

BUILDING TOMORROW™

Introduction to Debt Capital Markets

Craig Rydqvist

[rbs.com/gbm](https://www.rbs.com/gbm)



Introduction

My background

Finance sector focussed education and experience but not 'traditional' IB route

Education

- First degree – BSc in Management Studies;
- Postgraduate – MSc Masters in Finance (part-time).

Work Experience

- KPMG – Financial Sector Audit and Consulting (ACA);
- Barclays Capital – Finance followed by Trading and Structuring;
- RBS – Finance followed by DCM Origination.

Current Role

- Director – Conduit Origination;
- Sell side origination, execution and structuring;
- Buy side transaction analysis as RBS is ultimate risk taker;
- Line Manager for Global Banking Analyst Programme.



Mature version of Will from the Inbetweeners

Xin Miao – 2nd Year Analyst, DCM

Appears geared towards Investment banking... didn't know what they were!

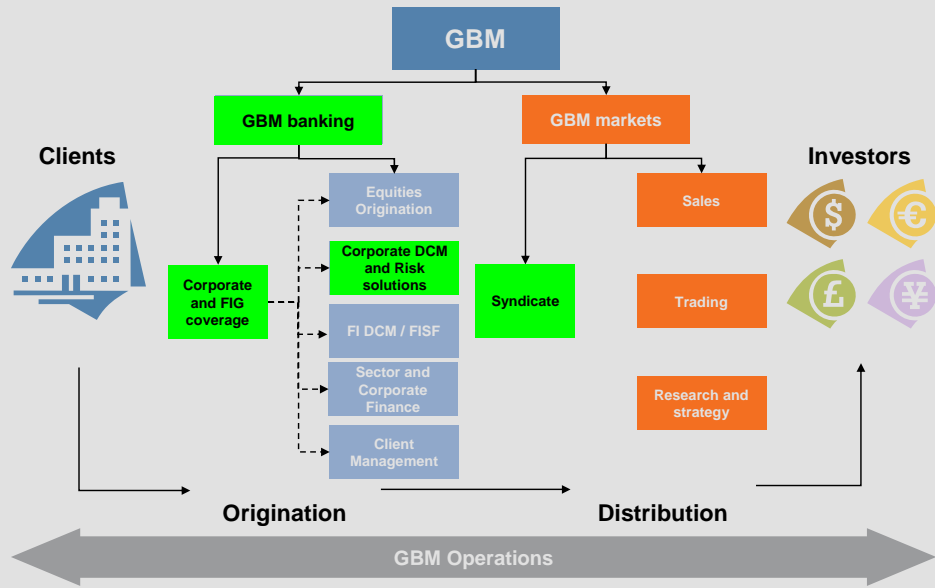
Education & Work Experience

- LSE BSc in Accounting & Finance
- RBS Easter internship (DCM)
- RBS Summer internship (FI DCM)

Current Role

- RBS Graduate programme
 - First rotation: Investment grade corporate bond origination
 - Second rotation (outside DCM): Energy & Resources sector

RBS Investment Banking Model



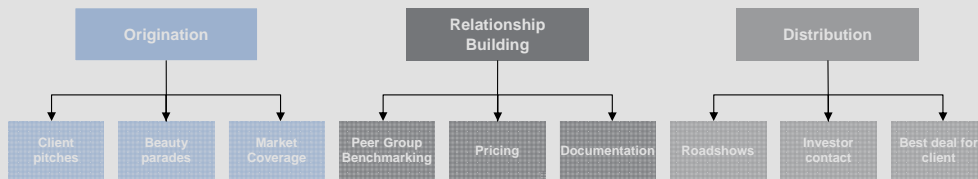
DCM Products

DCM Products are varied and lie on a spectrum between market facing and structured

- Corporate Investment Grade Bonds
- Financial Institution Debt
- High Yield Debt
- Liability Management
- Loan Origination and Syndication
- Structured Finance
 - Securitisation
 - Covered Bonds
 - FI Hybrids
 - Structured Corporate Debt
- Private Placements
- Ratings Advisory

RBS offers the complete package of DCM products

What DCM Originators do



Constant dialogue with clients

- Pitching / responding to Requests for Proposal
- Indicative pricing and market commentary
- Execution

Development of a diverse skill-set

- Analysis of market trends (historical and current)
- Presentation skills
- Ability to work across teams

Day to day job

- Pricing analysis
- Continuous interaction with the market – new issues, market trends, demand drivers, rumours, etc
- Client presentations/meetings pitching for business
- Transaction facilitation including deal roadshows / investor due diligence

Current League Table Standings

All Currencies WE IG Corporate Bonds

15 September 2011 YTD

Bookrunner	Amount (EURm)	No.	Share (%)
1 Deutsche Bank	9,277	52	10.08 ▲
2 RBS	7,150	49	7.77 ▲
3 BNP Paribas	6,294	39	6.84 ▲
4 HSBC	6,203	39	6.74 ▲
5 JPMorgan	5,951	26	6.46 ▼
Total Industry	92,054	180	100

