

DEUTSCHE BANK AKTIENGESELLSCHAFT

Form FWP

December 12, 2014

Term Sheet

To product supplement AZ dated September 28, 2012,
prospectus supplement dated September 28, 2012 and
prospectus dated September 28, 2012

Deutsche Bank

Term Sheet No. 2302AZ

Registration Statement No. 333-184193

Dated December 12, 2014; Rule 433

Structured
Investments

Deutsche Bank AG

\$ Knock-Out Notes Linked to the iShares® China Large-Cap ETF due December 17*, 2019

General

- The notes are designed for investors who seek a return at maturity linked to the performance of the iShares® China Large-Cap ETF (the “Underlying”). If the Final Price is greater than or equal to the Initial Price, investors will receive at maturity a return on the notes equal to the Underlying Return. If the Final Price is less than the Initial Price but equal to or greater than the Knock-Out Price (53.50% of the Initial Price), for each \$1,000 Face Amount of notes, investors will receive at maturity the Face Amount. However, if the Final Price is less than the Knock-Out Price, a Knock-Out Event has occurred and, for each \$1,000 Face Amount of notes, investors will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. The notes do not pay any coupons or dividends and investors should be willing to lose a significant portion or all of their initial investment if a Knock-Out Event occurs. Any payment on the notes is subject to the credit of the Issuer.
 - Senior unsecured obligations of Deutsche Bank AG due December 17*, 2019†
- Minimum purchase of \$10,000. Minimum denominations of \$1,000 (the “Face Amount”) and integral multiples thereof.
- The notes are expected to price on or about December 12*, 2014 (the “Trade Date”) and are expected to settle on or about December 17*, 2014 (the “Settlement Date”).

Key Terms

Issuer: Deutsche Bank AG, London Branch

Underlying: The iShares® China Large-Cap ETF (Ticker: FXI)

Issue Price: 100% of the Face Amount

Knock-Out Event: A Knock-Out Event occurs if the Final Price is less than the Knock-Out Price.

Knock-Out Price: 53.50% of the Initial Price. The actual Knock-Out Price will be determined on the Trade Date, and will not be greater than 53.50% of the Initial Price.

Payment at Maturity: · If the Final Price is greater than or equal to the Initial Price, you will receive a cash payment at maturity per \$1,000 Face Amount of notes calculated as follows:

$$\$1,000 + (\$1,000 \times \text{Underlying Return})$$

· If the Final Price is less than the Initial Price, but a Knock-Out Event has not occurred (meaning the Final Price is greater than or equal to the Knock-Out Price), you will receive a cash payment at maturity equal to the Face Amount per \$1,000 Face Amount of notes.

· If a Knock-Out Event has occurred (meaning the Final Price is less than the Knock-Out Price), you will receive a cash payment at maturity per \$1,000 Face Amount of notes calculated as follows:

$$\$1,000 + (\$1,000 \times \text{Underlying Return})$$

Edgar Filing: DEUTSCHE BANK AKTIENGESELLSCHAFT - Form FWP

If a Knock-Out Event has occurred, for each \$1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. In this circumstance, you will lose a significant portion or all of your investment at maturity. Any payment at maturity is subject to the credit of the Issuer.

Underlying Return: The performance of the Underlying from the Initial Price to the Final Price calculated as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

The Underlying Return may be positive, zero or negative.

Initial Price: The Closing Price of the Underlying on the Trade Date

Final Price: The Closing Price of the Underlying on the Final Valuation Date

Closing Price: The closing price of one share of the Underlying on the relevant date of calculation multiplied by the then-current Share Adjustment Factor, as determined by the calculation agent

Share Adjustment Factor: Initially 1.0, subject to adjustment for certain actions affecting the Underlying. See “Description of Securities — Anti-Dilution Adjustments for Funds” in the accompanying product supplement.

Trade Date: December 12*, 2014

Settlement Date: December 17*, 2014

Final Valuation Date†: December 12*, 2019

Maturity Date†: December 17*, 2019

Listing: The notes will not be listed on any securities exchange.

CUSIP/ISIN: 25152RTN3 / US25152RTN34

* Expected. In the event that we make any change to the expected Trade Date or Settlement Date, the Final Valuation Date and Maturity Date may be changed so that the stated term of the notes remains the same.

† Subject to postponement as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

Investing in the notes involves a number of risks. See “Risk Factors” beginning on page 7 of the accompanying product supplement and “Selected Risk Considerations” beginning on page 5 of this term sheet.

