Emerging Markets/UK
New Issue

VG Microfinance-Invest Nr. 1 GmbH

Ratings

Class	Amount (EURm)	Final Maturity	Rating[a]	CE (%)
Senior	36	Jan 2015	BBB	40.0
Mezzanine	20	Jan 2015	NR[b]	6.6
Junior	4	Jan 2015	NR	

[a] Each rated class in this transaction has a Stable Outlook
[b] NR – not rated

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Summary

This transaction securitises subordinated credit risk against 21 micro-finance institutions (MFI) located in 15 different countries worldwide. The main activity of the MFIs is lending to individuals in developing countries. The institutions were selected by Deutsche Bank AG (‘AA-/F1+’, Positive Outlook) in its role as seller or protection buyer. Fitch Ratings has assigned ratings to the senior note issued by VG Microfinance-Invest Nr. 1 GmbH (the issuer), as indicated at left.

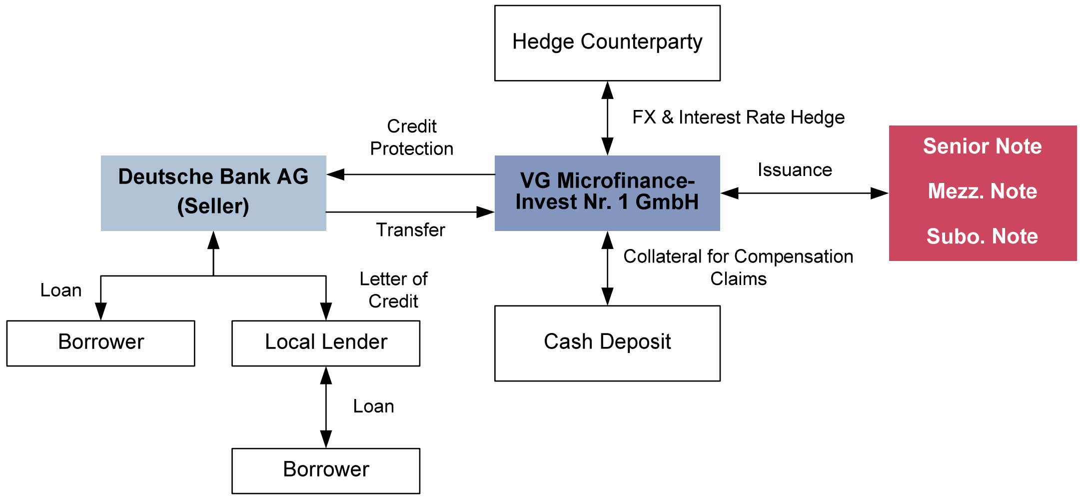
While Deutsche Bank sold its claims that arose under 20 loans, it has bought credit protection in respect of a locally granted loan to a Kenyan based MFI. All loans are subordinated against other debt of the institutions. The tenor of the underlying loans closely matches the bullet maturity nature of the notes. The assets are denominated in USD or EUR and bear fixed interest. Currency and interest rate risks are all hedged by Deutsche Bank in full.

Fitch has performed its own credit analysis on each of the underlying MFIs. The ratings assigned to the borrowers take into account Fitch’s view on sovereign risk, namely the possibility of transfer and convertibility restrictions. Due to the subordinated status of the loans, the bullet repayment structure and the legal uncertainties regarding the enforceability of loans within the respective countries, it was assumed that no recoveries could be obtained after the default.

The issuance totals EUR60m and represents the first securitisation of fully subordinated debt issued by MFIs worldwide. The ratings address timely payment of interest and ultimate payment of principal in accordance with the terms and conditions of the notes. They are based on the quality of the collateral, available credit enhancement, the servicing capabilities of the originator and the legal structure of the transaction. Credit enhancement of 40% for the senior class of notes will be provided by subordination of the mezzanine (33.3%) and the junior notes (6.7%).

