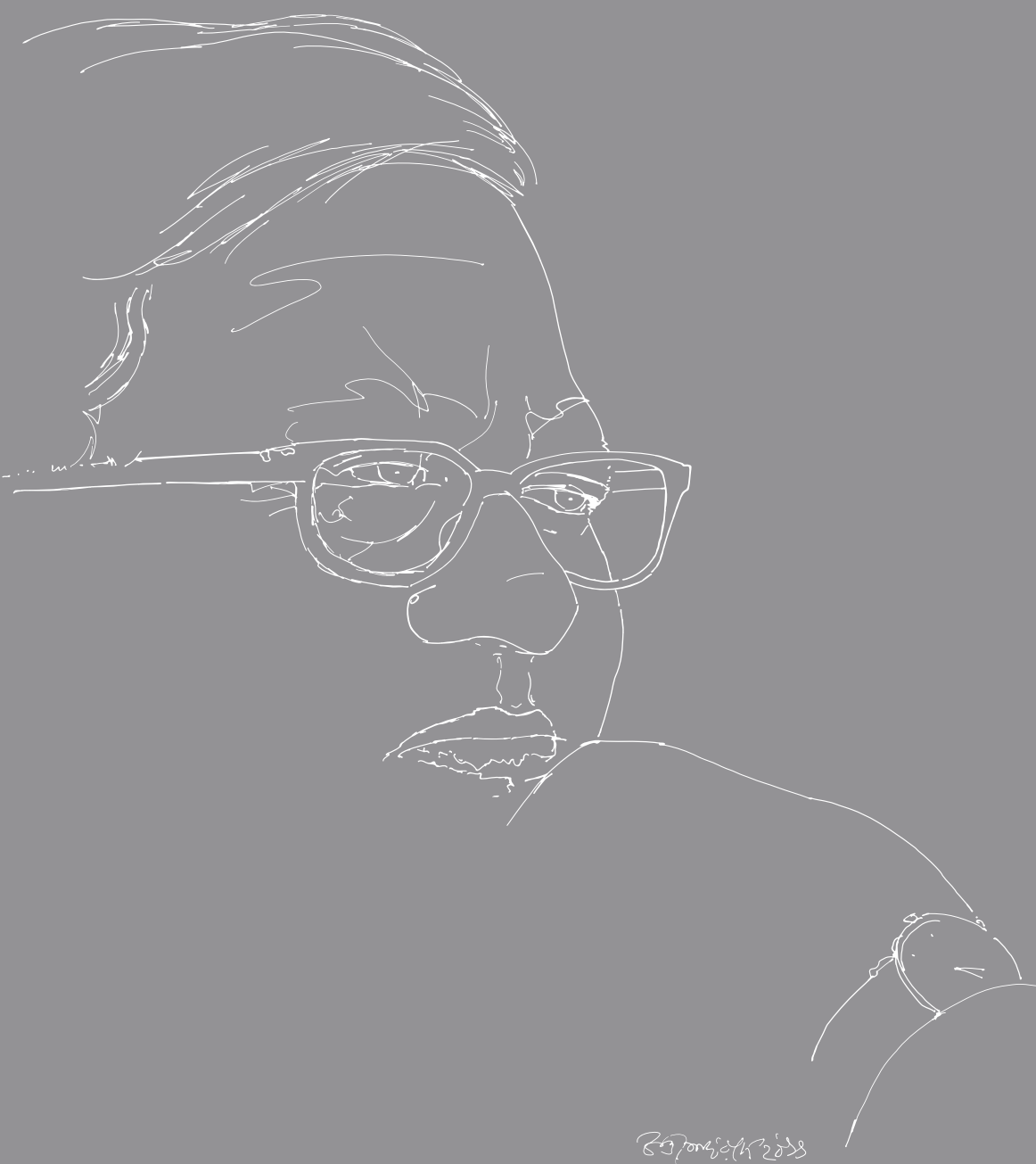




Uganda
Bank Ltd

ANNUAL REPORT 2022

BRAC UGANDA BANK LTD



**“The idea behind BRAC is to
change systems of inequality.”**

*Sir Fazle Hasan Abed KCMG
Founder, BRAC*



TABLE OF CONTENTS

01 Letter From Board Chair

02 Letter From CEO

03 Our Origin

04 BI and BIHBV

05 BI MF

06 Our Impact

07 BRAC Across the World

09 Alice’s Story

11 BUBL

17 BUBL Branches

19 BUBL Management

20 Donors & Partners

21 Financials



MESSAGE FROM THE BOARD CHAIR

The year 2022 presented a series of challenges and uncertainties, from the EBOLA outbreak in some parts of the country, supply chain disruptions caused by the war in Ukraine, and the devastating effects of the climate crisis. However, we remained steadfast in our commitment to supporting our customers through the recovery process and approached the challenges as catalysts for change and innovation.

