

Highlights of the Euromoney Awards for Excellence 2008

A Passion to Perform.

Deutsche Bank





EUROMONEY

2008

Awards for
excellence

Best Foreign Exchange House Best Risk Management House

Best Investment Bank CEE

Best Debt House CEE

Best at Risk Management CEE

Best FX House CEE

Best Debt House Russia

Best Debt House Middle East

Best FX House Asia

Best at Risk Management Asia

Best Debt House Korea

Best Investment Bank Western Europe

Best at Risk Management Western Europe

Best Investment Bank Greece

Best Investment Bank Germany

Best Investment Bank UK

Best Equity House Sweden

Best Equity House North America

Best at Risk Management North America

Best FX House North America

Best at Cash Management North America

BEST RISK MANAGEMENT HOUSE

DEUTSCHE BANK

Deutsche can claim to have done more than any other bank to save clients' money in treacherous markets

The key risks facing issuers and investors are very basic: a lack of liquidity, scarcity of funding, difficulty of executing trades and hedges amid rising volatility and correlation in credit, equity and rates markets where asset values have been declining, sometimes precipitously.

Customers aren't interested in devilishly complex structured derivatives packages derived to increase payoffs in a low-yield world. Buying that stuff is what got many of them into trouble in the first place. They want clear advice, the ability to transact and good execution.

Deutsche Bank is perhaps the firm most renowned for the capacity of its derivatives rocket scientists to pioneer dizzyingly complex products off the back of its own huge book. But all that clever stuff is neither here nor there right now. Deutsche has also sat right in the middle of some of the worst affected markets, notably mortgages and credit. It has emerged with a strong claim to have done more than any other to save its clients' money in treacherous markets.

The bank has remained a consistent provider of liquidity, as others reined in principal and customer trading. In the first quarter of 2008, perhaps the most testing period leading up to the near collapse and rescue sale of Bear Stearns in March, it executed €650 billion of credit derivatives in Europe alone and €3 trillion of rate derivatives. In the US, its credit index trading, equity options trading, single-stock and equity index variance swaps and rates volumes have all risen dramatically in the past year. It has simply been open for business while many others have shut down.

It has structured products with low correlation to traditional long equity and bond investments, based on alternative assets from emerging market real estate to commodities. But investors have been thankful for more prosaic services and in particular for good advice, as they struggled to balance loss-making sub-prime positions against higher-rated credits, only to find these too declining.

Fred Brettschneider, managing director and head of global markets – Americas, says: "Often it wasn't what trades you put clients into so much as what you talked them out of doing that was most valuable. For example, as sub-prime contagion first spread, we

advised clients to avoid related areas which could be affected."

The firm had seen the sub-prime crisis coming and in 2006 and early 2007 was advising ABS and mortgage investors to go short. That advice fell largely on deaf ears and so the firm persuaded others in the credit markets that such a strategy might be a good hedge against contagion spreading from the sub-prime market.

In 2007, it helped emerging market hedge fund investors to hedge with the short mortgage trade. In the second half of the year, even as some investors hoped in vain that US government pronouncements of plans to boost the mortgage markets would end the panic, it preached the gospel to among others high-yield mutual funds and even equity investors. The firm calculates that in 2007 and 2008 it put more than 100 clients into \$70 billion of short sub-prime trades generating \$50 billion of offsetting benefits to put against declining asset values. Meanwhile, it has also bid

competitively for large blocks of distressed mortgage assets, enabling those that ignored its advice to take a final way out.

The benefits of all this were felt by clients in other areas, like rates. New-issue volumes have been high, notably in the US investment-grade debt markets, but some issuers have faced constraints on hedging interest rate risk because of

banks' reduced counterparty credit appetite. Deutsche's counterparty risk management technology inside rates, which requires it to buy protection through default swaps and options and delta hedge as credit spreads widen, gave it the capacity to step in and fill the gap.

In equity it's a similar story. Lee Frankenfield, managing director, global complex equity trading, says: "There has been a move back to plain vanilla instruments away from some of the more innovative structured products and we have maintained a consistent commitment to provide liquidity.

