



Uganda
Bank Ltd

brac turns



from
Bangladesh
to the world

ANNUAL REPORT 2021

BRAC UGANDA BANK LTD.



“

When people ask me now what BRAC stands for, I like to think that we stand for an idea- an idea of a world where everyone has an equal opportunity to realise their potential.

Sir Fazle Hasan Abed KCMG
1936-2019

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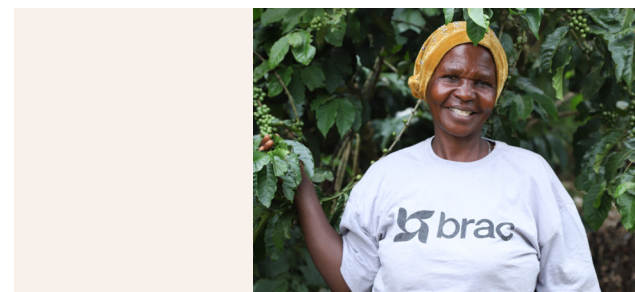


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“BRAC has opened a lot of opportunity doors for me. My daughter is doing her Masters degree and I’m so proud because I didn’t get the opportunity to go far in education.

MAMA BRAC: RISING ABOVE STIGMA

Mary Nalugonda is a businesswoman and farmer from Lugazi. She is a single mother to two children.

After Mary's husband passed away, she fell sick. It was discovered to be HIV/AIDS and her parents rented her a one-room house, hired a caretaker and awaited news of her death- but Mary's will to live was stronger than her circumstances.

It was while living in this little house doing odd jobs that she built her first business, a small kiosk to sell vegetables and charcoal. She then learnt about BRAC's group loans for women and joined a women's group. She went out, got 45 women and started her own group. She joined BRAC microfinance in 2006 with a loan of UGX 35,000 which she used to restock her shop. Soon after, she got another loan of UGX 200,00 and started a food catering business. After that, Mary was an unstoppable business force. She got more loans and started more businesses, venturing into stone cutting, poultry, brick laying, grocery shops, farming and real estate.

Currently, Mary is leasing 35 acres of land where she grows cassava and maize. Her dream is to be one of the largest scale farmers in Uganda. She has also built a family home, her retail and has put all her children in school.

Besides business and finance, through BRAC's community health program, Mary has learnt to take care of her health and has helped others find purpose and be consistent in the treatment course.





Albert Obongonying
Board Chairperson

MESSAGE FROM BOARD CHAIRPERSON

2021 was characterized by heightened uncertainty about the economic outlook for Uganda and the world, largely because of the effects of the COVID-19 pandemic. BRAC Uganda Bank Ltd (BUBL) had to adapt to new realities as new waves of COVID-19 variants emerged. This necessitated the bank to put in place various interventions to support our customers and staff to stay safe and remain financially resilient. As 2021 came to a close, the pandemic gradually abated supported in part by the rollout of vaccination efforts across the country.

Despite the turbulence in the operating environment, BUBL was able to put in place strategic initiatives to turn around our operations, resulting in recording a profit in 2021, a big improvement from the loss position of 2020. This was possible thanks to the measures taken to strengthen our risk management systems, invest in staff capacity building, enhance operational efficiency and explore alternative delivery channels through digital platforms to improve customer experience.

The Bank's total assets dropped by 11%, largely due to a deterioration in asset quality, but our efforts to build a cheaper and more stable deposit base resulted in a 28% growth in customer deposits. An injection of UGX11.4bn in December by the Shareholders enabled BUBL to close the year with a strong capital position. We are confident that the

bank has laid a solid foundation for sustainable growth in 2022 and beyond.

We look towards 2022 with optimism. With a fully reopened economy, the Bank will explore all opportunities for streamlining and consolidating its operations to achieve high levels of efficiency and effectiveness. Our key focus will be leveraging technology, like mobile banking, to achieve our mission of providing financial services responsibly to people at the bottom of the pyramid, particularly women living in poverty in rural and hard-to-reach areas. Other initiatives include deposit mobilisation, agent banking roll-out to increase customer reach and convenience and improving our customer support processes to enhance customer experience.

