

Quick Reference Guide: INCOME GENERATOR CD

Income generator CDs are FDIC-insured Certificates of Deposit with periodic interest payments linked to a basket of equities or commodities.

Product Description

The income generator CD provides investors with the opportunity to earn periodic interest payments based on the average performance of a basket of 10-15 individual equities or commodities, subject to a cap and floor.

Principal Protection

Income generator CDs are FDIC-insured investments that offer 100% principal protection, guaranteed by the issuer, if held to maturity.

Variable Coupon

The income generator CD is created to offer a variable coupon based upon the equity or commodity basket's equally-weighted average performance of the individual reference components, always versus their initial levels, subject to a cap and floor for each component. For **traditional income generator CDs** a variable coupon will be

paid based upon the percentage change for each basket component between the closing level on the observation date versus the components initial price, subject to a *maximum performance cap* and a floor. For **income generator CDs with an auto cap ("digital cap") feature**, a variable coupon will be paid based upon the percentage change for each basket component between the closing level on the observation date versus the component's initial price. If the component price is greater than or equal to the initial price, the component performance will equal the *auto cap rate*. For both structures, if the component price is less than the initial price, the component performance will equal the greater of the percentage decline and the floor.

MAY BE SUITABLE FOR INVESTORS WHO ARE:

- Looking for equity or commodity linked yield opportunities with the security of FDIC Insurance and 100% principal protection at maturity.
- Seeking to diversify their investment portfolio.
- Seeking semi-annual or annual income payments contingent upon the market.
- Willing to forgo some or all interest payments in exchange for the chance to earn above market coupons when it does pay.

IMPORTANT FEATURES:

- Low minimum investment
\$1000 minimum initial purchase; \$1000 increments thereafter.
- Above market coupon potential versus comparable fixed income CDs of the same term
- Investment term typically 4-7 years
- High credit quality
Typical issues are from banks with a credit rating that is investment grade or better, although credit quality should not be the sole basis for an investor's decision.
- FDIC Insured and Principal Protected if held to maturity
- Estate feature, Survivors Option
Putable at par upon the death or adjudication of the owner

Example # 1: Traditional income generator CD

Assumptions

Underlying: 10 individual equities
Term: 5 year
Variable Coupon: Based on the equally-weighted average performance of the basket, subject to cap and floor, for each component
Cap: 10%
Floor: -30%
Coupon Payment: Annual
Protection: 100%

Underlying Basket	Initial Share Price	End of Year 1	Performance*	End of Year 2	Performance	End of Year 3	Performance	End of Year 4	Performance	End of Year 5	Performance
Component 1	100.00	113.00	10.00%	104.00	4.00%	115.00	10.00%	108.00	8.00%	115.00	10.00%
Component 2	100.00	106.00	6.00%	95.00	-5.00%	105.00	5.00%	100.00	0.00%	95.00	-5.00%
Component 3	100.00	107.00	7.00%	103.00	3.00%	109.00	9.00%	115.00	10.00%	112.00	10.00%
Component 4	100.00	111.00	10.00%	105.00	5.00%	106.00	6.00%	112.00	10.00%	118.00	10.00%
Component 5	100.00	95.00	-5.00%	102.00	2.00%	108.00	8.00%	105.00	5.00%	118.00	10.00%
Component 6	100.00	105.00	5.00%	103.00	3.00%	115.00	10.00%	120.00	10.00%	113.00	10.00%
Component 7	100.00	91.00	-9.00%	95.00	-5.00%	105.00	5.00%	111.00	10.00%	117.00	10.00%
Component 8	100.00	106.00	6.00%	109.00	9.00%	120.00	10.00%	125.00	10.00%	130.00	10.00%
Component 9	100.00	95.00	-5.00%	90.00	-10.00%	95.00	-5.00%	100.00	0.00%	106.00	6.00%
Component 10	100.00	113.00	10.00%	92.00	-8.00%	85.00	-15.00%	75.00	-25.00%	89.00	-11.00%
Average of the individual component returns:			3.50%		-0.20%		4.30%		3.80%		6.00%
Coupon Rate for the period:			3.50%		0.00%		4.30%		3.80%		6.00%