So for example when certain counterparts wished to exit correlation trades, there was no backing away." Of course, the firm can't stop itself inventing new things and the daringly named albatross strategy, an equity volatility play by which clients can go short the volatility of the eight worst-performing indices and long the best, exploiting the skew in a trade that regularly rebalances, has been popular and successful.

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Fred Brettschneider

BEST GLOBAL FOREIGN EXCHANGE HOUSE

DEUTSCHE BANK

Consistent service delivery over the year keeps Deutsche Bank on top in FX

There are several reasons why **Deutsche Bank** wins the global award. The most important, though, was its consistency of service delivery through the year. Other banks claim that they were always in the market when volatility surged in August but the whispers that this is not strictly true are too loud to ignore.

The evidence from talking to the banks' joint clients, as well as from the *Euromoney* poll, suggests Deutsche was. Deutsche's claim that Autobahn, its trading platform, is now the benchmark pro-

vider of liquidity in FX is arguably not hyperbole but actual fact.

"In the crisis in August, we were consistently there for our clients. We were really given a chance to differentiate ourselves from our competitors, which to an extent hasn't been there in recent years, and we did that," says Zar Amroliya, Deutsche's global head of FX.

Deutsche wins because of its consistency. For the past 12 months, consistency in FX constitutes excellence.

NORTH AMERICA

BEST FX HOUSE

DEUTSCHE BANK

In FX, **Deutsche Bank** has been a long-standing leader in North America. In *Euromoney's* 2008 poll, the bank ranked as the number one trader in the US, with a market share of 24%. Clients surveyed in the poll ranked the bank as their bank of choice in the region for FX. Liquidity was a key reason. In FX trading, Deutsche has been a provider of liquidity in the toughest of times in the past year. By comparison on August 16, when volatility exploded, Deutsche Bank's volume was four times what it was four years earlier and it is now running at two times last year's volumes. Having been the top player in FX in North America means it is often hard to gain increasing market share but Deutsche Bank invests substantially in creating innovative products, or tapping into unserved client bases. Over the past 12 months, this investment has increased. Cory Carlesimo was appointed head of FX sales in North America last year, and was formerly in charge of the bank's north American equity derivatives sales force. From a multi-asset background Carlesimo has been expanding the bank's FX reach across asset classes. "An increasing amount of institutional investors are assessing their FX exposure on international equities portfolios. We are focused on being solution-oriented to help clients hedge this risk and have been publishing hybrid research on this topic," says Carlesimo. In addition, Deutsche Bank has adopted a regional model across the continent to deepen existing client relationships and cross-sell into other asset classes and distribution channels.

Offering these clients and existing clients new products to best cope in volatile markets has been key to the bank's success. Last year, under Russell LaScala, Deutsche launched the CVIX index, an FX volatility trading index. And as the traditional FX carry trade stopped being profitable because of volatility and falling US interest rates, the bank developed alternatives for clients. The Harvest index, for example, tracks the performance of a basket of carry trades. In November last year, the team structured \$200 million of five-year warrants on the index for a US client.

CENTRAL AND EASTERN EUROPE

BEST FX HOUSE

DEUTSCHE BANK

Central and eastern Europe forms one of the fastest-growing elements of **Deutsche Bank's** foreign exchange operations, which

ranked number one for central and eastern European currencies in the most recent *Euromoney* FX polls. The bank's increased commitment to the region earns it the award for the best FX house. The bank has more than 25 FX professionals covering the region, with local offices in the Czech Republic, Hungary, Poland and Romania in addition to its London hub, where new hires have combined with its regional teams to help it cover clients from the Baltic republics down to the Balkans. The bank has executed a large number of structured FX hedges with clients from the Czech Republic, Hungary, Poland, Russia and Slovakia. Deutsche also executed the first target profit forward in Hungarian forints, a jumbo \$643 million dollar/rouble collar hedge for a Russian client and the largest ever structured trade in Russian roubles, a Rb1.5 billion swap that delivers a return linked to the performance of Deutsche Bank's currency future Harvest index.