Fitch has formed its proprietary judgement on the likelihood of a default occurring for each of the underlying assets. This assessment included country specific risks in addition to the financial capacity of the MFIs. The agency used VECTOR to determine the portfolio default and loss distribution.

Structure Diagram



Source: Transaction documents

Credit Committee Highlights

- This is the first securitisation of subordinated loans granted to MFIs selected by Deutsche Bank AG. The portfolio consists of 21 institutions that reside in 15 developing countries in Asia, Africa, Europe and Latin America.

- The portfolio shows significant concentration in terms of country of residence and – to a more limited degree – in terms of obligors. Fitch took this into account when analysing the enhancement available to the senior positions.

- The loans are subordinated against other debt of the MFIs and aim to achieve acceptance as regulatory capital under the local banking regulations if applicable. All loans have a bullet maturity and are due 15 days in advance of the final payment date under the notes (7.5 years as of 16 July 2007).

- Loans were either granted directly by Deutsche Bank or – in the case of one debtor in Kenya – through a local bank. In the latter case, Deutsche Bank has issued a letter of credit (LoC) in favour of the local bank that has granted the loan to the MFI. The LoC will be drawn upon a default of the obligor and therefore provides credit protection to the local bank. In a second step, Deutsche Bank has itself bought protection from the issuer against any drawing it may face under the LoC, transferring the default risk over to the transaction.

- The terms of the loan agreements limit the purpose of the loan to funding the lending activity of the MFIs against so called microcredit borrowers. These borrowers are either self-employed individuals or very small enterprises that generally have no alternatives to raise finances to build up or run their business.

- The MFIs are regulated banks or financial institutions as well as non-regulated financial institutions or non-governmental organisations. Local law opinions were provided on the corporate capacity of the MFIs.

- The loan agreements and letters of credit are governed by New York or English & Welsh law. Fitch has reviewed legal opinions for each jurisdiction and each agreement that confirm the validity of the claims. However, the opinions often highlight significant doubts about enforceability and acceptance of foreign law by local courts. In the agency's view, this is taken into account by the credit assessment on the loan obligations the agency has performed internally.

- Most loans (16) are denominated in USD. The balance (four loans) is denominated in EUR as is the credit protection for one debtor. All loans bear fixed rate interest due on the loan amount. Foreign exchange rate exposures (if applicable) are hedged via balance guaranteed swaps provided by Deutsche Bank.

- Fitch has analysed the transaction as a cash CDO and used VECTOR 3.2 to determine the portfolio's default and loss distribution. The agency has assessed the credit quality of loan obligations internally. This assessment also takes into account the likelihood of country

Key Information

Portfolio Characteristics

Type of Loans: subordinated loans to Microfinance institutions

Total Amount: EUR59.76m

Current Disbursement: EUR47.76m

Weighted-Average Yield (after hedge): 9.24%

Remaining Maturity: 7.5 years

Number of Loans: 21

Number of Countries: 15

Structure

Originator: Deutsche Bank AG, Luxembourg branch (‚AA-/F1+', Positive Outlook)

Servicer: Deutsche Bank AG

Arranger: Deutsche Bank AG

Paying Agent/Cash Manager: Wilmington Trust SP Services (Frankfurt) GmbH

Swap Counterparty: Deutsche Bank AG

Account Bank: Deutsche Bank AG

Security Trustee: Wilmington Trust (London) Ltd.

Note Trustee: Deutsche Bank AG

specific risks occurring, eg the risk that exchange controls are imposed (transfer and convertibility risk).

- Country ceilings for the majority of regions in which debtor's are domiciled are well below the rating assigned to the senior note. As the sovereign risk is incorporated into the credit assessment of the loans, the agency took the likelihood of this risk to materialise into account when determining the portfolio default distribution. Further, Fitch has taken the view that the global distribution of assets allow for an uplift of the transactions rating above the country ceilings of single regions.

- Credit enhancement is available in form of excess spread (initially over 5%) and subordination by the junior and mezzanine tranches.

