

Frankfurt Global Depository Receipts

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Deutsche Bank Depository Receipts Group
Moscow Roundtable – June 16, 2009



A Passion to Perform.

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Why do investors buy depositary receipts?

- DRs enable investors to acquire and trade foreign securities without the need to establish overseas custodial accounts and with trading/settlement/dividend payments in U.S. dollars or in Euro
- Some fund portfolios, notably some pensions, are prohibited by their charters from purchasing foreign securities or investing in certain countries directly
- To trade during their local trading day



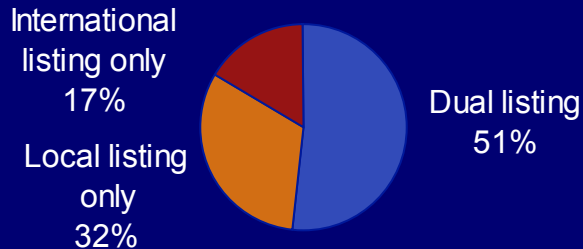
Why do companies issue depositary receipts?

- To raise capital from a global pool of investors
- To potentially facilitate higher valuation of stock
- To diversify shareholder base into wider geographies
- To increase visibility and issuer name recognition in international markets
- To create an equity financing tool for use in M&A
- To facilitate overseas employee stock option plans



Overview of CIS equity transactions (2006 – Nov. 2008)

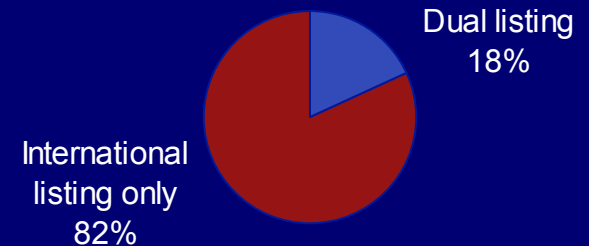
Russia (by listing)



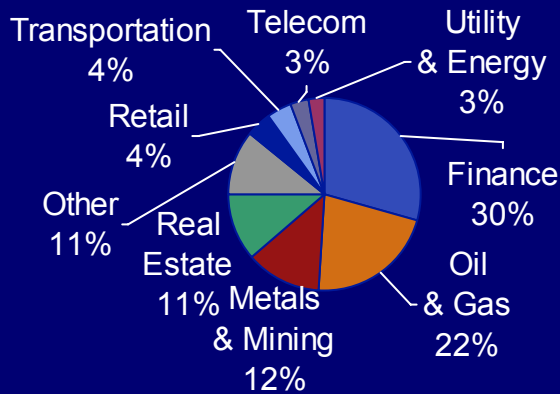
Ukraine (by listing)



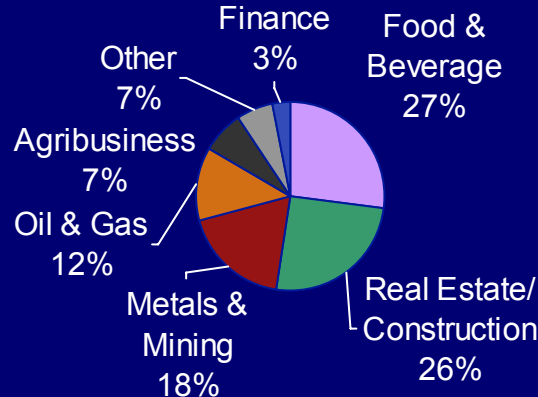
Kazakhstan (by listing)



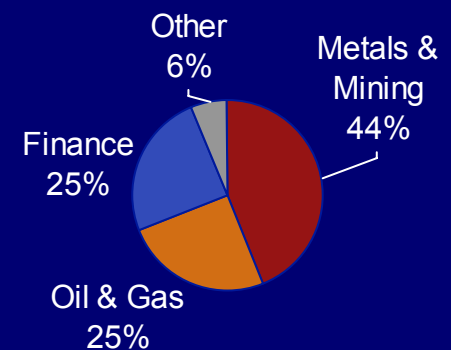
Russia (by sector)



Ukraine (by sector)

