



PRESS RELEASE

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First Commercial Bank loan to MFI in Afghanistan

Kabul: A ceremony to formalize the first commercial loan to a Microfinance Institution (MFI) in Afghanistan was held at a local hotel on Monday, June 30, 2008.

Bank Alfalah approved US\$1 million loan to BRAC Microfinance Afghanistan to expand its financial services to the low income and unserved people of Afghanistan. The deal was facilitated by MISFA, keeping in view the need for diversifying sources of funds and moving away from donor dependence. MISFA will also provide a First Loss Default Guarantee of 25% to Bank Alfalah against a perceived default by BRAC.

Bank Alfalah has been very proactive in expanding the scope of its credit facilities in Afghanistan and this deal with BRAC Afghanistan is a clear manifestation of this approach. The UAE-based Bank Alfalah is one of scores of growing private banks which started its operations on September 04, 2005 in the capital Kabul.

BRAC Afghanistan is the leading microfinance program in Afghanistan serving 187,673 active clients in 21 provinces of Afghanistan. BRAC has been registered as a non-profit Afghan Company and is well on its way to becoming a strong and sustainable provider of financial services to low income Afghans.

“MISFA initiated linkage between Bank Alfalah and BRAC Microfinance Afghanistan with a view to encourage commercial banks in Afghanistan to lend to the microfinance sector as a permanent and long term source of funding,” said MISFA Managing Director Ms. Katrin Fakiri.

This is a landmark event in the brief history of microfinance in Afghanistan and in order to meet the huge demand and potential of the Afghan microfinance sector, it is hoped that other banks, will also see microfinance as safe segment for investment.

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