I would like to express my sincere appreciation to our regulators, strategic partners, shareholders and Board of Directors for their continued confidence and support to the bank. I cannot thank our staff enough for their continued hard work and dedication to our mission of providing a range of financial services responsibly to people at the bottom of the pyramid. Finally, I would like to express our heartfelt gratitude to our valued customers who stood with us, just as we stood with them during a very challenging period. True to our brand promise, with the bank, "now you can do more!"



William Mawejje
Acting Chief Executive Officer

MESSAGE FROM CHIEF EXECUTIVE OFFICER

In 2021, the resilience demonstrated by our customers in the face of adversity gave us courage and confidence to re-strategize and focus on business recovery interventions for both the bank and our customers. These strategies included; refinancing and rescheduling of loan facilities, digitization of services and processes, financial literacy training, and staff development. As Uganda recovers, we continue to provide support to both our customers and staff.

In 2021, we focused on engaging our customers by providing financial literacy and awareness training. We also streamlined customer service by opening a toll-free call centre where customers can get timely support. Recognising the importance of the wellbeing of our staff, we set up virtual HR clinics, provided psycho-social support and enhanced the staff medical insurance scheme to provide for COVID-19 treatment and care.

The bank worked to accelerate our digital agenda by rolling out digital projects like mobile banking, which allows customers to access their money and pay their instalments remotely. In addition, the bank is in the final stages of rolling out the agent banking platform, where customers can access our services at select agents in their neighbourhoods.

These initiatives were timely in keeping up with the changing needs of our customers and ensuring the safety of our clients and staff by limiting physical contact.

Despite the continued adverse impact of COVID-19 on the business environment, the bank was able to make a net profit of UGX 684 million in 2021. BUBL remains focused on achieving its strategic plan and providing financial services to people living in poverty, particularly women and those living in rural and hard-to-reach areas. We look forward to 2022 with optimism and zeal for execution. We aim to strengthen our credit operations by focusing on growth with quality and stabilizing our IT systems to accommodate digital channels.

I would like to express my sincere appreciation to our strategic partners, shareholders and Board of Directors for their continued confidence and support of the bank. I also would like to acknowledge our staff for their zeal and dedication, which embodies the spirit of BRAC. Finally, I would like to express our heartfelt gratitude to our valued customers, whose resilience inspires and motivates us to focus on our mission of providing a range of financial services responsibly to people at the bottom of the pyramid.



BRAC INTERNATIONAL MICROFINANCE

BRAC has been one of the pioneers of microfinance since it first started in 1974. BRAC first expanded its microfinance operations internationally in 2002 and now operates in six countries outside of Bangladesh - Myanmar, Tanzania, Uganda, Rwanda, Sierra Leone and Liberia. Together, these six entities serve nearly 700,000 clients, 96% of whom are women.

BRAC International Microfinance's mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. It particularly focuses on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

We offer inclusive, accessible, and convenient loan and savings products, tailored to the needs of the local community. Our core credit products include group-based microloans provided exclusively to women, and small enterprise loans for entrepreneurs seeking to grow their businesses.

We are a strong advocate of client-centric microfinance that includes adhering to the industry's Universal Standards for Social Performance Management and the Client Protection Principles, placing clients' well-being at the center of everything we do to achieve our mission. The client value proposition is at the core of our digital transformation efforts, with a particular emphasis on reducing the gap in women's digital financial inclusion.

BRAC believes that sustainable, large-scale change, must address and deliver both economic and social progress. Microfinance has been an integral part of BRAC's holistic approach to development, equipping people who would otherwise be excluded from formal financial systems with the tools to invest in themselves, their families, and their communities.

OUR REACH AND IMPACT

458k

borrowers

502k

savers

\$87.71m

loan outstanding

96%

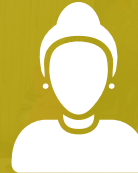
of clients are
women

54%

outreach to people
living in rural areas

71%

outreach to people
living in poverty



93%

of clients said their quality
of life had improved after
engaging with BRAC

94%

of clients earned more
after engaging with
BRAC

89%

of clients saved more
after engaging with
BRAC

90%

of clients planned
their finances better
after engaging with
BRAC

72%

of clients contributed
more to important
household decisions after
engaging with BRAC



INEQUALITY IS HUMAN-MADE.
IT CAN BE UNMADE.
TOGETHER,
PEOPLE CAN CHANGE
ANYTHING.
THERE IS **ALWAYS** A WAY.