ASIA

BEST FX HOUSE

DEUTSCHE BANK

Deutsche Bank is widely regarded as the best bank at foreign exchange in the world, and its Asian platform is now the best in the region. The bank was the top FX trader in Asia and the best-ranked provider by clients according to *Euromoney's* global FX poll, winning an astonishing market share of 24%.

Deutsche is a constant innovator in foreign exchange, going beyond vanilla hedging to offer solutions to clients suffering from global market dislocations. It has executed structured hedges for more than 200 Asian clients over the past 12 months, the most popular trade being a target profit forward in which a client is able to reduce the premium it pays on an option on the understanding that the option expires when a specified profit target is reached.

In Pakistan, it executed the first ever structured option in the form of a €35 million target profit forward for a local client. There was a similar deal in the Philippines worth \$78 million, again a first for the country. In Malaysia, Deutsche created the first ever ringgit long-dated structured hedge, a 14-year deal worth \$200 million.

As the much-discussed FX carry trade in Asia unwound in recent months, Deutsche was at the forefront in helping clients to manage their currency exposures and find new strategies. Indeed, its Harvest index, which tracks a basket of carry trades, was the best-selling carry strategy in the region, with related sales exceeding \$1 billion.

NORTH AMERICA

BEST EQUITY HOUSE

BEST FX HOUSE

BEST AT RISK MANAGEMENT

BEST AT CASH MANAGEMENT

DEUTSCHE BANK

Risk management has been the key story since early 2007, and **Deutsche Bank's** superior capability here has borne fruit. Being able to provide liquidity, and focus on new client products across its business lines has enabled the bank to gain market share from less fortunate peers. If it was thought that European banks would never be able to compete seriously in the US, this year has proved that clients no longer unduly favour domestic banks.

Deutsche's success stems from its early call on the sub-prime sector. In September 2005, Greg Lippman, global head of ABS trading and syndicate, identified impending disaster and the bank backed him in advising North American clients to short the US sub-prime market. More than 50 clients were put into more than \$35 billion of sub-prime short trades during 2007 and 2008, generating more than €30 billion of profits for these clients. Deutsche was the first bank to offer competitive bids of large blocks of distressed mortgage-related assets, enabling clients to exit from loss-making positions. Over the past year, the bank has bought more than \$10 billion in distressed assets such as Option ARMS and CDOs of ABS tranches from US institutions.

Continuing from the sub-prime success story, the bank has focused on becoming a key liquidity provider. Its US index trading volumes in 2007 were double those of 2006, and 2008 looks set to be 400% higher already. Keeping liquidity lines open and offering emergency money-market funding for its hardest-hit clients has meant many hedge funds have moved over to the bank.

Not lingering on its foresight, the bank has invested in creating a broad range of products over the past year to aid clients in the volatile markets and uncertain economic environment. At the end of 2007, the bank developed a euro/dollar convergence trade to enable clients to cut their rate hedging costs by between 100 and 200 basis points. Through a stagflation product, the bank has provided the most cost-effective equity/bond holding strategy of the past year, involving buying best-of-put options on a basket of fixed income and equity indices. Using proprietary indices in these products has been beneficial to the bank's bottom line.

With hands free to focus on clients, and substantial commitment, **Deutsche Bank** has become a competitive force in the North American equity market. When Robert Karofsky, head of global markets equity in North America, joined the firm from Morgan Stanley in 2005, Deutsche Bank was barely on the radar. Three years on, Karofsky and his team, many of whom followed him to

Deutsche Bank, have built a rounded and strong equity business in the region. In prime brokerage, for example, Deutsche was always bracketed as second tier. Now the firm competes head-on with stalwarts Morgan Stanley and Goldman Sachs. In the past 12 months, the prime brokerage business has won more than 150 new clients. By way of illustration, Karofsky says that in spite of the amount of deleveraging that has taken place, the bank's prime brokerage is enjoying record revenues in 2008. While clearly Deutsche's provision of liquidity through the darkest of credit crunch days and its foresight into the sub-prime crisis has attracted clients, the focus on providing innovative products and ideas to hedge funds has added to this elevated position as top-three prime broker. Products such as the Albatross trading strategy, where a manager can go long eight best-performing underlyings and short the eight worst-performers, have been tailored to hedge funds. Four years ago hedge funds constituted about 25% of Deutsche's prime brokerage clients. Now it's 60%. For retail clients, Deutsche has also been rolling out new structured products – more than \$2 billion-worth in 2007, giving the firm a market share of 10%. Whereas other banks have reduced their research capabilities, Deutsche has been drawing on its. The DB Solar product, for example, invests in the best ideas from the bank's analysts, beating the S&P by more than 9% on an annualized basis.