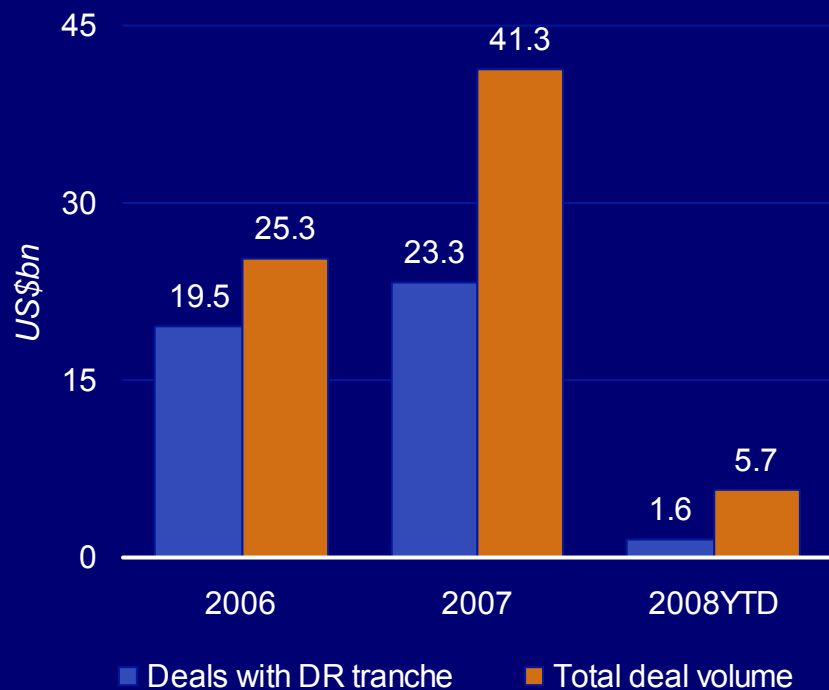


Kazakhstan (by sector)



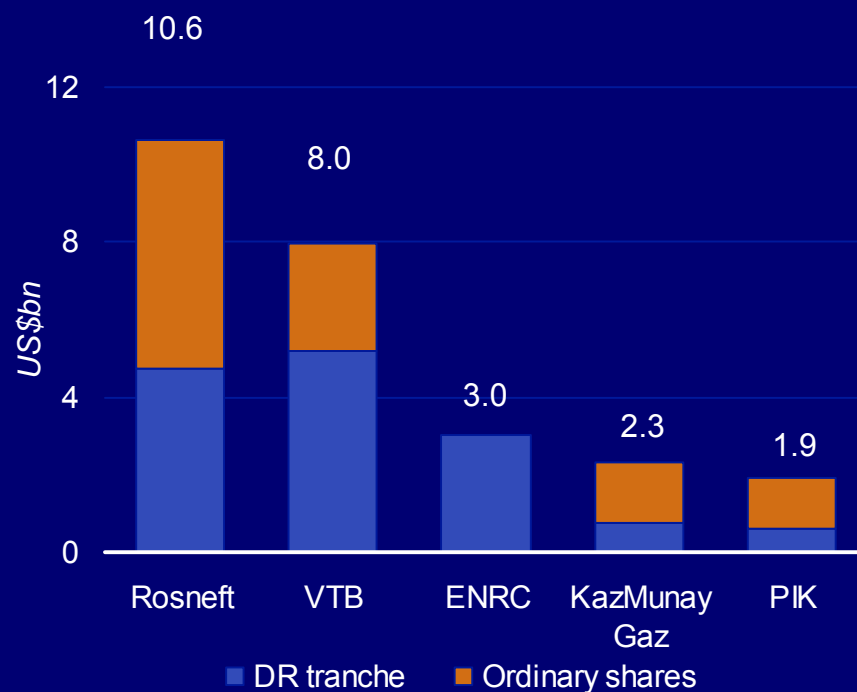
Depository Receipts – an important instrument in capital raising for CIS companies