BRAC INTERNATIONAL

Stichting BRAC International was formed in 2009 as a non-profit foundation in the Netherlands. It governs all entities outside Bangladesh with an objective to engage in charitable and social welfare activities in any country in the world.

BRAC INTERNATIONAL HOLDINGS B.V.

BRAC International Holdings B.V. (BIHBV) was set up in 2010 as a private limited liability company and is a wholly-owned subsidiary of Stichting BRAC International. BIHBV is a socially responsible for-profit organisation engaging people in sustainable economic and income-generating activities. The core focus of BIHBV is to provide microfinance services to people, particularly women, living in poverty and hard-to-reach areas to build their financial resilience and improve the quality of life for them and their families.



OUR VISION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.



OUR MISSION

Our mission is to empower people and communities in situations of poverty, illiteracy, disease, and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programmes that enable men and women to realise their potential.



OUR VALUES

Integrity
Innovation
Inclusiveness
Effectiveness

BRAC INTERNATIONAL PROGRAMMES

Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment toward breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6-year-olds, with a low-cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost-effective local learning materials to children in marginalised communities.

The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.





Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.

The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.

Through our **Microfinance programme**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

SAFEGUARDING IN 2021



BRAC International (BI) launched **Safeguarding Audit Review** provided on safeguarding indicators to support management in understanding policy compliance and incorporated **Safeguarding clause** in the procurement manual and partnership agreements to ensure compliance of partners and service providers.



BI arranged training on **Safeguarding Case Management and Investigations** as a part of continuous capacity development and continued **awareness-building** of staff and programme participants on the **Safeguarding Policy and sub-set policies**, which are as follows:

- Child and Adolescent Protection Policy
- Sexual Harassment Elimination and Protection from Sexual Exploitation and Abuse Policy
- Prevention of Workplace Bullying and Violence Policy
- Adults with Special Needs Policy
- Whistleblowing policy



BI completed quarterly **safeguarding assessment checklist** to monitor safe organisational practices



BI formed **Inquiry Review Committee (IRC)** to review safeguarding cases to provide decisions and guidance on actions to be taken and developed an **online safeguarding register** to digitize the incident management process and to ensure confidential reporting



BRAC UGANDA BANK LTD



OUR APPROACH

BRAC started microfinance in Uganda in 2006, as a part of BRAC Uganda's social development programmes. It transformed into a Tier 2 Credit Institution to become BRAC Uganda Bank Ltd in 2019. BRAC Uganda Bank Ltd has the largest network of banking services in the country.

Our mission is to provide financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas to create self-employment opportunities, build financial resilience, and promote women's entrepreneurial spirit by empowering them economically.

Our core credit products include a group-based microloan provided exclusively to women, and small enterprise loans for entrepreneurs seeking to expand their businesses. We also offer three types of savings products: Flex Save, a transactional account for borrowers and mid-to-low-income households; Wise Save, for formal and informal entrepreneurs, and salary-earners who wish to accumulate savings for a specific purpose; and Safe Save, for community-based savings and credit groups.



OPERATIONAL HIGHLIGHTS

32 CI Locations

130 Satellites

84 districts covered

164, 573 total borrowers

323,324 total savers

UGX 320.7 Billion in loans disbursed

UGX 62.9 Billion savings mobilised

As at December 2021

2021 IN FOCUS

In 2021, BUBL launched a mobile pull and push channel pilot to staff and a selected sample of customers in 9 branches. The pilot continues into 2022, after which we will evaluate the outcomes and use the feedback to scale up the service across all our branches.

In 2021, we also started the implementation of agency banking services. Deposits, withdrawals and account opening have been implemented successfully and tested.



