



LISBON
**SCHOOL OF
ECONOMICS &
MANAGEMENT**
UNIVERSIDADE DE LISBOA

Case Studies in Financial Engineering

CASE 6

Deutsche Bank: Structured Retail Products

**Harvard Business School Case No. 9-217-013,
Rev. March 6, 2018**

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1. Explain the main features of a capital-protected product and how is it manufactured.
2. How well does the auto-callable note fit with Germany's household investors demand and characteristics?
3. From the investors perspective and explaining your calculations:
 - a) what are the payoffs of the auto-callable note?
 - b) what are the positive and the negative scenarios?
 - c) what is the probability of obtain a loss higher than 10% of the investment?
 - d) what is the probability of obtain a positive return?
 - e) what is the minimum and the maximum potential returns?
4. Characterize the main risks and potential costs and revenues for Deutsche Bank.
5. Assess the performance of the product during the first year after it was launched, calculating its value at that date and at the issuance date and employing at least two different methodologies, being one of them based on simulations.