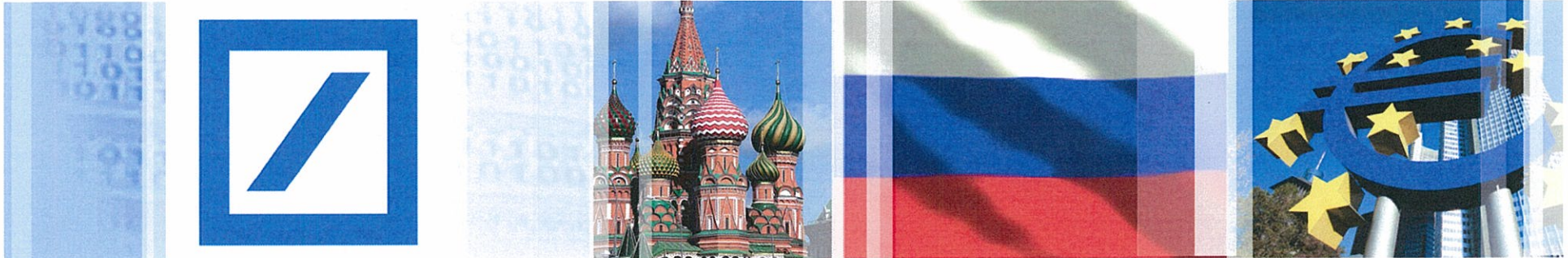


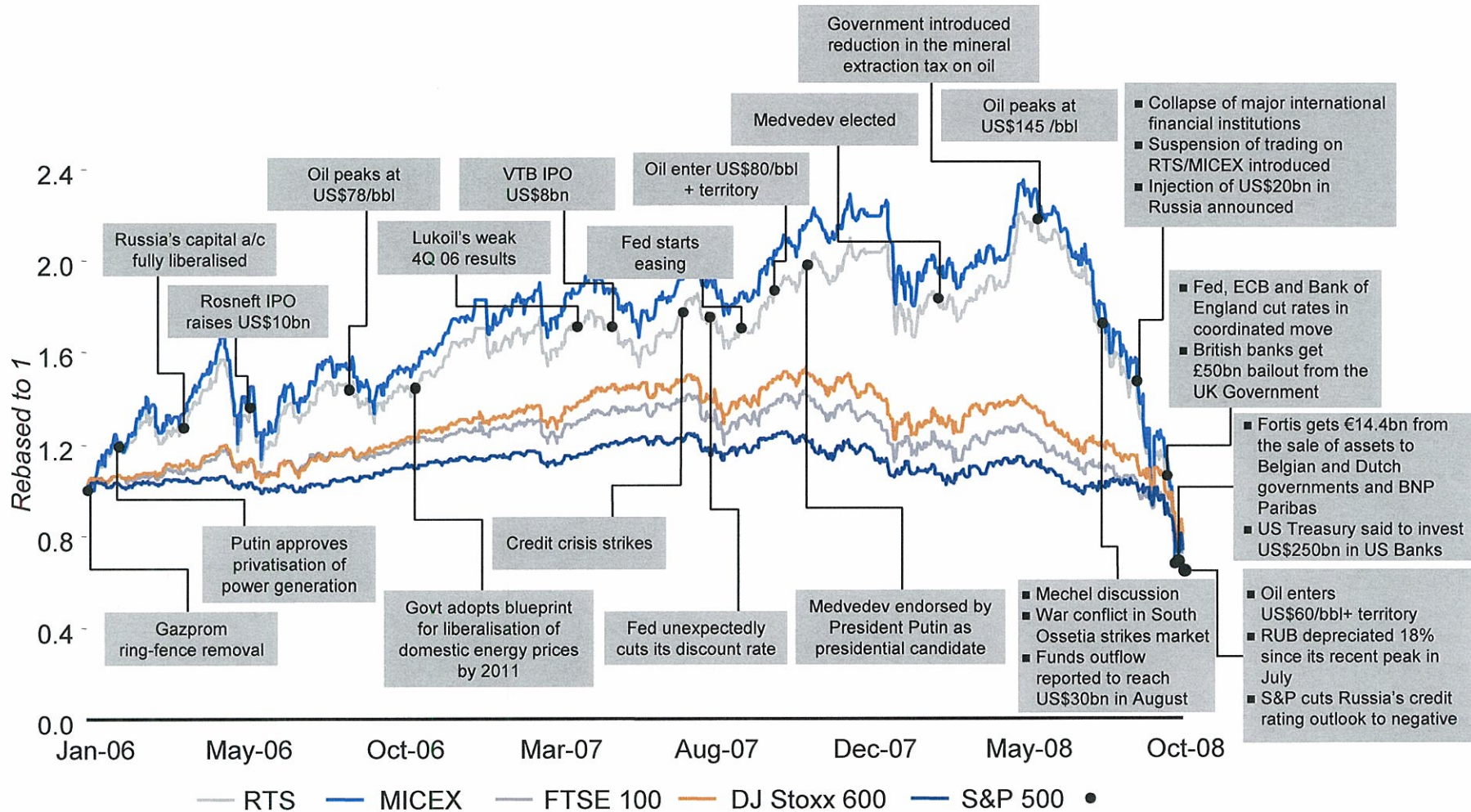
# Doing banking business in Russia

Moscow, 18 November 2008