SOCIAL PERFORMANCE

In 2021, we conducted our third impact survey using Lean DataSM methodology on five social outcome focus areas of BRAC International Microfinance: quality of life, financial resilience, women's economic empowerment, self-employment and livelihood opportunities, and household welfare.

This annual exercise complements our Social Performance Management and Client Protection initiatives and guides us in setting targets and strategies to reach more people living in poverty to achieve long-term impact at scale. All respondents surveyed were women.



97% of clients said their quality of life had improved after engaging with BRAC



97% of clients earned more after engaging with BRAC



95% of clients saved more after engaging with BRAC



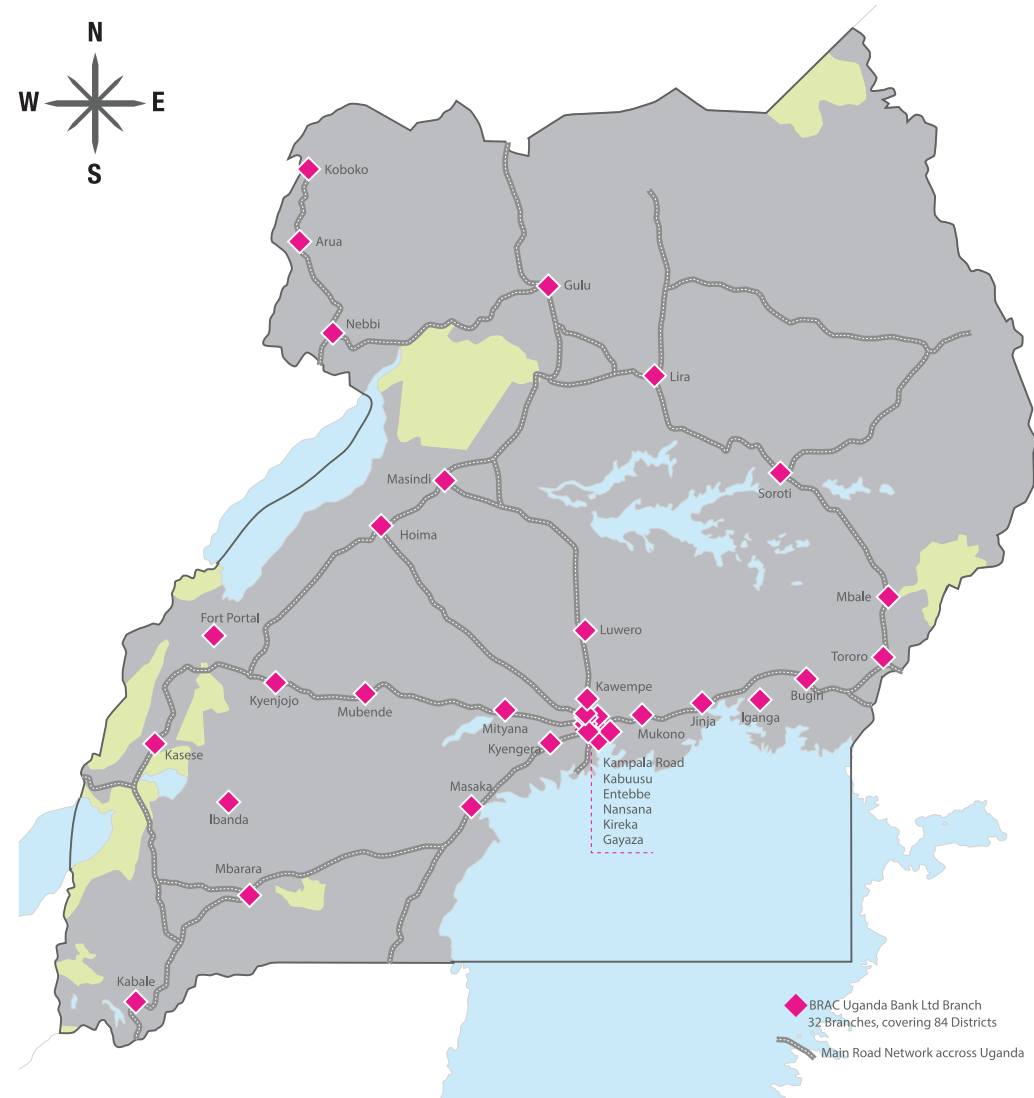
97% of clients planned their finances better after engaging with BRAC



