

The Royal Bank of Scotland plc

£2.5bn / \$3.3bn Placing

Case Study

The Client	The Royal Bank of Scotland Group plc (RBS) is a private, but partly taxpayer-owned, British banking and insurance holding company.
The Challenge	<p>The UK government's objective was to sell-down its stake in RBS that was acquired during the financial crisis of 2008-09.</p> <p>Settlement with the US Department of Justice ("DoJ") in relation to mortgage mis-selling was widely considered a pre-requisite for a sell-down. The milestone was cleared on May 10, 2018, when a settlement of \$4.9bn was agreed. This, together with a well-received Q1 update and pension funding plan, provided greater clarity on available excess capital and potential for distribution. This was extensively reported in the media and the transaction was widely anticipated by the market.</p>
The Solution	Citi was appointed as a joint Bookrunner for the transaction. The offering was priced at 271.00p per share, representing a discount of 3.52% to the closing price on the day of launch, which was achieved despite European Banks' volatility in the days leading up to the trade. After the transaction, the UK Government retained a residual stake of c.62.4%.
The Result	<p>This transaction represented the second sell-down of the UK Government's stake since RBS received a £45bn capital injection from the UK Government during the financial crisis of 2008-09. It was the largest EMEA Placing since January 2015 and the largest EMEA Privatisation Placing since March 2014.</p> <p>Order book successfully covered within 30 minutes of launch and closed comfortably over-subscribed at the pricing level despite considerable market volatility, geopolitical headwinds and unanticipated corporate news flow.</p>