

Divisional review

Shanghai Time Shipping RBS's strategic partnership with the Bank of China has opened up further opportunities for our Global Banking teams to work together. For Shanghai Time Shipping, one of the largest shippers in China, we successfully completed a \$60 million financing facility for the purchase of three vessels.





Corporate Markets

- Contribution £6,122 million (2005 – £5,165 million)
- Total income up 17%
- Operating profit up 20%

Corporate Markets, formerly Corporate Banking & Financial Markets, was reorganised into two businesses, Global Banking & Markets and UK Corporate Banking, on 1 January 2006. This allowed us to focus on the distinct needs of these two customer groups and to enhance our services to them.

– Global Banking & Markets

Global Banking & Markets is a leading banking partner to major corporations and financial and governmental institutions around the world, providing an extensive range of debt financing, risk management and investment services to its customers.

– UK Corporate Banking

UK Corporate Banking is the largest provider of banking, finance and risk management services to UK corporate customers. Through its network of relationship managers across the country it distributes the full range of Corporate Markets' products and services to companies.

Global Banking & Markets (GBM)

■ GBM has a strong client franchise across our chosen markets. We have relationships with the great majority of the largest UK, US and European corporations and institutions, including over 95% of the FTSE 100, 80% of the Fortune 100, and over 95% of the Dow Jones Eurostoxx 50.

■ GBM's employees serve the diverse needs of major corporates and financial institutions from offices in 21 countries around the world. GBM continues to invest significantly in people, infrastructure and technology to support growth and develop new product capabilities.

■ GBM made significant progress in building its business internationally in 2006. Income grew by 18% in the US, 26% in Europe and 35% in the Asia Pacific region.

■ To support international expansion we made significant investments in new offices and locations. Construction work started on new premises, which will bring together our people from RBS Greenwich Capital and RBS New York; a new office in Helsinki opened on 1 September 2006; and we moved to larger premises in Tokyo, Hong Kong and Singapore.

Examples of GBM client transactions

■ RBS teams in Spain and the UK successfully arranged the financing of the £15 billion acquisition of BAA, the world's leading airport operator, by a consortium led by Ferrovial. This complex transaction benefited from our knowledge of the Spanish and UK markets as well as our global distribution capabilities.

■ RBS helped Arsenal Football Club sell £260 million secured long-dated bonds to refinance the shorter-term construction loans used to fund their new Emirates Stadium. The deal was described by Euroweek as arguably the most comprehensive application of structured finance techniques in an asset-backed securitisation deal yet in Europe.