



Tier 2 capital instrument

Issuer	UBS AG NY Branch
ISIN	US870845AC84
Issue Date	03.09.1996
Currency	USD
Nominal (million)	217.7
Coupon Rate	7.75%
Maturity Date	01.09.2026
First Call Date	-

DESCRIPTION OF THE SECURITIES

General

The Notes and the Debentures each will constitute a separate series of Subordinated Securities as described in the accompanying Offering Circular and will be issued under a Fiscal Agency Agreement to be dated as of September 3, 1996 (the "Fiscal Agency Agreement") between the Bank, acting through the Branch, and First Trust of New York, National Association, as fiscal and paying agent (the "Fiscal Agent"), a copy of which is available for inspection at the corporate trust department of the Fiscal Agent in The City of New York. The following description of the particular terms of the Notes and the Debentures supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of Subordinated Debt Securities set forth in the accompanying Offering Circular to which reference is hereby made. Certain capitalized terms used herein are defined in the accompanying Offering Circular.

The principal of and interest on the Securities will be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The Securities have not been registered with the Securities and Exchange Commission and are offered pursuant to an exemption from registration under Section 3(a)(2) of the Securities Act of 1933, as amended. Accordingly, the Fiscal Agency Agreement is not required to be, and has not been, qualified under the Trust Indenture Act of 1939, as amended.

The Securities are not insured by the Federal Deposit Insurance Corporation.

With the consent of the holders of at least a majority in aggregate principal amount of the Notes or the Debentures at the time outstanding to be affected, modifications and amendments to the Notes and the Debentures, respectively, and the Fiscal Agency Agreement may be made by the Branch and the Fiscal Agent, and future compliance therewith or past default by the Branch thereunder may be waived with respect thereto, as provided in the accompanying Offering Circular. See "Description of the Debt Securities—Modifications, Waivers and Amendments" in the accompanying Offering Circular.

The Branch and the Bank may, upon notice thereof given to the holders of the Securities at least 30 days and not more than 60 days prior thereto, substitute a branch or agency of the Bank located in the United States of America as the primary obligor of the Securities. See "Description of the Debt Securities—Substitution of Issuer" in the accompanying Offering Circular.

Subordination

The Securities will be unsecured and subordinated obligations of the Bank and the Branch. In the event of dissolution or liquidation of the Bank, the Securities will rank subordinate to the deposit liabilities of the Branch and the Bank as a whole and the other liabilities of the Branch and the Bank as a whole, except liabilities which by their terms rank equally with or subordinate to the Securities. See "Description of the Debt Securities—Status of Obligations—Subordinated debt securities" in the accompanying Offering Circular.

Only those events described under "Description of the Debt Securities—Events of Default—Subordinated debt securities" in the accompanying Offering Circular, all of which relate to the dissolution or liquidation of the Bank, will permit a holder of a Security to accelerate payment of the Security. The holder of a Security will have no right to accelerate payment of such Security in the case of a default in the payment of interest on, or other amounts owing under, the Security or a default in the performance of any other covenant of the Branch or the Bank contained in the Security or in the Fiscal Agency Agreement. See "Description of the Debt Securities—Events of Default—Subordinated debt securities" in the accompanying Offering Circular.

Each Security will provide that if an Event of Default shall have occurred and be continuing, the holder of such Security may declare the principal amount of such Security, together with any unpaid

accrued interest thereon, to be due and payable by written notice to the Branch and the Fiscal Agent. Upon such declaration and notice, such principal amount, together with accrued interest thereon to the date of payment thereof, shall become due and payable upon the date which is seven days after such notice. There will be no right of acceleration in the case of a default in the payment of interest on, or other amounts owing under, the Securities or a default in the performance of any other covenant of the Branch or the Bank in the Securities. See "Description of the Debt Securities—Events of Default—Subordinated debt securities" in the accompanying Offering Circular.

At December 31, 1995, the Branch had outstanding liabilities to creditors (including deposits and debt and excluding liabilities to other branches of the Bank) on its balance sheet ranking senior to the Securities ("Senior Liabilities") with an aggregate principal amount of approximately \$22.9 billion. At June 30, 1996, the Branch had outstanding Senior Liabilities with an aggregate principal amount of approximately \$24.5 billion. At December 31, 1995, the Bank, including the Branch, had outstanding Senior Liabilities with an aggregate principal amount of approximately CHF 222.5 billion (\$192.8 billion). The Securities do not limit the amount of deposit liabilities or other liabilities ranking equally with or senior to the Securities, which may be hereafter incurred or assumed by the Branch or the Bank.

At December 31, 1995, the Bank had outstanding liabilities to third-party creditors on its balance sheet ranking equally with or subordinated to the Securities of approximately CHF 5.6 billion (\$4.9 billion).

Description of the Notes

General. The Notes will be limited to \$150,000,000 aggregate principal amount. The provisions of the Fiscal Agency Agreement permit the Branch to "reopen" the issue of the Notes and issue additional amounts of Notes from time to time. The Notes will bear interest at the rate per annum set forth on the cover page of this Offering Circular Supplement from September 3, 1996 or the most recent interest payment date to which interest has been paid or provided for, payable on March 1 and September 1 of each year, commencing on March 1, 1997 to the persons in whose names the Notes (or any predecessor Notes) are registered at the close of business on the February 15 or August 15 next preceding such interest payment date. The Notes will mature on September 1, 2006. Interest on the Notes will be calculated on the basis of a 360-day year of twelve 30-day months. The Notes will be subject to redemption at par plus accrued interest in the event that payments thereunder become subject to Swiss tax, but are otherwise not redeemable prior to maturity. See "Description of the Debt Securities—Redemption and Repayment—Redemption for tax reasons" in the accompanying Offering Circular.

Form. The Notes will be issued in the form of one or more fully registered DTC Global Registered Debt Securities, registered in the name of a nominee of DTC. See "Description of the Debt Securities—Form of Debt Securities; Title—Registered debt securities—DTC global registered debt securities" in the accompanying Offering Circular. Except in certain limited circumstances described in the accompanying Offering Circular under "Description of the Debt Securities—Issue of Definitive Debt Securities", the Notes will not be available in definitive form.

Description of the Debentures

General. The Debentures will be limited to \$300,000,000 aggregate principal amount. The provisions of the Fiscal Agency Agreement permit the Branch to "reopen" the issue of the Debentures and issue additional amounts of Debentures from time to time. The Debentures will bear interest at the rate per annum set forth on the cover page of this Offering Circular Supplement from September 3, 1996 or the most recent interest payment date to which interest has been paid or provided for, payable on March 1 and September 1 of each year, commencing on March 1, 1997 to the persons in whose names the Debentures (or any predecessor Debentures) are registered at the close of business on the February 15 or August 15 next preceding such interest payment date. The Debentures will mature on September 1, 2026. Interest on the Debentures will be calculated on the basis of a 360-day year of twelve 30-day months. The Debentures will be subject to redemption at par plus accrued interest in the event that payments thereunder become subject to Swiss tax, but are otherwise not redeemable prior to

maturity. See "Description of the Debt Securities—Redemption and Repayment—Redemption for tax reasons" in the accompanying Offering Circular.

Form. The Debentures will be issued in the form of one or more fully registered DTC Global Registered Debt Securities, registered in the name of a nominee of DTC. See "Description of the Debt Securities—Form of Debt Securities; Title—Registered debt securities—DTC global registered debt securities" in the accompanying Offering Circular. Except in certain limited circumstances described in the accompanying Offering Circular under "Description of the Debt Securities—Issue of Definitive Debt Securities", the Debentures will not be available in definitive form.

Certain Additional United States Federal Tax Consequences

The Treasury regulations proposed by the United States Treasury Department on April 15, 1996, as described in the accompanying Offering Circular under "Taxation—United States Taxation—Non-United States holders" and "Taxation—United States Taxation—Backup withholding and information reporting" (the "Proposed Regulations") would establish alternative methods for providing the certification that is required, as described in the accompanying Offering Circular, for payments on the Securities to be free from United States withholding tax, information reporting requirements and backup withholding tax. The Proposed Regulations also would require, in the case of Securities held by a foreign partnership, that (i) the certification described above be provided by the partners rather than by the foreign partnership and (ii) the partnership provide certain information, including a United States taxpayer identification number. A look-through rule would apply in the case of certain tiered partnerships. There can be no assurance that the Proposed Regulations will be adopted or as to the provisions that they will include if and when adopted in temporary or final form.

