

Market Access Transactions

Gaining Exposure To Local Asian Credit

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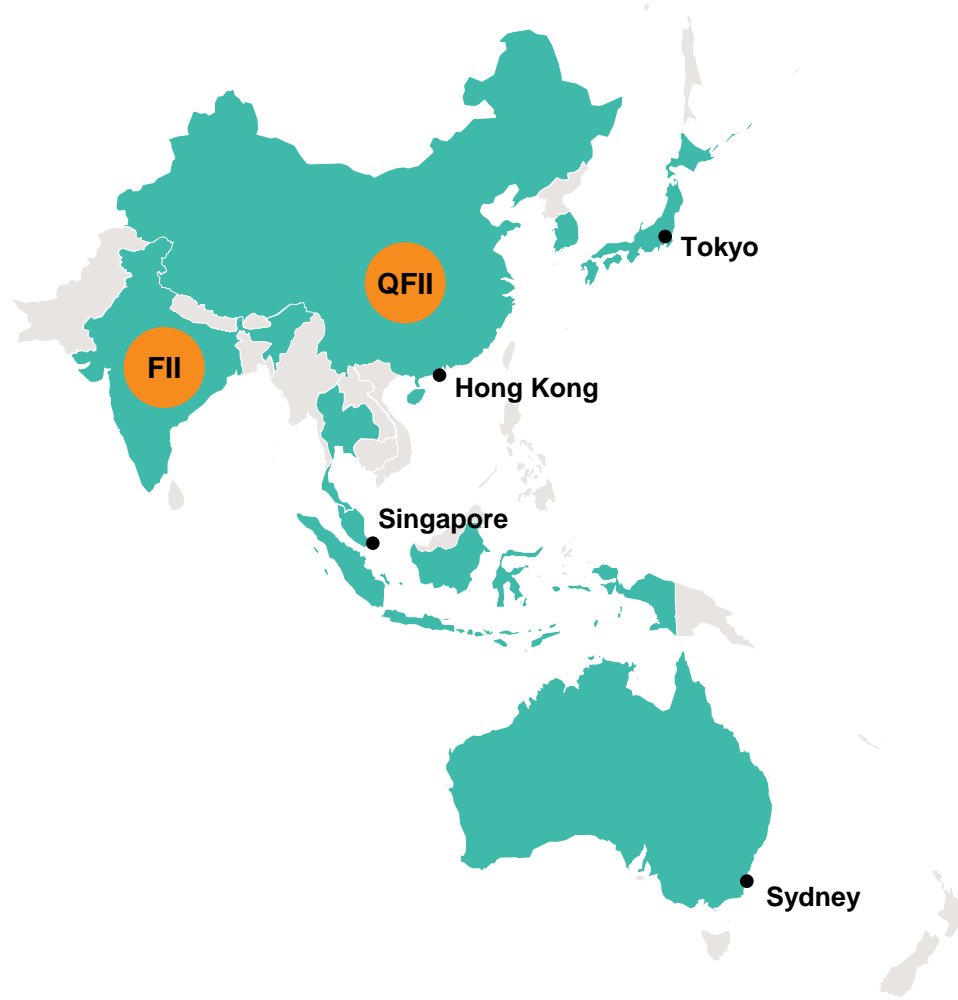
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Leveraging on RBS Regional Footpring

A Continued Strong Presence across Asia Pacific

With its strong regional footprint, RBS is uniquely positioned to provide access trades and tailored cross-border financing solutions to its clients.