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In equity capital markets in the US, led by the steady hand of Mark Hantho, Deutsche has gained almost 2% in market share since the end of 2006. No longer the choice of smaller corporates, Deutsche now does deals for household names such as Goodyear. The tyre company selected Deutsche as left bookrunner for its first financing in a decade last May. The bank was also left bookrunner on a block deal and follow-up deal – both of more than \$1 billion – for Chesapeake Energy. The ability of the firm to price correctly, in addition to having high-

quality clients, is evidenced in the aftermarket performance of its bookrun IPOs. Deutsche's US IPO transactions of 2007 are, on average, up more than 4% currently. Again using its focus on innovation, Deutsche acted as sole bookrunner for a unique transaction for real estate developer St Joe Company. The transaction was structured as an underwritten registered direct which enables the issuer to keep the financing confidential during the marketing period. Finally, Deutsche has been a big player in the growing Spac market and continues to be active, having priced seven IPOs in 2007 and one in 2008. The search for permanent capital has spurred growth in the Spac market. Spacs constituted 22% of IPO volume in 2007. Deutsche Bank continues its relationship with its clients post-IPO as it has seen five of its Spac clients complete acquisitions, more than double the amount of its nearest competitor, Citi. This exhibits Deutsche Bank's commitment to the back-end part of Spacs, which illustrates the selectivity of clients and commitment to providing M&A ideas to Spac sponsors.

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The choice of best cash management house in North America is always difficult. This year the award goes to **Deutsche Bank**. Clients frequently cite the bank's commitment to offering advice on domestic regulatory issues, as well as providing solutions and products for global corporations in cash management.

Daniel Rosenstein, head of global transaction banking, says the quality of the people employed has been crucial in attracting new clients. Client relationship managers have full access to senior management by being on Wall Street or in New Jersey so that queries can be answered immediately. The average tenure of its cash management staff is 17 years.

Deutsche has been at the forefront of advisory needs to corporate treasurers. "Acting in a consultative manner, we have held 35 regional seminars and webinars to explain the impact of the Single

European Payments Area (Sepa) regulation," says Harold Young, global head of payment products. "These focused on key opportunities such as rationalization of European account structures and corollary expense reductions, as well as cost savings stemming from items such as recognizing and refusing unwarranted repair fees."

Offering a single global payments and messaging infrastructure has attracted clients ranging from SMEs to large corporates which are increasingly transacting globally. The platform offers product parity between dollar and euro payments, offering ease to such clients. Deutsche Bank's cash management platform also services 17 markets in Asia.

In addition to winning corporate clients, Deutsche has built on its expertise for financial institutions, garnering several high-profile mandate wins over the past 12 months. Already having significant market share among financials, it has been focusing on provision to smaller banks. Particular investments have been made in white labelling and partner bank solutions on this side.

WESTERN EUROPE

BEST INVESTMENT BANK

BEST AT RISK MANAGEMENT

DEUTSCHE BANK

No other bank can claim as strong a position across as many investment banking businesses in Europe as **Deutsche Bank**, which over the past year has been a leading M&A adviser, ECM bookrunner, bond underwriter, FX trader and risk management house, the award for which the bank also takes.

Having advised on such acquisitions as Rio Tinto's \$44 billion purchase of Alcan, Deutsche Börse's takeover of the International Securities Exchange, Tata Steel's purchase of Corus and the defence of Scottish and Newcastle, Deutsche Bank can claim to have been

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at the centre of some of the most transformational deals in a number of industry sectors.

The quality of its list of landmark ECM and DCM transactions is similarly impressive.