REGULATION AND SUPERVISION OF THE BANK AND THE BRANCH IN THE UNITED STATES

As set forth in the accompanying Offering Circular, the Banking Law of the State of New York (the "New York Banking Law") authorizes the Superintendent of Banks of the State of New York (the "Superintendent") to take possession of the business and property in New York State of a New York branch of a foreign bank under circumstances similar to those which would permit the Superintendent to take possession of the business and property of a New York state-chartered bank. Such circumstances include the violation of any law, unsafe business procedures, capital impairments, the suspension of payment of obligations and the initiation of liquidation proceedings against the foreign bank in the jurisdiction of its domicile or elsewhere or the existence of reason to doubt the ability or willingness of such bank to pay in full the claims of certain preferred creditors specified in the New York Banking Law. Pursuant to Section 606.4 of the New York Banking Law, in liquidating or dealing with the Branch's business after taking possession of the Branch, only the claims of creditors unaffiliated with the Bank which arose out of transactions with the Branch would be accepted by the Superintendent for payment out of the Bank's assets located in New York State. After such claims are paid, the Superintendent will turn over the remaining assets, if any, to the Bank or the duly appointed liquidator or receiver of the Bank. However, the Securities will constitute unsecured and subordinated obligations of the Bank and the Branch, subordinated in right of payment, in the event and to the extent and in the manner provided in the Securities, to all deposit liabilities and other liabilities of the Bank (including all deposit liabilities and other liabilities of the Branch, the head office and all offices of the Bank wherever located), except liabilities which by their terms rank equally with or subordinate to the Securities. Under the terms of the Securities, the holders of the Securities will, by their acceptance of the Securities, irrevocably waive their rights as "preferred creditors" under Section 606.4 of the New York Banking Law and to any preferences to which they may become entitled under Section 4(j) of the International Banking Act of 1978 or under any other similar law to the extent necessary to effectuate the subordination provisions of the Securities. See "Description of the Debt Securities—Status of Obligations—Subordinated debt securities" in the accompanying Offering Circular.



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DESCRIPTION OF THE DEBT SECURITIES

GENERAL

The Debt Securities will be issued under one or more Fiscal Agency Agreements (each as amended, modified or supplemented from time to time, a "Fiscal Agency Agreement") each to be entered into between the Bank, acting through the Branch, and a banking institution or trust company selected by the Branch to act as fiscal agent (each, a "Fiscal Agent"). The Branch may also appoint for each series of Debt Securities a calculation agent, paying agent (each, a "Paying Agent"), transfer agent (each, a "Transfer Agent") and/or registrar (each, a "Registrar"), as applicable, which agents may or may not be the same person as the Fiscal Agent. The Fiscal Agent is the agent of the Branch, is not a trustee for the holders of Debt Securities and does not have the same responsibilities or duties to act for such holders as would a trustee.

The following summaries of certain provisions of the Debt Securities and the Fiscal Agency Agreements do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the terms and conditions of the Fiscal Agency Agreements and as more particularly described in the Offering Circular Supplement relating to the Debt Securities being offered thereby, including the definitions therein of certain capitalized terms that are used herein. Wherever sections or defined terms of a Fiscal Agency Agreement are referred to, it is intended that such sections or defined terms shall be incorporated herein by reference. The following sets forth certain general terms and provisions of the Debt Securities offered hereby. Further terms of particular Debt Securities being offered are set forth in the Offering Circular Supplement relating to the Debt Securities offered thereby. Similarly, the following sets forth certain general terms and provisions of the Fiscal Agency Agreements, including certain general terms and provisions applicable to the Fiscal Agents. Further terms and provisions of a particular Fiscal Agency Agreement, including the identity of the relevant Fiscal Agent, will be set forth in the Offering Circular Supplement relating to the Debt Securities being offered thereby.

The Senior Debt Securities constitute direct and general unsecured liabilities of the Bank, acting through the Branch, and the Subordinated Debt Securities constitute subordinated direct and general unsecured liabilities of the Bank, acting through the Branch. See "Status of Obligations" below.

The Debt Securities are not being registered with the Securities and Exchange Commission and are offered pursuant to an exemption from registration under Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). Each Fiscal Agency Agreement is not required to be, and is not being qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The Debt Securities are not insured by the FDIC.

Unless otherwise specified in the Offering Circular Supplement, each Fiscal Agency Agreement will provide that Debt Securities may be issued under such Fiscal Agency Agreement in one or more series as may be authorized from time to time by the Branch. Reference is made to the applicable Offering Circular Supplement for the following terms of any particular series of offered Debt Securities: (i) the title of such Debt Securities, (ii) any limit on the aggregate principal amount of such Debt Securities, (iii) the denominations and form(s) in which such Debt Securities will be issued, (iv) the maturities of such Debt Securities, (v) the rate or rates at which such Debt Securities will bear interest, or the method by which such interest shall be determined, and the dates from which such interest will accrue, (vi) the dates on which such interest on such Debt Securities will be payable and the record dates for interest payment dates, (vii) any index, price or formula to be used for determining the amount of any payment of principal, premium or interest, (viii) special terms relevant to redemption prior to maturity, (ix) whether such Debt Securities are Senior Debt Securities or Subordinated Debt Securities, (x) the securities exchange(s), if any, on which application for listing of such Debt Securities may be made and (xi) certain other terms of such Debt Securities.

FORM OF DEBT SECURITIES; TITLE

Registered debt securities

Debt Securities to be issued in registered form ("Registered Debt Securities") shall be issued either (i) in the form of one or more global Debt Securities in fully registered form without interest coupons ("Global Registered Debt Securities") or (ii) if the Branch so specifies at the time of issuance, in definitive registered form ("Definitive Registered Debt Securities").

DTC global registered debt securities

Unless otherwise specified in the Offering Circular Supplement, Global Registered Debt Securities shall be deposited on or prior to the Issue Date thereof with the Fiscal Agent, as custodian for The Depository Trust Company ("DTC"), and registered in the name of Cede & Co. ("Cede"), as DTC's nominee ("DTC Global Registered Debt Securities"). Such DTC Global Registered Debt Securities shall be credited on the Issue Date thereof to (i) the accounts of the relevant agents, dealers, underwriters or purchasers of such Debt Securities at DTC or such other accounts as such agents, dealers, underwriters or purchasers may direct and/or (ii) the accounts of the relevant agents, dealers, underwriters or purchasers of such Debt Securities at Euroclear or Cedel or such other accounts as such agents, dealers, underwriters or purchasers may direct.

Euroclear/Cedel global registered debt securities

If the applicable Offering Circular Supplement so specifies, Global Registered Debt Securities that are offered and sold outside of the United States shall be deposited on or prior to the Issue Date thereof with a common depository for Euroclear and Cedel (the "Common Depository") and registered in the name of the Common Depository or its nominee ("Euroclear/Cedel Global Registered Debt Securities"). The Fiscal Agent shall deliver each Euroclear/Cedel Global Registered Debt Security to the Common Depository for credit on the Issue Date thereof to the accounts of the relevant agents, dealers, underwriters or purchasers of such Debt Securities or to such other accounts as such agents, dealers, underwriters or purchasers may direct.

Bearer debt securities

Debt Securities to be issued in bearer form ("Bearer Debt Securities") and sold in transactions outside the United States shall be issued either (i) in the form of a temporary global note (a "Temporary Global Debt Security") or a permanent global note (a "Permanent Global Debt Security" and together with the Global Registered Debt Securities and the Temporary Global Debt Securities, the "Global Debt Securities"), each without interest coupons or (ii) in certain events described below under "Issue of Definitive Debt Securities," in definitive form ("Definitive Bearer Debt Securities").