11 countries

4 of 6 global trading hubs

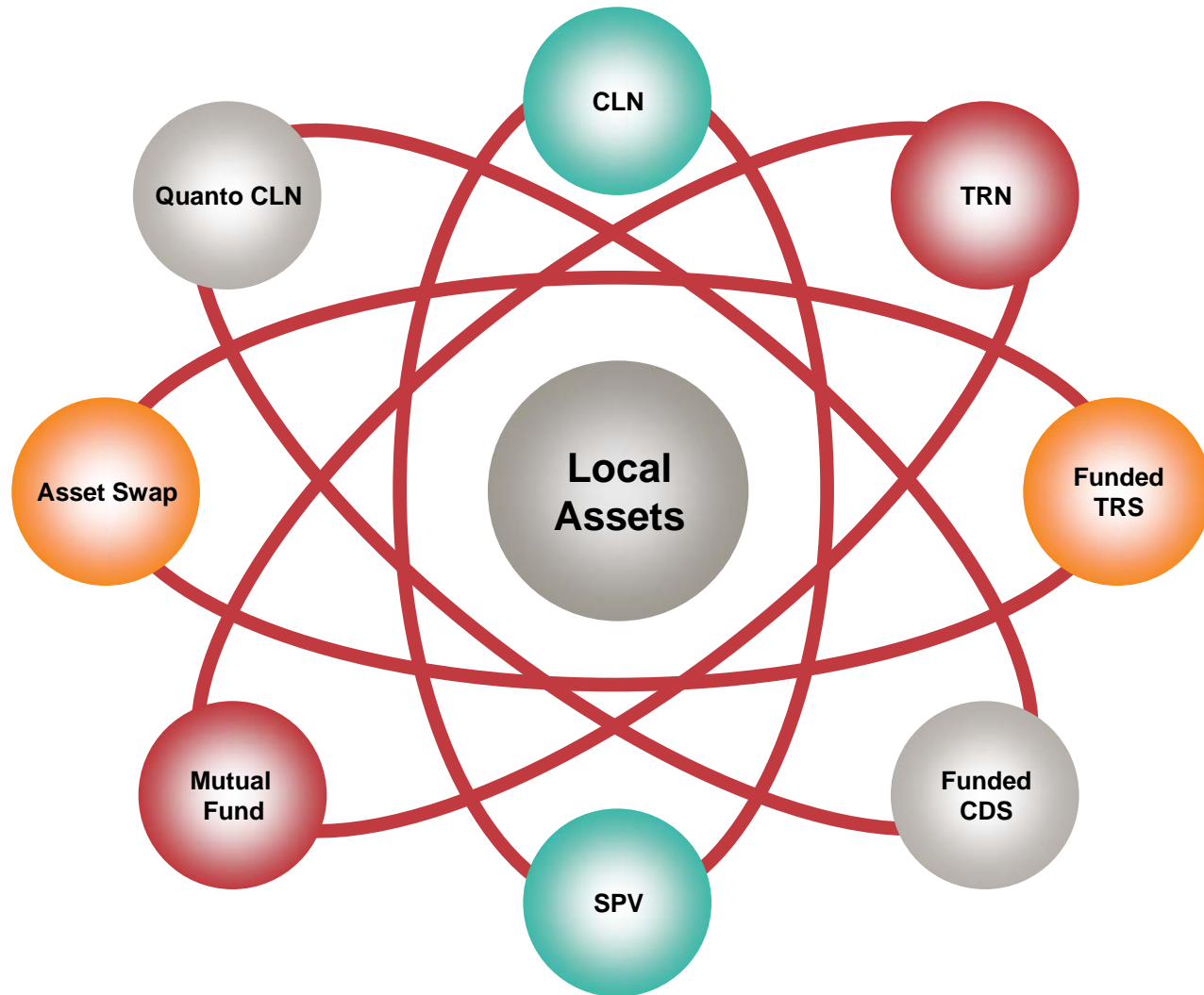
- Australia
- China
- Hong Kong
- India
- Japan
- Singapore
- Indonesia
- Korea
- Malaysia
- Taiwan
- Thailand

Local access licenses

- China QFII
- India FII

Ability to Access Local Assets in a Variety of Formats

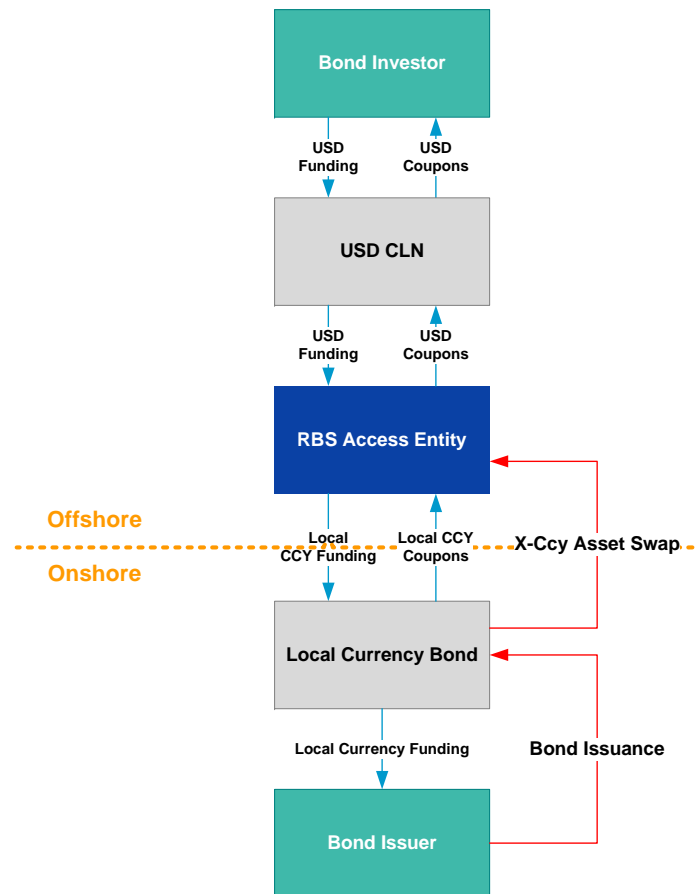
Thanks to its strong product expertise, RBS is in a position to fully leverage on its regional footprint and provide access to local assets in a variety of formats.