But it is Deutsche Bank's skill in helping clients manage and offload risks during the credit crisis that has been a key quality of its

investment bank's value to clients over the past year.

The bank has helped clients generate more than \$28 billion in profits from trades that shorted sub-prime problems in sophisticated ways and has taken more than \$10 billion of distressed assets such as CDO and ABS tranches off the hands of clients in Europe, including banks, prop desks and hedge funds.

Deutsche Bank has also stepped in to arrange emergency money-market funding for its hardest-hit clients and kept liquidity lines open to hedge funds, a fact that has helped its prime brokerage business to win more than 60 clients from competitors and to top industry polls.



Deutsche Bank continues to keep a firm grip on its home market when it comes to investment banking. It led far more equity capital markets transactions than any other bank and some of the most significant and innovative deals of the year, such as the €2 billion IPO of Tognum, a maker of off-highway diesel engines, a dual-track deal that is the largest-ever sponsor-backed IPO in Europe and the biggest IPO in Germany since Deutsche Post in 2000.

In M&A, Deutsche advised on deals worth €98 billion, giving it an astonishing market share of 29.1%. Among its most impressive deals were E.ON's \$18.6 billion acquisition of Endesa assets from Enel and Acciona and the acquisition of Viesgo from Enel, which was the largest announced German M&A deal in 2008 and a landmark transaction in the European utilities sector.

Among Deutsche's many accomplishments in the German debt capital markets were its leadership in devising hybrid capital issues for financial institutions, which included deals for Munich Re, Deutsche Postbank and Hypo Real Estate Bank.

Deutsche also succeeded in managing the transactions of all of the four new Pfandbrief issuers that have come to the market so far this year, cementing its position as a leader in covered bonds.



Deutsche Bank stands out as the investment bank of the year in Greece as a result of its strong showing across the board. It helped its Greek clients achieve a number of landmark acquisitions, particularly in the shipping sector, where it advised and helped finance Excel Maritime on its \$2.2 billion acquisition of US shipping company Quintana Maritime and Sea Star Capital on its acquisition of stakes in Minoan Lines and Hellenic Seaways, which helped redefine the Greek ferry market.

Deutsche also advised Marfin Investment Group on the sale of its stake in Greek Telecom company OTE to Deutsche Telecom and

led, along with Merrill Lynch, Marfin Investment Group's separate €5.2 billion fund raising, which is the largest permanent capital raising for an investment group ever. In the same month, Deutsche Bank also led the country's largest non-banking rights issue for Greek pharmaceuticals conglomerate Alapis of €817 million.

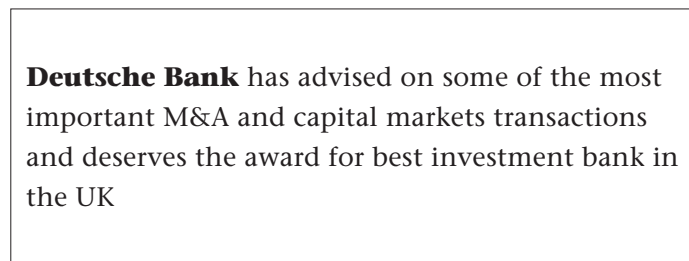
Leading Eurobank EFG's €1.2 billion rights issue and the largest rights issue for a non-financial Greek company ever, as well as a number of innovative convertible deals for Greek issuers cemented its place in Greek equity capital markets.

Deutsche also led numerous ground-breaking bond issues in Greece, including the largest ever subordinated bond for a Greek financial institution, and topped the league tables for issuance.



Deutsche Bank has advised on some of the most important M&A and capital markets transactions and deserves the award for best investment bank in the UK. It has won 21 new corporate broking clients in as many months.

The bank acted as adviser to corporate broking client Scottish and Newcastle, on the brewer's defence against a £10 billion consortium bid from Carlsberg and Heineken, which helped achieve a superior price for shareholders. Deutsche also helped client RBS Private Equity achieve the highest multiple yet from the sale of a



water asset in the UK as sole adviser and advised Tata Steel on its acquisition of Corus, and Rio Tinto on its \$44 billion acquisition of Alcan.