Volume of capital raised through equity placements with DR tranche



Source: Dealogic, Deutsche Bank data

Largest equity deals with DR tranche from CIS

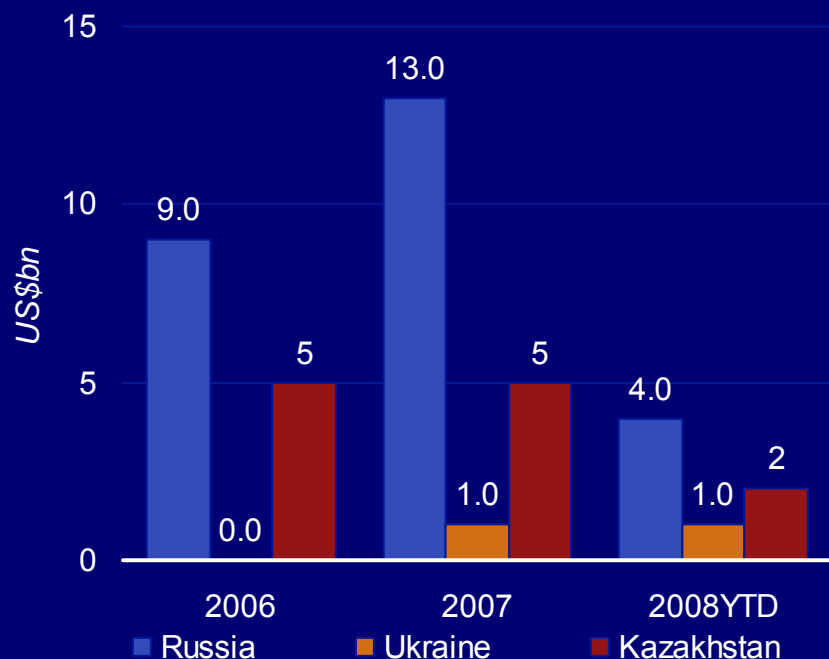


Source: Dealogic



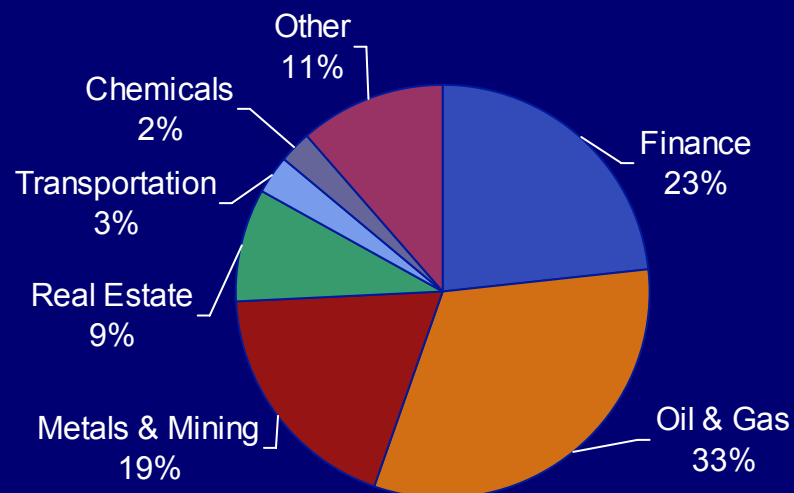
Overview of DR deals from CIS (2006 – Nov. 2008)