The Issuer’s estimated value of the notes on the Trade Date is approximately \$921.00 to \$941.00 per \$1,000 Face Amount of notes, which is less than the Issue Price. Please see “Issuer’s Estimated Value of the Notes” on the following page of this term sheet for additional information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this term sheet or the accompanying product supplement, the prospectus supplement and the prospectus. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Fees(1)(2)	Proceeds to Issuer
Per note	\$1,000.00	\$30.00	\$970.00
Total	\$	\$	\$

(1) JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC, which we refer to as JPMS LLC, or one of its affiliates will act as placement agents for the notes. The placement agents will forego fees for sales to fiduciary accounts. The total fees represent the amount that the placement agents receive from sales to accounts other than such fiduciary accounts.

(2) Please see “Supplemental Plan of Distribution” in this term sheet for more information about fees.

Edgar Filing: DEUTSCHE BANK AKTIENGESELLSCHAFT - Form FWP

The notes are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

JPMorgan
Placement Agent

December 12, 2014

Issuer's Estimated Value of the Notes

The Issuer's estimated value of the notes is equal to the sum of our valuations of the following two components of the notes: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the notes is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of notes, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the notes. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest and dividend rates and mid-market levels of price and volatility of the assets underlying the notes or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this term sheet) is less than the Issue Price of the notes. The difference between the Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the notes on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately six months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Additional Terms Specific to the Notes

You should read this term sheet together with product supplement AZ dated September 28, 2012, the prospectus supplement dated September 28, 2012 relating to our Series A global notes of which these notes are a part and the prospectus dated September 28, 2012. You may access these documents on the website of the Securities and Exchange Commission (the “SEC”) at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement AZ dated September 28, 2012:
http://www.sec.gov/Archives/edgar/data/1159508/000095010312005095/crt-dp33019_424b2.pdf
- Prospectus supplement dated September 28, 2012:
<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409437/d414995d424b21.pdf>
- Prospectus dated September 28, 2012:
<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409372/d413728d424b21.pdf>

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this term sheet, “we,” “us” or “our” refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches.

The trustee has appointed Deutsche Bank Trust Company Americas as its authenticating agent with respect to our Series A global notes.

This term sheet, together with the documents listed above, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in this term sheet and in “Risk Factors” in the accompanying product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the notes.

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this term sheet relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Deutsche Bank AG has filed with the SEC for more complete information about Deutsche Bank AG and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus supplement, product supplement and this term sheet if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the notes prior to their issuance. We will notify you in the event of any changes to the terms of the notes, and you will be asked to accept such changes in connection with your purchase of any notes. You may also choose to reject such changes, in which case we may reject your offer to purchase the notes.

What Are the Possible Payments on the Notes at Maturity, Assuming a Range of Hypothetical Performances for the Underlying?

The following table illustrates a range of hypothetical payments at maturity on the notes. The table and the hypothetical examples below assume a Knock-Out Price of 53.50% of the Initial Price. The actual Initial Price and Knock-Out Price will be determined on the Trade Date. The results set forth below are for illustrative purposes only. The actual return applicable to a purchaser of the notes will be based on whether or not a Knock-Out Event occurs, which will depend on whether the Final Price of the Underlying is less than the Knock-Out Price, and the Underlying Return, which will be based on the performance of the Underlying as measured on the Final Valuation Date. The numbers appearing in the table and examples below may have been rounded for ease of analysis.

Underlying Return (%)	Return on the Notes (%)	Payment at Maturity (\$)
100.00%	100.00%	\$2,000.00
90.00%	90.00%	\$1,900.00
80.00%	80.00%	\$1,800.00
70.00%	70.00%	\$1,700.00
60.00%	60.00%	\$1,600.00
50.00%	50.00%	\$1,500.00
40.00%	40.00%	\$1,400.00
30.00%	30.00%	\$1,300.00
20.00%	20.00%	\$1,200.00
15.00%	15.00%	\$1,150.00
10.00%	10.00%	\$1,100.00
0.00%	0.00%	\$1,000.00
-10.00%	0.00%	\$1,000.00
-20.00%	0.00%	\$1,000.00
-30.00%	0.00%	\$1,000.00
-40.00%	0.00%	\$1,000.00
-46.50%	0.00%	\$1,000.00
-50.00%	-50.00%	\$500.00
-60.00%	-60.00%	\$400.00
-70.00%	-70.00%	\$300.00
-80.00%	-80.00%	\$200.00
-90.00%	-90.00%	\$100.00
-100.00%	-100.00%	\$0.00

Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments on the notes at maturity set forth in the table above are calculated.