In particular, we witnessed remarkable growth in our digital channels, such as mobile banking and agent points, to provide our customers with greater convenience and an enhanced banking experience. Recognising the importance of digitization and financial inclusion, we are currently in the process of upgrading our core banking system to establish a strong foundation for our journey towards comprehensive digitization.

In 2022, We strengthened our internal controls and risk management systems, focused on staff capacity building and engagement, improved operational efficiency, and expanded our alternative digital channels to enhance customer experience. As a result, our total assets grew by 14.8%, mainly driven by the growth in our loan book and deposit balances. We also made significant efforts to build a stable customer deposit base. We closed the year with a strong capital position, giving us confidence that we have laid a solid foundation for sustained growth in 2023 and beyond.

We approach 2023 with optimism and a commitment to streamlining and consolidating our operations. Our key areas of focus include credit growth with a focus on mobilizing savings from our clients, enhancing employee experience and productivity, stabilizing our core banking system and scaling up digital financial services, focusing on impact and social performance management and maintaining regulatory compliance with the aim of achieving a satisfactory CAMELS rating. All this will ensure we continue to deliver impact to our clients.

I would like to express my sincere appreciation to our regulators, strategic partners, shareholders, and Board of Directors for their continued confidence and support. Our gratitude also extends to our dedicated staff, whose hard work and commitment to our mission of providing responsible financial services to those at the bottom of the pyramid have been invaluable. Lastly, we extend heartfelt thanks to our valued customers who have remained steadfast in their support, and resilient in the face of challenges.

Albert Elasu Obongonyinge

Board Chairperson
BRAC Uganda Bank Ltd.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Despite the Ebola outbreak in some parts of Uganda affecting communities and restricting movement, BRAC Uganda Bank Ltd (BUBL) continued to drive its mission while supporting clients and staff through the crisis.

In a bid to create safer transactions and greater convenience for our clients, we continue to scale up our digital platforms across the network, especially in the Ebola-affected areas. Our mobile banking services allowed customers to access their money and pay their loan instalments remotely on their phones, and agent banking services enabled customers to deposit and withdraw at conveniently-located BUBL agent shops. In addition, we sensitised our clients and staff on safety and hygiene protocols to keep themselves and their families safe and reduce the spread of the virus.

BUBL remains committed to achieving sustainable impact at scale by listening and learning directly from the people we serve. In our recent Lean DataSM impact survey in partnership with 60 Decibels, 93% of our clients said their quality of life had improved after engaging with BRAC, 88% of clients reported that they were able to save more and 82% were able to plan their finances better. These results reinforce that we are staying true to our commitment of achieving the best outcomes for our clients and their families.

With the lessons and achievements from 2022 to encourage us, we look forward to 2023 with optimism and the zeal to execute our mission. This will be achieved by focusing on quality growth in both our credit book and the savings portfolio, scaling up the digital channels, and upskilling our staff to drive productivity.

I would like to thank our Board of Directors, strategic partners, shareholders and donors for their continued confidence and support to the bank. I cannot thank our staff enough for their relentless dedication, hard work, and commitment in realising our mission of improving the lives of the people of Uganda. Finally, I would like to express my heartfelt appreciation to our valued customers who inspire me with their resilience and their commitment to transforming their lives, families and communities. Our promise as a bank is to continue providing the right resources and opportunities to support their dreams.

Nkosilathi Moyo

Chief Executive Officer
BRAC Uganda Bank Ltd.



OUR ORIGIN

In 1972 in Bangladesh, Sir Fazle Hasan Abed laid the foundation for an organisation that would go on to impact the lives of millions around the world.

50 years ago, BRAC's journey began in a remote village in the newly independent Bangladesh, supporting refugees returning to a war-ravaged country to build back their lives. Today BRAC partners with over 100 million people living with inequality and poverty globally to create sustainable opportunities to realise potential.