In equity capital markets, Deutsche acted as sole global co-ordinator and joint bookrunner on the £1.4 billion IPO of mining company ENRC and as joint bookrunner on a £2.1 billion accelerated placement of shares in British Energy, the largest accelerated placement in the UK in three years and the largest privatization transaction for the UK government since British Telecom in 1993.

Deutsche's debt capital markets bankers helped mastermind Eurotunnel's debt refinancing, executing £2.84 billion of deal-contingent hedges, including a £1 billion inflation-linked swap.

The bank also acted as sole financial adviser to the sponsors of the Future Strategic Tanker Aircraft project and was among the leaders in reopening sections of the bond markets after volatile periods.

NORDIC & BALTIC



SWEDEN

BEST EQUITY HOUSE

DEUTSCHE BANK

Deutsche Bank's strategy of growing its equity capital markets franchise in Sweden has been truly effective. In the space of three years, it has risen from outside the top 10 in Swedish equity and equity-linked issues in 2005 to number three in 2006 and number one over the 12-month period ending March 2008. It has increased its market share from 12.7% in 2006/07 to an enviable 41.4% in the period under review – 18.73% above its nearest rival, UBS.

In a relatively thin issuance market – there were just 28 deals last year – large transactions inevitably drive league table positions. But the combined size of Deutsche Bank's two deals – for telecom TeliaSonera and steel maker SSAB – is larger than all the other deals in Sweden combined for 2007 and cannot be ignored. The bank has provided a successful and balanced range of equity and equity-linked transactions to its Swedish client base in addition to its highly successful European equities franchise and global platform of services and products.

CENTRAL AND EASTERN EUROPE

BEST DEBT HOUSE

BEST INVESTMENT BANK

BEST FX HOUSE

BEST AT RISK MANAGEMENT

DEUTSCHE BANK

In the regional product categories, **Deutsche Bank** lands the best debt house title thanks to leading role in the two key developments in the debt markets in central and eastern Europe – the growth in the range and number of borrowers issuing bonds and the continued expansion of the local-currency bond markets in the region. Deutsche arranged more inaugural deals than any other bank and was the number one trader of local-currency debt. Many of the transactions that Deutsche lead managed over the past year redefined the volumes that central and eastern European borrowers could raise in the public debt markets and how much they paid for that debt. No other bank came close to matching the geographical and sectoral diversity of the deals that Deutsche brought to market. In a truly landmark year it played a leading role in a number of notable transactions including OTP Bank's €1 billion covered bond in February 2008, the first jumbo covered bond issue from the region; the \$1.6 billion bond for steelmaker Evraz, the largest non-investment grade corporate bond from Russia; the Rb7.5 billion (\$316.6 million) asset-backed issue for Russia's Eurokommerz, the first securitization of factoring receivables in central and eastern Europe. It also arranged the \$400 million Sputnik synthetic collateralized debt obligation, the first ever rated CDO referencing

corporates from the Commonwealth of Independent States.

In terms of issuers, the bank lead managed deals for sovereigns such as Ukraine, municipalities such as Kiev as well as issues for banks, coal miners, factoring companies, oil firms and steel makers. As well as handling a plethora of international issues, Deutsche is also notable for being able to provide local-currency debt solutions for its clients, with the bank ranked as the number one underwriter of rouble bonds for Russian corporates in 2007, for example. It is also able to deliver in the syndicated loans market, with significant deals including a €150 million, 15-year project finance loan for Ankara airport operator TAV in Turkey, export finance facilities for Gazprombank and Alfa Bank in Russia, and a \$200 million real estate loan for the Hotel Moscow construction project.

Deutsche Bank failed to land the top spots in the equity and M&A fields but its strong showing in those areas combined with its award-winning debt franchise earns it the best investment bank in central and eastern European award. Key transactions outside debt that helped to earn Deutsche its accolade include its role as joint global coordinator on VTB Bank's \$8 billion initial public offering in May 2007, its €2.8 billion rights issue for leading central and

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eastern European property company Immoeast and its financial advisory role to Hungary's OTP Bank on its €1.2 billion sale of its OTP Garancia insurance subsidiaries in Bulgaria, Hungary, Romania and Slovakia to Groupama. Deutsche Bank is also acting as joint adviser to Austrian oil and gas company OMV on its \$19 billion takeover approach to its Hungarian counterpart MOL, which, if it goes ahead, will be the most significant M&A deal in the central and eastern European oil and gas sector. What's more the bank can lay claim to having a superior on-the-ground presence in the region than many of its rivals, with investment banking teams based in Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Turkey and Ukraine.

