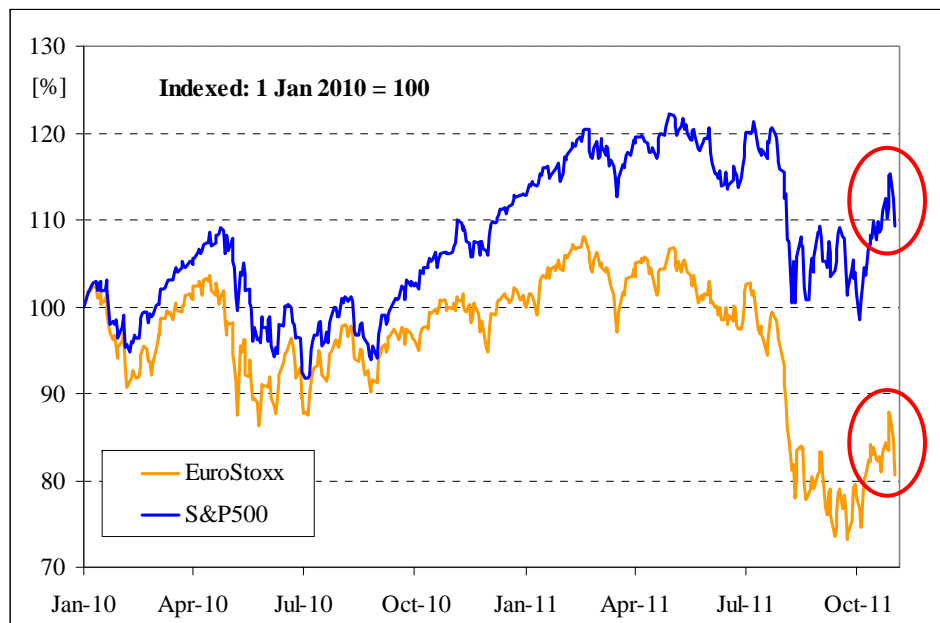


Recent key financial market developments

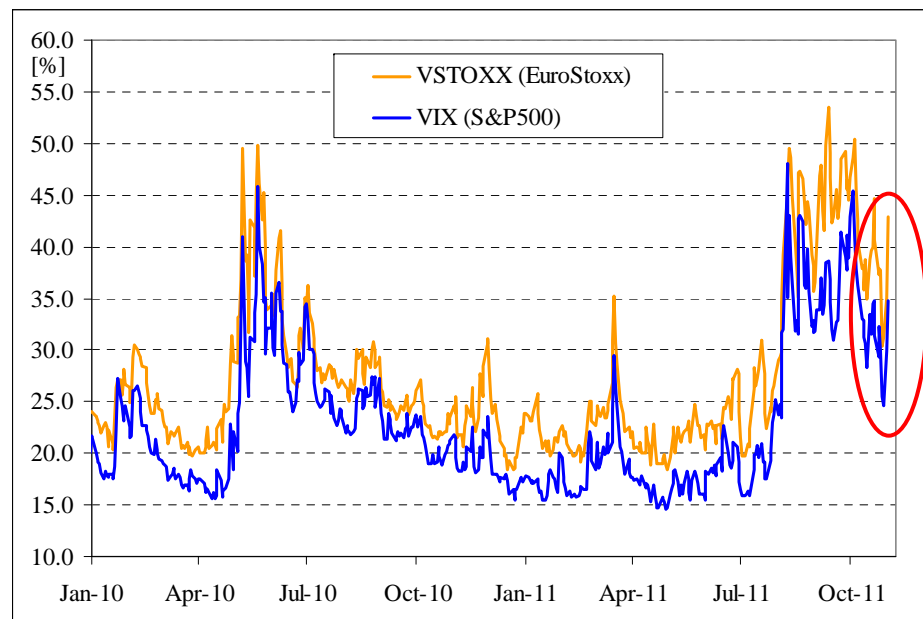
Operations Managers Group
Frankfurt, 15 November 2011

Equity market developments: sharp correction over summer followed by a mild recovery

Major Stock Indices – recovery called into question?



