



# **RBC Capital Markets**

**Chuck Winograd, Vice-Chairman  
RBC Capital Markets**

**Meeting with institutional investors  
Toronto  
June 25, 2003**





# **A strong and growing corporate and investment bank**

## **Canada**

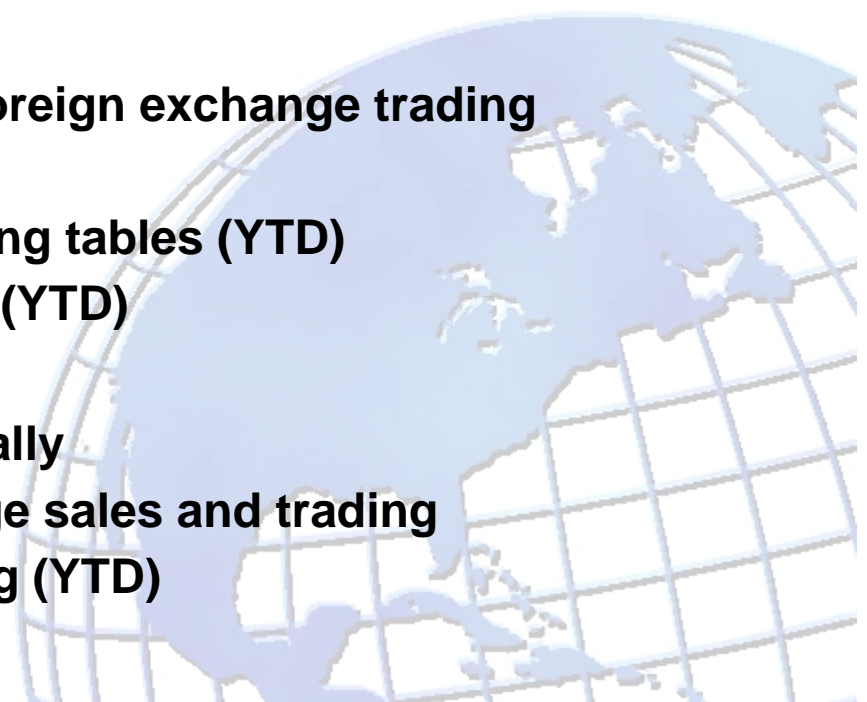
- #1 in foreign exchange, money markets, corporate finance, debt capital markets and corporate lending
- within striking distance of #1 in virtually every other significant business

## **U.S.**

- #1 among Canadian banks in foreign exchange trading
- #5 in program trading volumes
- #10 in 2003 equity league ranking tables (YTD)
- U.S. energy practice ranked #2 (YTD)

## **International**

- #1 Canadian dollar dealer globally
- #17 globally in foreign exchange sales and trading
- #6 in sterling bond underwriting (YTD)





## **Our goals**

### **Canada:**

- **Be recognized as the leading corporate and investment bank**

### **U.S.:**

- **Build a high quality mid-market, industry focused national firm with a broad product portfolio delivered through specific industry expertise**

### **International**

- **Expand specialized global niche businesses**





# Business overview

## Global Financial Products

Fixed Income  
High Yield  
Debt and Credit Derivatives  
Equity Derivatives  
Securitization  
Loan Syndication  
Structured Finance  
Loan Trading

## Global Credit

Relative Value Portfolio  
Demarket Portfolio  
Loan Administration  
Mark-to-Market

## Alternative Investments

Alternative Assets  
RBC Capital Partners – Private  
Equity  
RBC Capital Partners – Debt  
Investments

## Global Treasury Services

Foreign Exchange  
Money Market  
Funding and Balance Sheet  
Management

## Global Equity

Equity Research  
Equity Sales and Trading

## Global Investment Banking

Corporate Finance  
Mergers and Acquisitions  
Equity Capital Markets  
Relationship Lending

## Chief Operating Officer

Finance  
Risk&Compliance  
Information Technology  
Human Resources  
Operations



## Canada

- **Strong, leading franchise**
- **Balance business with greater mid-market focus, focus on regaining number one position in equity businesses**
- **Customer relationship models for cross-selling**
- **Hedge fund efforts**





## **U.S. Mid-Market**

- **Focus on bottom half of S&P with sweet spot of \$US 250 million to \$US 2 billion market cap and working up**
- **Focus on technology, health care, energy, consumer, financial institutions and real estate**
- **Transition from IPO technology co-manager of choice to diversified lead manager with broad product offering**
- **Sales and trading business diversified away from Nasdaq/Technology companies**
- **Business model issues**
- **Capitalizing on talent availability**
- **Challenges and successes**





## **Specialized Global Businesses**

- **Build out (product) and roll out (geography) of equity derivatives**
- **Building onto distribution, growing origination capability into European fixed income and forex activities**
- **Build credit packaging and structuring businesses**
- **Alternative investments efforts**





## **Some key issues**

- 1. Equity/debt market divergence, convergence**
- 2. Credit**
- 3. Costs**
- 4. M&A and associated revenues**
- 5. The return of Canadian dollar product globally**





RBC CM is the only truly global bank in Canada and should be the first stop for all Canadian corporations' international business. We outstrip the competition with sheer volume of international and domestic business.

