

**BRAC**

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BRAC

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BRAC Africa Loan Fund Launched to Combat Poverty in East Africa

Dhaka, Bangladesh and Chicago, Illinois – December 19, 2008

BRAC, a leading international development organization founded in Bangladesh announced that it has successfully raised \$62.6 million of debt capital to provide microfinance loans to poor borrowers in Tanzania, Uganda and Southern Sudan. The BRAC Africa Loan Fund provides long-term, local-currency funding that will enable BRAC to scale up its microfinance operations to reach over 700,000 borrowers through over 200 branches across the three countries. The Fund represents the largest single financing to date of a southern hemisphere development organization expanding into Africa.

The Fund will aggregate US dollar loans from investors through a special purpose company and use the capital to make local currency loans to BRAC Uganda, BRAC Tanzania and BRAC Southern Sudan over a period of seven years. A second and final closing is planned during the first half of 2009 to reach the Fund's target of \$74.0 million.

Lenders Invest for Development and Financial Returns

The Fund attracted investment from a diverse group of investors including the Overseas Private Investment Corporation (OPIC), Triodos Fair Share Fund, Hivos-Triodos Fund, The Norwegian Investment Fund for Developing Countries (Norfund), Triple Jump, Strømme Microfinance East Africa, The Ford Foundation, The David and Lucile Packard Foundation, CARE USA, Three Guineas Fund, Calvert Social Investment Foundation, MMA Community Development, Inc., and Monarch Community Fund, LLC. BRAC has also made a significant investment as part of its commitment to the development of its African operations.

“BRAC appreciates the support of our international investors as we work to build sustainable, locally managed development programs. BRAC's lending operations are a platform for delivering its holistic development program, including health, education and agricultural extension and training and other services to its borrowers and their communities. Because the Fund will allow us to reach hundreds of thousands of borrowers, it will help to combat poverty and improve the livelihoods of millions of people in East Africa,” said Dr. Fazole Abed, Founder and Chairperson of BRAC.

“The first closing of the Fund amidst a global liquidity and credit crisis shows the strength of the appeal to investors of investments designed to deliver both financial returns and significant development impact,” said Laurie J. Spengler, President of ShoreBank International Ltd., which raised the BRAC Africa Loan Fund.

BRAC's Impact in Africa

BRAC expects the Fund to be the first in a series to support multiple country services in Africa. BRAC intends to explore the development of local operations in at least ten countries over the next

ten years, including both East and West Africa. In 2006, BRAC initiated operations in Tanzania and Uganda. Southern Sudan was added in 2007, and in 2008 BRAC completed registration in Liberia and Sierra Leone. BRAC's initial portfolio of countries in Africa, with a mix of stable and post-conflict economies and large and small countries reflects its overall efforts to reach underserved communities on the continent.

"BRAC is highly respected for its proven ability to make a difference in the lives of the poor," said Elizabeth Littlefield, Chief Executive Officer of CGAP (Consultative Group to Assist the Poor), an independent policy and research center dedicated to advancing financial access for the world's poor. "The BRAC Africa Loan Fund will provide very important access to long-term, local-currency capital in the region, which will help BRAC's local programs achieve scale."

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BRAC is an international development organization that operates with the dual objectives of reducing poverty and empowering the poor. BRAC works to achieve economic development in the countries in which it operates through microfinance lending, business development services and agricultural technical assistance, and social development through health, education, human rights and other programs. Since its founding in 1972, BRAC has grown to serve all 64 districts of Bangladesh. BRAC began operations in Afghanistan in 2002 and has since developed programs in Sri Lanka, Pakistan, Uganda, Tanzania, Southern Sudan, Liberia and Sierra Leone, representing one of the first full-scale South-to-South development initiatives. BRAC is the world's largest private human development organization, employing over 109,000 people and supporting the livelihoods of an estimated 100 million of Bangladesh's 140 million people. BRAC currently has total assets of over \$884 million, including a microfinance loan portfolio of approximately \$500 million. In 2007, BRAC USA and BRAC UK were established as independent foundations to increase knowledge of and support for BRAC's work in Asia and Africa.

Advisors

BRAC was advised in the raising of the BRAC Africa Loan Fund by ShoreBank International Ltd. (SBI), the international consulting arm of ShoreBank Corporation of the United States. BRAC and ShoreBank share a more than 20-year history as like-minded development finance institutions introducing innovative solutions to reach under-served and under-banked communities around the world. SBI will also act as servicer of the Fund. SBI has engaged Citibank, N.A. to act as fiscal agent for the Fund, leveraging Citibank's expertise and resources in the US, Tanzania and Uganda.

Mayer Brown LLP provided *pro bono* counsel to BRAC. Thomas Vega-Byrnes acted as counsel to SBI. BRAC USA provided support for the development of the Fund.

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