

Microfinance and Sustainability

Western European Forum, UNEP FI, La Caixa
Barcelona, May 19, 2005



Hanns Michael Hoelz
Group Compliance Officer for the Sustainability Management System



Sustainability: a corporate and global challenge

“Creating long-term value for our shareholders while concurrently ensuring the enduring viability of our human and natural resource base is an important part of our business philosophy.”

Dr. Josef Ackermann

Spokesman of the Board, Chairman of the Group Executive Committee, Deutsche Bank

“... if we cannot make globalization work for all, in the end it will work for no one.”

Kofi Annan

Secretary General of the United Nations



Sustainability – the new paradigm in corporate management





Reasons why...

Creating regional and local business structure means

- “Helping the people to help themselves”
- Closing the gap between developed and less-developed countries
- Stabilizing socio-political systems in less-developed countries

Trading with developing countries means

- Securing our own economic situation
- fair trade

Creating local financial networks means

- Sharing knowledge based on best practice
- Cultural diversity
- Strengthening local markets/domestic banks
- Platform for mainstream business



Long-term strategic commitment of private sector (business case)





New business orientation – Deutsche Bank Microcredit Development Fund

Goal

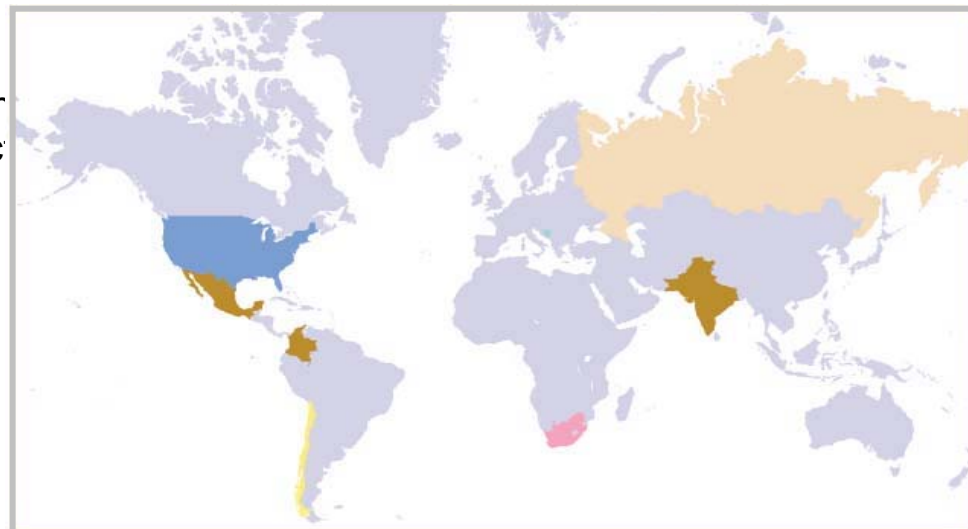
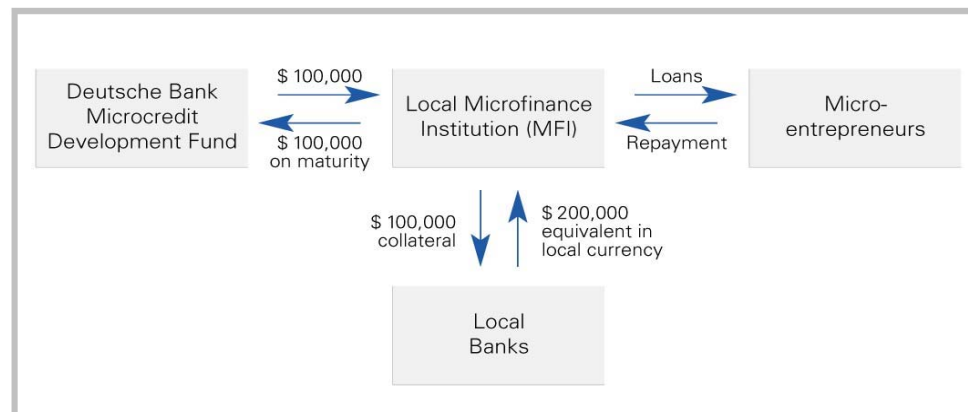
- To help Micro Finance programs reach scale and long-term durability as sustainable institutions

Background: Deutsche Bank Microcredit Development Fund (DBMDF)

- Established in 1997
- Managed by Deutsche Bank Americas Foundation
- Offers low-interest loans to Micro Finance institutions (MFIs) around the world
- Since 1997 the DBMDF has invested 3.4 million U.S. \$ in loans to 35 MFIs in 21 countries with a cumulative impact nearly 47 million U.S.\$

A typical Deutsche Bank MDF loan structure

- 2 percent annual interest rate
- Quarterly interest payment in USD
- 5 year maturity
- No amortization of principal





Global Commercial Microfinance Consortium

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