Source: Dealogic Analytics **2013 Target Position: Top 3**

All Currencies WE Corp. & FI Syndicated Loans

15 September 2011 YTD

Bookrunner	Amount (EURm)	No.	Share (%)
1 BNP Paribas SA	19,092	135	7.60 ▼
2 Credit Agricole CIB	18,246	86	7.20 ●
3 Societe Generale	16,003	93	6.30 ●
4 RBS	15,635	99	6.20 ▲
5 HSBC Holdings PLC	13,443	78	5.30 ▲
Total Industry	252,044	352	100

Source: Thomson Reuters **2013 Target Position: Top 3**

All Currencies CEEMEA Corp. Synd. Loans

15 September 2011 YTD

Bookrunner	Amount (EURm)	No.	Share (%)
1 Citi	3,217	27	9.00 ▼
2 Credit Agricole CIB	3,052	19	8.60 ▼
3 RBS	2,561	15	7.20 ▼
4 BNP Paribas SA	2,341	16	7.10 ▼
5 Barclays Capital	1,961	6	13.00 ▲
Total Industry	35,593	68	100

Source: Thomson Reuters **2013 Target Position: Top 5**

Cross Border Private Placements

15 September 2011 YTD

Bookrunner	Amount (EURm)	No.	Share (%)
1 RBS	4,543	22	23.80 ●
2 BAS	3,994	19	20.90 ●
3 Barclays	1,902	12	9.90 ●
4 HSBC	1,775	9	9.30 ●
5 CBA	1,528	7	8.00 ●
Total Industry			

Source: PP Monitor **2013 Target Position: Top 3**

All Currencies WE HY Corporate Bonds

15 September 2011 YTD

Bookrunner	Amount (EURm)	No.	Share (%)
1 Deutsche Bank	4,161	35	11.11 ▲
2 Goldman Sachs	3,518	23	9.40 ▲
3 Citi	2,922	18	7.80 ▲
4 Credit Suisse	2,909	20	7.77 ▲
9 RBS	1,820	16	4.86 ▲
Total Industry	37,441	88	100

Source: Dealogic Analytics **2013 Target Position: Top 5**

All Currencies CEEMEA Corporate Bonds

15 September 2011 YTD

Bookrunner	Amount (EURm)	No.	Share (%)
1 Barclays Capital	2,398	13	15.34 ●
2 RBS	1,360	9	8.70 ●
3 Goldman Sachs	1,335	8	8.54 ●
4 BNP Paribas	1,300	9	8.31 ●
5 Citi	1,095	6	7.00 ●
Total Industry	15,638	37	100

Source: Dealogic Analytics **2013 Target Position: Top 5**

RBS is a market leader in all the major DCM products

Major differences between DCM and

Corporate Finance

- Corporate Finance has lower execution volume
- As a result lots of time spent pitching strategic ideas
- DCM is more transaction focussed
- DCM bankers have more respect for your private life

Markets

- Markets covers, sales, trading, research and other areas so it's a little hard to generalise
- Markets work more driven by market psychology and short-term trends and relative value
- DCM generally more macro-economic focus so interaction is with the client C-suite

Equity Capital Markets

- DCM bankers are pessimists, ECM bankers are optimists
- DCM involves more 'definite' maths – bond maths is less 'speculative'

Why might I choose to work in DCM at RBS?

- If you are interested in how businesses work – probably at a slightly more detailed level
- You like maths that ‘works’ – less need to speculate on growth rates and uncontrollable factors
- DCM is the most successful franchise within RBS GBM and carries that kudos throughout the organisation
- The DCM analyst programme offers lots of variety with a minimum of 6 rotations, of which at least 4 will be within DCM
- If you still want to learn – we take analyst development very seriously
- If you want to work with great people
- DCM bankers have respect for your private life

DCM is a great place to learn and develop

Life of a DCM analyst

- Fast-learner
 - 7.30-8.30am start
- Creative and innovative thinker
 - Daily tasks:
 - Morning meetings
 - Market updates/reports
 - Other updates e.g. company pricing
- Attention to detail
- Work well under pressure
 - Building models, producing presentations
 - Collaboration: talking to traders, syndicate desks, Relationship Managers, other teams in DCM...
 - Analysts events: training, networking lunch

Positive Attitude

Pop Quiz

Should these client queries be directed to DCM, ECM, Corporate Finance, Markets or somewhere else?

- Company CFO interested in divesting a non-core division;
- Institutional investor seeking to take risk on Greek sovereign default;
- Company CFO seeking to renew a syndicated loan facility;
- Bank of England seeking information on RBS exposure to Italian FIs;
- Company CFO seeking to understand the impact on his company credit rating of redeeming outstanding bonds;
- Company CFO seeking advice on complete capital restructure;
- Same CFO following up to understand how much capital she might raise via a rights issue and the effects of such a rights issue;
- Institutional investor seeking to attend a roadshow for an upcoming securitisation deal;
- Same investor seeking to switch his exposure in mortgage securitisation to exposure in auto securitisation;
- CFO of the same investment company seeking to raise capital in the private placement market.

Collaboration is Key – we serve clients best when we leverage the breadth of our franchise

Questions?

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