Central and eastern Europe forms one of the fastest-growing elements of **Deutsche Bank's** foreign exchange operations, which ranked number one for central and eastern European currencies in the most recent *Euromoney* FX polls. The bank's increased commitment to the region earns it the award for the best FX house. The bank has more than 25 FX professionals covering the region, with local offices in the Czech Republic, Hungary, Poland and Romania in addition to its London hub, where new hires have combined with its regional teams to help it cover clients from the Baltic republics down to the Balkans. The bank has executed a large number of structured FX hedges with clients from the Czech Republic, Hungary, Poland, Russia and Slovakia. Deutsche also executed the first target profit forward in Hungarian forints, a jumbo

\$643 million dollar/rouble collar hedge for a Russian client and the largest ever structured trade in Russian roubles, a Rb1.5 billion swap that delivers a return linked to the performance of Deutsche Bank's currency future Harvest index.

Deutsche Bank also secures the best bank award in another fast-growing market segment, risk management. Over the course of 2007/08 there has been a big expansion in the number of risk management products available to central and eastern European institutions and international counterparts with exposure to the region. Deutsche Bank has played a big role in this expansion, introducing innovative new products and helping to boost the liquidity of existing instruments. It is the only bank to be a leading market maker in every type of risk management product in the region from equity and credit derivatives through to foreign

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exchange, interest rate and commodity derivatives. Deutsche Bank executed a market-leading €50 billion of options on equities in the region in 2007/08 and its 20-strong team of traders provides prices on more than 500 stocks and 60 indices. Deutsche also quotes prices on more credit default swaps in central and eastern Europe than any other bank – more than 65 names including corporates and banks that nobody else quotes. The German investment bank is also a force in commodity risk management, executing hedges on gold, jet fuel, crude oil, aluminium, gas oil and other commodities for clients in Russia, Georgia, Kazakhstan, Slovakia, the Czech Republic and Poland.



RUSSIA
BEST DEBT HOUSE
DEUTSCHE BANK

Deutsche Bank secures the best debt house title in Russia for playing a role in landmark transactions. In the pre-credit crunch period it brought inaugural Eurobonds for such companies as Transcapitalbank, Lukoil and Kuzbassrazrezugol. Following the market upheaval in the second half of the year it still managed to arrange notable deals, including a \$1.2 billion five-year and a \$800 million two-year transaction for VTB in October: the first international bond issue from Russia since financial turmoil over the summer had ended primary market issuance. In December 2007, Deutsche also brought pioneering factoring receivables securitizations in dollars for the Interregional Factoring Company Trust and in roubles for Eurokommerz. Most recently, it arranged a \$1.6 billion bond

for steelmaker Evraz in April – the largest ever non-investment-grade bond from a Russian corporate. Deutsche is also the leading arranger of rouble bonds for Russian corporates and has arranged landmark syndicated loans such as the \$200 million Hotel Moscow construction financing.

MIDDLE EAST

BEST DEBT HOUSE
DEUTSCHE BANK

Deutsche Bank's strengths in structured finance, in both Islamic and conventional instruments, continue to make the German bank a logical choice for many debt issuers. It wins the best debt house award. The bank arranged, for example, the \$2 billion Jebel Ali Free Zone sukuk in September. This was the largest local-currency sukuk ever issued and the first sukuk ever to be issued in a GCC local currency.

ASIA

BEST AT RISK MANAGEMENT
BEST AT FOREIGN EXCHANGE
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Deutsche is a constant innovator in foreign exchange, going beyond vanilla hedging to offer solutions to clients suffering from global market dislocations. It has executed structured hedges for more than 200 Asian clients over the past 12 months, the most popular trade being a target profit forward in which a client is able to reduce the premium it pays on an option on the understanding that the option expires when a specified profit target is reached.