Unless otherwise specified in the applicable Offering Circular Supplement, Bearer Debt Securities shall initially be issued in the form of a Temporary Global Debt Security which shall be deposited with the Common Depository, for credit on the Issue Date thereof to the accounts of the relevant agents, dealers, underwriters or purchasers of such Notes at Euroclear and Cedel or such other accounts as such agents, dealers, underwriters or purchasers of such Notes may direct.

Interests in a Temporary Global Debt Security will be exchangeable, in whole or in part, for interests in a Permanent Global Debt Security representing Debt Securities of the same series on or after the date (the "Exchange Date") that is the 40th day after the Issue Date of such Debt Securities upon certification of non-U.S. beneficial ownership as set forth in the Fiscal Agency Agreement. Notwithstanding the foregoing, if indicated in the applicable Offering Circular Supplement, Bearer Debt Securities with a maturity of not more than 183 days may initially be represented by a Permanent Global Debt Security.

The following legend will appear on all Temporary Global Debt Securities, Permanent Global Debt Securities and any other Debt Securities issued in bearer form (except on Debt Securities having a maturity of not more than 183 days) and on any coupons: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986, as amended." The sections referred to in the legend

provide that, with certain exceptions, a United States taxpayer will not be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain, realized on a sale, exchange or redemption of a Bearer Debt Security or any coupon.

Alternatively, the following legend will appear on all Permanent Global Debt Securities and other Bearer Debt Securities (and any coupons appertaining thereto) having a maturity of not more than 183 days:

“By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury Regulations issued thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Code and the Treasury Regulations issued thereunder).”

Such legend is required for United States backup withholding tax and information reporting purposes.

Title

Each Registered Debt Security will be numbered serially with an identifying number that will be recorded in the relevant register (the “Register”), which the Branch shall procure to be kept by the relevant Registrar. Title to Registered Debt Securities passes by and upon registration in the Register. Title to Bearer Debt Securities passes by delivery. In this Offering Circular, “holder” means, in the case of a Registered Debt Security, the person in whose name a Debt Security is registered in the Register, and in the case of a Bearer Debt Security, the bearer of such Debt Security. The holder of any Debt Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss), and no person will be liable for so treating the holder.

CLEARING AND SETTLEMENT—GLOBAL DEBT SECURITIES

Book-entry ownership

The Branch and the Fiscal Agent will make arrangements with DTC for acceptance in its book-entry settlement system of Debt Securities represented by DTC Global Registered Debt Securities. The Branch will make application to Euroclear and Cedel for acceptance in their respective book-entry systems in respect of Debt Securities represented by Euroclear/Cedel Global Registered Debt Securities, Temporary Global Debt Securities or Permanent Global Debt Securities, as applicable, prior to any issuance of any such Debt Securities. Each Global Debt Security will have, as applicable, a different common code, ISIN, CINS and/or CUSIP number.

Upon issuance of a DTC Global Registered Debt Security, DTC or its custodian will credit, on its internal system, the respective principal amounts of the individual beneficial interests represented by such DTC Global Registered Debt Security to the accounts of persons who have accounts with DTC (“DTC participants”). Ownership of beneficial interests in a DTC Global Registered Debt Security will be limited to DTC participants and persons who hold interests through DTC participants. Ownership of beneficial interests in DTC Global Registered Debt Securities will be shown on, and the transfer or pledge of that ownership will be effected only through, records maintained by DTC or its nominee and the records of DTC participants. Euroclear and Cedel may hold interests in a DTC Global Registered Debt Security on behalf of persons who have accounts with Euroclear or Cedel (“Euroclear/Cedel participants”) through accounts maintained in Cedel’s or Euroclear’s respective names, or in the name of their respective depositaries, with DTC.

Upon issuance of a Euroclear/Cedel Global Registered Debt Security, Euroclear and Cedel will credit the respective principal amounts of the individual beneficial interests represented by such Euroclear/Cedel Global Registered Debt Security to the accounts of Euroclear/Cedel participants. Ownership of beneficial interests in a Euroclear/Cedel Global Registered Debt Security will be limited to Euroclear/Cedel participants and persons who hold interests through such participants. Ownership of beneficial interests in

Euroclear/Cedel Global Registered Debt Securities will be shown on, and the transfer and pledge of that ownership will be effected only through, records maintained by Euroclear and Cedel and the records of Euroclear/Cedel participants.

So long as DTC or its nominee or the Common Depositary or its nominee is the registered owner or holder of a Global Registered Debt Security, DTC, the Common Depositary or any such nominee of either of such entities, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Global Registered Debt Security for all purposes under the applicable Fiscal Agency Agreement and such Debt Securities. So long as the Common Depositary or its nominee holds a Temporary Global Debt Security or a Permanent Global Debt Security, the Common Depositary or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by such Temporary Global Debt Security or Permanent Global Debt Security. Notwithstanding the foregoing, upon the occurrence of an Event of Default (as defined in the applicable Fiscal Agency Agreement), each person that is shown on the records of Euroclear or Cedel as entitled to a particular principal amount of Debt Securities represented by a Global Debt Security shall be entitled to file any claim, take any action or institute any proceeding to enforce, directly against the Branch, the obligations of the Branch to pay any amount due in respect of such Debt Securities; provided, however, that the holder of any such Global Debt Security shall not have filed a claim, taken any action or instituted proceedings to enforce the same in respect of such Debt Securities. For purposes of the foregoing sentence, the securities account records of Euroclear and Cedel shall, in the absence of manifest error, be conclusive evidence of the identity of such persons and of the principal amount of Debt Securities represented by any such Global Debt Security.

DTC has advised the Branch that it will take any action permitted to be taken by a beneficial owner of DTC Global Registered Debt Securities only at the direction of one or more DTC participants in whose account with DTC interests in the relevant DTC Global Registered Debt Security are credited and only in respect of such portion of the aggregate principal amount of such DTC Global Registered Debt Security as to which such DTC participant or participants has or have given such direction. However, in the certain circumstances described below under "Issue of Definitive Debt Securities" DTC will surrender the relevant DTC Global Registered Debt Security for exchange for Definitive Registered Debt Securities.

DTC has advised the Branch as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC was created to hold securities for its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Except in the limited circumstances described below under "Issue of Definitive Debt Securities," owners of beneficial interests in a Global Registered Debt Security will not be entitled to receive Definitive Registered Debt Securities representing their ownership interests in such Global Registered Debt Security.

Neither the Branch nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in Global Registered Debt Securities or for maintaining, supervising or reviewing any records relating to such ownership interests. Definitive Debt Securities will not be eligible for clearing or settlement through Euroclear, Cedel or DTC.

Transfers of interests in global registered debt securities

Transfers of interests in Global Registered Debt Securities within DTC, Euroclear and Cedel, respectively, will be in accordance with the usual rules and operating procedures of the relevant system. The laws of some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Registered Debt Security to such persons may be

limited. Because DTC, Euroclear and Cedel can only act on behalf of participants in such systems, who in turn act on behalf of indirect participants and certain others, the ability of a person having an interest in a Global Registered Debt Security to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Cedel systems, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate for such interest.

Interests in a DTC Global Registered Debt Security will not be exchangeable for interests in a Euroclear/Cedel Global Registered Debt Security and interests in a Euroclear/Cedel Global Registered Debt Security will not be exchangeable for interests in a DTC Global Registered Debt Security.

Cross-market transfers of interests in a DTC Global Registered Debt Security between (i) persons holding (or who will hold) such interests directly or indirectly through Euroclear/Cedel participants and (ii) other persons (such as persons holding (or who will hold) such interests directly through DTC participants) will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Cedel, as the case may be, by the Common Depositary. However, such cross-market transactions will require delivery of instructions to Euroclear or Cedel, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Cedel, as the case may be, will, if the transaction meets its settlement requirement, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear/Cedel participants may not deliver instructions directly to the depositaries for Cedel or Euroclear.

Because of time-zone differences, credits of securities received in Euroclear or Cedel as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Euroclear/Cedel participant on such business day. Cash received in Euroclear or Cedel as a result of sales of securities by or through a Euroclear/Cedel participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Cedel cash account only as of the business day following settlement in DTC.