- The transaction includes three dates (July, September and December) on which the loan amounts are expected to be disbursed in full. As such, the final portfolio will be built up no earlier than the payment date in December. Until this time, the portfolio composition expected by Deutsche Bank is subject to changes.

Background Information

Market interest in micro-lending activities has increased in recent years, as micro finance has proven to be an effective tool supporting economic development in poor regions or areas that suffer from under-developed banking segments. Key characteristics of micro-lending products include:

- small to very small loan amounts;
- short term;
- unsecured;
- debtors are close to or below the poverty line and therefore "ineligible" for financing within the formal banking system;
- debtors are – if at all - predominantly employed in the informal sector;
- MFIs operate in underdeveloped and politically vulnerable regions.

The initiation and operation of MFIs are often supported by local authorities or foreign development agencies. The MFIs themselves take various forms that depend on the range of banking products they wish to offer. These can range from small institutions - often set-up and operated by non governmental organisations or co-operations - lending on a very limited scope or local basis, to fully licensed banks that offer a broad range of banking products including deposits. While the former are generally not regulated, the latter fall under local banking regulations in most instances. Some countries have even introduced a dedicated regulatory framework for microfinance-institutions.

MFIs tend to have difficulties assessing the payment capacity of their clients, and often resort to "word of mouth." MFIs often use a variety of subjective criteria, including discussions within the debtor's community and with neighbours, who help to establish the debtor's reliability. Microfinance lending is based on personal relationships. Therefore, the people in charge of originating the credits have a fundamental role within the system.

In Fitch's view the key risk factor in respect of the MFI's as debtors in this transaction are event risks, such as shocks to the local economies or governmental intervention - including expropriation of property or redenomination of the currency in which the loans are denominated. The agency has taken these aspects into account when analysing the quality of the collateral.

Structure

VG Microfinance-Invest Nr. 1 GmbH (the issuer or VG-MFI), a limited liability company formed under German law, issued on 16 July 2007 three tranches of notes, the senior-, mezzanine- and junior notes in a total amount of EUR29.25m. Deutsche Bank has acquired all junior notes while the mezzanine and senior notes were offered to Kreditanstalt fuer Wiederaufbau (KfW, 'AAA/F1+') as well as churches, foundations and wealthy individuals that passed Deutsche Bank's internal investors guidelines.

The proceeds of the notes were used to acquire the ownership in an initial portfolio of loans disbursed on the issuance date to a group of MFIs. On each of the two remaining disbursement dates (17 September and 17 December 2007), the issuer will sell further notes to investors that have already subscribed the issuance on the first date. The proceeds will be used to acquire further receivables against MFIs arising from subsequent disbursements under existing loans or new pay-outs granted under then executed loan agreements.

Aside from the true sale of receivables, Deutsche Bank has bought protection against the default of one Kenya-based MFI.

Ramp-Up Period

During an accumulation period that lasts until 17 December 2007, the asset balance securitised will be increased depending on further disbursements made. Additional receivables that arise from further disbursements can be acquired by the issuer if the following conditions are fulfilled:

- the receivables meet the general eligibility criteria laid down below;
- the issuer has sufficient funds available from selling further notes to investors; and
- the issuer obtains Fitch's confirmation that the change in the portfolio composition will not cause a downgrade of the senior note.

Further Issuances in (EURm)

Date	Jul 2007	Sep 2007	Dec 2007
Senior	17.55	11.25	7.2
Mezzanine	9.75	6.25	4.0
Junior	1.95	1.25	0.8
Total	**29.25**	**18.75**	**12**

Source: Deutsche Bank AG

Please see *Appendix 1* for an overview of the current and expected portfolio composition.

Investors have unconditionally underwritten the issuance of the notes as of the first disbursement date. On the third and final disbursement date, only two investors (KfW and Deutsche Bank) have underwritten the final issuance of notes while the remainder of the notes was placed earlier.

The issuer can call the transaction until 17 December 2007 in case it determines that the portfolio composition of loans will cause a shortfall of cash available to serve the payments due under the notes which is higher than the junior investor's claim for interest payments over the term of the transaction.