Case Study – Local Currency Bond Asset Swap

Local currency payments under the onshore bond are swapped into a G11 currency.

Transaction Diagram



Investment Rational

- A Multinational Corporation willing to provide capital / financing onshore operation / subsidiary to finance:
 - Capex
 - M&A
 - ...

Transaction Summary

- The Onshore Bond Issuer issues a Local Currency Bond, thus **receiving local currency funding**.
- RBS Access Entity buys the Bond and enters into an x-ccy asset swap to swap the local currency payments in USD, and issues a USD CLN.
- The Offshore Bond Investor buys the USD CLN, thus **providing USD funding**.

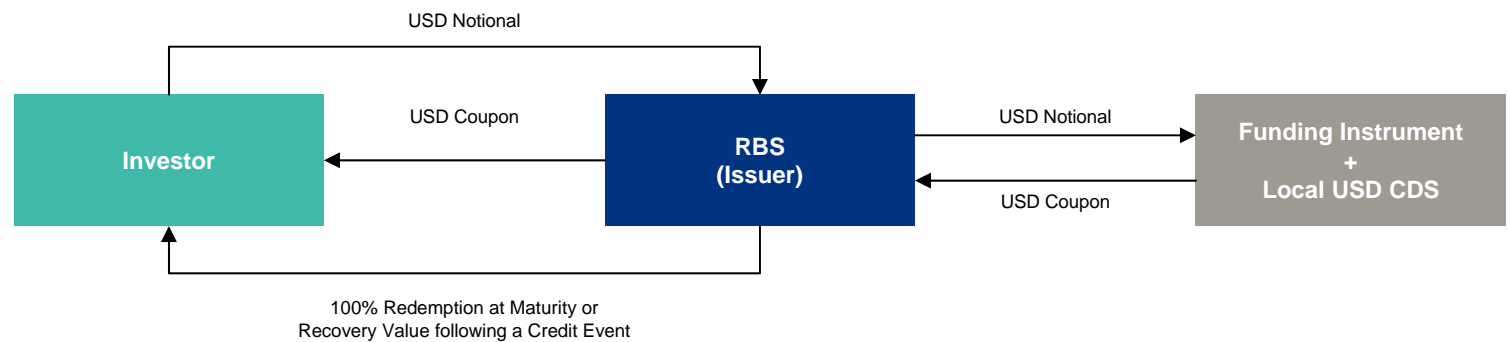


Accessing Local Credit

Credit-Linked Notes - Overview

USD CLNs can be used to gain exposure to local Asian names through the USD CDS market.

CLN Overview



- Provides a **funded credit derivative investment opportunity** which may be used by investors who may not be authorized to invest directly into credit derivatives.
- Provides a **yield pickup** to other securities issued by the reference entity.
- Provides **customized maturity** structures and credit features that are not otherwise available in the cash market.
- Provides exposure to **Reference Entities** that trade in the **CDS market** who **haven't issued bonds**.

Credit-Linked Notes - Indicative Levels

Reference Entity	1 Year		3 Year		5 Year	
	Floating over 3mL	Fixed	Floating over 3mL	Fixed	Floating over 3mL	Fixed
China / Hong Kong						
China	50	0.98%	195	3.35%	272	5.05%
PCCW	58	1.05%	220	3.60%	306	5.40%
SunHun	35	0.84%	178	3.20%	269	5.00%
BOC	56	1.05%	228	3.70%	329	5.60%
BCOM	65	1.15%	229	3.70%	320	5.50%
Wharf	78	1.25%	245	3.85%	326	5.60%
Korea						
Korea	65	1.15%	217	3.60%	296	5.30%
Samsung	40	0.89%	189	3.30%	265	4.95%
KDB	86	1.35%	238	3.80%	314	5.45%
Kexim	86	1.35%	238	3.80%	314	5.45%
Woori Sen	104	1.55%	254	3.95%	335	5.70%
Woori Sub	147	1.95%	299	4.40%	376	6.10%
South-East Asia						
Philippines	57	1.05%	203	3.45%	336	5.70%
Indonesia	63	1.10%	243	3.85%	348	5.80%
Thailand	66	1.15%	222	3.60%	299	5.30%