**Number of DR deals from CIS
(by country)**



Source: Dealogic, Deutsche Bank data

**Breakdown of DR issuance
(by sector)**

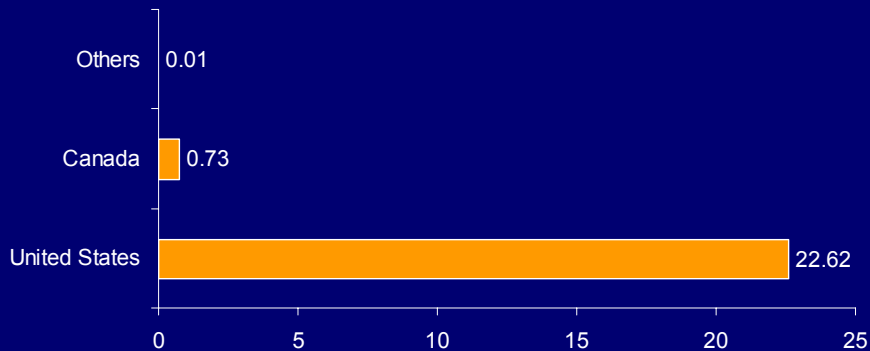


Source: Dealogic

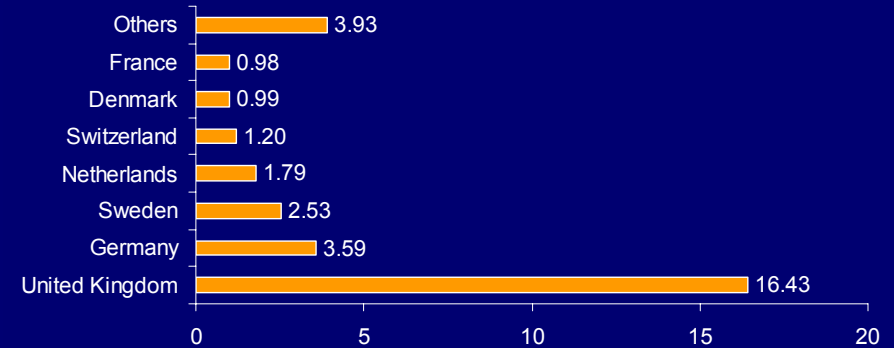


Market value of institutional investments in CIS

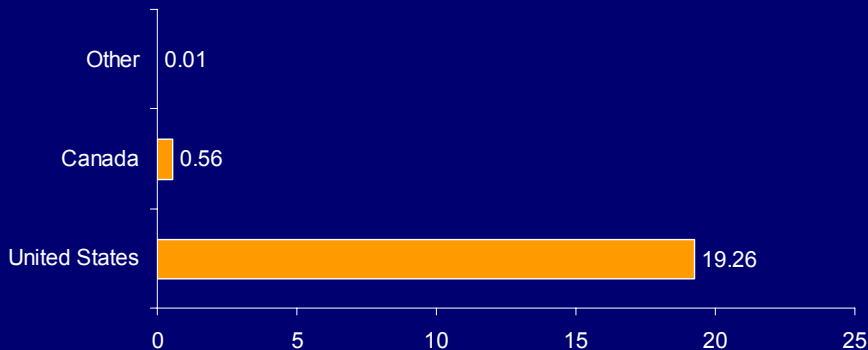
Market value of Total Equity investments from North America in CIS (USD bn)



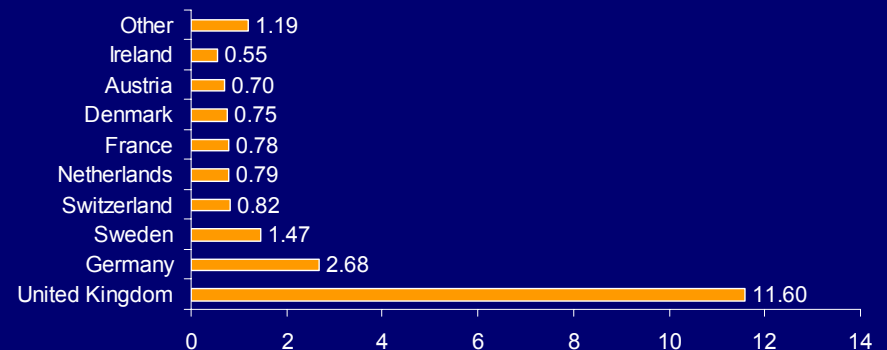
Market value of Total Equity investments from Europe in CIS (USD bn)



Market value of Total DR investments from North America in CIS (USD bn)



Market value of Total DR investments from Europe in CIS (USD bn)



Source: Factset/Lionshares

Note: The market value data has been compiled from the filings made by institutions for quarter ending June and September 2008.

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Top European institutional investors in CIS DRs

Ranked by market value of holding

UK

Sr.no.	Holder Name	Securities			Style	Investor Type
		Held	Value Held	Equity Assets		
1	Blackrock Investment Management (UK) Ltd.	24	\$1,574,939,631	\$71,829,381,174	GARP	Investment Adviser
2	Baring Asset Management Ltd. (UK)	29	\$880,013,910	\$5,495,038,135	GARP	Bank Management Division
3	FIL Investments International Ltd.	31	\$819,601,282	\$73,046,193,860	GARP	Mutual Fund Manager
4	JPMorgan Asset Management (UK) Ltd.	41	\$804,814,192	\$191,870,435,534	GARP	Bank Management Division
5	Schroder Investment Management Ltd.	29	\$744,441,195	\$47,900,982,677	GARP	Investment Adviser