Protection Mechanism

While the risk in relation to the majority of loans is transferred to the issuer via a true sale, a different structure was chosen for one non-regulated organisation in that region. For this instance, a Kenyan bank has granted a loan in local currency and under local law. Deutsche Bank AG has issued a EUR denominated letter of credit to the local bank which can be drawn by it if the respective MFI defaults under the loan. Simultaneously Deutsche Bank has a claim to be compensated by the issuer in the amount of advances made under the LoC.

To meet the potential compensation obligation, the issuer has credited a certain fraction of the proceeds of the notes to a cash account held in its name but pledged to the benefit of Deutsche Bank. In case no drawing is made by the redemption date, the pledge is released and the issuer will use the available cash to redeem the notes. The cash account is held with Deutsche Bank and earns a fixed interest rate of 4.7%. In addition, the issuer has a direct claim against the MFI to receive a quarterly, EUR denominated fee related with the credit protection structure.

Credit protection is capped at EUR500,000. As such, the structure is protected against depreciation of local currency relative to the EUR.

As such, the structure of this transaction combines true sale and synthetic securitisation elements.

Default Definition

Although the underlying loan documentation does not include a technical default clause, the transaction regards an MFI to be in default at the occurrence of either of the following events:

a. on the payment date a delinquency remains uncleared for more than three months; and
b. insolvency proceedings or other measures to receive protection against its creditors (comparable to the German insolvency code) are or were initiated by the MFI.

Loss Protection

Excess spread covers the first loss of the portfolio. The yield income to be received by the issuer from the hedge counterparty is first reduced by senior expenses (approximately 0.13% per annum including VAT) and interest due on the senior notes (6% per annum). The initial excess spread percentage therefore amounts to some 5% per annum but will decrease depending on defaults and prepayment behaviour (see below under the *Credit Analysis* section).

Excess spread is trapped whenever a delinquency occurs and is not cured during a reporting period. The trapped amount is held at the issuer level in a cash account. As soon as the loan fulfils the default events, the accumulated cash is used to redeem the notes. If the outstanding amount of notes cannot be reduced to the balance of the performing assets, interest in the forthcoming periods will be used to amortise the notes further until the equilibrium is reached again.

In case the total amount of excess spread is insufficient to repay the notes, losses are borne by the junior and the mezzanine tranches prior to the senior notes, as the priority of payments is strictly sequential at all times.

FX Hedge

As the majority of loans are denominated in USD, balance guaranteed hedges are in place granted by Deutsche Bank AG in relation to each loan affected. The notional of the hedges is the loan balance and covers principal and interest payments. In case an MFI defaults under its payment obligations or pre-pays the loan, the hedges can be terminated as well. All termination payments that could potentially be due from the issuer to the hedge counterparty rank junior to the interest and principal position of the senior notes.

Losses due to currency fluctuations may occur in the event of the swap counterparty defaulting under the currency swap agreement. To protect the issuer against this credit risk, a downgrade of Deutsche Bank's credit rating below 'BBB' or 'F2' triggers the requirement to replace the counterparty, to install a guarantee or to fulfil other mitigating measures in line with Fitch's swap counterparty rating criteria (see *"Counterparty Risk in Structured Finance Transactions: Swap Criteria"*, dated 13 September 2004 and available at www.fitchratings.com).

Interest

The notes bear fixed rate interest based on the outstanding amount and payable in arrears on each quarterly payment date. Unpaid interest accrues and remains due and payable.

Interest Rates (%)

Senior	6.0
Mezzanine	9.5
Junior	up to 17.5

Source: Transaction documents

Payment dates are scheduled on the 15th of September, December, April and July each year or the following business day.

Servicing and Collection

Deutsche Bank AG will act as servicer and account bank for the issuer. The collection authority of the servicer is terminated automatically as soon as:

- the servicer becomes insolvent in accordance with the German insolvency code;
- a moratorium is imposed by a supervisory or regulatory body;
- any corporate action or legal proceedings are taken in relation to the commencement of insolvency proceedings or comparable measures;
- it becomes illegal for the servicer to perform the collection function.