Source: RBS as of 24^h of January 2011

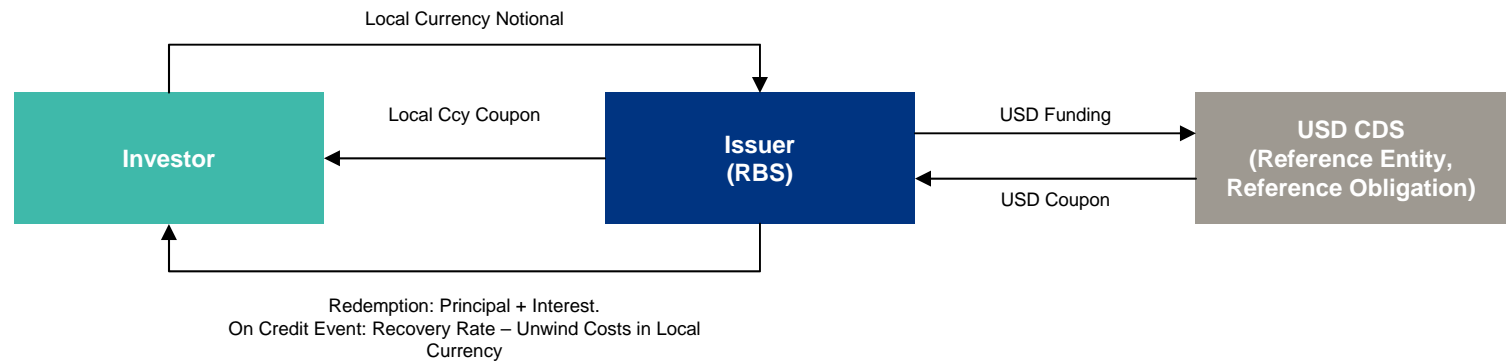
Reference Entity	1 Year		3 Year		5 Year	
	Floating over 3mL	Fixed	Floating over 3mL	Fixed	Floating over 3mL	Fixed
India						
SBI	78	1.25%	277	4.20%	368	6.00%
ICICI	135	1.85%	319	4.60%	413	6.50%
RILIN	57	1.05%	254	3.95%	340	5.75%
VED	438	4.90%	640	7.90%	721	9.60%
Middle East						
Dubai	313	3.65%	480	6.25%	566	8.05%
Qatar	51	1.00%	203	3.45%	274	5.05%
Abu Dhabi	46	0.95%	221	3.60%	286	5.20%

Source: RBS as of 24^h of January 2011

Quanto Credit-Linked Notes - Overview

Quanto CLNs are similar to plain vanilla CLNs, but all cash flows are denominated in local currency.

Quanto CLN Overview



- The mechanism and risks of Quanto CLNs are similar to those of plain vanilla CLNs, but all cash flows are denominated in local currency.
- Quanto CLNs are denominated in local currency, such as CNY and SGD. Other local currencies are available upon request.

	3 Year	5 Year
Reference Entity	Floating 6M SOR	Floor Floater Max (Fixed, 3M Sor)
Singapore		
CapitaLand	220bps	4.10%

Source: RBS as of 24th of January 2011



Cross-Border Financing

RBS Onshore – Offshore Capabilities

Countries	RBS Presence	Onshore Capabilities						Onshore/Offshore Capabilities		
		Deposits	Loans	CLL	CLN	TRN	Funded CDS	SBLC / Grtee	CDS	Intra-Group Lending
Australia	Branch ✓ Securities ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✓	✓	✓	✓	✓	✓	LCY ✓ FCY ✓
China	Branch ✓ Sec. - JV ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✗	✗	✗	✗	✓	✗	LCY ✗ FCY ✓*
Hong Kong	Branch ✓ Securities ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✓	✓	✓	✓	✓	✓	LCY ✓ FCY ✓
India	Branch ✓ Securities ✓	LCY ✓ FCY ✗	LCY ✓ FCY ✗	✗	✗	✗	✗	✓	✓	LCY ✗ FCY ✓*
Indonesia	Branch ✓ Securities ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✗	✗	✗	✗	✓	✓	LCY ✗ FCY ✓
Japan	Branch ✓ Securities ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✓	✓	✓	✓	✓	✓	LCY ✓ FCY ✓
Malaysia	Branch ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✓	✓	✓	✓	✓	✓	LCY ✗ FCY ✓

* Subject to conditions. All of the above is subject to internal approval.