97% of clients contributed more to important household decisions after engaging with BRAC



CI BRANCH LOCATIONS



We have been here for more than a decade, providing access to finance for people living in rural and low-income communities of Uganda. We have transformed into a tier 2 bank. We are BRAC Uganda Bank Ltd. Now you can do more

BRAC Uganda Bank Ltd
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Toll Free: 0800 399 999
0800 399 990

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bracugandabanktd@brac.net

BRAC Uganda Bank Ltd is regulated by Bank of Uganda and deposits are protected by the Deposit Protection Fund.

OUR TEAM

BRAC UGANDA BANK LIMITED BOARD MEMBERS

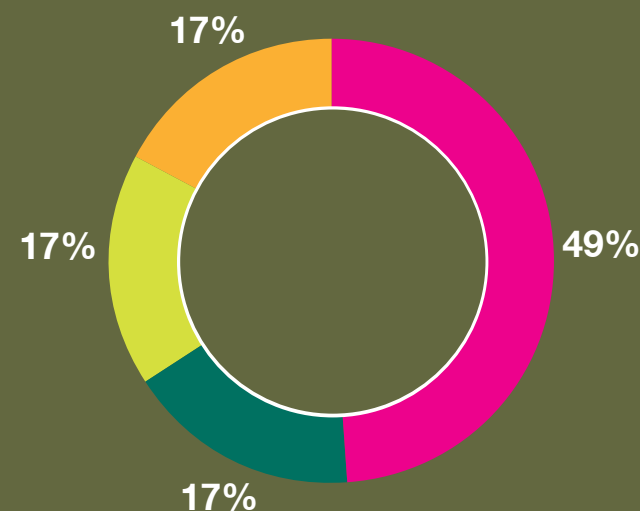
Albert Obongonyinge	Chairperson, Board of Directors
David T. Baguma	Director
Margaret Musana Akora	Director
Shameran Abed	Director
Orsolya Farkas	Director
Susanne Decker	Director
William Mawejje	Ag Chief Executive Officer

BRAC UGANDA BANK LIMITED MANAGEMENT TEAM

William Mawejje	Ag Chief Executive Officer
Robert Mugabe Kusiima	Head of Banking Operations
Alemi William Kenyi	Head of Business Development
Tracy Bagonza	Manager Compliance
Edward Mutyaba	Ag. COO / Head of Risk
John Nambale	Head of Legal
Claire Muyama Nataka	Head of HR & Training
Maruf Hossain	Head of credit

OWNERSHIP STRUCTURE

BRAC International Holdings B.V. is the majority shareholder of BUBL. Other shareholders are DEG, Triple Jump, and Equator Capital Partners, each with equal ownership. The structure is provided below:



- BRAC International Holdings B.V
- DEG (Deutsche Investitions-und Entwicklungsgesellschaft mbH)
- Equator Capital Partners
- Triple Jump

OUR DONORS AND PARTNERS



NACWOLA

National Community of Women
Living with HIV/AIDS in Uganda



Canada



OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Uganda Bank Ltd. completed 2021 by registering pretax profit of USD 340,020 compared to loss of USD 10,272,639 in 2020. The company slowly recovered from impact of COVID-19 with 86% year-on-year growth in operating income which was reflected in the positive bottom line.

OPERATING EXPENSES

Total operating expenses for the year 2021 was USD 18,496,203 as against USD 15,650,251 in 2020 showing an increase of 18%. The increase was mainly due to the increase in travelling expense as travelling restrictions due to COVID-19 was reduced.

PROVISION FOR IMPAIRMENT LOSSES

In 2021, amount charged for impairment on loans was USD 430,234 compared to USD 4,952,582 in 2020. The decline in impairment on loans was primarily due to improvement in portfolio quality (Portfolio at Risk (PAR>30) is 13% this year against 20% in 2020. The company followed most stringent provisioning policy to be inline with Uganda Central Bank guidelines for regulated tier-II entity.