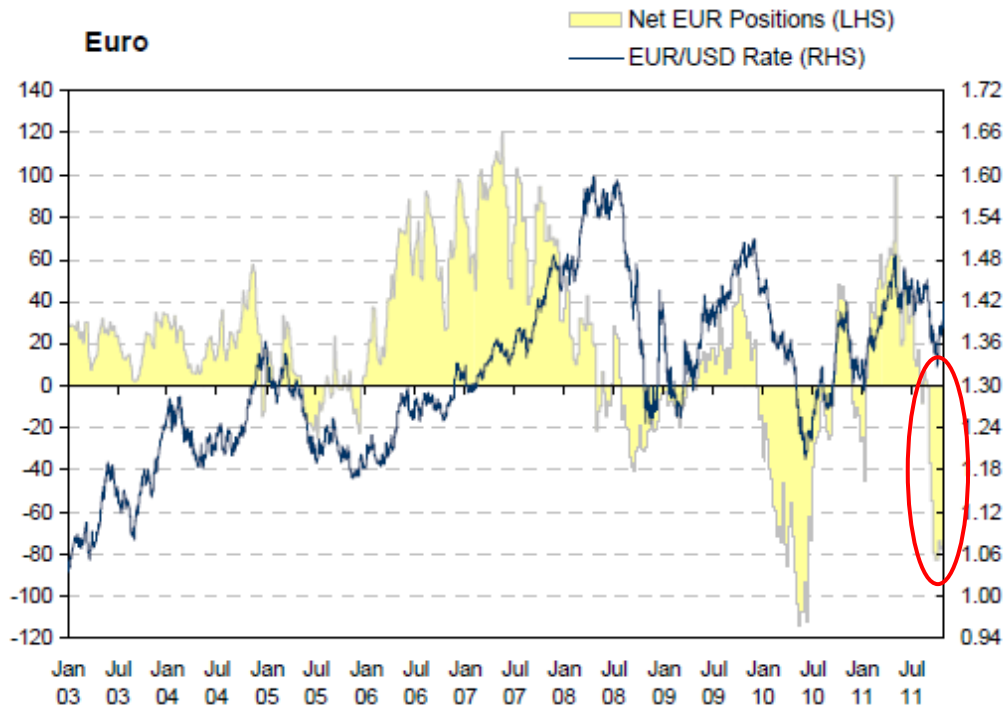
Implied volatilities remain elevated



Source: Bloomberg

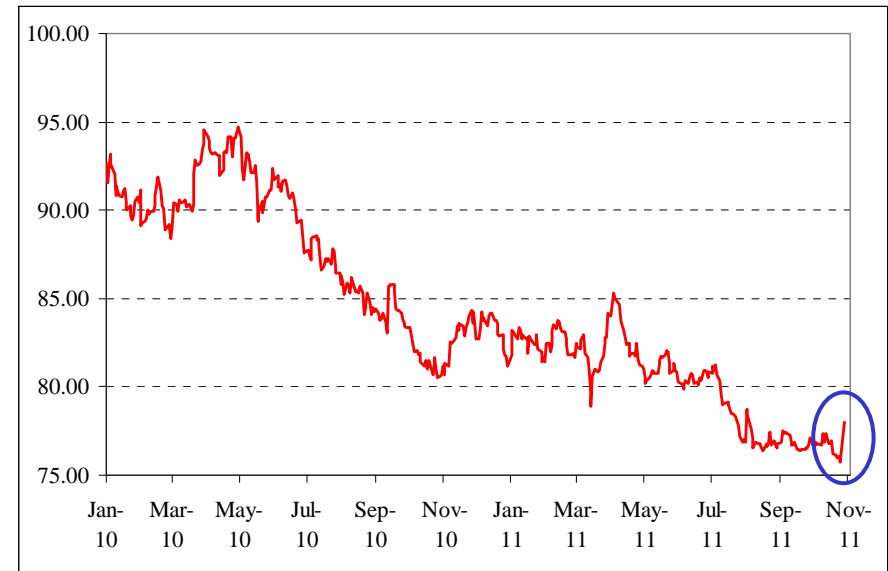
FX market developments

EUR/USD and IMM positioning



Source: CFTC; Bloomberg

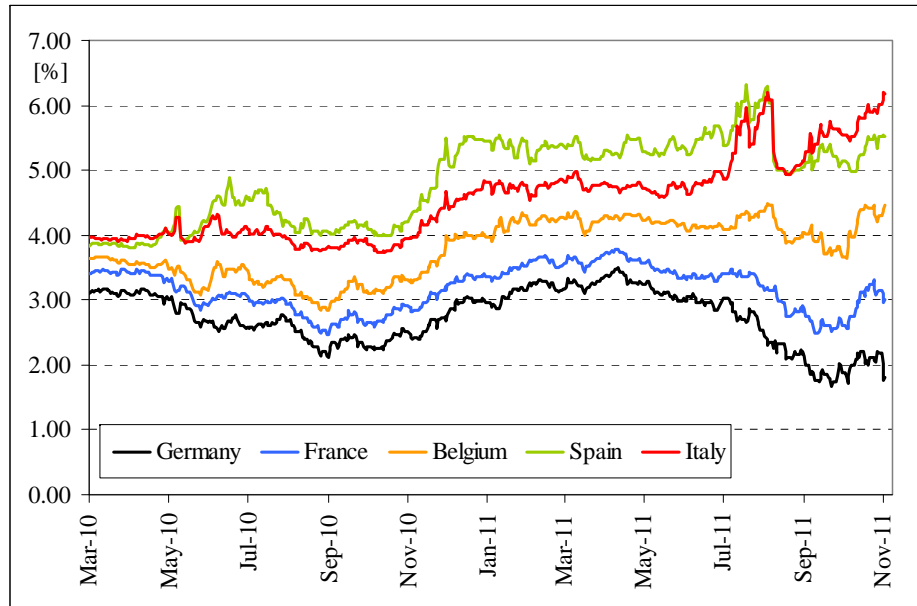