Germany

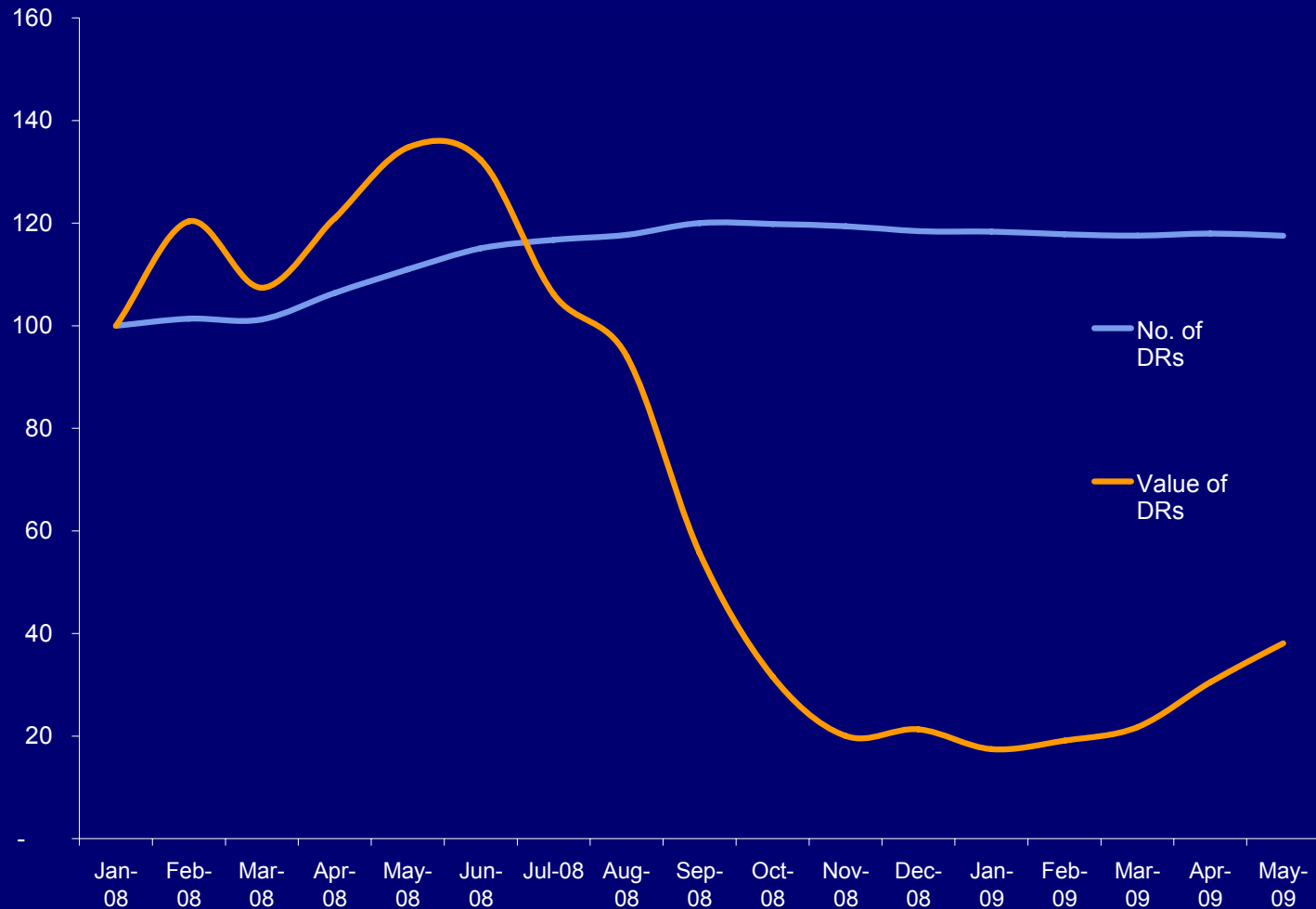
Sr.no.	Holder Name	Securities			Style	Investor Type	City
		Held	Value Held	Equity Assets			
1	DWS Investment GmbH	37	\$1,628,827,142	\$38,662,046,546	GARP	Bank Management Division	Frankfurt
2	Deka Investment GmbH	32	\$253,309,764	\$19,857,605,952	Value	Bank Management Division	Frankfurt
3	Allianz Global Investors Kapitalanlagegesellschaft	28	\$228,305,828	\$39,260,590,163	GARP	Bank Management Division	Frankfurt
4	Union Investment Privatfonds GmbH	35	\$199,023,663	\$22,740,622,836	GARP	Investment Adviser	Frankfurt
5	WestLB Mellon Asset Management Kapitalanlage mbH	23	\$91,090,390	\$3,230,099,583	GARP	Bank Management Division	Dusseldorf

Sweden

Sr.no.	Holder Name	Securities			Style	Investor Type
		Held	Value Held	Equity Assets		
1	East Capital Asset Management AB	25	\$539,341,550	\$1,581,103,338	GARP	Hedge Fund Company
2	Swedbank Robur Fonder AB	30	\$431,191,401	\$24,841,471,725	GARP	Mutual Fund Manager
3	HQ Fonder Sverige AB	19	\$150,130,529	\$1,372,605,868	GARP	Mutual Fund Manager
4	Alfred Berg Asset Management (Sweden) AB	38	\$138,568,959	\$2,742,844,679	GARP	Mutual Fund Manager
5	Handelsbanken Fonder AB	25	\$76,077,751	\$11,444,591,323	GARP	Mutual Fund Manager