In the agency's view the likelihood of any of these events occurring is commensurate with respect to a 'BBB' rated issuance. This is in the light of Deutsche Bank's rating at 'AA-/F1+', which provides a significantly remote distance to default compared to the rating of the notes. In the unlikely event of default occurring, Fitch also gained comfort from the fact that both commercial and development banks actively lend to MFIs. It has to be noted that the Kreditanstalt fuer Wiederaufbau ('AAA/F1+', KfW) participates in the transaction as mezzanine and senior investor.

Set-Off

The lending MFIs may also have claims against Deutsche Bank AG which they could try to set off against the payment obligation due to the original lender. Although the loan agreements explicitly prohibit the right of set-off, MFIs may in practice do so although it causes a breach under the agreement. In such an instance, Deutsche Bank has to compensate the issuer to the extent of the set-off by the MFI.

As the rating of Deutsche Bank is above the rating of the senior notes, the agency has deemed the risk of default by Deutsche Bank to be sufficiently remote in this context.

■ Legal Analysis

The underlying loan agreements and LoCs are either governed by English & Welsh or New York law. The transaction documentation is governed by German law unless not required to be governed by the law of the loan agreements. Fitch has reviewed to its satisfaction the legal opinions on the legislation that gives sufficient comfort regarding the validity of binding agreements that are enforceable in these two jurisdictions.

Aside from this, Fitch has reviewed the documentation of each loan agreement/LoC and has further received legal opinions from local counsels that deal with the following topics:

- legality, validity, existence and enforceability of the claims arising under the loan agreement against the obligors;
- corporate capacity of lenders;
- acceptance of choice of foreign law or arbitration process;
- re-qualification of the status of the loan; and
- transferability and personal data protection regulations.

Representation and Warranties

Deutsche Bank as seller or protection buyer gives certain representations and warranties in respect to the loan agreements as listed below. In case any representation proves to have been incorrect when made, the seller has the obligation to repurchase the loan or to release the pledge on the cash collateral account within a grace period of 30 days.

However, the representations on the transferability, compliance with the governing law, legality and validity are only granted in the scope of the legal opinions provided. As such, the representation does not go beyond the comfort legal opinions can give.

However, Deutsche Bank represents that the loan agreements are enforceable providing they are legal, valid and binding obligations and providing they do not become unenforceable because of (i) insolvency regulations in place, (ii) actions by public authorities that contravene current practice, and (iii) the subordinated status of the loan.

In Fitch's view, this limitation on the representations is covered by (i) the recovery assumption of nil made by the agency when analysing the quality of the collateral, (ii) Fitch's internal assessment on the ability and willingness of the debtors and (iii) the presentation of local law opinions that cover the qualified representations. As Fitch did not take any recoveries into consideration, the enforceability of the loan only becomes relevant in case the debtor tries to challenge the validity of the claim.

Legal Opinions

Local law opinions vary significantly in terms of quality and strength. While the validity and legality of the claim is generally confirmed, the choice of foreign law is usually qualified by the following points:

- a local court would accept a foreign judgement after a review of the documentation and the decision to be translated by a sworn translator;
- it will assess whether the agreement includes arrangements that are forbidden by constitution or would be classified as criminal according to local legislation; and
- enforceability of security will be subject to local law in most instances.

Also, legal opinions lay down registration requirements which form part of the conditions precedent to the disbursement of the loan amounts. Further, the loan agreements specifically allow the transfer of claims from the seller to the issuer.

Tax Obligations

In some countries tax has to be paid on the interest due under the loan. Such tax obligations are added to the payment obligation of the borrower.

■ Cash Flow

The available distribution amount comprises of:

- payments collected from the MFIs;
- amounts trapped in respect of delinquencies on previous payment dates;
- collateral amounts released by Deutsche Bank as protection buyer;
- net payments received or paid under the different hedge arrangements.

