

Comparison of Offering Alternatives for Financial Institutions

The below chart provides a summary comparison of alternative financing approaches that may be useful to non-U.S.-domiciled financial institutions with U.S. branches, agencies or subsidiaries.

ISSUES	YANKEE CD	RULE 144A MTN	RULE 3(a)(2) (BANKNOTE)	SEC REGISTERED MTN
EXEMPTION	<ul style="list-style-type: none"> Exempt from registration requirements of the 1933 Act Bank is regulated by state banking regulator Certificate of deposit not covered by FDIC insurance 	<ul style="list-style-type: none"> Exempt from registration requirements of the 1933 Act Can include registration rights for future registration of securities 	<ul style="list-style-type: none"> Exempt from registration requirements of the 1933 Act Bank is regulated by state banking regulator Bank needs to be US "branch" or "agency" vs. representative office 	<ul style="list-style-type: none"> Subject to requirements of 1933 Act, ongoing reports of 1934 Act, plus additional reporting/disclosure requirements for the SEC registration and Sarbanes-Oxley
BUYERS	<ul style="list-style-type: none"> Institutional investors US-domiciled 	<ul style="list-style-type: none"> Qualified Institutional Buyers (QIBs) Reg S provision necessary for buyers outside of US Not for sale to retail 	<ul style="list-style-type: none"> Institutional accredited investors (IAs) Reg S provision necessary for buyers outside of US Not for sale to retail, although limited exception for high net worth who meet minimum denomination criteria 	<ul style="list-style-type: none"> Initial public offering and subsequent re-sales to institutional and retail investors
DISCLOSURE REQUIREMENTS	<ul style="list-style-type: none"> Form of master CD and DTC delivery Corporate opinions for program establishment No prospectus, 10b-5 letters or comfort letters Financial and other disclosure required on file with dealers Monitored ratings required; no separate ratings for each issuance 	<ul style="list-style-type: none"> Usually minimum denominations of US\$100,000 but may be smaller Disclosure closely tracks SEC disclosure 	<ul style="list-style-type: none"> Suggested denominations of US\$100,000 or US\$250,000, but select highly-rated frequent borrowers have issued with denoms as low as US\$1,000 Disclosure closely tracks SEC disclosure Minimal disclosure on US branch with no separate branch financials Some restrictions limit on-transfer of funds from branch to headquarters (% of assets) Limited to bank level funding and issuance by the US branch or agency 	<ul style="list-style-type: none"> If issuer has permitted IFRS financials, these can be used. Inclusion of audited consolidated year-end financial statements (generally historical 3-yrs) plus unaudited interim financials If qualifies as a well-known seasoned issuer ("WKSIs"), shelf registration "effective" immediately as long as financials current; access up to 3-years under F-3 filing
TYPES OF SECURITIES	<ul style="list-style-type: none"> Limited tenors available given broker restrictions and market appetite; bullets and short callables 	<ul style="list-style-type: none"> Senior notes (FXD/FRN) <ul style="list-style-type: none"> Bullets Callables/putables Non-dollar denominated Indexed notes (including equity-linked) Subordinated notes 	<ul style="list-style-type: none"> Senior notes (FXD/FRN) <ul style="list-style-type: none"> Bullets Callables/putables Non-dollar denominated Indexed notes (including equity-linked) Subordinated notes 	<ul style="list-style-type: none"> Same as under 144A and 3(a)(2) plus access to US retail market for capital issuance, continuously offered note programs and structured notes
BENEFITS OR CONSIDERATIONS	<ul style="list-style-type: none"> Ease of execution with limited documentation and disclosure Pricing is attractive Bank level funding 	<ul style="list-style-type: none"> Less liquid/slightly higher concession than 3(a)(2) or SEC Numerous comparables in the market have rendered 144A more transparent than in prior years when seen as "private placement" 	<ul style="list-style-type: none"> Similar to US bank peers Provides structural flexibility; can issue direct out of NY branch or out of parent with guarantee from NY branch Narrower pricing differential from registered offering for high quality banks 	<ul style="list-style-type: none"> Broadest investor base, highest visibility and best liquidity for new issues and secondary trading US Securities Offering Reform allows for streamlined documentation process, efficient registration and prospectus delivery