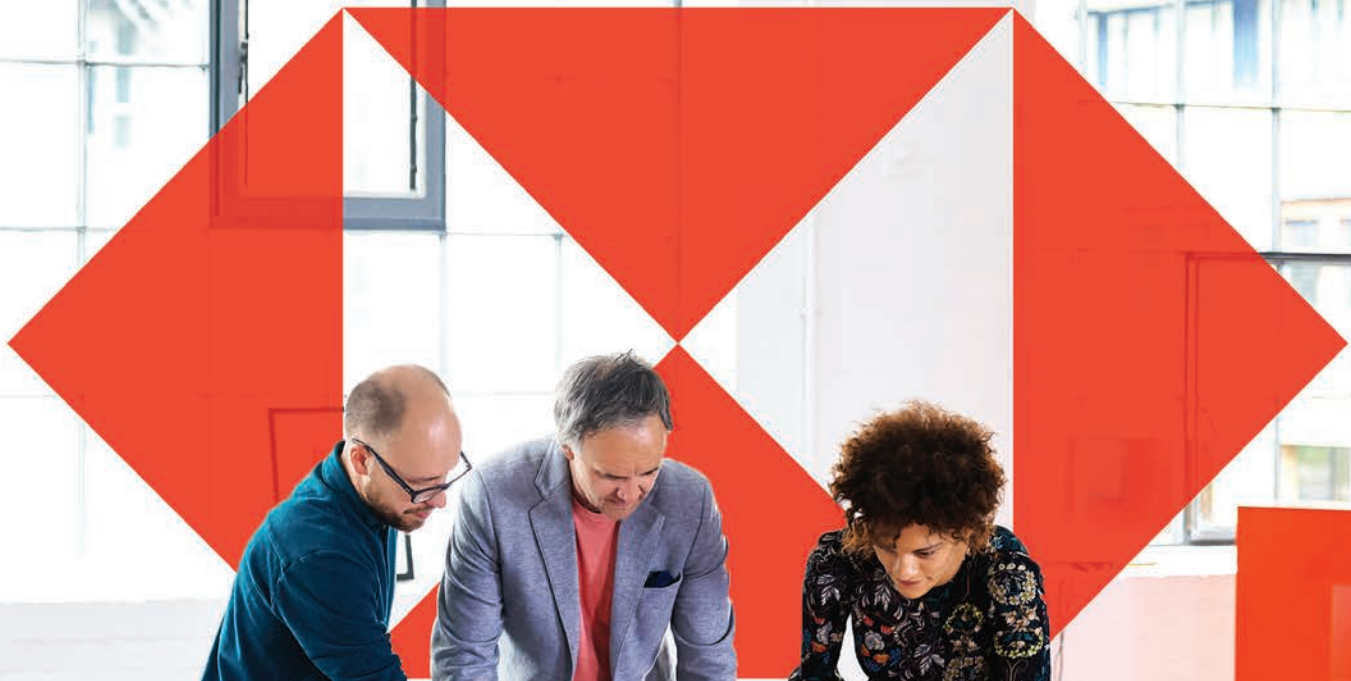


A Guide to Your Market-Linked CD Value

Understanding Your
Brokerage Statement



HSBC

Understanding the Value of HSBC Market Linked CDs

Market Linked CDs (MLCDs) have been used as an investment tool that may help address common wealth management objectives such as capital preservation, conservative growth and income generation, all while providing the comfort of FDIC insurance¹ (up to applicable limits).

While HSBC Market Linked CDs may share many of the same attributes as traditional bank CDs, they differ in several key ways.

Side by side comparison: Traditional vs Market Linked CDs

	Attribute	Traditional CD	Market Linked CD
Key Differences	Assets	Held in a bank account	Held in a brokerage account
	Value	Steady over time	Fluctuates over time
	Rate of Return	Fixed	Dependant on the underlying asset
Key Similarities	Insurance	FDIC Insured	FDIC Insured
	Issuer	HSBC Bank, USA, NA	HSBC Bank, USA, NA
	Principal	Returned if held to maturity	Returned if held to maturity

HSBC Market Linked CD's Differences:

- Unlike bank CDs that provide a pre-specified return, a HSBC Market Linked CD's return is largely driven by the performance of an underlying asset or assets.
- Rather than being held in your bank account like traditional CDs, HSBC Market Linked CDs are held in your brokerage account, like many of your other investments.
- Interim values will fluctuate regularly because their value is based on certain market factors, which will be discussed further in this guide.

