



Deutsche Bank Group in China & Hong Kong

Passion to Perform

Deutsche Bank first established a presence in China in 1872 with the opening of an office in Shanghai. Today Deutsche Bank is a locally incorporated bank in China, with branch offices in Beijing, Shanghai, Guangzhou, Chongqing and Tianjin. In 2008, the Bank's regional hub in Hong Kong SAR celebrated its 50th anniversary, and in 2010 Deutsche Bank offices moved to new premises at the International Commerce Centre, the landmark building in Hong Kong.

In addition, it has securities representative offices in both Beijing and Shanghai. Deutsche Bank employs over 500 staff in mainland China and approximately

of banking services including foreign exchange and RMB businesses such as receiving deposits and lending; buying and selling government bonds and financial bonds; and conducting derivatives transactions. Deutsche Bank China successfully processed its first Renminbi (RMB) cross-border cash remittance from Beijing and issued its first letter of credit denominated in RMB from Shanghai in September 2010. The transactions demonstrated that Deutsche Bank China is well positioned as a cross-border settlement bank for the Chinese currency. In March 2008, the Bank moved its Beijing staff into brand new premises in the Chaoyang District at China Central

Company Limited - the Deutsche Bank and Shanxi Securities Co. Ltd. securities joint venture - received a business license from the China Securities Regulatory Commission, which allowed the company to commence investment banking services in China's attractive domestic securities market. In March 2010, Zhong De Securities jointly raised USD645 million for Huaxia Bank via a subordinated bond issue. Zhong De Securities finished 2010 leading the IPO league table among the foreign joint ventures. In January 2011, Zhong De Securities, acting as Joint Bookrunner, successfully priced the RMB 9.46bn (USD 1.43bn) IPO of Sinovel Wind Group Co., Ltd. - Zhong De Securities' first

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1,400 in Hong Kong. Through rapid organic growth and strategic investments, Deutsche Bank in China and Hong Kong now has business interests in corporate advisory and capital markets, transaction banking, private and retail banking, as well as asset management.

Deutsche Bank (China) Co., Ltd. (Deutsche Bank China) was launched in 2008 to engage in a broad range

Place, named Deutsche Bank Tower, which serves as the headquarters for Deutsche Bank China and other related bank businesses, reflecting continued investment in greater capacity and infrastructure for future expansion in China.

The ability to offer a broad range of products and services is enhanced by the fact that in July 2009, Zhong De Securities

IPO transaction on the Shanghai Stock Exchange and the largest IPO transaction in its history.

In addition, the Bank has a well established sales, trading and research platform, which covers macro economics, fixed income, credit, foreign exchange, equities and derivatives thereof.



Deutsche Bank started local bond trading operations in late 2004 and is widely recognised as a leading market participant. It has worked closely with regulators in introducing new financial market instruments, and has been an innovator in such areas as local currency swaps, structured deposits, and introduction of wealth management products. In recognition of Deutsche Bank's market position, the Bank was appointed as an original SHIBOR settling bank, one of the first three foreign banks in this group.

Deutsche Bank is one of only two banks that has acted as bookrunner for four of the largest overseas equity financings (all above USD2.7 billion) carried out by Chinese companies since 2003. For instance it was a bookrunner for Industrial and Commercial Bank of China's USD22 billion IPO, the largest IPO globally at the time. In addition to ICBC's IPO, Deutsche Bank was involved in two landmark transactions – Agricultural Bank of China's USD 22.1bn IPO and AIA's USD 20.5bn IPO. Deutsche Bank is the only bank to have been involved in the world's largest three IPOs.

In Corporate Finance, the Bank was the sellside advisor for Guangdong Development Bank's USD3.1 billion strategic stake sale. In addition, Deutsche was the sole financial advisor of PetroChina's USD2.7 billion acquisition of a 67% interest in PetroKazakhstan from CNPC, and is acting as the sole financial advisor to PetroChina in one of Singapore's largest ever public takeovers with the acquisition, announced in May 2009, of a 45.51% stake in Singapore Petroleum Company Limited. The deal is one of the largest public takeovers in Singapore's corporate history, the largest ever public takeover in the Asian integrated oil and gas sector, and represents the first public takeover by a Chinese natural resources company in Asia. In addition to its advisory role in the acquisition, Deutsche Bank will also be assisting PetroChina in areas such as foreign exchange and commodity hedging, as well as custody services.

Deutsche Bank has assisted international companies to achieve unprecedented cross-border M&A transactions in China. These included Temasek / Bank of China, Deutsche Bank / Huaxia Bank and TNKBP's disposal of USD3.5 billion assets

to Sinopec. Deutsche Bank was named Best M&A House in China by The Asset Triple A Country Awards 2009.

As one of the leading investment banks, Deutsche has completed significant transactions in all major industries including technology, oil and gas, financial institutions, real estate, consumer, chemicals and power. For example, Deutsche Bank has played a key role in significant public capital market deals involving leading local companies such as Alibaba.com, PetroChina, ICBC, Haier Group, China Shenhua Energy and China Life.