Russian DR performance amidst market turmoil



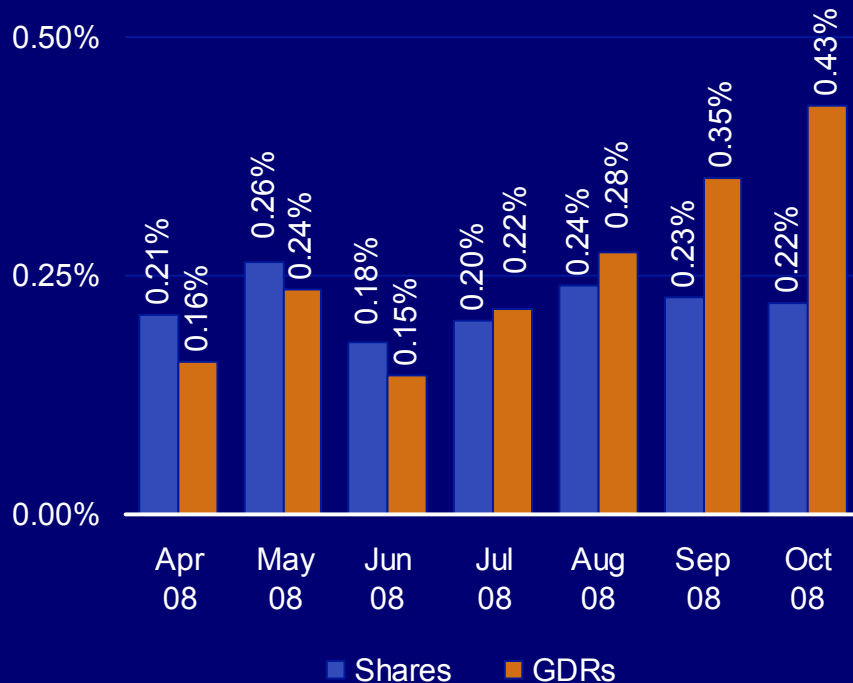
Source: Bloomberg/Deutsche Bank

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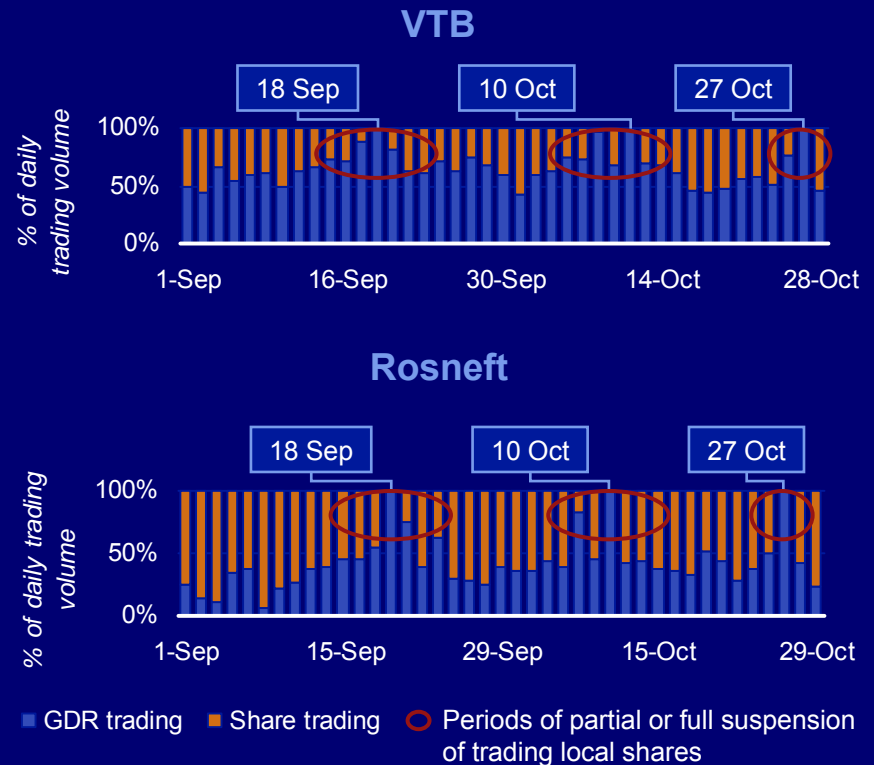
Liquidity considerations in recent market conditions