BRAC designs proven, scalable solutions that equip people with the tools, support and confidence they need to achieve their potential. With origins and roots in the Global South and commitment to continuous learning, BRAC has a depth of experience and evidence that enables us to respond to the needs of diverse communities with humility and courage.

The organisation's 50th anniversary is a celebration of solutions that are born and proven in the Global South, and the strength and courage of the 100 million people who partner with us to solve some of the world's toughest challenges.



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

Stichting BRAC International is a non-profit foundation formed in the Netherlands in 2009 and governs all BRAC entities outside Bangladesh with the objective to engage in charitable and social welfare activities in any country of the world. BRAC's institutional expertise on successfully implemented programmes is applied across 15 countries outside of Bangladesh, in Asia and Africa, touching the lives of over 100 million people, where our models are adapted according to the country's context.

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, a non-profit foundation in the Netherlands that governs all entities outside Bangladesh. BIHBV is a socially responsible for-profit organisation engaging people in sustainable economic and income-generating activities.

For 50 years, across Asia and Africa, we have been supporting women with access to responsible financial services to invest in themselves, their families, and their communities. By partnering with women, we are building a world where everyone has the opportunity to realise their potential.

BRAC INTERNATIONAL
MICROFINANCE

BRAC has been one of the pioneers since it first started microfinance 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 750,000 clients, 96% of whom are women.

BRAC International Microfinance (BI MF) 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.

OUR
REACH



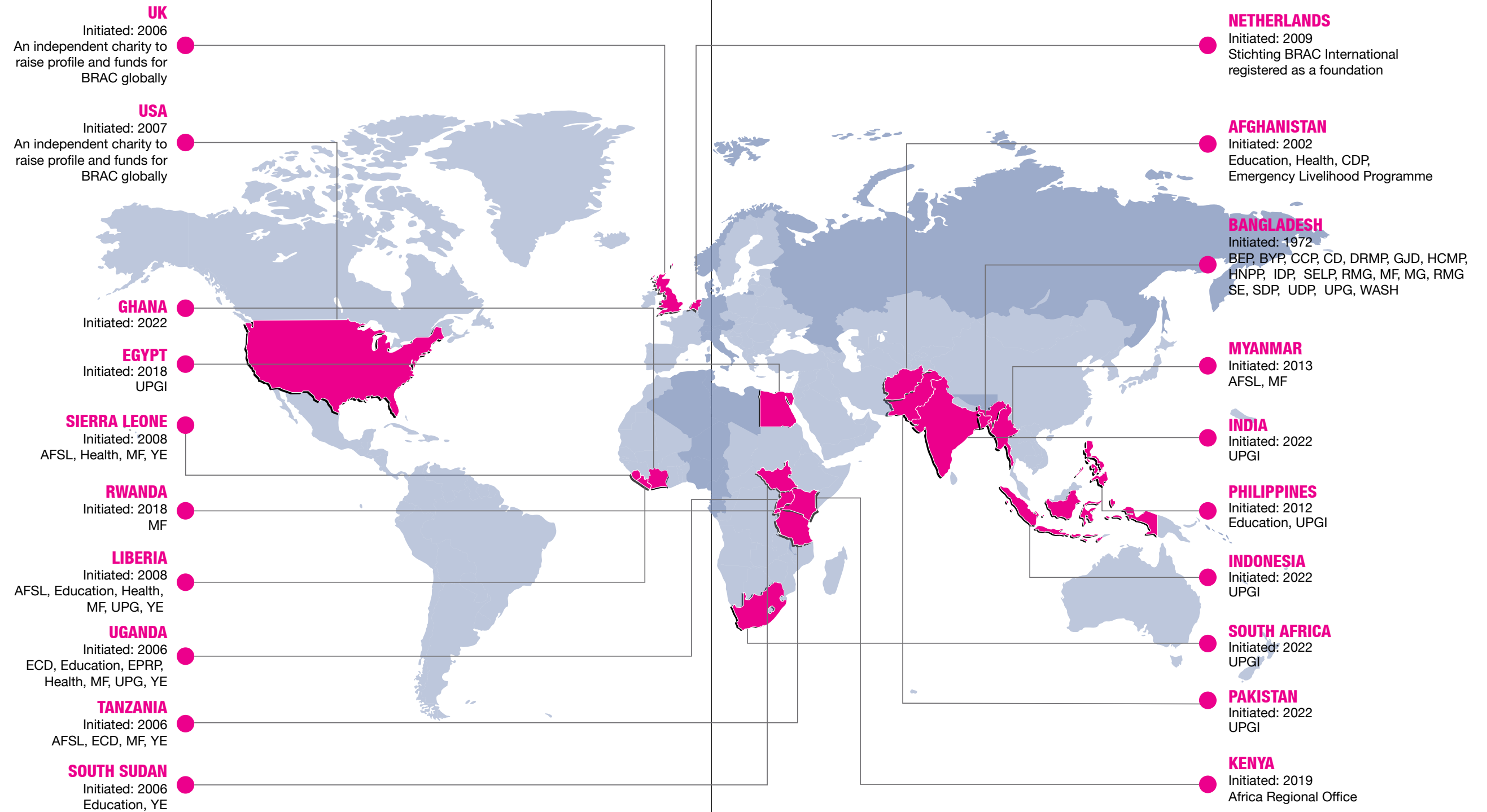
HIGHLIGHTS FROM THE 2022 LEAN DATASM
IMPACT SURVEY