RBS Onshore – Offshore Capabilities (Continued)

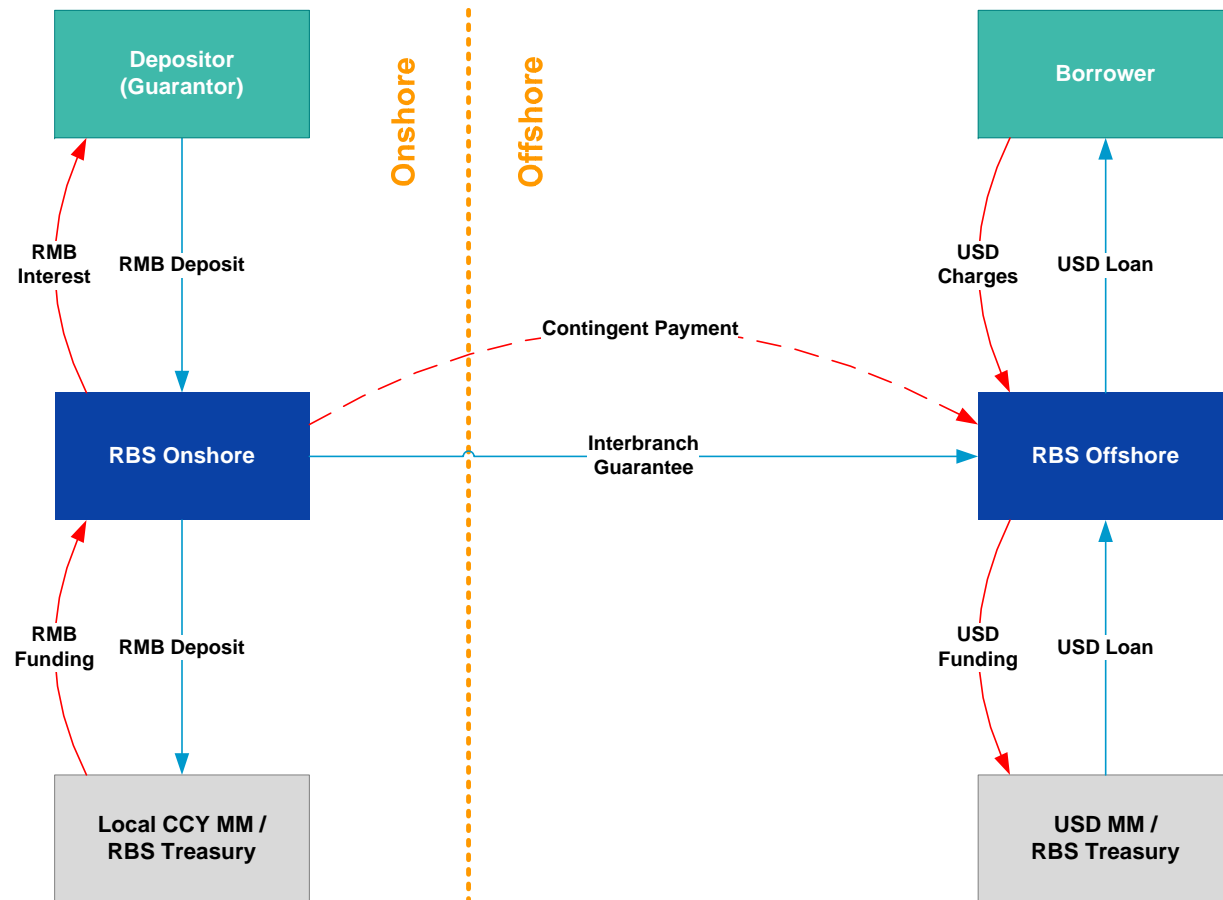
Countries	RBS Presence	Onshore Capabilities						Onshore/Offshore Capabilities		
		Deposits	Loans	CLL	CLN	TRN	Funded CDS	SBLC / Grtee	CDS	Intra-Group Lending
Singapore	Branch ✓ Securities ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✓	✓	✓	✓	✓	✓	LCY ✓ FCY ✓
South Korea	Branch ✓ Securities ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✓	✗	✗	✓	✓	✗	LCY ✗ FCY ✓
Taiwan	Securities ✓	LCY ✗ FCY ✗	LCY ✗ FCY ✗	✗	✗	✗	✗	✓	✗	LCY ✗ FCY ✗
Thailand	Branch ✓	LCY ✓ FCY ✓	LCY ✓ FCY ✓	✗	✓	✗	✓	✓	✓	LCY ✗ FCY ✓