Although DTC, Cedel and Euroclear currently follow the procedures described above in order to facilitate transfers of beneficial interests in the Global Registered Debt Securities among participants of DTC, Cedel and Euroclear, they are under no obligation to follow or continue to follow such procedures, and such procedures may be discontinued after reasonable notice. Neither the Branch nor any Paying Agent will have any responsibility for the performance by DTC, Cedel or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

TRANSFERS OF DEFINITIVE REGISTERED DEBT SECURITIES

A Definitive Registered Debt Security may be transferred in whole or in part in an authorized denomination upon the surrender of the Debt Security, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the specified office of the Transfer Agent. In the case of a transfer of part only of a Definitive Registered Debt Security, a new Definitive Registered Debt Security in respect of the balance not transferred will be issued to the transferor. Each new Definitive Registered Debt Security to be issued upon a transfer of Debt Securities will, within three business days of receipt of such form of transfer, be delivered to the transferee at the office of the Registrar or such Transfer Agent or mailed at the risk of the holder entitled to the Debt Security in respect of which the relevant Definitive Registered Debt Security is issued to such address as may be specified in such form of transfer.

Transfers of Definitive Registered Debt Securities will be effected without charge by or on behalf of the Branch, the Fiscal Agent or the Transfer Agent, but upon payment (or the giving of such indemnity as the Fiscal Agent or the Transfer Agent may require) in respect of any tax or other governmental charges that may be imposed in relation to it. At the option of a holder on written request and subject to applicable laws and regulations, Definitive Registered Debt Securities may be exchanged for Definitive Registered Debt Securities of any authorized denominations and of equal aggregate principal amount, upon surrender of the relevant Debt Securities with the form of transfer endorsed thereon duly completed and executed. Registered Debt Securities may not be exchanged for Bearer Debt Securities. All transfers and exchanges of Definitive Registered Debt Securities will be made subject to the detailed regulations concerning transfer and exchanges of Debt Securities set forth in the applicable Fiscal Agency Agreement.

No holder may require, and the Registrar and the Transfer Agent shall not register, the transfer of a Registered Debt Security to be registered during the period from the record date for any payment of principal or interest on that Debt Security specified in the relevant Fiscal Agency Agreement (the "Record Date") to the due date for such payment of principal or interest.

ISSUE OF DEFINITIVE DEBT SECURITIES

If (i) in the case of DTC Global Registered Debt Securities, DTC notifies the Branch that it is unwilling or unable to continue as a depository or at any time ceases to be a "clearing agency" registered under the Exchange Act, and a successor depository so registered is not appointed by the Branch within 90 days of such notice, (ii) in the case of Euroclear/Cedel Global Registered Debt Securities, both Euroclear and Cedel are closed for business for a continuous period of 14 days or both Euroclear and Cedel announce intentions permanently to cease business or do in fact do so, and a successor or successors is not appointed by the Branch within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) the Branch in its sole discretion determines that a Global Registered Debt Security will be exchanged for Debt Securities in definitive registered form, interests in such Global Registered Debt Securities will be issued as a Definitive Registered Debt Security without coupons in authorized denominations, subject to compliance with applicable legal and regulatory requirements. A Definitive Registered Debt Security will be issued to each holder in respect of its registered holding or holdings of Debt Securities. In such circumstances, the Branch will cause sufficient Definitive Registered Debt Securities to be executed and delivered to the Fiscal Agent for completion, authentication and dispatch to the relevant holders. A person having an interest in a Global Registered Debt Security must provide the Fiscal Agent with a written order containing instructions and such other information as the Branch and the Fiscal Agent may require to complete, execute and deliver such Definitive Registered Debt Securities.

Definitive Bearer Debt Securities, with coupons attached, if applicable, will be issued in exchange for beneficial interests in Permanent Global Debt Securities (i) if both Euroclear and Cedel are closed for business for a continuous period of 14 days or both Euroclear and Cedel announce intentions permanently to cease business or do in fact do so, and a successor or successors is not appointed by the Branch within 90 days after the commencement of such closure, announcement or cessation of business or (ii) if the Branch determines that the Permanent Global Debt Security will be exchanged in full for Definitive Bearer Debt Securities. Definitive Bearer Debt Securities will be issued in such authorized denominations as may be specified in the applicable Offering Circular Supplement or as otherwise determined by the Branch, subject to compliance with applicable legal and regulatory requirements.

PAYMENTS AND PAYING AGENTS

Unless otherwise specified in the applicable Offering Circular Supplement, payments of principal and interest, if any, payable at maturity or upon redemption in respect of Registered Debt Securities will be made in the currency in which such Debt Securities are payable by check drawn on, or by transfer to an account maintained by the holder with, a bank in the United States (if the relevant Specified Currency is U.S. dollars) or the principal financial center of the country issuing the relevant currency against presentation and surrender of such Debt Security at the specified office of a Paying Agent. Payments of interest in respect of Registered Debt Securities (other than interest payable at maturity or upon redemption) will be made to the persons shown on the Register at the close of business on the Record Date. Unless otherwise specified in the

applicable Offering Circular Supplement, the initial Interest Payment Date for a Registered Debt Security shall not be earlier than the fifteenth day following the Issue Date of such Registered Debt Security. Unless otherwise specified in the applicable Offering Circular Supplement, payments of interest in respect of each Registered Debt Security will be made in the currency in which the Debt Securities are payable by check drawn on a bank in the principal financial center of the country issuing the relevant currency and mailed to the holder (or to the first named of joint holders) of such Debt Security at such holder's address appearing in the Register maintained by the relevant Registrar. Upon written application by any holder of at least U.S.\$10,000,000 principal amount of Registered Debt Securities (or its equivalent in the relevant currency as at the relevant payment date) to the specified office of any Paying Agent not later than the Record Date preceding the relevant payment date, such payment of interest may be made by wire transfer to an account maintained by the holder with a bank in the United States (if the relevant Specified Currency is U.S. dollars) or the principal financial center of the country issuing the relevant currency.

Unless otherwise specified in the applicable Offering Circular Supplement, payments of principal of, and interest on, each DTC Global Registered Debt Security will be made in the currency in which such Debt Security is payable and to or to the order of DTC or its nominee as the registered holder of such DTC Global Registered Debt Security. The Branch expects that DTC or its nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant DTC Global Registered Debt Security as shown on the records of DTC or its nominee. The Branch also expects that payments by DTC participants to owners of beneficial interests in such DTC Global Registered Debt Security held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held in bearer form or registered in "street name" for the accounts of customers. Such payments will be the responsibility of such DTC participants.

Unless otherwise specified in the applicable Offering Circular Supplement, payments of principal of, and interest on, each Euroclear/Cedel Global Registered Debt Security will be made in the currency in which such Debt Security is payable to the Common Depositary or its nominee, as the registered holder of such Euroclear/Cedel Global Registered Debt Security. The Common Depositary will allocate such payments to Euroclear or Cedel for the portion of the Euroclear/Cedel Global Registered Debt Security held for its account by such Common Depositary. Unless otherwise specified in the applicable Offering Circular Supplement, payments of principal and interest in respect of a Temporary Global Debt Security will be made in the currency in which such Debt Security is payable to the Common Depositary on behalf of Euroclear and Cedel with respect to the portion of such Temporary Global Debt Security held for their accounts by the Common Depositary, but only upon receipt by the relevant Fiscal Agent of written certification as to the non-U.S. beneficial ownership of such Temporary Global Debt Security as required by U.S. Treasury regulations. Unless otherwise specified in the applicable Offering Circular Supplement, payments of principal and interest in respect of a Permanent Global Debt Security will be made in the currency in which such Debt Security is payable to the Common Depositary on behalf of Euroclear and Cedel with respect to the portion of such Permanent Global Debt Security held for their accounts by the Common Depositary, without the aforesaid certification. Each of Euroclear and Cedel will undertake to credit all amounts received by it with respect to principal or interest as described above to the respective accounts of the beneficial owners of interests therein on the date on which such amounts are paid to it. Any such amounts so received by Euroclear or Cedel and not so paid by them will be returned to the relevant Fiscal Agent immediately prior to the expiration of two years after their receipt thereof.