USD/JPY exchange rate



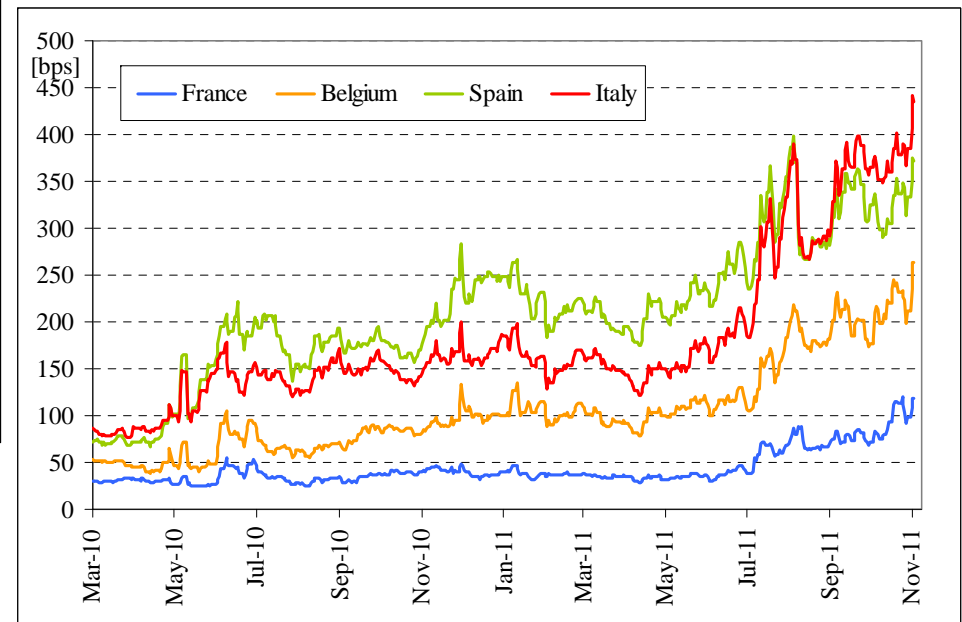
Source: Bloomberg

Selected 10-year gov't bond yields and spreads

Government bond yields – divergence



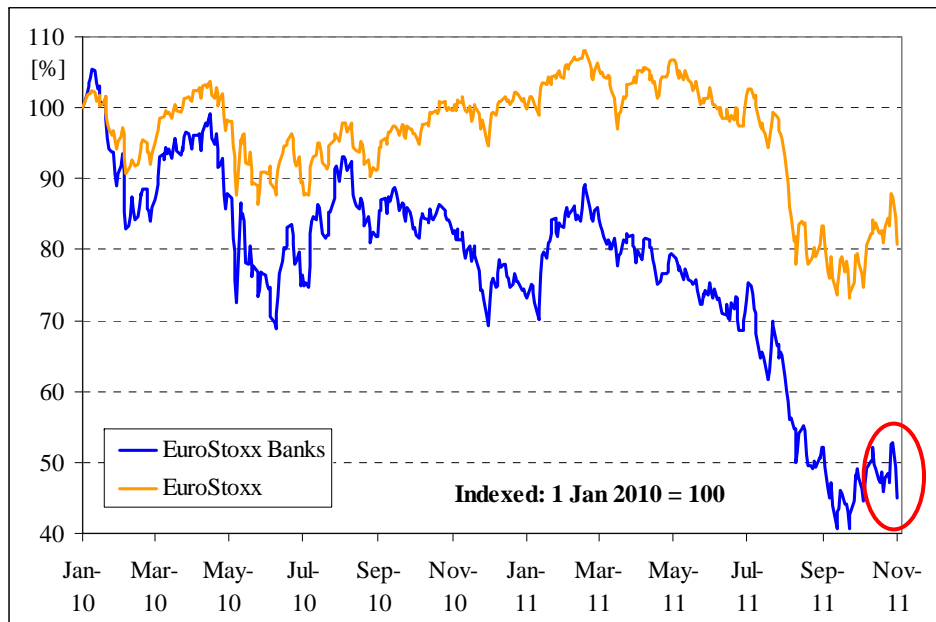
Yield spreads – new highs for some