**New Issue Volumes - the Canadian Bank Story**

RBC CM outstrips all Canadian banks in 2002 ...

**Canadian Banks League Table 2002**

| (in C\$m equiv) | Canada    |               | Domestic US |               | International |               | Total      |               |
|-----------------|-----------|---------------|-------------|---------------|---------------|---------------|------------|---------------|
|                 | No. deals | Volume        | No. deals   | Volume        | No. deals     | Volume        | No. deals  | Volume        |
| <b>RBC CM</b>   | <b>57</b> | <b>14,965</b> | <b>367</b>  | <b>25,348</b> | <b>121</b>    | <b>32,088</b> | <b>545</b> | <b>72,401</b> |
| CIBC            | 48        | 8,982         | 57          | 11,633        | 29            | 19,707        | 134        | 40,322        |
| TD              | 50        | 9,767         | 6           | 4,153         | 97            | 18,860        | 153        | 32,780        |
| BNS             | 36        | 7,670         | 10          | 2,756         | 2             | 6,000         | 48         | 16,426        |

Source: SDC Platinum

... and looks set to increase market share in 2003.

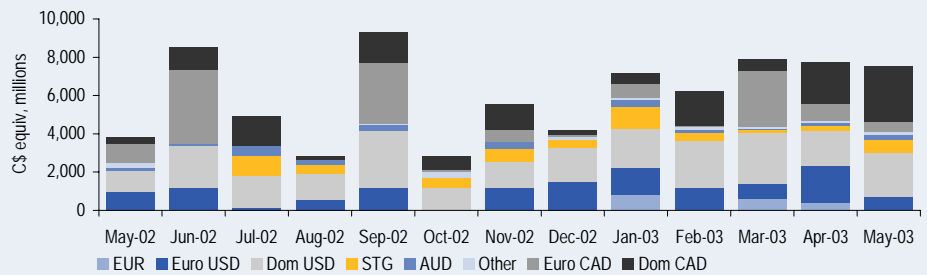
**Canadian Banks League Table YTD 2003**

| (in C\$m equiv) | Canada    |              | Domestic US |               | International |               | Total      |               |
|-----------------|-----------|--------------|-------------|---------------|---------------|---------------|------------|---------------|
|                 | No. deals | Volume       | No. deals   | Volume        | No. deals     | Volume        | No. deals  | Volume        |
| <b>RBC CM</b>   | <b>26</b> | <b>8,145</b> | <b>162</b>  | <b>13,294</b> | <b>63</b>     | <b>17,976</b> | <b>251</b> | <b>39,415</b> |
| TD              | 20        | 5,465        | 3           | 1,821         | 44            | 9,355         | 67         | 16,641        |
| CIBC            | 12        | 1,832        | 11          | 4,136         | 23            | 6,160         | 46         | 12,128        |
| BNS             | 22        | 5,146        | 4           | 1,880         | 1             | 1,266         | 27         | 8,292         |

Source: SDC Platinum, as at end of May 2003

RBC CM represents a growing bond business across an increasingly diversified product base

**RBC CM's New Issue Volume by Currency (May 2002 – May 2003)**

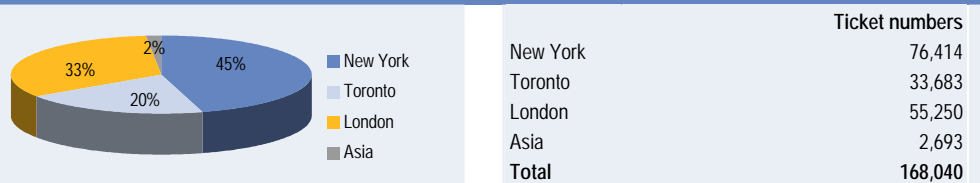


Source: RBC CM & SDC Platinum

**Activity In the Market**

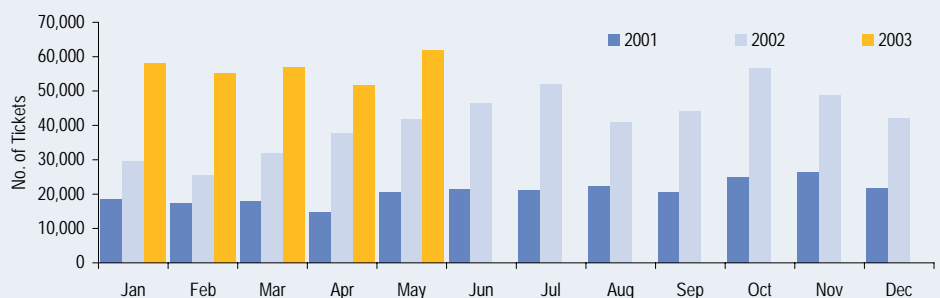
Monthly turnover expanding rapidly, reflecting RBC CM's strong distribution capacity.