FINANCIAL POSITION

In 2021, the company's total assets decreased by 9% to USD 64,682,784 compared to the previous year's total assets of USD 71,038,940 and the company holds a key position in the market. Loans and advances to customers decreased by 3% and is now 63% of total assets. In 2021, the company's Savings deposits reported 32% growth, amounting to USD 18,530,074 from USD 14,053,661 in 2020. Net equity increase by 35% to USD 14,350,305 from USD 10,631,388 in 2020.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

BRAC Uganda Bank Ltd. regularly contributes government exchequer through providing tax on its income and withholdings and deposition tax from its employees and suppliers and contributing to The National Social Security Fund (NSSF). Total contribution to government exchequer for the last two years as follows:

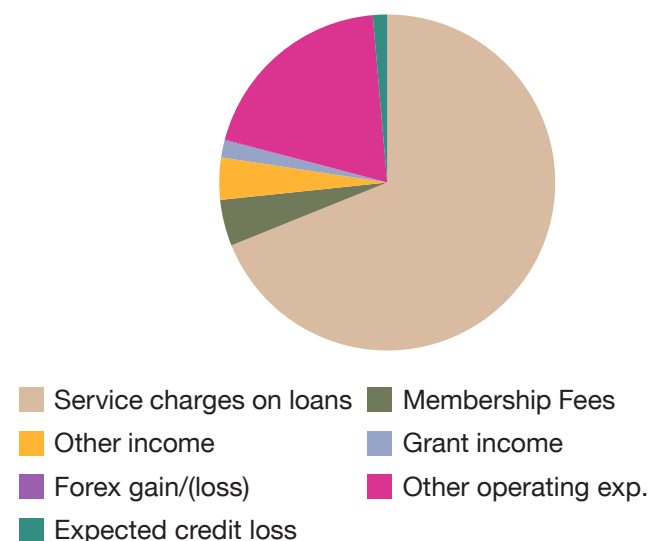
Particulars	2021	2020
Income tax	194,660	474,803
Social Insurance	777,495	749,139

VALUE ADDED STATEMENTS

A value added statement provides a detail account of total value addition and the distribution of value created by the organization. BRAC Uganda Bank Ltd contributes positively to overall economic development by empowering the poor people (especially females) through micro-credit and employees through creating opportunities for the Ugandan youth population by providing them with a dynamic working environment and capacity building through on the job and international training. BRAC also assists the local regulatory authorities by paying taxes regularly.

Value added	2021		2020	
	USD	%	USD	%
Service charge on loans	21,565,185.49	118%	13,510,160	185%
Membership fees	1,392,460.65	8%	1,270,431	17%
Other income	1,266,431.34	7%	1,644,516	22%
Grant income	512,623.27	3%	87,492	1%
Forex gain/(loss)	26,315.01	0%	122,116	2%
Other operating exp.	(6,107,379.59)	-34%	(4,370,636)	-60%
Expected credit loss	(430,233.72)	-2%	(4,952,582)	-68%
Total Value Added	18,225,402	100%	7,311,497	100%

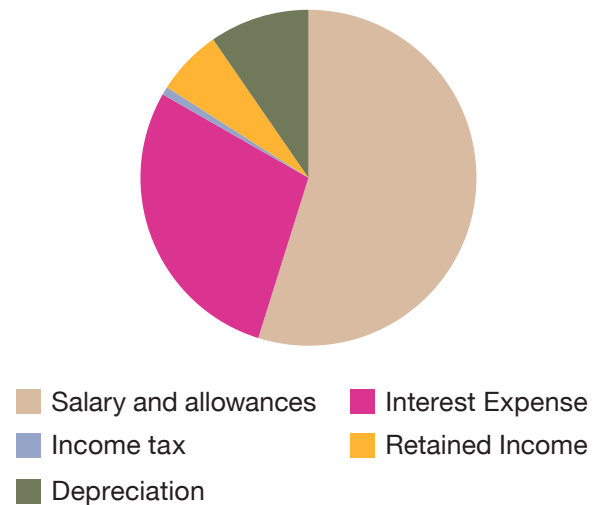
Value Added in 2021





Value Distributed	2021		2020	
	USD	%	USD	%
Employees				
Salary and allowances	10,367,085.17	58%	9,384,388	75%
Creditors				
Interest Expense	5,589,767	31%	6,300,913	50%
Local Authorities				
Income tax	(149,093.68)	-1%	(2,687,321)	21%
Growth				
Retained Income	190,926	1%	(7,586,318)	-61%
Depreciation	1,816,365.00	10%	1,717,464	14%
Total Value Distributed	17,815,049	100%	12,503,768	100%

