



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.

Corporate Markets continued

■ In North America, RBS financed the energy sector's largest acquisition to date, that of Burlington Resources by ConocoPhillips, for \$35 billion. We played the lead role as administrative agent on \$22.5 billion of credit facilities, including \$15 billion of bridge facilities to finance the cash portion of the acquisition and \$7.5 billion of permanent debt facilities. RBS Greenwich Capital was also joint Bookrunner on \$3 billion of related debt capital markets issuances.

■ RBS was selected by German industrial conglomerate Siemens as one of six banks arranging \$4 billion acquisition finance facilities and one of four joint lead managers for Europe's largest-ever hybrid bond issue of £900 million and €750 million.

■ We arranged acquisition financing for the newly built Kamppi Shopping Centre in central Helsinki. The owners agreed to sell the company to a new company established by Boulton, a specialist shopping centre manager, and RBS, for €345 million. The shopping centre opened in March 2006 and was visited by more than three million people in its first month.

■ RBS Structured Ship Finance successfully completed a financing programme in China for three ships for Shanghai Time Shipping for \$60 million. We enabled the company to secure the ships offshore at attractive prices, and charter them in a strong international market. We also obtained Chinese government approvals to import, flag and register the vessels. This was the first joint ship financing by RBS working with Bank of China as its strategic partner in the Chinese market.

■ RBS acted for Leighton Holdings Limited, Australia's largest construction and contract mining group, as Bookrunner, Mandated Lead Arranger, Residual Value Guarantor and joint Lead Manager for an AU\$750 million leveraged operating lease facility and associated senior debt and bond financing. The purpose was to enable Leighton to fund their equipment requirements in a flexible and capital efficient manner.

■ We were one of two joint Bookrunners and joint Lead Arrangers on Hutchison Whampoa Ltd's inaugural £700 million sterling debt capital issue. The company took advantage of attractive sterling market conditions, benefiting from a strong appetite for corporate names in longer-dated maturities, to launch and price an 11 and 20-year dual-tranche issue successfully. To date this is the largest ever sterling issue by a non-Japanese Asia Pacific corporate.

Ferrovial Our Global Banking teams in both Spain and the UK worked together to secure the £15 billion of acquisition funding required by Spanish infrastructure company, Ferrovial, for the purchase of BAA. Our knowledge of both the Spanish and UK markets and global distribution capability were important attributes for Ferrovial in selecting RBS.



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Renewable energy Last year RBS was the largest provider of funding for renewable energy projects and is the market leader internationally for wind farm financing, with over £1 billion of funding for projects globally.

