



Press Release

DEUTSCHE BANK LAUNCHES THE WORLD'S FIRST SECURITIZATION OF SUBORDINATED MICROFINANCE CREDITS WITH AN EXTERNAL RATING

***db Microfinance-Invest Nr. 1* transaction volume of €60 million – KfW the biggest institutional investor – Private investors increasingly target microfinance market**

FRANKFURT AM MAIN, September 19, 2007 – With its newly launched *db Microfinance-Invest Nr. 1*, Deutsche Bank has successfully placed the world's first externally rated securitization of subordinated microcredits on the German market. Over the last few weeks, investors have subscribed bonds for a total of €60 million in three tranches, including €36 million taken up for the first time by private customers of Deutsche Bank, €20 million by the major institutional investor, KfW, and €4 million by Deutsche Bank. These subordinated loans will help 21 microfinance institutions to make an effective contribution to the fight against poverty by distributing at least 120,000 very small loans to microbusinesses in 15 developing and emerging market countries.

As part of its long-standing and wide-ranging commitment to society, Deutsche Bank has been involved in structuring and managing microfinance funds for ten years. "The new product shows how a business investment can be meaningfully linked with ethical and sustainable objectives," says **Hanns Michael Hölz**, Deutsche Bank's Global Head of Sustainable Development. For the first time, the new instrument makes this long-established expertise available to private investors in Germany. *db Microfinance-Invest Nr. 1* was realized through the cooperation of 13 units of the bank, involving around 120 employees, supported by some 30 employees of external partners.

The product is primarily tailored to meet the needs of high-net-worth individuals, foundations and church-affiliated institutions served by the bank's Private Wealth Management unit. "Increasingly, these investors have their eye on the microfinance market. They are looking for investments which combine attractive returns with ethical values and sustainability. The microfinance fund is able to bridge this gap and has therefore met with exceptional interest among our clients," reports **Joachim Häger**, who heads Deutsche Bank's Private Wealth Management in Germany.

"The transaction structure of *db Microfinance-Invest Nr. 1* is divided up into a senior tranche of €36 million, which has been rated BBB by Fitch Ratings, a mezzanine tranche of €20 million and a junior tranche of €4 million," according to **Dr. Thomas Rüschen**, Global Head of Asset Finance & Leasing at Deutsche Bank. Tranches have been subscribed by investors for periods of 7 to 7.5 years. The BBB rating has helped to attract certain institutional clients whose investment guidelines would otherwise have prohibited

subscription. In addition, during the product conception phase, Deutsche Bank and its partners waived a certain proportion of their fees in order to help the asset class become established. The international law firm Freshfields Bruckhaus Deringer, for instance, provided the bank with pro bono legal counsel.

In the view of lead investor KfW, *db Microfinance-Invest Nr. 1* further enhances Frankfurt's position as a microfinance center and is sure to pave the way for follow-up transactions. In 2006, microfinance institutions already refinanced microloans totalling €28 billion. As demand continues to grow unabated, KfW expects that by 2015 fund requirements will have increased tenfold to €300 billion. "To finance the fast-growing microfinance sector, we will need to see stronger investment from the private sector over the next few years, which we will continue to support," says **Doris Köhn**, Director at KfW with responsibility for the Europe/Middle East/North America regions. Deutsche Bank plans to launch a follow-up in the first half of 2008.

Additional information is available from:

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About Deutsche Bank

Deutsche Bank is a leading global investment bank with a strong and profitable private clients franchise. A leader in Germany and Europe, the bank is continuously growing in North America, Asia and key emerging markets. With 75,140 employees in 75 countries, Deutsche Bank offers unparalleled financial services throughout the world. The bank competes to be the leading global provider of financial solutions for demanding clients creating exceptional value for its shareholders and people.

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About KfW Entwicklungsbank

KfW Entwicklungsbank is a competent and strategic advisor on current development issues. Reducing poverty, securing peace, protecting natural resources and helping to shape globalization are the main priorities of KfW Entwicklungsbank.

On behalf of the German Federal Government it finances reforms, infrastructure and financial systems for socially and ecologically compatible economic growth. As part of KfW Bankengruppe it is a worldwide financing partner, and it also employs funds of its own for development projects. KfW Entwicklungsbank knows about the potentials and problems in developing countries thanks to its close cooperation with local partners and target groups.

It actively seeks to cooperate with German and International partners in order to further enhance the developmental effectiveness and efficiency of its activities.

On behalf of the German government KfW Entwicklungsbank currently supports 100 microfinance projects in 42 developing and transforming countries reaching out to more than 12 million people. Thus, it is one of the leading players in the area of microfinancing. FC commitments for the current project portfolio amount to EUR 612 million (as of June 2007). More than one third of these funds are raised by KfW at its own risk.

www.kfw-entwicklungsbank.com