**Joerg Bongartz**  
Chairman of the Board  
Deutsche Bank Ltd.

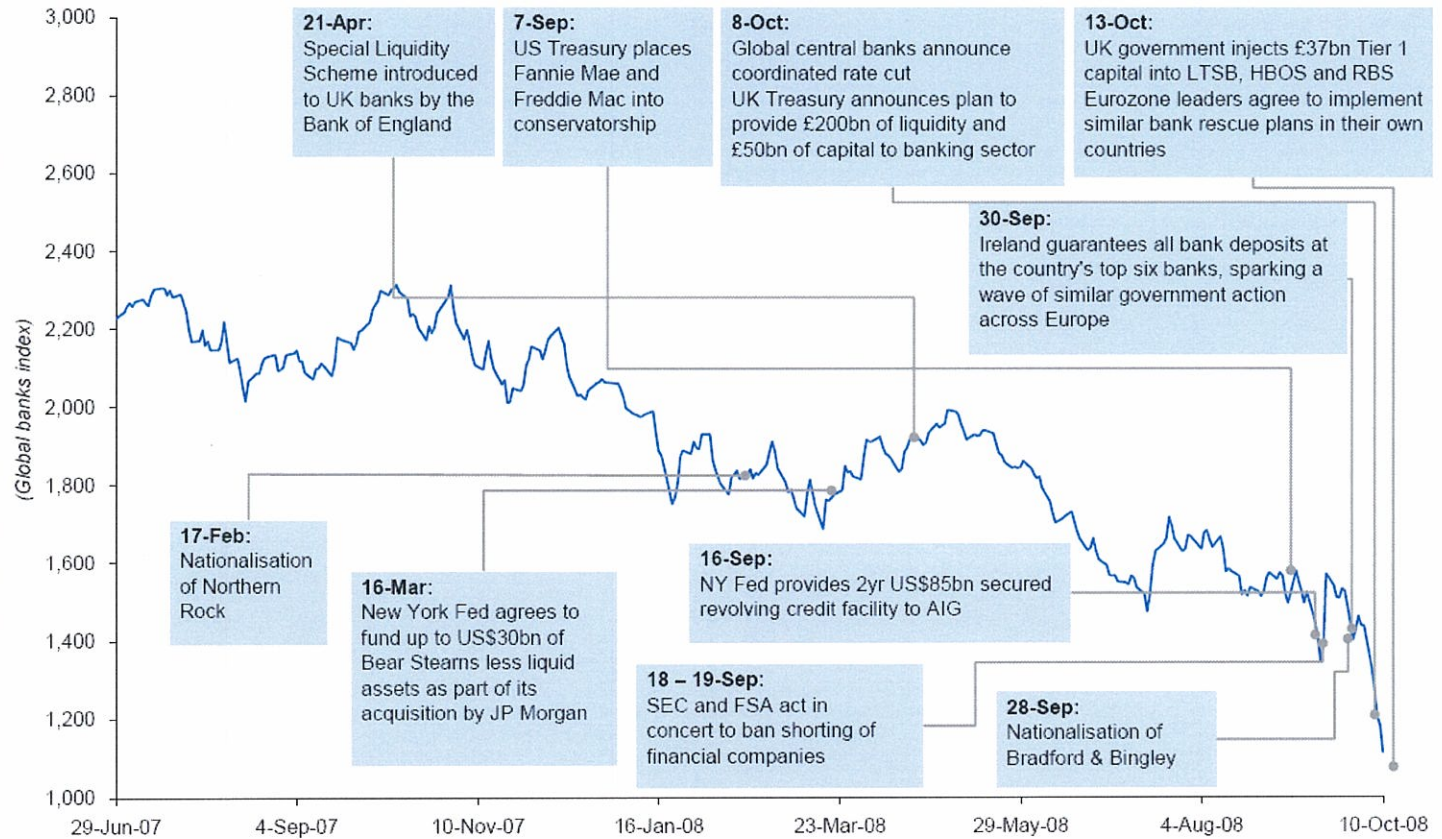
# EM decoupling story 'on hold'? – Russian example