Neither the Branch nor any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in Global Debt Securities or for maintaining, supervising or reviewing any records relating to such ownership interests.

Unless otherwise specified in the applicable Offering Circular Supplement, payments of principal at maturity or upon redemption in respect of Definitive Bearer Debt Securities will be made in the currency in which such Debt Securities are payable by check drawn on, or by transfer to an account maintained by the holder with, a bank in the principal financial center of the country issuing the relevant currency against presentation and surrender of such Debt Securities at the specified office of a Paying Agent outside the United States.

Payments of interest in respect of Definitive Bearer Debt Securities will be made against surrender of the relevant coupons at the specified office of a Paying Agent outside the United States. Unless otherwise specified in the applicable Offering Circular Supplement relating to the Debt Securities being offered thereby, payments of interest in respect of each Definitive Bearer Debt Security will be made in the currency in which such Debt Security is payable by check drawn on a bank in the principal financial center of the country issuing the relevant currency. Upon written application by any holder of at least U.S.\$10,000,000 principal amount of Definitive Bearer Debt Securities (or its equivalent in the relevant currency as at the relevant payment date) to the specified office of any Paying Agent not later than 15 days preceding the relevant payment date, such payment of interest may be made by wire transfer to an account maintained by the holder with a bank in the principal financial center of the country issuing the relevant currency, provided that such payment shall only be made against presentation and surrender of the relevant coupons at the specified office of a Paying Agent outside the United States. As used in this paragraph and in the following paragraph, the term "United States" means the United States of America, including the States and the District of Columbia, its territories and its possessions.

If payment in respect of Bearer Debt Securities denominated in U.S. dollars at the offices of all relevant Paying Agents outside the United States becomes illegal or is effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts due in U.S. dollars, the Branch will appoint an office or agent in the United States at which such payment will be made.

Definitive Bearer Debt Securities shall be presented for payment upon redemption prior to maturity together with all unmatured coupons appertaining thereto, failing which, in the case of Debt Securities bearing a fixed rate of interest, the amount of any missing unmatured coupon will be deducted from the sum due for payment, or, in the case of other Debt Securities, the surrender of any such missing unmatured coupon or coupons may be waived by the Branch and the applicable Paying Agent if they are furnished with such security or indemnity as they may require to save each of them and each other Paying Agent of the Branch harmless. If a deduction is made from the redemption price in the case of any such missing unmatured coupon and thereafter, but prior to five years after the redemption date, the bearer of such coupon shall surrender such coupon at a place specified for redemption, such bearer shall be entitled to receive the amount so deducted. Except as provided in the preceding sentence, any unmatured coupons, whether attached to or missing from any Debt Securities surrendered for redemption, will become void at the redemption date for such Debt Securities.

All payments are subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the holders of Debt Securities in respect of such payments.

If the due date for payment of any amount in respect of any Debt Security is not a business day at any place of presentation, then the holder will not be entitled to payment at such place of the amount due until the next following business day at such place.

The Branch reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that while Debt Securities are outstanding it will at all times maintain (i) a Fiscal Agent and (ii) a Registrar, Paying Agent and Transfer Agent in New York City (which may be a Fiscal Agent).

In acting under the applicable Fiscal Agency Agreement and in connection with the Debt Securities, each of the Paying Agents is acting solely as agent of the Branch and does not assume any obligation toward or relationship of agency or trust for or with the owner or holder of any Debt Security, except that any funds held by any such Paying Agent for payment of principal of, or interest or any other amounts owing on, the Debt Securities shall be held in trust by it and applied as set forth herein, but need not be segregated from other funds held by it, except as required by law.

For a description of the duties and the immunities and rights of each of the Paying Agents under the applicable Fiscal Agency Agreement, reference is made to the applicable Fiscal Agency Agreement, and the obligations of each of the Paying Agents to the owners or holders of Debt Securities are subject to such immunities and rights set forth in the applicable Fiscal Agency Agreement.

Any monies paid by the Branch or the Bank to a Fiscal Agent or other Paying Agent under a Fiscal Agency Agreement for the payment of the principal of or interest on a Debt Security and remaining unclaimed after the expiration of two years following the date on which such principal or interest becomes due and payable shall be returned to the Branch at the Branch's written request and the holder of such Debt Security shall thereafter, as an unsecured general creditor, look only to the Bank and the Branch for the payment thereof and all liability of the relevant Fiscal Agent and Paying Agent with respect thereto shall thereafter cease.

In addition, in the event that funds unclaimed after two years are returned by the applicable Fiscal Agent to the Branch as described above, a party making a claim for such monies against the Bank in Switzerland would be subject to a period of limitation under Swiss law of ten years for the payment of principal and five years for the payment of interest, commencing on the date when such payments were originally due.

REDEMPTION AND REPAYMENT

The Debt Securities will not be subject to redemption by the Branch or repayment at the option of a holder of a Debt Security, except as specified below and/or in the applicable Offering Circular Supplement, in each case subject to compliance with applicable laws and regulations.

Redemption for tax reasons

Unless otherwise specified in the applicable Offering Circular Supplement, the Branch may, on giving not more than 60 nor less than 30 days' notice to the relevant Fiscal Agent (which notice shall be irrevocable), redeem all or only some of the Debt Securities then outstanding at a redemption price equal to 100 percent of their principal amount, together with accrued interest, if any, to the redemption date (or at such other redemption price as is specified in such Debt Securities or the applicable Offering Circular Supplement, as will be the case for zero-coupon and indexed Debt Securities) in the event that the Branch determines that, as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Switzerland or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings, the Branch has or will become obligated to pay Additional Amounts with respect to such Debt Securities as described below under "Additional Amounts." The relevant Fiscal Agent will notify the holders of the relevant Debt Securities at least 20 days prior to the date fixed for any such redemption. Prior to the giving of any notice of redemption for tax reasons as described in this paragraph, the Branch shall deliver to the relevant Fiscal Agent (i) a certificate stating that the Branch is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Branch to so redeem have occurred and (ii) an opinion of counsel to such effect based on such statement of facts; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Branch would be obligated to pay such Additional Amounts if a payment in respect of the Debt Securities or any coupons were then due.

Redemption of temporary global debt securities

If any date fixed for redemption of a Bearer Debt Security with a maturity of more than 183 days is a date prior to the Exchange Date, the right of beneficial owners to receive payment of the redemption price will be subject (as to the component of the redemption price representing interest) to receipt of certifications regarding non-U.S. beneficial ownership in the form required for the exchange of interests in a Temporary Global Debt Security, as described above under "Form of Debt Securities; Title—Bearer Debt Securities."

Notices to redeem

Notices to redeem Debt Securities shall be sent in accordance with the terms of the relevant Fiscal Agency Agreement and shall specify the date fixed for redemption, the applicable redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Debt Securities to be redeemed (or portion thereof in the case of a partial redemption of a Registered Debt Security), together, in the case of a Definitive Bearer Debt Security, with appurtenant coupons, if any, maturing subsequent to the date fixed for redemption and that on and after said date interest thereon will cease to accrue. If the redemption is made for tax reasons as discussed under "Redemption for Tax Reasons" above, such notice

shall also state that the conditions precedent to such redemption have occurred and state that the Branch has elected to redeem the relevant Debt Securities due to the occurrence of the tax-related events discussed above.