Example 1: The Final Price is greater than the Initial Price, resulting in an Underlying Return of 40.00%. Because the Final Price is greater than the Initial Price and the Underlying Return is 40.00%, the investor receives a Payment at Maturity of \$1,400.00 per \$1,000 Face Amount of notes, calculated as follows:

$$\begin{aligned} & \$1,000 + (\$1,000 \times \text{Underlying Return}) \\ & \$1,000 + (\$1,000 \times 40.00\%) = \$1,400.00 \end{aligned}$$

Example 2: The Final Price is less than the Initial Price but a Knock-Out Event has not occurred, resulting in an Underlying Return of -10.00%. Because the Final Price is greater than or equal to the Knock-Out Price, a Knock-Out Event has not occurred. Because the Final Price is less than the Initial Price but a Knock-Out Event has not occurred, the investor receives a Payment at Maturity of \$1,000.00 per \$1,000 Face Amount of notes.

Example 3: A Knock-Out Event has occurred and the Underlying Return equals -50.00%. Because the Final Price is less than the Knock-Out Price, a Knock-Out Event has occurred. Because a Knock-Out Event has occurred and the Underlying Return is -50.00%, the investor receives a Payment at Maturity of \$500.00 per \$1,000 Face Amount of notes, calculated as follows:

$$\begin{aligned} & \$1,000 + (\$1,000 \times \text{Underlying Return}) \\ & \$1,000 + (\$1,000 \times -50.00\%) = \$500.00 \end{aligned}$$

Selected Purchase Considerations

- **UNCAPPED APPRECIATION POTENTIAL** — The notes are linked to the performance of the Underlying and provide the opportunity to participate in any increase in the price of the Underlying at maturity on an unleveraged basis. If the Final Price is greater than or equal to the Initial Price, you will be entitled to receive at maturity a return on the notes equal to the Underlying Return. Any payment on the notes is subject to our ability to satisfy our obligations as they become due.

- **LIMITED PROTECTION AGAINST LOSS** — If the Final Price is less than the Initial Price but a Knock-Out Event has not occurred, for each \$1,000 Face Amount of notes, you will receive at maturity the Face Amount. However, if a Knock-Out Event has occurred, for each \$1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. In this circumstance, you will lose a significant portion or all of your investment in the notes.
- **RETURN LINKED TO THE PERFORMANCE OF THE ISHARES® CHINA LARGE-CAP ETF** — The return on the notes, which may be positive, zero or negative, is linked to the performance of the iShares® China Large-Cap ETF as described herein. The iShares® China Large-Cap ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the FTSE China 50 Index. The FTSE China 50 Index is designed to track the performance of the largest companies in the Chinese equity market that are available to international investors. The FTSE China 50 Index consists of 50 of the largest and most liquid Chinese companies that trade on the Hong Kong Stock Exchange. The component stocks of the FTSE China 50 Index are weighted based on the total market value of their shares, so that component stocks with higher total market values generally have a higher representation in the FTSE China 50 Index. This is only a summary of the iShares® China Large-Cap ETF. For more information on the iShares® China Large-Cap ETF, including information concerning its composition, calculation methodology and adjustment policy, please see the section entitled “The iShares® China Large-Cap ETF” in this term sheet.
- **TAX CONSEQUENCES** — In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the notes will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the taxable disposition of your notes (including at maturity) and (ii) subject to the potential application of the “constructive ownership” regime discussed below, the gain or loss on your notes should be capital gain or loss and should be long-term capital gain or loss if you have held the notes for more than one year. The Internal Revenue Service (the “IRS”) or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your notes could be materially and adversely affected.

Even if the treatment of the notes as prepaid financial contracts is respected, purchasing a note could be treated as entering into a “constructive ownership transaction” within the meaning of Section 1260 of the Internal Revenue Code (“Section 1260”). In that case, all or a portion of any long-term capital gain you would otherwise recognize upon the taxable disposition of the note would be recharacterized as ordinary income to the extent such gain exceeded the “net underlying long-term capital gain” as defined in Section 1260. Any long-term capital gain recharacterized as ordinary income would be treated as accruing at a constant rate over the period you held the note, and you would be subject to a notional interest charge in respect of the deemed tax liability on the income treated as accruing in prior tax years. Due to the lack of direct legal authority, our special tax counsel is unable to opine as to whether or how Section 1260 applies to the notes.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime discussed above. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the notes.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the notes.