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Case Study – China Onshore Deposit / Offshore Lending

Cross-border financing is achieved by way of providing financing offshore in USD against an onshore deposit.

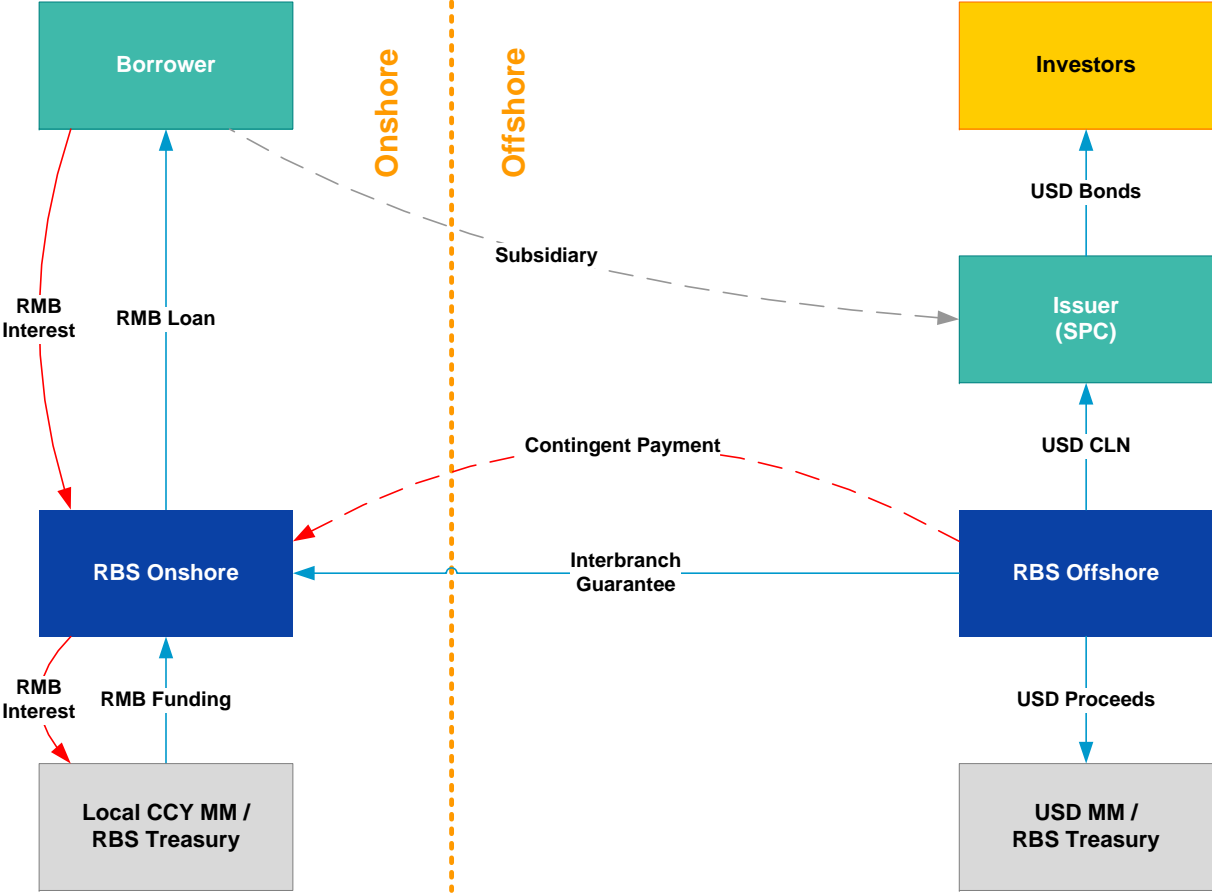
Transaction Diagram



Case Study – China Onshore Lending / Offshore Bond Issuance

Cross-border financing is achieved by way of providing financing offshore in RMB against an offshore Bond issuance.

Transaction Diagram



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