Priority of Payments

These amounts are distributed according to the following (abridged) priority of payments:

Priority of Payments

#	Position
1	Senior fees (limited at EUR64,200 per annum) and obligatory tax/fee payments if any
2	Interest on the senior notes
3	Retention of amounts equal to the principal outstanding of delinquent loans
4	Repayment of senior notes (principal received + defaulted amount)
5	Termination payments under the hedging agreements
6	Other fees and expenses, subordinated (placement fee, up-front fee, etc.)
7	Interest on mezzanine tranche
8	Principal on mezzanine tranche
9	All other payments on the junior tranche

Source: Transaction documentation

■ The Collateral

The portfolio of assets is globally distributed. Subject to the fulfilment of the ramp-up period, Azerbaijan shows the highest concentration with 21.59 % by EUR equivalent outstanding.

The top three countries combine to create a share of 51.57% of the outstanding balance related to eight loans. The highest concentration against a single obligor stems from Microfinance Bank of Azerbaijan,

Portfolio Distribution

Country	% by outstanding	Number
Azerbaijan	21.59	3
Kenya	17.82	3
Ecuador	12.17	2
Nicaragua	8.70	1
Colombia	8.37	1
Tajikistan	7.95	2
Kyrgyzstan	7.36	1
Bosnia	3.35	1
El Salvador	2.48	1
Honduras	2.39	1
Philippines	2.01	1
Georgia	1.67	1
Nigeria	1.67	1
Peru	1.24	1
Kazakhstan	1.23	1
Total	**100**	**21**

Source: Deutsche Bank

a joint-stock corporation the majority of which is owned by development banks - KfW (24.96%), IFC (25.55%), EBRD (18.25%).

Eligibility Criteria

To be eligible for purchase by the issuer, the loans (and the letters of credit) need to comply with certain eligibility criteria. It is to be emphasised that some criteria are granted within the scope of available legal opinions (highlighted). The criteria include that:

- the loans were granted in compliance with the underwriting standards laid down in the term sheet;
- the agreements do not restrict sale and transfer;
- subject to the local law opinion the seller receivables are duly and validly existing;
- subject to the local law opinion, the agreements comply with the laws of the State of New York or England & Wales (as applicable);
- subject to the local law opinion the receivables constituted a legal valid and binding obligation of the MFI;
- provided that the receivable constitutes a legal, valid and binding obligation, it is enforceable against the MFI except for any limitation on enforceability due to (i) applicable insolvency legislation, (ii) actions by public authorities contravening current practice, and (iii) the subordination of the loans;
- the debtor is not delinquent or in default under its payment obligation;
- the seller is not aware of any right of recession, set-off, counterclaim, challenge or other defence raised by the debtor;
- the receivables are either denominated in EUR, USD or PES and the cross-currency risk is hedged; and
- the debtor has given its consent to the transfer of claims and personal data in accordance with the applicable law.

Interest

All loans bear fixed interest or premiums (for the LoC) due from the debtor. Interest is payable on the loan amount outstanding. As such, the EUR denominated issuance is exposed to changes in the foreign exchange rate applicable (in most instances EUR vs. USD). This risk is covered by FX hedges provided by Deutsche Bank. Under these agreements, Deutsche Bank will exchange the collections into EUR at a fixed rate - which indirectly transforms the interest rate on the loan amount into a yield that is based on the EUR equivalent fixed at the pricing date of the hedge.

Appendix 1 contains a detailed list of each exposure and further lays down the yield on the EUR equivalent provided through the hedge. Yields for further disbursement dates are based on forward rates on the hedged as of the first disbursement date. For all loans hedges were already fixed as of the first disbursement date.

■ Credit Analysis

Firstly, VECTOR was run to determine the rating default rates (RDR) for each rating level. Secondly, the impact of excess spread was analysed which took into account different default distribution assumptions.