ADDITIONAL AMOUNTS

Payments under the Debt Securities and any coupons appertaining thereto will be made without deduction or withholding for or on account of any present or future tax, duty, assessment or governmental charge imposed upon or as a result of such payments by Switzerland (or any political subdivision or taxing authority thereof or therein) ("Swiss Taxes"), unless required by law. To the extent any such Swiss Taxes are so levied or imposed, the Branch will, subject to the exceptions and limitations set forth below, pay such additional amounts ("Additional Amounts") to the holder of any Debt Security or coupon who is not a resident of Switzerland or any political subdivision or taxing authority thereof or therein as may be necessary in order that every net payment of the principal of and interest on such Debt Security or coupon and any other amounts payable on such Debt Security or coupon, after withholding for or on account of such Swiss Taxes imposed upon or as a result of such payment, will not be less than the amount provided for in such Debt Security or coupon to be then due and payable. However, the Branch will not be required to make any payment of Additional Amounts to any such holder for or on account of:

- (i) any such Swiss Taxes which would not have been so imposed but for (a) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership or a corporation) and Switzerland (or any political subdivision or taxing authority thereof or therein) including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein or (b) the presentation by or on behalf of the holder of any such Debt Security or coupon for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (ii) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, assessment or governmental charge;
- (iii) any Swiss Taxes which are payable otherwise than by withholding from payments on or in respect of any Debt Security or coupon;
- (iv) any Swiss Taxes which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of such Debt Security or coupon, if such compliance is required by statute or by regulation of or on behalf of Switzerland or any political subdivision or taxing authority thereof or therein as a precondition to relief or exemption from such tax, assessment or other governmental charge; or
- (v) any combination of items (i) through (iv) above;

nor shall Additional Amounts be paid with respect to any payment on a Debt Security or coupon to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Debt Security or coupon.

For purposes of this Offering Circular, any references to principal of and/or interest on the Debt Securities shall be deemed to include a reference to any relevant premium and/or any Additional Amounts payable in respect of such Debt Securities.

STATUS OF OBLIGATIONS

Senior debt securities

The obligations of the Bank and the Branch under Senior Debt Securities will rank *pari passu* with all other unsecured indebtedness of the Bank and the Branch for money borrowed that is not contractually subordinated to the payment of such obligations, including unsecured deposit obligations, except for obligations entitled to statutory priority in the event of liquidation upon insolvency as further discussed herein.

Subordinated debt securities

Subordinated Debt Securities will be unsecured and subordinated obligations of the Bank and the Branch. In the event of dissolution or liquidation of the Bank, Subordinated Debt Securities will rank subordinate to deposit liabilities of the Branch and the Bank as a whole and the other liabilities of the Branch and the Bank as a whole, except liabilities which by their terms rank equally with or subordinate to the Subordinated Debt Securities.

The principal of, and interest payable on, the Subordinated Debt Securities will be subordinated in right of payment (i) upon the occurrence of any Event of Default with respect to the Subordinated Debt Securities, to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank (including all deposit liabilities and other liabilities of the Branch, the head office and all offices of the Bank wherever located), except those liabilities which by their terms rank *pari passu* with or are subordinated to the Subordinated Debt Securities and (ii) in the event that the Superintendent takes possession of the business and property of the Branch, to the prior payment in full of the deposit liabilities of the Branch and all other liabilities of the Branch, except those liabilities which by their terms rank *pari passu* with or are subordinated to the Subordinated Debt Securities.

Under the terms of any Subordinated Debt Securities, the holders of such Debt Securities will, by their acceptance of such Subordinated Debt Securities, irrevocably waive their rights as "preferred creditors" under Section 606.4 of the New York Banking Law and to any preferences to which they may become entitled under Section 4(j) of the IBA or under any other similar law to the extent necessary to give effect to the subordination provisions of the Subordinated Debt Securities. See "Regulation and Supervision of the Bank and the Branch in the United States."

In order to implement these subordination provisions, a holder of a Subordinated Debt Security by its acceptance of such Subordinated Debt Security will be deemed to have agreed that should the Superintendent take possession or be in possession of the business and property of the Branch at a time when proceedings with respect to the insolvency or liquidation of the Bank have occurred and are continuing, then the Superintendent will apply any amounts that would be due to the holders of Subordinated Debt Securities in the absence of the subordination provisions (i) first, to the payment in full of all deposit liabilities and all other liabilities of the Branch (other than the Subordinated Debt Securities and other obligations of the Branch that rank *pari passu* with or that are subordinated to the Subordinated Debt Securities) and to any other claim accorded priority under any U.S. federal or New York state law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws and (ii) thereafter, to pay any amount remaining to any receiver or similar official in insolvency of the Bank with similar powers appointed with respect to the Bank or its assets for application, (a) first, to payment in full of all claims of depositors and other obligations of the Bank ranking senior in right of payment to the Subordinated Debt Securities and (b) thereafter, to the payment, equally and ratably, of amounts owing under the Subordinated Debt Securities (whether pursuant to the terms of the Subordinated Debt Securities or otherwise) and all obligations of the Bank ranking *pari passu* in right of payment with the Subordinated Debt Securities.

Each holder of a Subordinated Debt Security, by its acceptance thereof, will be deemed to have also agreed that should the Superintendent take possession or be in possession of the business and property of the Branch at any time when no proceedings with respect to the insolvency or liquidation with respect to the Bank have occurred and are continuing, the Superintendent will apply the assets of the Branch (i) first, to payment in full of all deposit liabilities of the Branch and all other liabilities of the Branch (other than the

Subordinated Debt Securities and other obligations of the Branch that rank *pari passu* with or that are subordinated to the Subordinated Debt Securities) and to any other claim accorded priority under any U.S. federal or New York state law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws, (ii) second, to the payment, equally and ratably, of amounts then due and owing on the Subordinated Debt Securities and all obligations ranking *pari passu* in right of payment with the Subordinated Debt Securities, and (iii) thereafter, to pay any amount remaining to the Bank.

As a consequence of these subordination provisions, if proceedings with respect to the insolvency or liquidation with respect to the Bank should occur, or if the Superintendent should take possession of the business or property of the Branch, or both, the holders of Subordinated Debt Securities may recover less ratably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Bank or the Branch. Moreover, holders of Subordinated Debt Securities would likely be required to pursue their claims on the Subordinated Debt Securities in proceedings with respect to the Bank in Switzerland. To the extent that holders of the Subordinated Debt Securities are entitled to any recovery with respect to the Subordinated Debt Securities in any Swiss proceedings, such holders might not be entitled in such proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Swiss francs.

EVENTS OF DEFAULT

Senior debt securities

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement relating to Senior Debt Securities will provide that the following will be Events of Default in respect of the Senior Debt Securities issued under such Fiscal Agency Agreement: (i) default in the payment of any interest or any other amounts (other than principal) in respect of any Senior Debt Securities issued under such Fiscal Agency Agreement when due, which continues for 15 days; (ii) default in the payment of any principal of any Senior Debt Securities issued under such Fiscal Agency Agreement when due, which continues for 15 days; (iii) default in the performance or breach of any covenant of the Bank or the Branch contained in such Fiscal Agency Agreement or in any Senior Debt Securities issued under such Fiscal Agency Agreement, which continues for 30 days after written notice has been sent to the Branch by the Fiscal Agent as provided in such Fiscal Agency Agreement and (iv) certain events of insolvency or reorganization of, or the appointment of a conservator, receiver or liquidator of the Bank or the Branch, or substantially all of the property of the Bank or the Branch, which continue and remain in effect for the periods of time specified in such Fiscal Agency Agreement.

Unless otherwise specified in the applicable Offering Circular Supplement, if an Event of Default with respect to Senior Debt Securities issued under any Fiscal Agency Agreement at the time outstanding occurs and is continuing, the holders of not less than 33 percent in principal amount of the outstanding Senior Debt Securities issued under such Fiscal Agency Agreement may declare the principal amount of all Senior Debt Securities issued under such Fiscal Agency Agreement due and payable by written notice to the Branch and to the Fiscal Agent. Upon such declaration and notice, such principal amount, together with accrued interest thereon to the date of payment thereof, shall become due and payable upon the date which is seven days after such notice. At any time after a declaration of acceleration with respect to Senior Debt Securities issued under any Fiscal Agency Agreement has been made, but before a judgment or decree for payment of money due has been obtained, the holders of a majority in principal amount of the outstanding Senior Debt Securities issued under such Fiscal Agency Agreement may by written notice to the Branch and the Fiscal Agent rescind and annul such declaration and its consequences if all payments due (other than those due as a result of such acceleration) have been made and all Events of Default with respect to Senior Debt Securities issued under such Fiscal Agency Agreement have been cured or waived.