Deutsche Bank also has a retail presence in China. In May 2006 the Bank acquired a stake in Huaxia Bank – a nationwide bank listed on the Shanghai Stock Exchange – and launched joint credit card operations in June 2007. In May 2010, Deutsche Bank announced an additional investment which subject to regulatory approvals will increase its equity stake in Hua Xia Bank to approximately 19.99% of issued capital from 17.12% previously.

The Bank also made a 19.5 % strategic investment in local asset management firm Harvest Funds Management in 2005 – one of the country's leading investment managers – which was increased to 30% in January 2008. This relationship was further strengthened in July 2009 when Deutsche Asset Management sub-delegated management of various Greater China and Asian equities funds and mandates to Harvest Global Investments, a fully owned subsidiary of Harvest. In the 18 months to end December 2010, assets under management and administration at HGI had grown about 90 per cent to approximately USD3 bn.

HGI is now one of the best in-class manufacturers of Greater China and Asian equities funds, evidenced by a string of recent awards from Asia Asset Management magazine, including Best Offshore China Fund House. Deutsche Asset Management and Harvest Fund Management were also named 'JV House of the Year' by the same publication.

Effective from 20 November 2008, Deutsche Bank received a USD30 million qualified domestic institutional investor quota, allowing it to offer certain

international investment products to local clients. In 2009, Deutsche Bank launched its highly successful DB x-trackers platform in Asia, with a total of 24 ETFs listed on the Hong Kong Stock Exchange, including the Asia's first USD money market ETF. Deutsche Bank db x-trackers recently received the "Exchange-traded funds, Asia Pacific" award in the AsianInvestor 2010 Investment Performance Awards.

Of all foreign investment banks, Deutsche Bank has taken a clear lead in developing Hong Kong's Renminbi (RMB) debt market. Deutsche Bank has become a key participant in this market, closing: a RMB200 m self-led deal in September 2010, the first 10-year deal with a RMB1.2 bn trade by Asian Development Bank and a RMB500 m deal for China Development Bank. Deutsche Bank also pioneers new synthetic local currency-linked bond market in Asia, arranging a number of such deals for corporates, including an RMB9.25 bn (USD1.4 bn) deal for Evergrande in January 2011 - Asia's largest-ever corporate high-yield deal. On the RMB FX market, Deutsche Bank executed the first RMB FX swap, cross currency swap and money market trades in Hong Kong. In February 2011, Deutsche Bank launched offshore Chinese Renminbi ("CNH") trading on Autobahn FX, Deutsche's global electronic FX trading platform. The launch is expected to contribute to the development of the offshore Renminbi FX market through exposure to Deutsche Bank's extensive global FX client base.

The Private Wealth Management (PWM) business has provided onshore financial advisory services since November 2006 to high net worth individuals through the Shanghai branch of Deutsche Bank China. From PWM's Shanghai and Hong Kong branches, private clients enjoy access to the bank's global resources and investment expertise. Deutsche Bank was recently named Best Private Bank of the Year for Asia by Asia Risk in 2009.

As part of its overall corporate social responsibility programme, Deutsche Bank has also in the past few years committed several million euros to community projects in China. In a major commitment, funding was provided to establish an Institute on Poverty Research with Peking University to research poverty alleviation and develop economic strategies for the most affected areas in China. Other important initiatives include: large scale support of local orphanages via Half the Sky Foundation and centres for disadvantaged children run by Compassion for Migrant Children; Deutsche Bank scholarships to promote national Chinese Registered Financial Analyst qualifications; a regional school campus refurbishment; support of local music initiatives; engaging underprivileged communities in Weifang, Shanghai; infrastructure development in rural villages in Yunnan province; and disaster relief efforts for earthquake and drought-affected areas in 2010.

Recent debt and equity market deals include:

- Oct 2010 - AIA's USD20.5 bn IPO
- July 2010 - Agricultural Bank of China's USD22.1 bn IPO - the largest IPO in 2010
- May 2010 - USD600 m high-yield bond issue for Macau gaming operator Melco Crown
- April 2010 - USD900 m for Bank of China via a tap of its 5.55% Lower Tier 2 bond issue that was jointly-led by Deutsche Bank in February this year. The deal is also the largest-ever bank capital reopening transaction in Asia, according to Dealogic
- February 2010 - USD1.6 bn lower Tier 2 subordinated bond issue for the Bank of China, the largest ever single tranche bank capital deal from the Asia ex-Japan region
- January 2010 - USD 1.1 bn China Life Insurance Company Limited's acquisition of 24.1% stake in Sino Ocean
- November 2009 - EUR1.75 bn bond issue for Hutchison Whampoa, the largest Euro-denominated bond issue from Asia ever and Hutchison's first Euro bond issue since 2006