For a discussion of certain German tax considerations relating to the notes, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the notes (including possible alternative treatments, the potential application of the “constructive ownership” regime and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the shares of the Underlying or any of the component securities held by the Underlying. In addition to these selected risk considerations, you should review the “Risk Factors” section of the accompanying product supplement.

- **YOUR INVESTMENT IN THE NOTES MAY RESULT IN A LOSS** — The notes do not guarantee any return of your investment. The return on the notes at maturity is based on whether or not a Knock-Out Event occurs and the Underlying Return. If the Final Price is less than the Knock-Out Price, a Knock-Out Event occurs and you will not be entitled to receive at least the Face Amount per \$1,000 Face Amount of notes and your investment will be fully exposed to any decline in the price of the Underlying during the term of the notes. If a Knock-Out Event has occurred, for each \$1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. In this circumstance, you will lose a significant

portion or all of your investment in the notes. Any payment on the notes is subject to our ability to satisfy our obligations as they become due.

- **THE NOTES DO NOT PAY ANY COUPONS** — Unlike ordinary debt securities, the notes do not pay any coupons and do not guarantee any return of the initial investment at maturity.
- **THE NOTES ARE SUBJECT TO THE CREDIT OF DEUTSCHE BANK AG** — The notes are senior unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the notes depends on the ability of Deutsche Bank AG to satisfy its obligations as they come due. An actual or anticipated downgrade in Deutsche Bank AG's credit rating or increase in the credit spreads charged by the market for taking the credit risk of Deutsche Bank AG will likely have an adverse effect on the value of the notes. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the notes and in the event Deutsche Bank AG were to default on its obligations, you might not receive any amount(s) owed to you under the terms of the notes and you could lose your entire investment.
- **THE ISSUER'S ESTIMATED VALUE OF THE NOTES ON THE TRADE DATE WILL BE LESS THAN THE ISSUE PRICE OF THE NOTES** — The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this term sheet) is less than the Issue Price of the notes. The difference between the Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. The Issuer's estimated value of the notes is determined by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. If at any time a third party dealer were to quote a price to purchase your notes or otherwise value your notes, that price or value may differ materially from the estimated value of the notes determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the notes in the secondary market.
- **INVESTING IN THE NOTES IS NOT THE SAME AS INVESTING IN THE SHARES OF THE UNDERLYING OR THE COMPONENT SECURITIES HELD BY THE UNDERLYING** — The return on your notes may not reflect the return you would have realized if you had directly invested in the shares of the Underlying or the component securities held by the Underlying. For instance, your return on the notes is based on whether or not a Knock-Out Event occurs, in addition to the performance of the Underlying.
- **IF THE PRICE OF THE UNDERLYING CHANGES, THE VALUE OF YOUR NOTES MAY NOT CHANGE IN THE SAME MANNER** — Your notes may trade quite differently from the price of the shares of the Underlying. Changes in the price of the shares of the Underlying may not result in comparable changes in the value of your notes.
- **NO DIVIDEND PAYMENTS OR VOTING RIGHTS** — As a holder of the notes, you will not have voting rights or rights to receive cash dividends or other distributions or other rights that holders of the shares of the Underlying or holders of the component securities held by the Underlying would have.

• **THE NOTES ARE SUBJECT TO CURRENCY EXCHANGE RATE RISK** — Because the Underlying invests in stocks denominated in Hong Kong dollars but its shares are denominated in U.S. dollars, changes in currency rates may negatively impact the Underlying’s return. Of particular importance to currency exchange rate risk are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- political, civil or military unrest;
- the balance of payments between China and the United States; and
- the extent of governmental surpluses or deficits in China and the United States.

All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of China, the United States and other countries important to international trade and finance. An investor’s net exposure to currency exchange rate risk will depend on the extent to which the Hong Kong dollar strengthens or weakens against the U.S. dollar. If the U.S. dollar strengthens against the Hong Kong dollar, the price of the shares of the Underlying will be adversely affected and the value of the notes may be reduced. Additionally, the volatility and/or the correlation (including the direction and the extent of such correlation) of the exchange rates between the U.S. dollar and the Hong Kong dollar could affect the value of the notes.