Liquidity considerations for Russian companies: GDR vs local shares



Note: Average daily trading volume as % of market cap

Suspension of trading on RTS/MICEX: case studies



DR premium – insignificant until late-2008

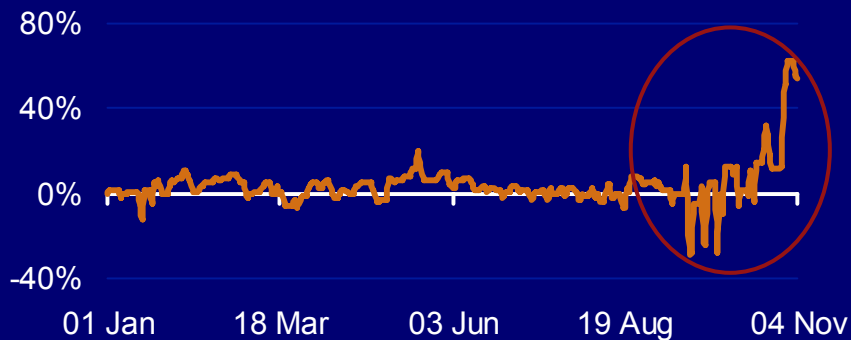
VTB



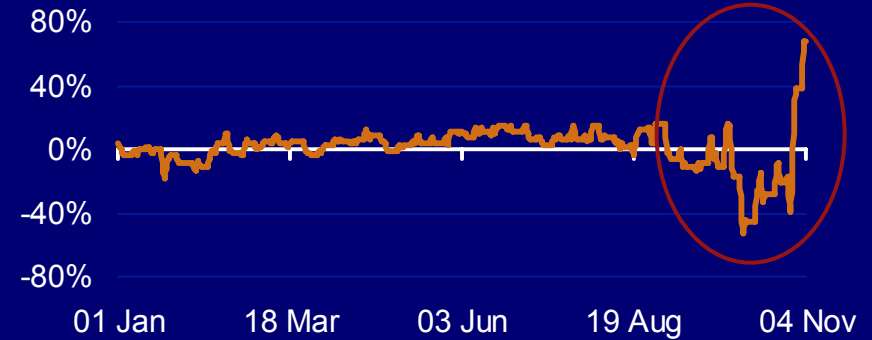
Rosneft



PIK



LSR



- DR Premium
- Period of partial or full suspension of trading on RTS/MICEX

Source: Bloomberg



Frankfurt GDR Concept

Enable direct access to emerging markets by using a well-established holding structure

- Growing interest from emerging market companies to access European, and notably German, investor liquidity pool
- Growing appetite from German investors to get exposure to foreign issuers
- DBAG is ideally placed to act as continental gateway: the group structure is unique and offers an all-in-one solution, combining listing, clearing, settlement and custody



The new structure, which combines the trading strength of DBAG, and the settlement and the asset servicing expertise of Clearstream, ensures:

- Compliance with foreign local regulations, e.g. laws restricting companies from listing directly on a foreign exchange;
- Compliance with German market practice, e.g. Collective Safe Custody quality
- Combination of the key features of the international securities market, including issuance under multiple jurisdictions (e.g. UK, US), and of the German domestic market
- Easy and efficient access for both issuers and investors



Frankfurt GDR Concept

Key Features

The Frankfurt GDR structure relies on 3 core components:

- The issuance of interests in local shares in the form of Frankfurt-listed global depositary receipts (Frankfurt GDRs), which become the operative security from a German law viewpoint
- The use of a global certificate representing the Frankfurt GDRs, referring to Clearstream Luxembourg books and records for determining the issuance outstanding amount
- The implementation of a CSD link between Clearstream Frankfurt and Clearstream Luxembourg

Frankfurt GDR Issuer Reporting Obligations

The frequency of reporting for an FGDR issuer is still subject to German Securities Trading Act and German Stock Exchange Rules. These would typically include annual reports and interim reports.

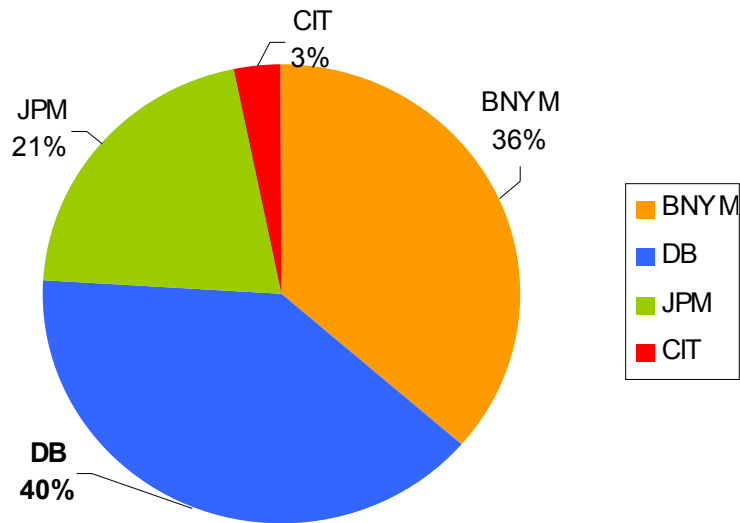
BaFin Concessions:

- Annual Reports (General and Prime Standard): Reports must be published within 4 months following fiscal year end. BaFin may grant a specific waiver to extend this period to 6 months.
- Annual Reports (General and Prime Standard): BaFin has agreed to accept the Form 20-F, filed with the SEC, so issuers with a registered ADR program will benefit.
- Interim Reports (Prime Standard): GDR issuers must submit quarterly reports within 3 months, instead of the 2 months required of share issuers (no BaFin waiver required)
- Interim Reports (General Standard): GDR issuers do not need to submit a half-yearly report, nor must they publish a management report, in contrast to share issuers who must publish both
- English language reports are acceptable
- Accounting standards acceptable are IFRS and US GAAP. To date other reporting standards have not been assessed as „equivalent“ to IFRS and may not be used.

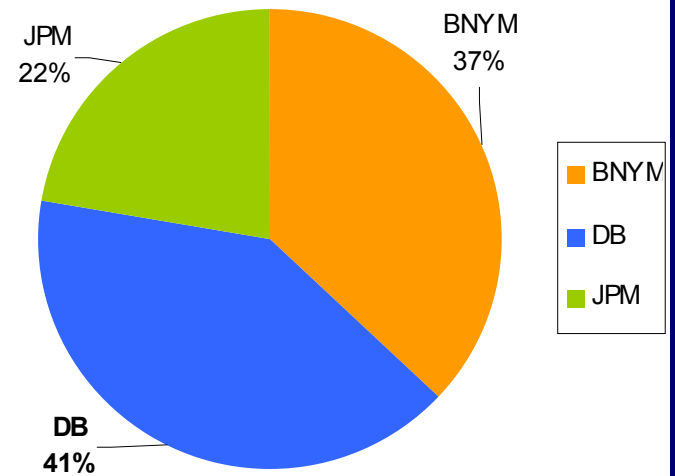


Depository Market Share in Russia

**Market Share in Russia
All Capital Raising Programs**



**Market Share in Russia
LSE Capital Raising Programs**



All Capital Raising

DEP. BANK	Total
DB	13
BNY	12
JPM	7
CIT	1
Total	33

LSE-listed Capital Raising

DEP. BANK	Total
DB	11
BNY	10
JPM	6
Total	27

Source: public sources as of 11.3.2008

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Deutsche Bank Depository Credentials – Select Mandates in Russia

 <p>JSC «Acron» Depository Bank Sponsored GDR Reg S and Rule 144A August 2008, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «TGK-2» Depository Bank Sponsored GDR Reg S and Rule 144A June 2008, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Federal Grid Company of UES» Depository Bank Sponsored GDR Reg S and Rule 144A June 2008, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC LSR Group Depository Bank Sponsored GDR Reg S and Rule 144A November 2007 Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «OGK-2» Depository Bank Sponsored GDR Reg S and Rule 144A October 2007 Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>PIK Group of Companies Depository Bank Sponsored GDR Reg S and Rule 144A June 2007, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Sitronics» Depository Bank Sponsored GDR Reg S and Rule 144A February 2007, Russia Deutsche Bank <input checked="" type="checkbox"/></p>
 <p>JSC «Polymetal» Depository Bank Sponsored GDR Reg S and Rule 144A February 2007, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Severstal» Depository Bank Sponsored GDR Reg S and Rule 144A November 2006, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Comstar-UTS» Depository Bank Sponsored GDR Reg S and Rule 144A February 2006, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «NLMK» Depository Bank Sponsored GDR Reg S and Rule 144A December 2005, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Novatek» Depository Bank Sponsored GDR Reg S and Rule 144A July 2005, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>AFK «Sistema» Depository Bank Sponsored GDR Reg S and Rule 144A February 2005, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Severstal Auto» Depository Bank Sponsored GDR Reg S September 2005, Russia Deutsche Bank <input checked="" type="checkbox"/></p>
 <p>JSC «Concern Kalina» Depository Bank Sponsored ADRs - NYSE December 2004, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Mechel» Depository Bank Sponsored ADRs - NYSE November 2004, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Sberbank» Depository Bank Un-sponsored GDR Reg S March 2004, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Aeroflot» Depository Bank Sponsored GDR Reg S and Rule 144A December 2000, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Baltika» Depository Bank Un-sponsored GDR Reg S August 2003, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Bashneft» Depository Bank Un-sponsored GDR Reg S July 2002, Russia Deutsche Bank <input checked="" type="checkbox"/></p>	 <p>JSC «Wimm Bill Dann Foods» Depository Bank Sponsored Level 3 ADR February 2002, Russia Deutsche Bank <input checked="" type="checkbox"/></p>



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