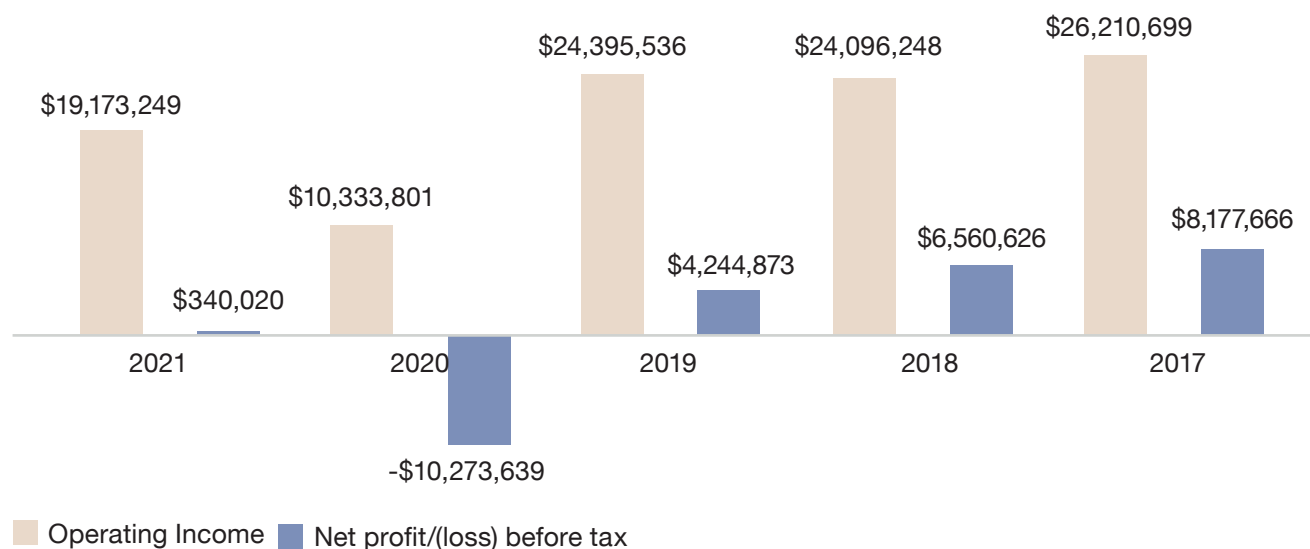
Value Distributed in 2021



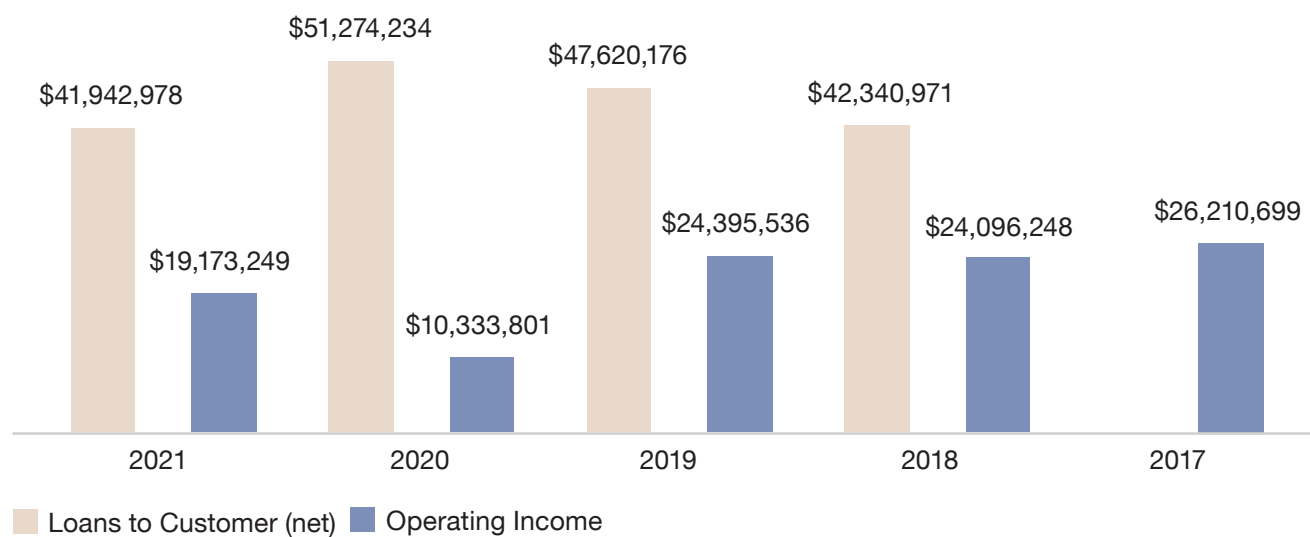
PERFORMANCE REVIEW

Particulars	2021 USD	2020 USD	2019 USD	2018 USD	2017 USD
Income Statement					
Operating Income	19,173,249	10,333,801	24,395,536	24,096,248	26,210,699
Net profit/(loss) before tax	340,020	(10,273,639)	4,244,873	6,560,626	8,177,666
Financial Position					
Total Asset	64,682,784	71,038,940	70,738,325	65,508,016	55,677,033
Loans to Customer (net)	40,535,397	41,942,978	51,274,234	47,620,176	42,340,971
Cash at Bank	752,285	810,914	4,040,705	3,988,967	2,167,803