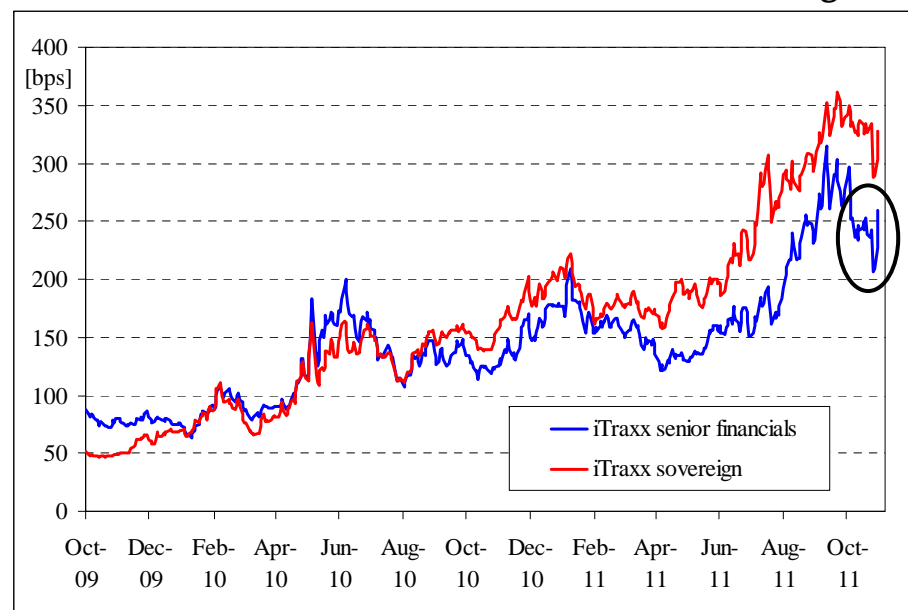
Source: Bloomberg

Deterioration in the broader sentiment towards bank risk

EuroStoxx Banks sub-index vs. overall index



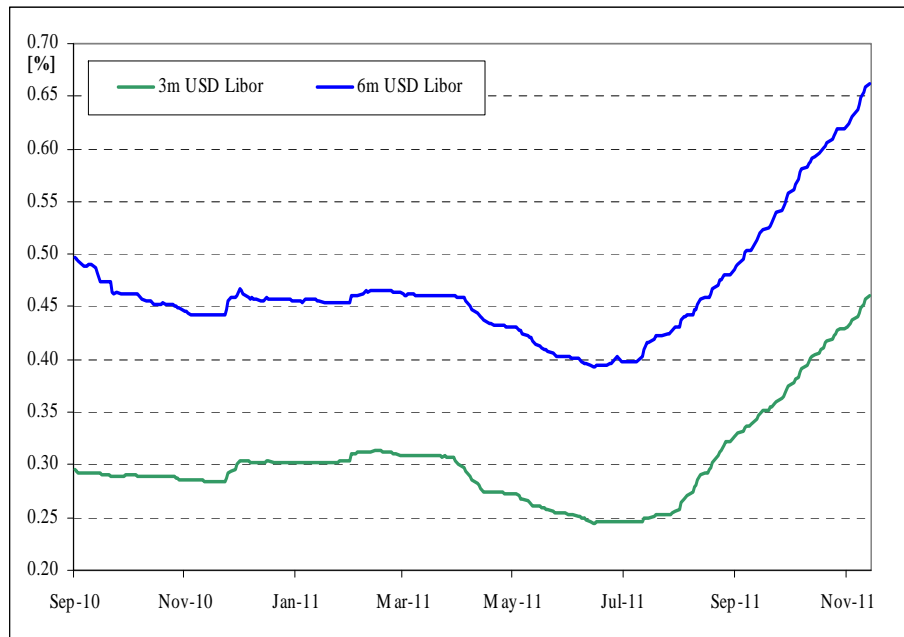
iTraxx Senior Financials vs. iTraxx Sovereign



