

- Credit / ~~Saving~~
- Activities
- Banks
- Financing



Deutsche Bank and Microfinance

Mr. Asad Mahmood, Director

Microfinance: A Business Opportunity for the Private Sector
International Symposium, Zurich
January 25, 2005

Deutsche Bank 

Deutsche Bank and Microfinance

Deutsche Bank's Approaches to Microfinance

Mission

Ultimate goal is to further the development of indigenous financial systems that serve the poor by catalyzing linkages between local financial institutions - fundamental sources of capital - and MFIs.

Strategy

Use the investment banking skills and structuring capabilities of Deutsche Bank to help the commercialization of microfinance institutions, and use our business resources and relationships worldwide to benefit microfinance institutions, and in the process transfer financial know how to the microfinance industry.

Vehicles

- Deutsche Bank Microcredit Development Fund
- Global Commercial Microfinance Consortium
- Deutsche Bank Microfinance Start-Up Fund
- Deutsche Bank's Foreign Exchange and investment banking businesses

Deutsche Bank Microcredit Development Fund

- DBMDF has assets of approximately \$3 million, leveraging 42 million in cumulative lending capacity.
- Since inception 6 years ago, Fund has established 37 relationships in 22 countries.
- Able to utilize Deutsche Bank's global capabilities and overseas branches and intermediaries to reduce risks, provide credit instruments (Letters of Credit, etc) and structure transactions.
- Applicants need a commitment letter for a leveraged loan from a local bank and should demonstrate how a loan from the Fund will increase applicant's outreach and social impact.

Deutsche Bank Microfinance Start-Up Fund

- Match private sector resources committed to the early stage MFI.
- Establish new MFI's in under-served environments with unmet demand or where commercially based MFI's are lacking.
- Complement the efforts of local stakeholders who have taken the risk of launching commercially oriented MFI.
- Help the new MFI develop business disciplines in managing relationships with banks and in dealing with commercial funding.
- Attract support to early stage MFIs with commercially sustainable business plans, boards representing local business community.
- DB may help link business professionals to the board of the new MFI.
- 1Q 2005 launch

The Global Commercial Microfinance Consortium

- A \$50 million multitiered commercial fund that brings differently motivated money to leverage institutional capital.
- The Consortium presents microfinance as a commercially viable asset class to nontraditional investors and as a well-protected return based investment rather than as expense for the Corporation.
- A collaborative platform for global corporations in the area of socially responsible investing which creates synergies beyond what can be achieved separately.
- Showcases investors and creates synergies to enhance the corporate citizenship credentials of everyone involved.
- Leveraging not only the financial resources of institutional investors but also utilizing the expertise and execution efficiencies of the private sector.
- Self-sustaining; systematically addresses a core social issue of poverty and is replicable.
- 'Out-of-the box' approach will hopefully catalyze a much need new line of commercial thinking in both the areas of social investment and development initiatives.

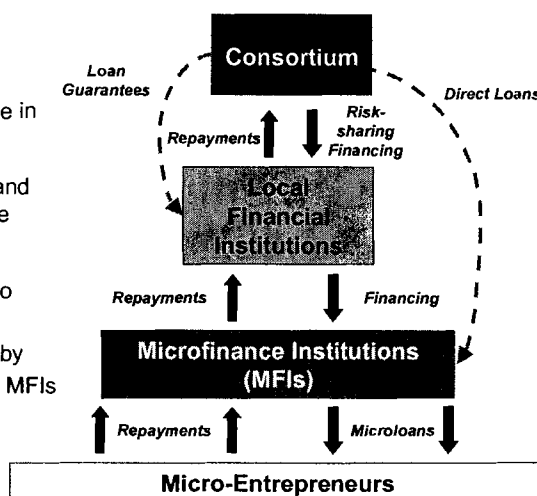
Deutsche Bank 

5

Consortium Strategy

The Consortium's strategy is to service opportunistically the increased commercial debt capital demand through partnership/risk sharing with local financial institutions and MFIs.

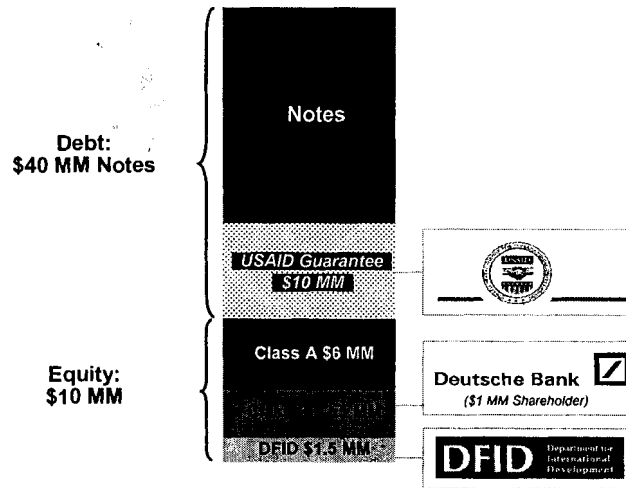
- Sponsor's global footprint will provide a competitive advantage in local alliance building
- Collaboration with local banks and MFIs to provide local knowledge and relationship "bank"
- Defray foreign exchange risks to financial intermediaries
- Indirect social benefit "spin-off" by creating linkages between local MFIs and the microfinance sector



6

\$50 MM Capital Structure

The Consortium is capitalized at \$50 MM, comprising \$10 MM of equity (in 2 classes) and \$40 MM of Notes (25% guaranteed by USAID).



Consortium Strategy

The Consortium's strategy is to service opportunistically the increased commercial debt capital demand through partnership/risk sharing with local financial institutions and MFIs.

- Sponsor's global footprint will provide a competitive advantage in local alliance building
- Collaboration with local banks and MFIs to provide local knowledge and relationship "bank"
- Defray foreign exchange risks to financial intermediaries
- Indirect social benefit "spin-off" by creating linkages between local MFIs and the microfinance sector