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement relating to Senior Debt Securities will provide that the Fiscal Agent shall, within 30 days after the occurrence of a default with respect to the Senior Debt Securities issued under such Fiscal Agency Agreement, give to the holders of the Debt Securities issued under such Fiscal Agency Agreement notice of all uncured or non-waived defaults of which a Responsible Officer of the Fiscal Agent has actual knowledge or of which the

Fiscal Agent has written notice (the term "default" being defined to include the failure to pay principal or interest without grace periods or notice); provided that, except in the case of default in payment of principal or interest in respect of any Debt Securities issued under such Fiscal Agency Agreement, the Fiscal Agent shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Fiscal Agent in good faith determines that the withholding of such notice is in the interests of such holders of Debt Securities; provided, further, that in the case of a default involving the breach of a covenant in the related Fiscal Agency Agreement or the relevant Debt Securities, no such notice shall be given until at least 30 days after the occurrence thereof.

Subordinated debt securities

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement relating to Subordinated Debt Securities will provide that the following will be Events of Default in respect of the Subordinated Debt Securities issued under such Fiscal Agency Agreement: (i) a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the Bank shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any bankruptcy, insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days or (ii) the Bank shall file a petition to take advantage of any insolvency statute or voluntarily suspend payment of its obligations.

Unless otherwise specified in the applicable Offering Circular Supplement, each Subordinated Debt Security will provide that if an Event of Default in respect of such Subordinated Debt Security shall have occurred and be continuing, the holder of such Subordinated Debt Security may declare the principal of such Subordinated Debt Security, together with any unpaid accrued interest thereon, to be due and payable by written notice to the Branch and the Fiscal Agent. Upon such declaration and notice, such principal amount, together with accrued interest thereon to the date of payment thereof, shall become due and payable upon the date which is seven days after such notice. There will be no right of acceleration in the case of a default in the payment of interest on, or other amounts owing under, the Subordinated Debt Securities or a default in the performance of any other covenant of the Branch or the Bank in the Subordinated Debt Securities.

UNDERTAKING FOR COSTS

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement will provide that the Bank, acting through the Branch, and the relevant Fiscal Agent agree, and each holder of a Debt Security issued under such Fiscal Agency Agreement by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under such Fiscal Agency Agreement, such Debt Security, or against such Fiscal Agent for any action taken, suffered or omitted by it as Fiscal Agent (other than, to the extent permitted by applicable law, a suit instituted by the Bank, the Branch, such Fiscal Agent or a holder or group of holders holding in the aggregate more than ten percent in principal amount of the outstanding Debt Securities of any relevant series, or a suit instituted by any holder for the enforcement of the payment of the principal of or interest on any applicable Debt Security on or after the maturity thereof), the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant.

CERTAIN DUTIES OF THE FISCAL AGENT

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement will provide that the relevant Fiscal Agent will be under no obligation to take any action or perform any duties other than those specifically set forth in such Fiscal Agency Agreement.

SUCCESSOR FISCAL AGENT

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement will provide that the relevant Fiscal Agent may resign at any time or be removed at any time with respect to the Debt Securities of any applicable series by the Bank acting through the Branch. Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement will provide that any successor Fiscal Agent thereunder shall be a bank or trust company organized and doing business under the laws of the United States or the State of New York, in good standing and having an established place of business in the Borough of Manhattan, the City of New York, having a combined capital and surplus of at least \$50,000,000, subject to supervision and examination by U.S. federal or New York state authorities and authorized under such laws to exercise corporate trust powers. Notwithstanding the foregoing, unless otherwise specified in the applicable Offering Circular Supplement, the Branch may, in lieu of or in addition to appointing and maintaining a Fiscal Agent, undertake to perform at the Branch any or all of the functions of the Fiscal Agent under any Fiscal Agency Agreement.

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement will further provide that any corporation or bank resulting from any merger, conversion or consolidation to which the Fiscal Agent is a party shall be the successor Fiscal Agent, provided that such corporation or bank shall be otherwise qualified and eligible under such Fiscal Agency Agreement, without the execution or filing of any paper or any further act on the part of any party to such Fiscal Agency Agreement.

RETURN OF UNCLAIMED FUNDS

Unless otherwise specified in the applicable Offering Circular Supplement, any monies paid by the Branch or the Bank to a Fiscal Agent or other Paying Agent under a Fiscal Agency Agreement for the payment of principal or interest in respect of Debt Securities and remaining unclaimed after the expiration of two years following the date on which such principal or interest becomes due and payable shall, if held by a Fiscal Agent (or other Paying Agent), be returned to the Branch at the Branch's written request and the holder of such a Debt Security shall thereafter, as an unsecured general creditor, look only to the Bank and the Branch for the payment thereof, and all liability of such Fiscal Agent (or other Paying Agent) with respect thereto shall thereafter cease.

In addition, in the event that funds unclaimed after two years are returned by a Fiscal Agent to the Branch as provided in a Fiscal Agency Agreement, a party making a claim for such monies against the Bank in Switzerland would be subject to a period of limitation under Swiss law of ten years for the payment of principal and five years for the payment of interest, commencing on the date when such payments were originally due.

GOVERNING LAW

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles.

CONSENT TO JURISDICTION; SERVICE OF PROCESS; IMMUNITY

The Bank will irrevocably submit to the exclusive jurisdiction of any U.S. federal or New York State court sitting in New York City, the Borough of Manhattan for the purpose of any suit, action or proceeding against it arising out of or related to the Debt Securities or a Fiscal Agency Agreement ("Proceedings"). The Bank will irrevocably waive, to the fullest extent permitted by law, any objection that it may have to the laying of the venue of any such Proceedings brought in such a court and any claim that any such Proceedings have been brought in an inconvenient forum. The Bank agrees that final judgment in any Proceedings brought in such a court shall be conclusive and binding upon the Bank and may be enforced in any court the jurisdiction of which it is subject by a suit upon such judgment; provided that service of process is effected upon the Bank in the manner specified in the relevant Fiscal Agency Agreement or as otherwise permitted by law.

As long as any Debt Security or coupon remains outstanding, the Bank shall at all times have an authorized agent in New York City, the Borough of Manhattan upon whom process may be served in connection with any Proceedings.

The Bank will irrevocably waive and agree not to plead any immunity from the jurisdiction of any U.S. federal or New York State court sitting in New York City, the Borough of Manhattan to which it may be or become entitled in any Proceeding.

SUBSTITUTION OF ISSUER

Unless otherwise specified in the applicable Offering Circular Supplement, the Branch and the Bank may, upon notice thereof given to the holders of any Debt Securities at least 30 days and not more than 60 days prior thereto, substitute a branch or agency of the Bank other than the Branch as the primary obligor of the Debt Securities, provided that: (i) the obligations of the Branch under the Debt Securities and the relevant Fiscal Agency Agreement shall be expressly assumed by such branch or agency of the Bank (the "Successor Office"), which assumption shall be evidenced by an instrument satisfactory in form and substance to the relevant Fiscal Agent; (ii) no registration under the Securities Act, and no qualification of an indenture under the Trust Indenture Act, shall be required in connection with such assumption; (iii) such assumption by the Successor Office shall be made in compliance with all applicable legal and regulatory requirements; and (iv) the Bank shall have delivered to the relevant Fiscal Agent an officer's certificate stating that such assumption by such Successor Office and the instrument evidencing such assumption comply with the conditions set forth in clauses (i) through (iii) above and an opinion of independent counsel of recognized standing stating that such assumption by such Successor Office and the instrument evidencing such assumption comply with the conditions set forth in clause (ii) above. Upon the assumption of the obligations of the Branch under the Debt Securities and the relevant Fiscal Agency Agreement by a Successor Office, such Successor Office will be substituted for the Branch for the purposes of the Debt Securities and such Fiscal Agency Agreement.