# Worldwide government support action ...

**Governments globally have increasingly intervened in financial markets**

**We have seen multiple governments following the British lead in creating comprehensive funding and capital facilities**



Source: Datastream, 10 October 2008, Press releases



## ...with massive \$200bn plus set of instruments in Russia

<p><b>Corporate debt refinance</b></p>	<ul style="list-style-type: none"> <li>■ VEB offers companies and banks up to \$50bn</li> <li>■ Changes to legislation regarding foreign loans</li> </ul>	<p><b>Tax cuts</b></p>	<ul style="list-style-type: none"> <li>■ Oil export duty cut</li> <li>■ Exemption for sale of shares held over one year</li> <li>■ Three-month extension for VAT payments</li> </ul>
<p><b>Stock purchases</b></p>	<ul style="list-style-type: none"> <li>■ Government pledged \$19bn to stabilise stock market if necessary</li> </ul>	<p><b>Banking system support measures</b></p>	<ul style="list-style-type: none"> <li>■ \$36.3bn from NWF and CBR for loans in banking sector</li> <li>■ Collateral-free loans to around 100 banks</li> <li>■ Take-over of troubled banks</li> <li>■ Deposit insurance increased to 700,000 roubles</li> <li>■ 60bn roubles will be lent to brokerage companies</li> </ul>
<p><b>Interest rates and Stock market</b></p>	<ul style="list-style-type: none"> <li>■ Reduced reserve rates</li> <li>■ Increased coefficient used for collateral accepted by CBR</li> <li>■ Interest rates cut to encourage bank to use less popular tools</li> <li>■ Trading rules changed</li> </ul>		

\* not complete list of measures



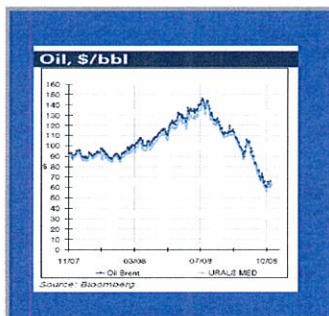
# Dysfunctional market



- Crisis of confidence
- Lack of transparency
- Disrupted interbank market



- Lack of wholesale funding
- Illiquid CDS market
- Substantially increased funding cost