In Pakistan, it executed the first ever structured option in the form of a €35 million target profit forward for a local client. There was a similar deal in the Philippines worth \$78 million, again a first for the country. In Malaysia, Deutsche created the first ever ringgit long-dated structured hedge, a 14-year deal worth \$200 million.

As the much-discussed FX carry trade in Asia unwound in recent months, Deutsche was at the forefront in helping clients to manage their currency exposures and find new strategies. Indeed, its Harvest index, which tracks a basket of carry trades, was the best-selling carry strategy in the region, with related sales exceeding \$1 billion.

Deutsche Bank's market dominance in foreign exchange was integral to the bank's success in winning the risk management award this year but it was the firm's ability to help clients hedge risks, reduce costs and access funding across the spectrum of asset classes that most distinguished the bank. In a year of high correlation and high volatility, the bank benefited from a set-up that grouped its derivatives, treasury and financing efforts and could

therefore deliver the broadest and most innovative risk management solutions in Asia.

To help clients lower their funding costs, Deutsche typically implemented the FX expertise mentioned above by providing targeted structured products. An Asian airline, for example, was struggling with its currency hedging because of dollar/ringgit appreciation until Deutsche restructured a notional 200 million

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hedges into forwards linked to the performance of the bank's own index products.

In another complex trade aimed at helping companies to reduce their funding costs, and hedge interest rate risk, Deutsche Bank created a loan whereby the repayment coupon was linked to the performance of one of the bank's proprietary alpha indices. Under regulation IAS39 the client is able to bifurcate the derivative component of the loan, thereby avoiding the possibility of mark-to-market volatility marring the firm's P&L figures.

In Singapore, life insurance companies worried about long-term interest rate exposure turned to Deutsche. The bank worked with the Monetary Authority of Singapore in creating the portable alpha transaction, offering a zero-coupon bond with up to 25-year duration in order to maximize duration allocation per unit of capital, while simultaneously offering an index strategy for the first five years that offset liability increases resulting from falling interest rates and offered more potential upside than a traditional fixed-rate zero. Having closed one such deal with a life insurance firm in Singapore, Deutsche expects to be able to transfer the deal to Korea and Malaysia, where firms have similar needs.

As the credit crunch worsened, Deutsche was able to help clients access funding across Asia. It was at one stage the main supplier of cheap funding to the Korean banking system (see the citation for best debt house in Korea). In India, it helped Indian banks to use their strong local liquidity positions to borrow cheap dollars and provided real estate firms with access to capital through the launch of bespoke funds containing the bank's pre-IPO positions and exposure to other illiquid equity.

In a year in which counterparty risk became an increasing concern for clients and investors, Deutsche's relatively stable credit profile was an advantage – the bank's CDS volatility was among the lowest of its peers. That helped it increase its issuance of credit-linked notes by 200% year on year, demonstrating the firm's strong risk management position on both sides of the table.



As the credit crisis became more severe in the second half of 2007, many financial institutions in Asia found that their usual sources of funding in the G3 bond markets had suddenly dried up. Unlike many investment banks that were undergoing severe funding problems of their own, **Deutsche Bank** was able to lend a hand to the banking community, particularly in Korea, where it became a big source of dollar funding to the local banks.

Thanks to its ability to manage large credit exposure and to its access to cheap dollar funding, Deutsche Bank decided to support Korean financial institutions by providing sizeable dollar funds on a collateralized basis. It is estimated that it completed well above a billion dollars-worth of such deals in a matter of weeks, with a variety of local banks. Although the bank's presence in the public bond market was limited to a dozen deals or so, giving it a market share of just 1.5%, its innovative private activities earn it the award for best debt house in Korea. 

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Deutsche Bank has won no less than 21 awards globally and regionally in this year's Euromoney Awards for Excellence. From idea generation to deal completion, we provide both the brain and the brawn to get things done. And, whether it's giving strategic advice, leveraging business insights to drive creative solutions, or delivering superior executions – we set the stage for our clients' success.

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