Fitch Default VECTOR Model

VECTOR is Fitch's main quantitative portfolio analysis tool. The model simulates the joint default behaviour of a portfolio of credit exposures, taking into account an asset's specific default probability (DP) and asset correlation. The underlying methodology is based on the structural form model, which holds that a company defaults if the value of its assets falls below the value of its liabilities. The DP used to compute the default threshold for each asset is derived from the issuer rating and historical default studies. Asset correlations are based on studies performed by Fitch (see "*Global Rating Criteria for Collateralised Debt Obligations*", dated 6 October 2006 and available on www.fitchratings.com).

Default Probability

The default probability of each exposure was assessed individually, for each loan, by Fitch's financial institutions group. The assessment was focused on rating the ability and willingness of the MFI to pay under foreign currency obligations. Further, the analysis included country-specific default risks, like the likelihood of governmental intervention or the implementation of transfer and convertibility limitations.

The result was used by the structured finance analysts as input to VECTOR.

Portfolio Default Distribution

Fitch has used its standard correlation assumptions within VECTOR for the regional and industrial belonging of the MFIs. The industry was classified as Banking & Finance for all institutions.

Portfolio Summary

Long notional amount of collateral	59,760,000.00
Initial portfolio WAR	B-/CCC+
Initial portfolio WAR (numerical)	36.11
Initial portfolio WAM (years)	7.33
Initial portfolio max life (years)	7.47
Portfolio correlation level	0.38
Simulation horizon (periods)	8.0
Number of trials	150,000

Source: Fitch

Fitch has assumed that no recoveries would be obtained after the default of the MFI due to the subordinated status of the loans. As such, the rating default rate equals the rating loss rate.

VECTOR Results

Rating (%)	Rating default rate (RDR)	Rating recovery rate (RRR)	Rating loss rate (RLR)
BBB	55.73	0.00	55.73

Source: Fitch

The rating default rates were used as the input for the agency's analysis of the impact of excess spread.

Obligor & Country Concentration

The portfolio shows a certain single obligor concentration and, in the light of transfer and convertibility risk, substantial regional concentration. To account for this, Fitch has tested the rating default rates obtained from VECTOR against the potential for single obligor/single country defaults.

The agency gained comfort from the fact that subordination and protection through yield income would even withstand, over the life of the deal, a default of all obligors within the top three countries (with an expected total share of 51.57%).

Excess Spread

Although the 'BBB' default rate equals 55.7%, it benefits from 40% subordination only. The difference has to be made up by trapping excess spread, which links the performance of the notes significantly to the amount of credit protection available through the available yield income.

Initially, excess spread amounts to over 5%. However, the protection will decrease depending on the default and prepayment behaviour of the portfolio. The initial minimum weighted average yield needed to withstand the structure is 9% while the actual value amounts to 9.24%. Sensitivity analyses have been made to test the available spread against possible defaults or prepayments of the better yielding assets.

The default timing has a significant impact on the model. As such, the impact on excess spread of three default distributions of the 'BBB' rating default rate was tested.

Default Distribution

(%)	1	2	3	4	5	6	7
Front	33.0	25.0	16.0	13.0	13.0	0	
Back	10.4	12.5	12.5	12.5	16.7	16.7	18.8
VECTOR	38.7	15.6	11.9	10.2	8.8	8.1	6.8

Source: Fitch

The agency learned that the front loaded scenario produces the least amount of protection through excess spread, as the diminution of assets producing an income outweighs the benefit of trapping all the excess spread from the beginning. Fitch therefore tested the credit enhancement structure against this scenario.

■ Performance Analytics

The rating will be based on ongoing reporting of the market value of the underlying loans, which will be reported by the originator on a regular basis, and independently audited. Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

Details of the transaction's performance are available to subscribers at www.fitchresearch.com. Further information on this service is available at www.fitchratings.com.

Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

Appendix 1

Current and Expected Portfolio Composition

Disbursement date	Country	MFI	Currency	Structure	Status	EUR equivalent
July	Azerbaijan	Micro Finance Bank of Azerbaijan	USD	Loan	Bank (regulated)	3,700,000
	Azerbaijan	UniBank Commercial Bank, Open Joint Stock Company	USD	Loan	Bank (regulated)	5,000,000
Disbursed amount: 29,010,000	Bosnia & Herzegovina	Microcredit Organization LOK Micro Sarajevo	EUR	Loan	NGO (non-regulated)	2,000,000
	Ecuador	Banco Pichincha C.A.	USD	Loan	Bank (regulated)	4,520,000
Share: 49%	Ecuador	Banco Solidario S.A.	USD	Loan	Bank (regulated)	2,750,000
	Honduras	Organización de Desarrollo Empresarial Femenino, Organización Privada de Desarrollo Financiero ODEF OPDF	USD	Loan	Financial institution (regulated)	1,430,000
	Kazakhstan	Asian Credit Fund Microcredit Organization, LLP	USD	Loan	Financial institution (non-regulated)	367,500
	Kenya	Equity Bank Limited	USD	Loan	Bank (regulated)	5,150,000
	Kenya	Micro Africa Limited	EUR	Protection	Financial institution (non-regulated)	500,000
	Nicaragua	Asociacion de Consultores para el Desarrollo de la Pequena, Mediana y Microempresa	USD	Loan	NGO (non-regulated)	1,500,000
	Tajikistan	OJSC Bank Eskhata	USD	Loan	Bank (regulated)	1,342,500
	Tajikistan	International Micro-Loan Fund "IMON"	USD	Loan	NGO (non-regulated)	750,000
September	Azerbaijan	WV Azercredit LLC	USD	Loan	NGO (non-regulated)	500,000
	Colombia	Fundación Mundo Mujer Popayan	USD	Loan	NGO (non-regulated)	5,000,000
Disbursed amount: 18,750,000	Georgia	Visionfund CREDO Foundation	USD	Loan	Financial institution (non-regulated)	1,000,000
	Kazakhstan	Asian Credit Fund Microcredit Organization, LLP	USD	Loan	Financial institution (non-regulated)	367,500
Share: 31%	Kenya	Faulu Kenya Limited	EUR	Loan	Financial institution (non-regulated)	1,000,000
	Kyrgyzstan	Kompanion Financial Group LLC	USD	Loan	Financial institution (non-regulated)	4,400,000
	Nicaragua	Asociacion de Consultores para el Desarrollo de la Pequena, Mediana y Microempresa	USD	Loan	NGO (non-regulated)	2,200,000
	Nigeria	Lift Above Poverty Organization	EUR	Loan	NGO (non-regulated)	1,000,000
	Peru	EDPYME Confianza	USD	Loan	Financial institution (regulated)	740,000
	Philippines	Center for Agriculture and Rural Development, Inc.	EUR	Loan	NGO (non-regulated)	800,000
	Tajikistan	OJSC Bank Eskhata	USD	Loan	Bank (regulated)	1,242,500
	Tajikistan	International Micro-Loan Fund "IMON"	USD	Loan	NGO (non-regulated)	500,000
December	Azerbaijan	Micro Finance Bank of Azerbaijan	USD	Loan	Bank (regulated)	3,700,000
	El Salvador	Apoyo Integral S.A.	USD	Loan	NGO (non-regulated)	1,485,000
Disbursed amount: 12,000,000	Kenya	Faulu Kenya Limited	EUR	Loan	Financial institution (non-regulated)	4,000,000
	Nicaragua	Asociacion de Consultores para el Desarrollo de la Pequena, Mediana y Microempresa	USD	Loan	NGO (non-regulated)	1,500,000
Share: 20%	Philippines	Center for Agriculture and Rural Development, Inc.	EUR	Loan	NGO (non-regulated)	400,000
	Tajikistan	OJSC Bank Eskhata	USD	Loan	Bank (regulated)	415,000
	Tajikistan	International Micro-Loan Fund "IMON"	USD	Loan	NGO (non-regulated)	500,000
Total						**59,760,000**

Source: Deutsche Bank AG