

## Deutsche Bank AG

# Deutsche Bank stake lifts German fintech company to €1bn valuation

Deal worth €50m with Hamburg-based Deposit Solutions marks largest fintech investment for lender

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Deutsche Bank is paying €50m for a 4.9 per cent stake in open-banking start-up Deposit Solutions in a transaction that values the Hamburg-based start-up at more than €1bn (\$1.1bn).

The deal turns Deposit Solutions into Germany's second most highly valued fin-tech after Berlin-based lender N26, which in July was valued at \$3.5bn when it raised \$170m from its investors.

Deposit Solutions operates software that links retail clients and lenders, allowing banks to collect deposits from people across Europe who are not their direct customers. It is a rival to Berlin-based Raisin, which among other investors is backed by PayPal.

Deposit Solutions' valuation more than doubled since its last financing round in August 2018, when it raised \$100m from Munich-based private equity group Vitruvian Partners and other investors.

For Deutsche Bank, which also owns stakes in financial analytics start-up Finanzguru, the transaction is its largest fintech investment. The lender will pay roughly half of the €50m in cash.

It has also committed itself to provide Deposit Solutions with in-kind services

that both partners value at €25m, said a person familiar with the transaction.

Since 2017, the German lender has been one of the first and biggest clients of Deposit Solutions. Its software is at the core of Deutsche Bank's "Zinsmarkt", a tool that Deutsche's 7m retail customers in Germany can use to funnel savings to third-party lenders such as real-estate lender Deutsche Pfandbriefbank and Cerberus-owned My Money Bank. Since then, Deutsche Bank clients have used the tool to move €2bn in savings to other lenders.

Deutsche is planning to roll out the Deposit Solutions software to the 13m clients of its Postbank brand, its 4m retail clients outside Germany, as well as its small business- and wealth management customers.

"This will give us access to a significantly larger number of potential customers," said Deposit Solutions chief executive Tim Sievers, adding that "this will allow us to grow even faster".

Deutsche Bank's investment is the first time Deposit Solutions has allowed one of its clients to become a co-owner. "We will remain an open platform that is neutral vis-à-vis specific banks," said Mr Sievers.

"For us, this is purely a financial investment rather than a strategic one," said Markus Pertlwieser, chief digital officer of Deutsche's retail operations, adding that the lender knows Deposit Solutions well and wants to benefit from the valuation uplift that it expects to arise from its expected future growth.

Like every retail bank, Deutsche also receives a fee from Deposit Solutions if one of its customers uses the start-up's tool to funnel deposits to a third-party lender.

Deutsche will not get a seat on Deposit Solution's supervisory board and will not have any say in operational or strategic decision.

Deposit Solutions' software links 100 banks in 18 European countries. The start-up says it has close to 200,000 customers who used its platform to transmit more than €14bn since it was founded, including €5bn in the past 12 months.

Mr Sievers said that over the coming months, the company will expand into the UK, Spain and the US.