Returns and Ratio					
Return on Asset	.50%	14.8%	6%	10%	15%
Cost to Income	108%	75%	82%	75%	66%
Operational Statistics					
Total Borrowers	163,202	193,731	216,787	218,598	194,616
PAR>30	12.96%	19.94%	3.45%	3.20%	2.73%

OPERATING INCOME VS PROFIT BEFORE TAX

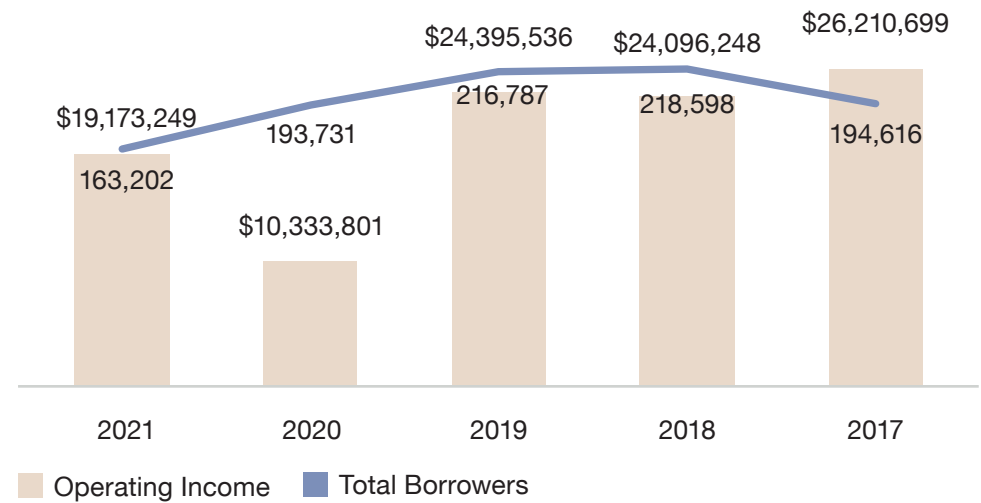


PORTFOLIO VS OPERATING INCOME





OPERATING INCOME VS BORROWER



BRAC Uganda Bank Ltd. is regulated by Bank of Uganda and customer deposits are protected by the Deposit Protection Fund of Uganda up to UGX 10M. Terms and Conditions apply.

CONTACT DETAILS

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