, "**Similar Laws**"), and (iii) entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (e.g. each of the foregoing described in clause (i), (ii) and (iii) referred to herein as a "**Plan**").

General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (each, a "**Covered Plan**") and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises discretionary

authority or control over the administration of a Covered Plan or the management or disposition of the assets of a Covered Plan, or who renders investment advice for a fee or other compensation to a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

When considering an investment in the CDs with the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any applicable Similar Laws.

Plan fiduciaries should consider the fact that none of the Bank or certain of its affiliates (the "**Transaction Parties**") is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase and/or hold the CDs. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to such decision to purchase the CDs.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of Section 406 of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and may result in the disqualification of an IRA. In addition, the fiduciary of the Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

The acquisition and/or holding of CDs by a Covered Plan with respect to which a Transaction Party is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. Included among these statutory exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, which exempt certain transactions (including, without limitation, a sale and purchase of securities) between a Covered Plan and a party in interest so long as (i) such party in interest is treated as such solely by reason of providing services to the Covered Plan, (ii) such party in interest is not a fiduciary which renders investment advice, or has or exercises discretionary authority or control, with respect to the plan assets involved in such transaction, or an affiliate of any such person and (iii) the Covered Plan neither receives less than nor pays more than "adequate consideration" (as defined in such Sections) in connection with such transaction. In addition, the U.S. Department of Labor has issued prohibited transaction class exemptions ("**PTCEs**") that may apply to the acquisition and holding of the CDs. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of Covered Plans considering acquiring and/or holding the CDs in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Government plans, foreign plans and certain church plans, while not subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Plans should consult with their counsel before acquiring the CDs.

Representations

Accordingly, by its acceptance of the CDs, each purchaser of the CDs will be deemed to have represented and warranted that either (i) such purchaser is not, and is not using the assets of, a Plan to acquire or hold the CD or (ii) the purchase, holding or disposition of the CDs by such purchaser does not, and will not, constitute a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing and/or holding of the CDs on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code or any Similar Law and whether an exemption would be applicable. Neither this discussion nor anything provided in this prospectus is, or is intended to be, investment advice directed at any potential Plan purchasers, or at Plan purchasers generally, and such purchasers of the CDs should consult and rely on their own counsel and advisers as to whether an investment in the CDs is suitable for the Plan.