• **THE HONG KONG DOLLAR DOES NOT FLOAT FREELY** — Exchange rates of many developed and major emerging economies, including the United States, are currently “floating,” meaning that they are permitted to fluctuate in value relative to other currencies. However, the Hong Kong dollar does not float freely. The exchange rate of the Hong Kong dollar relative to the U.S. dollar is fixed within a narrow range by the Hong Kong Monetary Authority. For as long as the Hong Kong Monetary Authority restricts the Hong Kong dollar from floating relative to the U.S. dollar, the exchange rate between the Hong Kong dollar and the U.S. dollar will not fluctuate by any appreciable amount. If at any time the Hong Kong Monetary Authority permits the Hong Kong dollar to float, the exchange rate between the Hong Kong dollar and the U.S. dollar is likely to move significantly in a very short period of time, which would affect the price of the shares of the Underlying, and, consequently, the value of your notes.

- **THERE ARE RISKS ASSOCIATED WITH INVESTMENTS IN NOTES LINKED TO THE VALUES OF EQUITY SECURITIES ISSUED BY NON-U.S. COMPANIES** — The Underlying holds component stocks that are issued by companies incorporated outside of the U.S. Because the component stocks also trade outside the U.S., the notes are subject to the risks associated with non-U.S. securities markets. Generally, non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently than U.S. securities markets, which may adversely affect the price of the shares of the Underlying and the value of your notes. Furthermore, there are risks associated with investments in notes linked to the values of equity securities issued by non-U.S. companies. There is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. In addition, the prices of equity securities issued by non-U.S. companies may be adversely affected by political, economic, financial and social factors that may be unique to the particular countries in which the non-U.S. companies are incorporated. These factors include the possibility of recent or future changes in a non-U.S. government's economic and fiscal policies (including any direct or indirect intervention to stabilize the economy and/or securities market of the country of such non-U.S. government), the presence, and extent, of cross shareholdings in non-U.S. companies, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.
- **THE NOTES ARE SUBJECT TO EMERGING MARKETS RISK** — The value of the notes is subject to the political and economic risks of emerging market countries by linking to the performance of the Underlying. The stocks held by the Underlying include stocks of companies that are located in emerging market countries and whose securities trade on the exchanges of emerging market countries. In recent years, some emerging markets have undergone significant political, economic and social upheaval. Such far-reaching changes have resulted in constitutional and social tensions and, in some cases, instability and reaction against market reforms has occurred. With respect to any emerging market nation, there is the possibility of nationalization, expropriation or confiscation, political changes, government regulation and social instability. Future political changes may adversely affect the economic conditions of an emerging market nation. Political or economic instability could affect the value of the notes and the amount payable to you on the notes.
- **FLUCTUATION OF NAV** — The prices of the shares of the Underlying may fluctuate in accordance with changes in its net asset value (the "NAV") and supply and demand on the applicable stock exchanges. The NAV of the Underlying may fluctuate with changes in the market value of the Underlying's securities holdings. Therefore, the price of the shares of the Underlying may differ from its NAV per share and the shares of the Underlying may trade at, above or below its NAV per share.
- **THE ANTI-DILUTION PROTECTION IS LIMITED, AND THE CALCULATION AGENT MAY MAKE ADJUSTMENTS IN ADDITION TO, OR THAT DIFFER FROM, THOSE SET FORTH IN THE ACCOMPANYING PRODUCT SUPPLEMENT** — The calculation agent will make adjustments to the Share Adjustment Factor, which will initially be set at 1.0, for certain events affecting the shares of the Underlying. The calculation agent is not required, however, to make such adjustments in response to all events that could affect the shares of the Underlying. If an event occurs that does not require the calculation agent to make an adjustment, the value of the notes may be materially and adversely affected. In addition, you should be aware that the calculation agent may, in its sole discretion, make adjustments to the Share Adjustment Factor or any other terms of the notes that are in addition to, or that differ from, those described in the accompanying product supplement to reflect changes occurring in relation to the Underlying in circumstances where the calculation agent determines that it is

appropriate to reflect those changes to ensure an equitable result. Any alterations to the specified anti-dilution adjustments described in the accompanying product supplement may be materially adverse to investors in the notes. You should read "Description of Securities - Anti-Dilution Adjustments for Funds" in the accompanying product supplement in order to understand the adjustments that may be made to the notes.

- ADJUSTMENTS TO THE UNDERLYING OR TO THE TRACKED INDEX COULD ADVERSELY AFFECT THE VALUE OF THE NOTES – BlackRock Fund Advisors (“