**Ticket Numbers: May 2003**



Source: RBC CM

**RBC CM: Eurobond Ticket Numbers**



Source: RBC CM



## Interesting Trades - major issues for the month

## Key Issues – May 2003

| Issuer                              | Market     | Issue Date | Size    | Term    | Coupon | Spread      |
|-------------------------------------|------------|------------|---------|---------|--------|-------------|
| GE Capital Corporation              | Eurodollar | 7 May 03   | USD500m | 4yrs    | 3.00%  | 108.2bps    |
| HBOS Treasury Services plc          | Sterling   | 8 May 03   | GBP200m | 7yrs    | 4.375% | 38bps       |
| 55 School Board Trust               | C\$ (dom)  | 14 May 03  | CAD891m | 30yrs   | 5.90%  | 58.7bps     |
| Finning                             | Sterling   | 16 May 03  | GBP200m | 10yrs   | 5.625% | 155bps      |
| Trans Caledon Tunnel Authority      | SA Rand    | 21 May 03  | ZAR1bn  | Various | 9.00%  | undisclosed |
| DaimlerChrysler Canada Finance Inc. | C\$ (dom)  | 22 May 03  | CAD300m | 3yrs    | 5.00%  | 155bps      |
| CMHC                                | C\$ (euro) | 28 May 03  | CAD150m | 10yrs   | 4.63%  | 17bps       |

Source: RBC CM

## Total New Issues: May 2003

| Currency     | No. of Deals | Amount (mln) | C\$ equiv (mln) |
|--------------|--------------|--------------|-----------------|
| US\$         | 22           | 2,200        | 2,990           |
| C\$          | 13           | 3,432        | 3,432           |
| £            | 2            | 300          | 650             |
| Alt \$       | 2            | 300          | 275             |
| ZAR          | 1            | 1,000        | 170             |
| <b>Total</b> | <b>40</b>    |              | <b>7,517</b>    |

Source: RBC CM & SDC Platinum

## Commentary on selected new issues

|  |  |
|--|--|
| GE Capital Corporation (Eurodollar)                  | This transaction demonstrates our growing presence in the Euro-\$ market and our ability to successfully place large deals for high quality corporate issuers through both our institutional and retail client base.   |
| HBOS Trsy Services plc (Sterling)                    | This is RBC's second lead role in Sterling for HBOS this year, following the successful 2008 transaction launched jointly with CSFB in January. This time we decided to opt for sole-lead, (having outsold CSFB in the first deal), extending HBOS's "retail" sterling curve.  |
| 55 School Board Trust (Canadian Dollar)              | 55 School Board Trust was the largest single school board deal issued in Canada. It has a unique structure that allows each of the 55 school boards to term out some grandfathered short term debt that has been and will continue to be serviced by the Province while at the same time allowing the Province to remove it from their balance sheet. RBC was a joint lead in this very successful transaction. The deal was well oversubscribed and was priced through other like school board debt by virtue of its structure. |
| Finning (Sterling)                                   | RBC were involved as a senior co-lead in Finning's inaugural sterling bond following their acquisition of Lex Harvey. Having actively promoted sterling with Finning for some time (and as the only Canadian house in the sterling market) we were promoted to a senior level above all other Canadian banks.  |
| TCTA (South African Rand)                            | TCTA funds various water projects on behalf of South Africa (RSA) and Lesotho. The entity is guaranteed by RSA. After several years of negotiation with government and TCTA, through our operation in Johannesburg, RBC were able to place ZAR1bn (US\$125mln) 13 to 17 year debt with a South African institution.  |
| DaimlerChrysler Canada Finance Inc (Canadian Dollar) | This is DaimlerChrysler's second Canadian domestic transaction this year. RBC acted as the sole bookrunner on this deal which was well received and oversubscribed. The transaction was broadly distributed being placed with more than 30 investors and marked the 56th Canadian domestic issue that RBC has either lead or joint lead since the beginning of the year.   |
| CMHC (EuroCad)                                       | CMHC's first deal off their EMTN programme. This was RBC's fifth 10yr Euro CAD deal this year (7 in total, accounting for CAD1.2bn). The issue has enjoyed broad distribution across Asia and Europe, further cementing our dominance in the 10yr part of the Euro CAD curve.  |

## Global Debt Origination

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## Did you know that?

RBC CM's presence in the Sterling bond market has increased significantly in the last few years, with RBC CM now occupying first place in the league table for structured bond issues since 1998 by number of deals.

## Sterling Structured Bond League Table 1998-2003

| Position | Bookrunner     | Issues    | Market Share |
|----------|----------------|-----------|--------------|
| <b>1</b> | <b>RBC CM</b>  | <b>22</b> | <b>10.3%</b> |
| 2        | RBS            | 15        | 17.2%        |
| 3        | Morgan Stanley | 12        | 14.2%        |
| 4        | Barclays       | 8         | 6.3%         |
| 5        | Deutsche       | 7         | 12.6%        |
| 6        | Citigroup      | 5         | 10.0%        |
| 7        | Dresdner       | 4         | 5.5%         |
| 8        | UBS            | 4         | 4.7%         |
| 9        | BNP Paribas    | 4         | 1.9%         |
| 10       | Merrill Lynch  | 3         | 6.7%         |

Source: RBC CM

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