

IFC, FMO and Deutsche Bank invest in Aavishkaar Goodwell to scale up microfinance in India

Mumbai, July 23, 2007 – IFC, the private sector arm of the World Bank Group, Netherlands Development Finance Company FMO and Deutsche Bank today announced their investment in microfinance private equity company Aavishkaar Goodwell. Their investment will support the launch of up to 60 greenfield microfinance organizations and the expansion of up to 10 fast growing microfinance institutions across India.

The potential client base for microfinance in India is estimated at around 75 million households. Aavishkaar Goodwell's goal is to support the growth of the microfinance sector to bring affordable financial services to these underserved households and untouched areas in India. The investments from IFC, FMO and Deutsche Bank will help Aavishkaar Goodwell to achieve this goal.

Aavishkaar Goodwell provides equity capital and hands-on support to fast growing microfinance organizations, and also helps build new microfinance organizations through an innovative franchising concept. The company is building up a \$US 25 million portfolio across India. Its investments include US\$ 2 million in Share Microfin Ltd, the leading Indian microfinance organization with more than 1 million clients, which plans to expand to 6 million clients by 2012. Aavishkaar Goodwell expects to invest around 50% of its portfolio in up to 60 microfinance start ups, as equity partner in the innovative microfinance franchise initiative IntelleCash. This initiative aims to reach 10 million clients by 2011. Partners in this program are ICICI Bank, North-Indian microfinance organisation Cashpor and development finance advisory company Intellectap.

Aavishkaar Goodwell is an Indian-Dutch initiative of the teams behind Aavishkaar and Goodwell. Aavishkaar India Micro Venture Capital Fund, (www.aavishkaar.org) is an innovative and UNDP Award-winning fund that invests micro-equity in scaleable SMEs in India. The Dutch microfinance private equity company Goodwell Microfinance Development Company (www.goodwell.nl) is the leading investor in Aavishkaar Goodwell. The investors in Goodwell are Dutch high net worth individuals, foundations and pension funds. Approximately one-third of Aavishkaar Goodwell's target portfolio has been funded in this investment round. The company expects to have a final closing in 2008.

Paolo M. Martelli, IFC Director for South Asia, said: "Microfinance is a key component of IFC's financial markets strategy in India. To support projects that have a sectoral impact and reach multiple beneficiaries IFC will focus on investing in special investment companies that will support the emergence and growth of microfinance institutions. We welcome the innovative approach of Aavishkaar Goodwell, to help build capacity in the sector."

Arthur Arnold, CEO of FMO, said: "Our investment will help Aavishkaar Goodwell to support microfinance institutions in reaching out to more clients and offering a wider range of financial products and services. We will actively support Aavishkaar Goodwell to help the sector grow faster and become more efficient."

Asad Mahmood, Managing Director of Deutsche Bank Global Social Investment Funds, said: "Deutsche Bank's investment in Aavishkaar Goodwell provides us exposure to the microfinance equity market in India, which is growing very rapidly. With their on the ground presence and track record, the Aavishkaar Goodwell team will apply a solid private equity approach within a mission driven setting, building up a balanced portfolio of smart capital investments."

Vineet Rai, managing partner of Aavishkaar Goodwell said: "Aavishkaar Goodwell is very pleased to partner with FMO, IFC and Deutsche Bank. They have an impressive track record in the microfinance sector, and their participation is a vote of confidence for our team and our position in the sector in India."

Wim van der Beek, also managing partner of Aavishkaar Goodwell, adds: "With development finance institutions, banks as well as private investors and pension funds on board, we have a balanced group of investors who share our vision that professional private equity investments in commercial microfinance organizations will deliver a significant social impact and an attractive return. This is an important step for us, which will enable us to attract more private and institutional capital in order to improve the access to affordable financial services for millions of un-banked people in India."

About IFC

IFC, the private sector arm of the World Bank Group, promotes open and competitive markets in developing countries. IFC supports sustainable private sector companies and other partners in generating productive jobs and delivering basic services, so that people have opportunities to escape poverty and improve their lives. Through FY06, IFC Financial Products has committed more than \$56 billion in funding for private sector investments and mobilized an additional \$25 billion in syndications for 3,531 companies in 140 developing countries. IFC Advisory Services and donor partners have provided more than \$1 billion in program support to build small enterprises, to accelerate private participation in infrastructure, to improve the business enabling environment, to increase access to finance, and to strengthen environmental and social sustainability. For more information, please visit www.ifc.org.

About FMO

The Netherlands Development Finance Company (FMO) is the international development bank of the Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. FMO's investment portfolio is EUR 2.7 billion and FMO is one of the largest bilateral development banks worldwide. Thanks in part to its relationship with the Dutch government, FMO is able to take risks which commercial financiers are not - or not yet - prepared to take. FMO's mission: to create flourishing enterprises, which can serve as engines of sustainable growth in their countries. For more information, please visit www.fmo.nl

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 73,114 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. For more information, please visit www.db.com

About Aavishkaar Goodwell

Aavishkaar Goodwell India Microfinance Development Company Ltd is a for-profit business development company that invests in entrepreneurial microfinance organizations in India on a socially and commercially sustainable basis. Aavishkaar Goodwell does this by developing and scaling up entrepreneurial microfinance organizations and integrating them into the mainstream financial sector. Aavishkaar Goodwell aims to realize "benefits of scale": a substantial social impact and an attractive financial return. Aavishkaar Goodwell is a joint initiative of the team behind Aavishkaar India, the world's first for-profit micro-venture capital fund, and Goodwell, a Dutch microfinance investment company funded by social investors and pension funds.

For more information, please visit www.aavishkaargoodwell.com.

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