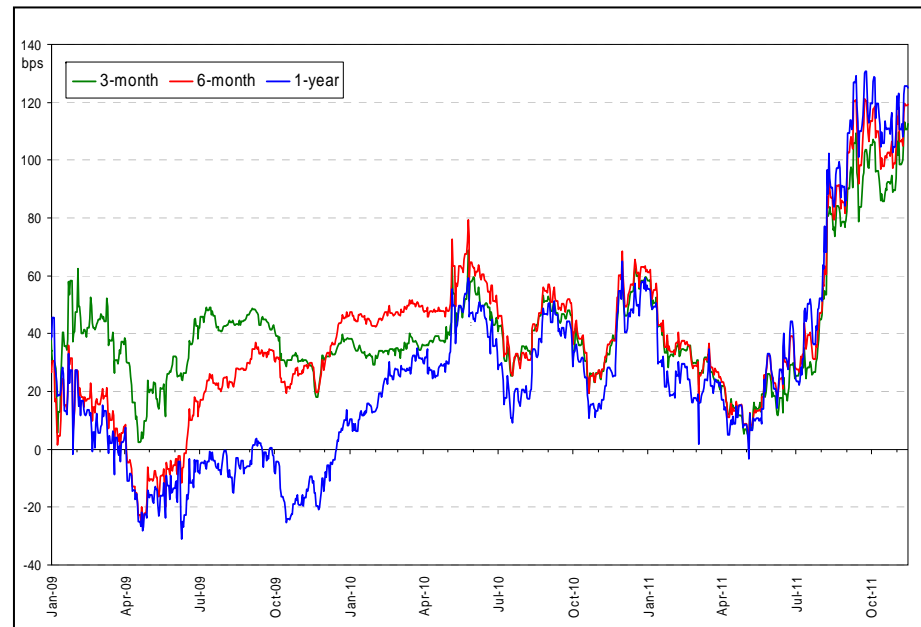
Source: Bloomberg

USD funding situation

USD Libor fixings creep higher

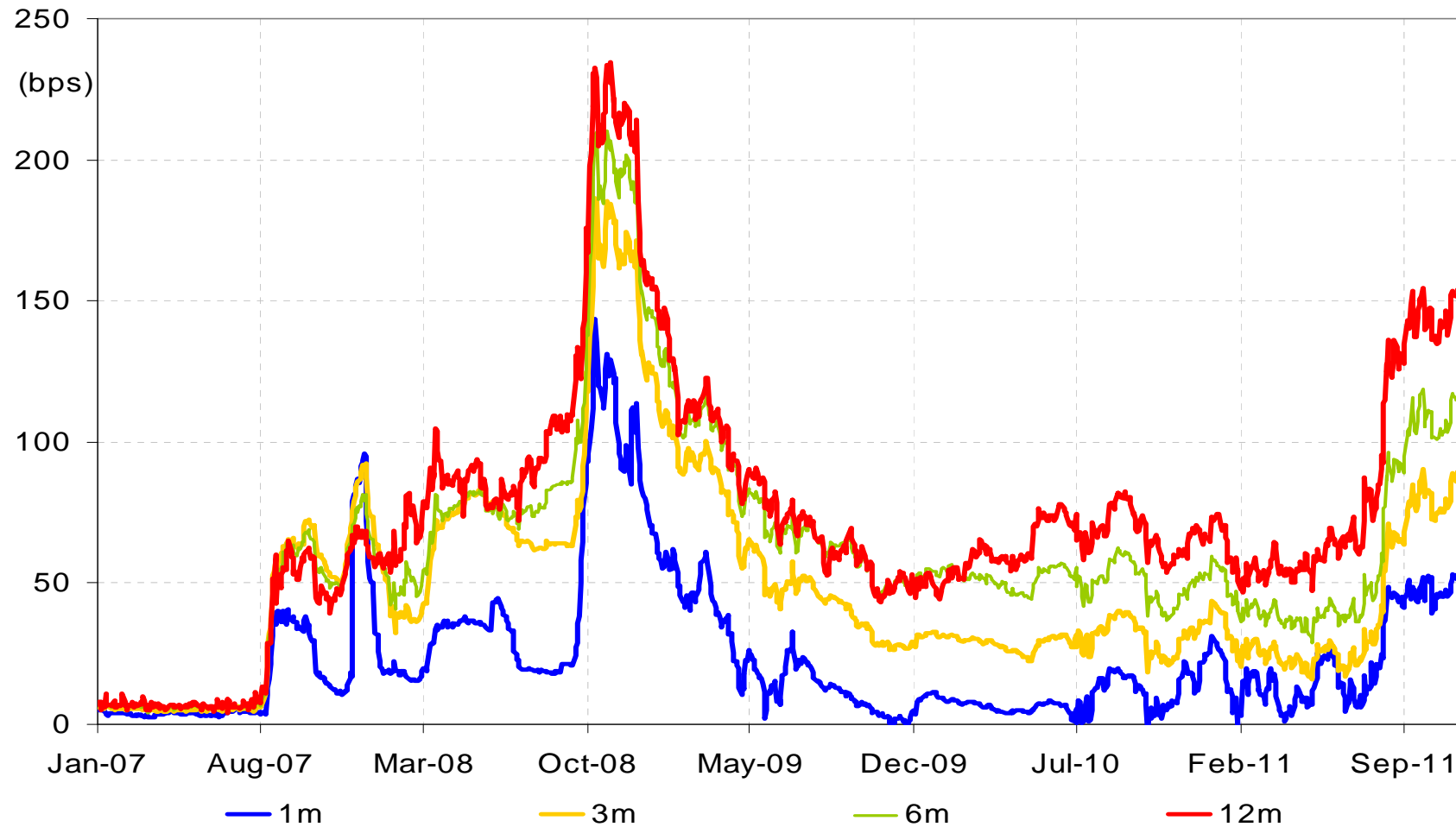


EUR/USD FX swap premia surge

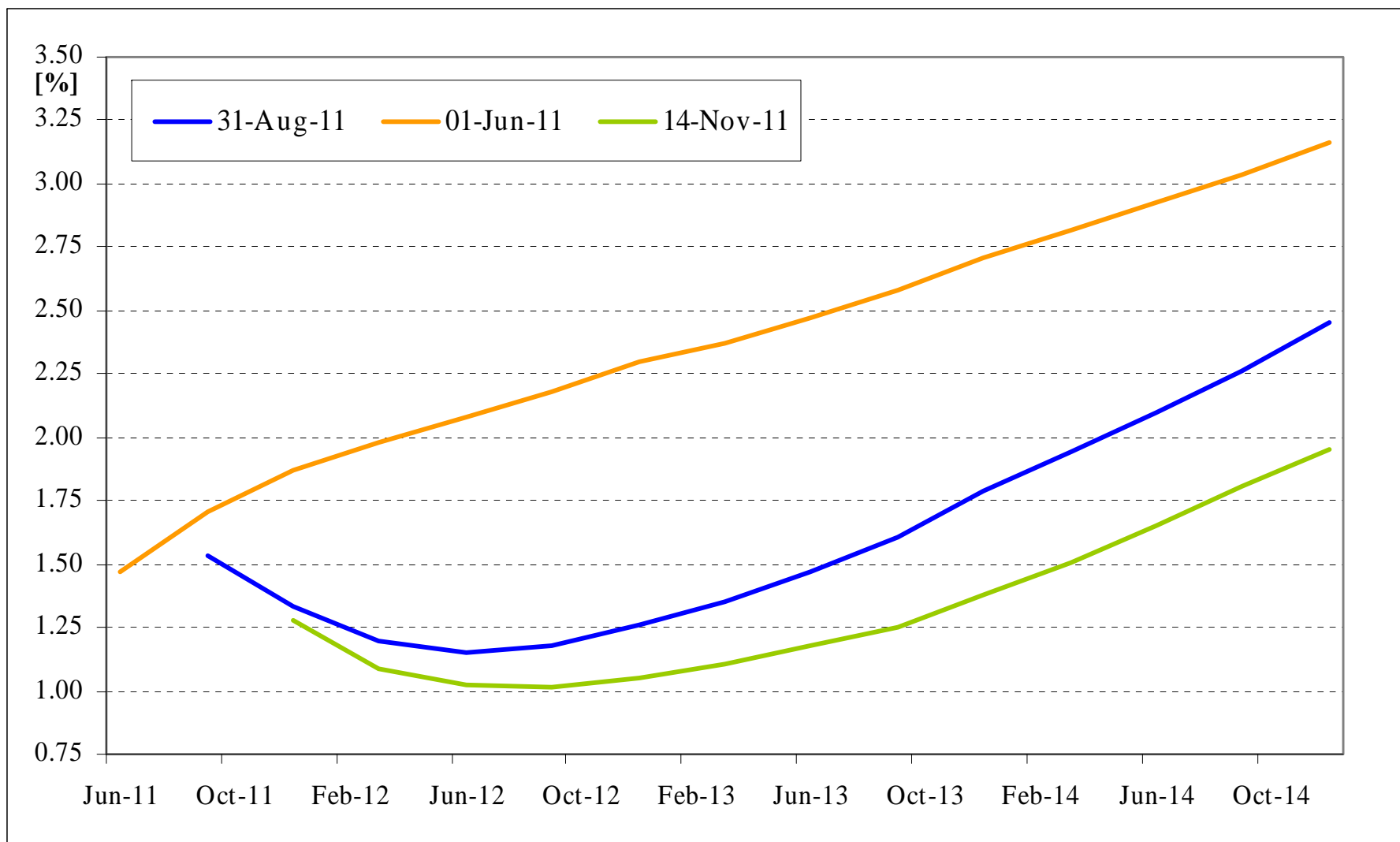


EURIBOR - OIS spreads

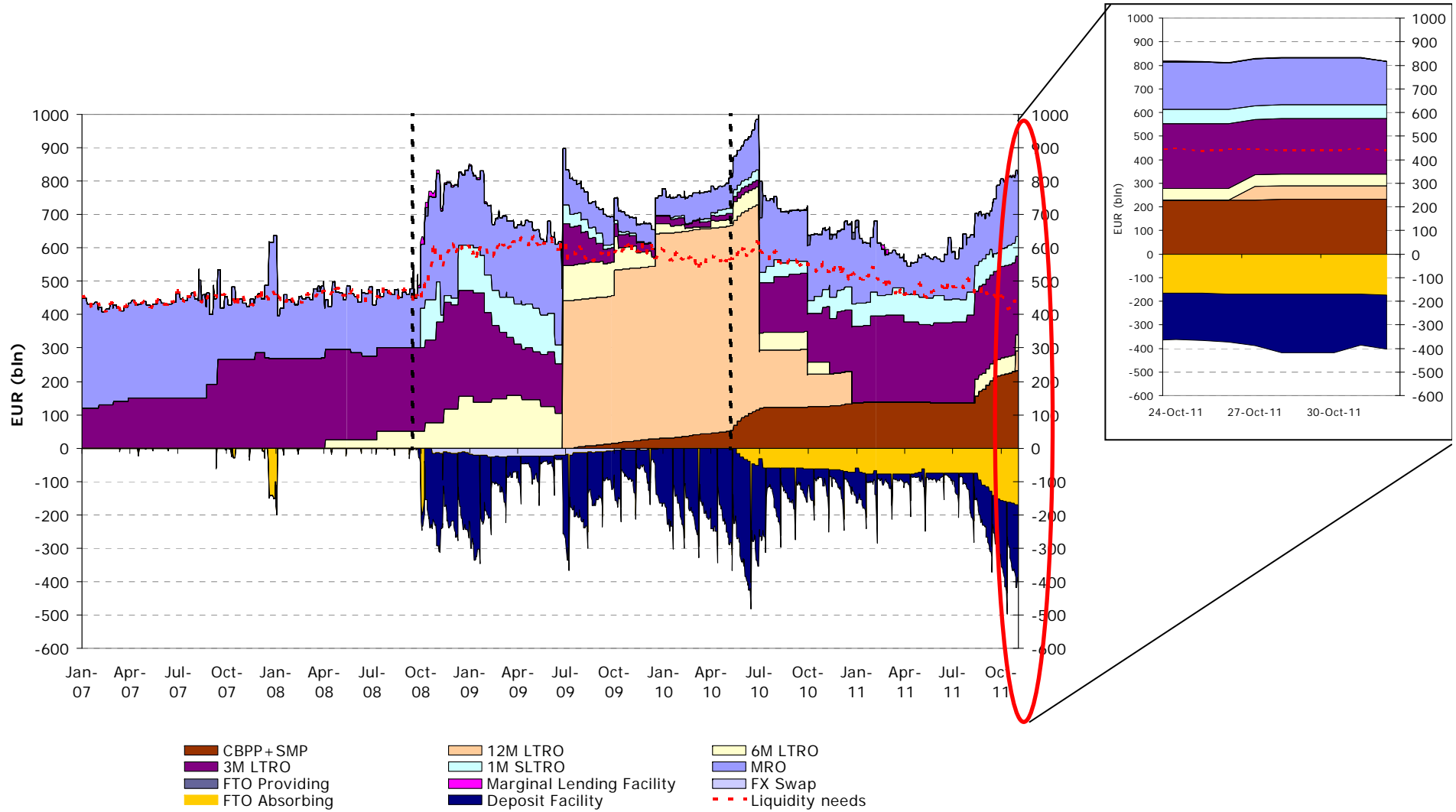
Spiking higher on the back of significantly lower OIS rates



Development of the Euribor futures curve



Excess liquidity developments



Source: ECB

ECB developments and announcements

29 June 2011

Extension of the swap line with the Fed until 1 Aug 2012 – continuation of the 1-week USD providing operations.

7 July 2011

Rate hike by 25 bps for all three policy rate bringing the MRO rate to 1.50%. Suspension of the minimum credit rating threshold for marketable debt instruments issued or guaranteed by the Portuguese government.

4 August 2011

Announcement of another 6-month operation and commitment of fixed rate full allotment procedures beyond year-end.

7 August 2011

Statement on the active implementation of the SMP.

15 September 2011

Announcement of three –month operations in USD (in addition to one-week operations).

6 October 2011

Fixed-rate full allotment for EUR liquidity providing operations at least until July 2012

Announcement of two liquidity providing operations of approx. 12 months

Announcement of EUR 40 bn new covered bond purchase programme.

3 November 2011

Rate cut by 25 bps to 1.25% for the MRO and announcement of the details of the new covered bond purchase programme.

Summary

- Tensions increased in relation to the euro area sovereign debt crisis
- Areas of focus/concern: government debt, economic growth, bank recapitalisation
- G20