¹ Subject to issuer credit risk

Key Factors That Determine the Value on Your Statement

Below is a brief discussion of some of the primary factors that will affect the value of your MLCD as reported on your statement (which is an estimate of the current market value of the CD, commonly known as your statement value). However, other factors may also have an impact on your statement value, including the dividend yield and other market events. Please consult the offering document for further details.

- **Performance of the underlying assets:**

The performance of the underlying stocks or market index(es) will influence your Market Linked CD's value.

Generally, the more time remaining until maturity, the less the underlying asset performance will be reflected in the value of your Market Linked CD. This is due to the fact that there is more uncertainty surrounding whether this underlying asset performance value will hold until maturity.

- **Interest rate movements:**

As a general rule, if interest rates decrease, your Market Linked CD's interim statement value may increase. Alternatively, if interest rates increase, your Market Linked CD's interim value may decrease. The impact of these movements on the CD's valuation may depend on the time left until maturity.

- **Market volatility of the underlying asset(s):**

Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the underlying asset increases or decreases, the value of the CD may be affected.

- **Time remaining to maturity:**

The more time left until maturity, the more sensitive your Market Linked CD's value may be to interest rate changes and shifts in volatility.

- **The credit rating and financial condition of the issuing bank:**

Given that these Market Linked CDs are financial obligations of HSBC Bank USA, N.A., any adverse changes to the bank's credit rating or financial condition could negatively impact the value of your Market Linked CD.



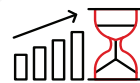
Underlier Performance



Interest Rates



Market Volatility



Time to Maturity



Issuer Credit Rating

What Does My Statement Value Reflect?

On your statement, your Market Linked CD value may be less than what you invested. Please bear in mind that this is to be expected. The statement value is an estimate of the current market value of your HSBC Market Linked CD.

The statement value does not reflect either your principal, if you hold your Market Linked CD to maturity, or the amount of interest you may receive. This value is an approximation of what you would receive if you liquidated your HSBC Market Linked CD before maturity. Additionally, your Market-Linked CD may not earn any interest depending on performance of the underlying index, and some participate in only a limited amount of the increase of an index.

If you hold your Market Linked CD to maturity, you will receive your full principal, as set forth in the offering document, subject to FDIC limits and HSBC credit risk.

In addition, administrative costs associated with creating your Market Linked CD may negatively affect its interim value, as these costs are initially embedded within the purchase value.

There's a defined term within the offering document called "Estimated Initial Value" that reflects the initial value of the Market Linked CD net of these embedded costs.

Since HSBC may choose to include some of these costs in your statement value, the Estimated Initial Value of your Market Linked CD will not necessarily be the same as your initial statement value.

The Performance of Your HSBC Market Linked CD



The performance of your HSBC Market Linked CD is based on how the underlying asset is performing relative to the return calculation set forth in the offering document.

While statement values are affected by performance, they are only one of several factors that can affect your market value as described above.

As a reminder, you may see the value of your Market Linked CD fluctuate. Regardless of this fluctuation, if you hold your Market Linked CD until maturity, you will receive the full principal amount invested, subject to issuer credit risk, plus any potential interest payments.

Market-linked certificates of deposits (CDs) payoff structures can range from simple to complex some pay coupons (e.g., fixed, floating, or a combination), while others pay at maturity some may be callable, with the issuer terminating the investment early for a full return of principal.

If you have any further questions regarding the value and performance of your HSBC Market Linked CD, please contact your financial advisor and review the offering document

Important Considerations

This document is not meant to supersede or take the place of the offering document. It is designed to point out certain aspects of Market Linked CDs.



FDIC Insurance:

A Market-Linked CD represents a bank deposit obligation and is FDIC insured together with all other deposits you may have with the issuing bank, up to USD 250,000 per depositor. Any funds deposited with the issuing bank (including other CDs issued by such bank) in excess of these limits will not be eligible for FDIC insurance, so you should consider and inform your financial advisor if you have other deposits at the issuing bank.

For more detailed information regarding FDIC insurance coverage, you may contact the FDIC Call Center at (877) 275-3342 or refer to the FDIC public website at www.fdic.gov, where you can obtain a copy of the FDIC's brochure, Your Insured Deposits, FDIC's Guide to Deposit Insurance Coverage.

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- Market-Linked CD Products are: bank deposits obligations of the issuing bank FDIC insured within applicable limits not a liquid investment and are designed to be held to maturity. Market-Linked CDs are subject to investment risk and any early repayment could result in a loss of principal investment.

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