*Performances subject to cap of 10% and floor of -30%

Example # 2: Income generator CD with auto cap feature

Assumptions

Underlying: 10 individual equities
 Term: 5 year
 Variable Coupon: Based on the equally-weighted average performance of the basket, subject to cap and floor, for each component
 Auto Cap: 8%
 Floor: -30%
 Coupon Payment: Annual
 Protection: 100%

Underlying Basket	Initial Share Price	End of Year 1	Performance*	End of Year 2	Performance	End of Year 3	Performance	End of Year 4	Performance	End of Year 5	Performance
		Component 1	100.00	113.00	8.00%	104.00	8.00%	115.00	8.00%	108.00	8.00%
Component 2	100.00	106.00	8.00%	95.00	-5.00%	105.00	8.00%	100.00	8.00%	95.00	-5.00%
Component 3	100.00	107.00	8.00%	103.00	8.00%	109.00	8.00%	115.00	8.00%	112.00	8.00%
Component 4	100.00	111.00	8.00%	105.00	8.00%	106.00	8.00%	112.00	8.00%	118.00	8.00%
Component 5	100.00	95.00	-5.00%	102.00	8.00%	108.00	8.00%	105.00	8.00%	118.00	8.00%
Component 6	100.00	105.00	8.00%	103.00	8.00%	115.00	8.00%	120.00	8.00%	113.00	8.00%
Component 7	100.00	91.00	-9.00%	95.00	-5.00%	105.00	8.00%	111.00	8.00%	117.00	8.00%
Component 8	100.00	106.00	8.00%	109.00	8.00%	120.00	8.00%	125.00	8.00%	130.00	8.00%
Component 9	100.00	95.00	-5.00%	90.00	-10.00%	95.00	-5.00%	100.00	8.00%	106.00	8.00%
Component 10	100.00	113.00	8.00%	92.00	-8.00%	85.00	-15.00%	75.00	-25.00%	89.00	-11.00%
Average of the individual component returns:			3.70%		2.00%		4.40%		4.70%		4.80%
Coupon Rate for the period:			3.70%		2.00%		4.40%		4.70%		4.80%

*Performances subject to Auto Cap Rate of 8% and floor of -30%

Investor Risks

Principal Risk: Income generator CDs offer FDIC insurance and 100% principal protection, guaranteed by the issuer, if held to maturity. If sold prior to maturity, the investor may receive less than their initial investment.

Limited Return: The return is limited to the maximum variable coupon rate per year and therefore may be significantly less in comparison than the direct investment in the underlying assets. The investor does not receive any dividends or distributions from the underlying assets.

Liquidity: Income generator CDs are not designed to be liquid; they are intended to be held to maturity. While there may be secondary market, issuers are under no obligation to maintain one. Selling prior to maturity carries with it the risks inherent in factors that can affect marketability, such as volatility of the underlying assets, interest rate swings and developments affecting the underlying securities.

Creditworthiness of the Issuer: The extent to which any principal is protected is subject to the quality of the issuer's credit. Principal Protected Notes and CDs are subject to the risk that the issuer might not be able to meet scheduled interest

or principal payments. The investor should investigate the creditworthiness of the issuer to evaluate its ability to meet the terms of interest and principal payment. For certificates of deposit of FDIC-insured banks or savings institutions the investor's principal is protected up to \$250,000 per depositor per insured bank. In addition, certain retirement accounts, such as Individual Retirement Accounts, are insured up to \$250,000 per depositor, per insured bank. For more information, please visit FDIC.gov.

Taxes: For full information regarding the tax consequences of income generator CDs, investors should consult their tax advisor.

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