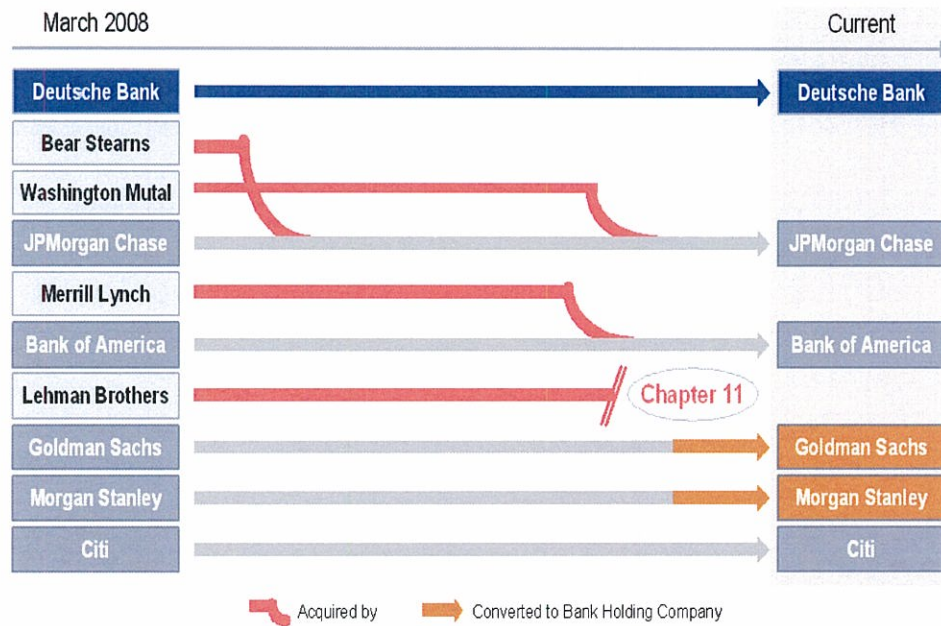


- Reduced growth expected
- Reduced inflow to budget
- Pressure on RUB exchange rate

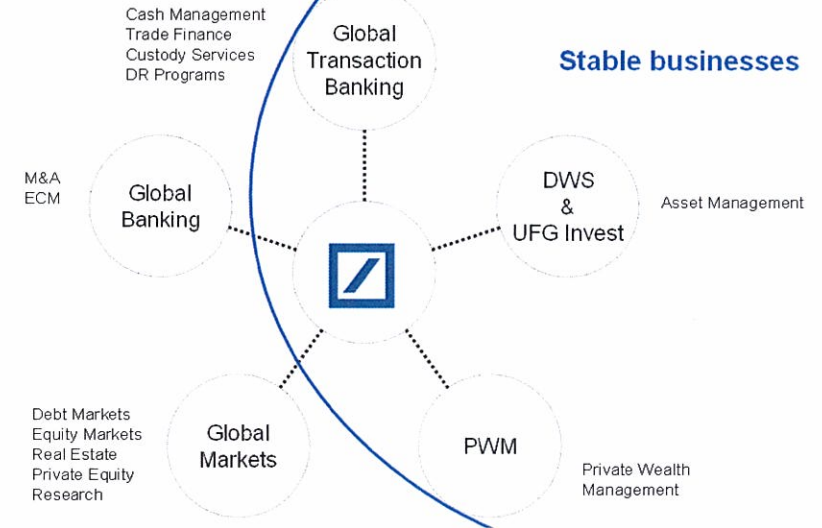


- CBR support to provide liquidity ...
- ... but no interbank activity until confidence is restored
- Investment projects scaled down ...
- ... with VEB financing tools beginning to bite
- Government bail out of banks
- Long-term restructuring of financial sector?

# The global picture



## Deutsche Bank's Business Model









- Banks change to successful proven business models with
- Two key themes – recapitalisation and deleveraging, as well as
- Strong relationship oriented approach
- To be prepared for a very competitive future with fewer but bigger and stronger financial institutions

- Combining private clients and asset management businesses with investment banking businesses of markets and corporate advisory
- Firmly embedded in the organisation proving to be very robust and resilient



## Tactics and Strategies

	<ul style="list-style-type: none"> <li>■ Renaissance of commercial banking: cash management &amp; depository functions</li> <li>■ Documentary trade finance</li> <li>■ Building on “safe haven” position</li> </ul>
	<ul style="list-style-type: none"> <li>■ ECA covered finance</li> <li>■ Increasing role of international financial institutions</li> <li>■ Pre-export finance: \$14bn loans in 2008 arranged by DB with crisis resistant structures</li> </ul>
	<ul style="list-style-type: none"> <li>■ DB Development with STRABAG</li> <li>■ Advisory role for infrastructure projects</li> </ul>
	<ul style="list-style-type: none"> <li>■ FX and interest markets volatility create opportunities</li> <li>■ Managing client’s risks through derivatives</li> <li>■ Carbon trading</li> </ul>
	<ul style="list-style-type: none"> <li>■ Corporate restructuring: new M&amp;A opportunities</li> <li>■ Public sector emerges as new important client</li> </ul>
	<ul style="list-style-type: none"> <li>■ 40% stake in UFG Invest acquired</li> <li>■ Private Wealth Management grows dynamically</li> <li>■ Representative office in St. Petersburg opened in 2008</li> </ul>