REPLACEMENT OF DEBT SECURITIES

If any Debt Securities or coupons shall become mutilated or defaced or be destroyed, lost or stolen, the relevant Fiscal Agent shall authenticate and deliver a new Debt Security (with appropriate coupons attached), on such terms as the Branch and such Fiscal Agent may require, in exchange and substitution for the mutilated or defaced Debt Security or the Debt Security to which the mutilated or defaced coupon was attached or in lieu of and in substitution for the destroyed, lost or stolen Debt Security or the Debt Security to which the destroyed, lost or stolen coupon was attached. In every case of mutilation, defacement, destruction, loss or theft, the applicant for a substitute Debt Security shall furnish to the Branch and the relevant Fiscal Agent such indemnity as the Branch and such Fiscal Agent may require and evidence to their satisfaction of the destruction, loss or theft of such Debt Security or coupon and of the ownership thereof. In every case of mutilation or defacement of a Debt Security or coupon, the holder shall surrender to the relevant Fiscal Agent the Debt Security or coupon so mutilated or defaced. In addition, prior to the issuance of any substitute Debt Security or coupon, the Branch may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the relevant Fiscal Agent and its counsel and counsel to the Branch connected therewith). If any Debt Security that has matured or will mature within 30 days or any coupon that has become due and payable or will become payable within 30 days shall become mutilated or defaced or be apparently destroyed, lost or stolen, the Branch may pay or authorize payment of the same without issuing a substitute Debt Security or coupon, as applicable.

MODIFICATIONS, WAIVERS AND AMENDMENTS

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement and the Debt Securities of the relevant series may be modified or amended without the consent of any holder of any such Debt Security for the purposes of curing any ambiguity, or of curing, correcting or supplementing

any defective or inconsistent provisions contained therein, or in any other manner which the parties thereto and the Branch may mutually deem necessary or desirable and which will not adversely affect the interests of the holders of the Debt Securities of such series in any material respect.

Unless otherwise specified in the applicable Offering Circular Supplement, modifications and amendments to the Debt Securities of a series may also be made, and future compliance therewith or past default by the Branch may be waived with respect to Debt Securities of such series, either with the consent of the holders of at least a majority in aggregate principal amount of the Debt Securities of such series at the time outstanding or by the adoption of a resolution at a meeting of the holders of Debt Securities of such series held in accordance with the provisions of the relevant Fiscal Agency Agreement; provided, however, that no such modification or amendment and no such waiver may, without the written consent or the affirmative vote of the holder of each Debt Security of such series affected thereby (i) change the stated maturity of the principal of or any installment of interest on any such Debt Security; (ii) reduce the principal amount of, or interest on, any such Debt Security; (iii) change the obligation of the Branch to pay additional amounts with respect to any such Debt Security; (iv) change the currency of payment of principal of or interest on any such Debt Security; (v) reduce the percentage of the principal amount of Debt Securities of such series at the time outstanding necessary to modify or amend the Debt Securities of such series, or to waive any future compliance or past default by the Branch with respect to Debt Securities of such series or reduce the percentage of Debt Securities of such series required for the taking of action or the quorum required at any meeting of holders of Debt Securities of such series at which a resolution is adopted; (vi) modify the Branch's obligation to maintain the Fiscal Agent or Paying Agents and Transfer Agents in accordance with the provisions of the relevant Fiscal Agency Agreement or (vii) in the case of a series of Subordinated Debt Securities, modify or amend the terms of the subordination of such series of Subordinated Debt Securities. Modifications and amendments to, or waiver of future compliance with or a past default by the Branch under, a Fiscal Agency Agreement may be made either with the consent of the holders of at least the majority in aggregate principal amount of all the Debt Securities issued thereunder at the time being outstanding or by the adoption of a resolution at a meeting of holders held in accordance with the provisions of such Fiscal Agency Agreement. Any such modifications, amendments or waivers will be conclusive and binding on all holders of Debt Securities and coupons, if any, of such series or of all the Debt Securities and coupons, if any, issued under such Fiscal Agency Agreement, as applicable, whether or not they have given such consent or were present at such meeting, and on all future holders of Debt Securities and coupons of such series or of all the Debt Securities and coupons issued under such Fiscal Agency Agreement, as applicable, whether or not notation of such modifications, amendments or waivers is made upon such Debt Securities or coupons. Any instrument given by or on behalf of any holder of a Debt Security in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Debt Security and any coupons appertaining thereto.

Unless otherwise specified in the applicable Offering Circular Supplement, at any meeting of the holders of the Debt Securities of a series or of all the Debt Securities issued under a Fiscal Agency Agreement, as applicable, called for any of the above purposes, persons entitled to vote 50 percent in aggregate principal amount of the Debt Securities of such series or of all the Debt Securities issued under such Fiscal Agency Agreement, as applicable, at the time outstanding shall constitute a quorum, it being understood that any holder of a Debt Security entitled to more than one vote shall not be required to cast all such votes in the same manner. In the absence of a quorum at any such meeting, the meeting may be adjourned for a period of not less than 10 days. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any resolution to modify or amend, or to waive compliance with, any of the covenants, conditions or events referred to above shall be effectively passed if passed by the persons entitled to vote a majority in aggregate principal amount of the Debt Securities of such series or of all the Debt Securities issued under such Fiscal Agency Agreement, as applicable, represented and voting at the meeting.

NOTICES

Unless otherwise specified in the applicable Offering Circular Supplement, notices to holders of Global Registered Debt Securities and Definitive Registered Debt Securities will be in writing and mailed first class.

postage prepaid, to their registered addresses appearing on the relevant Register and shall be deemed to have been given on the date of such mailing; and notices to holders of Bearer Debt Securities will be published in an English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times. Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication, or if published more than once, on the date of the first such publication.

Notwithstanding the foregoing, unless otherwise specified in the applicable Offering Circular Supplement, so long as a Temporary Global Debt Security, Permanent Global Debt Security, or Euroclear/Cedel Global Registered Debt Security representing Debt Securities is held on behalf of the Euroclear and Cedel, there may be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Cedel for communication by them to the holders of interests in the relevant Temporary Global Debt Security, Permanent Global Debt Security or Euroclear/Cedel Global Registered Debt Security. Neither the failure to give notice nor any defect in any notice given to any particular holder of a Debt Security shall affect the sufficiency of any notice with respect to other Debt Securities.

Notice to be given by any holder of a Debt Security shall be in writing and given by forwarding the same, together with the related Debt Security or Debt Securities, to the Fiscal Agent or any Paying Agent. While any Debt Securities are represented by a Global Registered Debt Security, Temporary Global Debt Security or Permanent Global Debt Security such notice may be given by any holder of an interest in such Debt Security to the Fiscal Agent or any such Paying Agent via DTC, Euroclear and/or Cedel, as the case may be, in such manner as the Fiscal Agent or Paying Agent, as the case may be, and DTC, Euroclear and/or Cedel, as the case may be, may approve for this purpose.

JUDGMENT CURRENCY

Unless otherwise specified in the applicable Offering Circular Supplement, each Fiscal Agency Agreement will provide that the Branch will, to the fullest extent it may do so under applicable law, indemnify the holders of the Debt Securities issued pursuant to such Fiscal Agency Agreement against certain losses incurred as a result of any judgment or order being given or made for any amount due under such Debt Securities and such judgment or order being expressed and paid in a currency other than the applicable Specified Currency.

TAXATION

GENERAL

Purchasers of Debt Securities should consult their own advisors as to the tax consequences in connection with the acquisition and sale of any Debt Securities. The summary which follows is based on laws (including the Internal Revenue Code of 1986, as amended (the "Code")), regulations, rulings and decisions now in effect (or, in the case of certain United States Treasury Regulations, now in proposed form), all of which are subject to change. Investors should consult their own tax advisors regarding the application to their particular situation of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

UNITED STATES TAXATION

The following summary describes certain United States federal income tax consequences relevant to a holder of a Debt Security that is a citizen or resident of the United States, a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof, or an estate or trust, the income of which is subject to United States federal income taxation regardless of its source or a holder that otherwise is subject to United States federal income taxation on a net income basis in respect of a Debt Security (a "United States holder") and to a holder of a Debt Security that is not a United States holder (a "Non-United States holder"). This summary deals only with holders that will hold Debt Securities as capital assets, and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, insurance companies, tax-exempt organizations or dealers in securities or currencies, persons that will hold Debt Securities as a position in a "straddle" or as part of a "hedging" or