AFTER ENGAGING WITH BRAC



**Results from 2022 Lean DataSM Impact Survey*

BRAC ACROSS THE WORLD



AFSL: Agriculture, Food Security and Livelihood
BEP: BRAC Education Programme
BYP: BRAC Young Professionals
CCP: Climate Change Programme
CD: Communical Disease
DRMP: Disaster and Risk Management Programme

ECD: Early Childhood Development
EPRP: Emergency Preparedness and Response Programme
GJD: Gender Justice and Diversity
HCMP: Humanitarian Crisis Management Programme
HNPP: Health, Nutrition and Population Programme
HRLS: Human Resources and Legal Aid Services

IDP: Integrated Development Programme
MF: Microfinance
MG: Migration
RMG: Readymade Garments
SE: Social Enterprises
SELP: Social Empowerment Legal Protection

SDP: Skills Development Programme
UDP: Urban Development Programme
UPG: Ultra Poor Graduation
UPGI: Ultra Poor Graduation Initiative
WASH: Water, Sanitation and Hygiene
YE: Youth Empowerment



ALICE'S

UNBREAKABLE SPIRIT

“ I am proud of how far I’ve come, and I will continue to inspire other women to embark on their own entrepreneurial journeys. I encourage them to be courageous and start with what they have, however small.

Alice Nalubega is a businesswoman and mother of five from Kajansi.

Before joining BRAC, Alice ran a retail shop, selling refreshments and beverages in her neighbourhood. However, she didn’t have a refrigerator and this limited her sales because people prefer chilled drinks, especially on hot days.

In 2007, with her first loan of 400,000 UGX from BRAC, Alice decided to pivot and start a different business. She bought her first consignment of second-hand clothes. Since she didn’t have a store, she would carry the clothes in a backpack and sell them door-to-door. Through word-of-mouth from satisfied customers, her customer base grew steadily. The clothing business became even more successful than her beverage shop, and she was able to contribute to her household’s needs and financial decisions.

Unfortunately, in 2010, disaster struck. Alice’s husband fell ill, and she found herself as the sole breadwinner. Hospital bills, school fees, rent – they all added up, but she didn’t let it discourage her. With a loan of UGX 1 million, Alice rented a space for her business while taking care of her husband and the family. Her business transformed into a roadside boutique.

Even in the face of adversity, Alice persevered. She supported her husband, covered medical expenses, and provided an education for her children. She even grew her business ventures. In addition to her boutique, she now also supplies local schools with food.



BRAC UGANDA BANK LTD

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.

OPERATIONAL HIGHLIGHTS



162
branches



157,667
borrowers



51,396
outreach to people
in rural areas



94% of clients
are women



73% outreach
to people living
in poverty



USD 93.3 M
disbursed

**Data as of Dec 2022*

OUR PRODUCTS

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 five 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; Safe Save, for community-based savings and credit groups; a Fixed Deposit account to invest at attractive interest rates; a Corporate Account for registered corporate business entities and a Junior Account for guardians who wish to save for their children.

DIGITAL TRANSFORMATION

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. We are embracing financial technology by digitising field operations and adopting alternative delivery channels to increase operational efficiency and offer greater convenience to our clients.

In 2022, BUBL refined its Digital Financial Services Strategy to enhance the uptake of digital products and improve accessibility for customers, especially in remote areas.

Agent banking was rolled out, providing services like deposits, withdrawals, and balance inquiries. By December 2022, over 10,000 transactions

were processed, amounting to over UGX 700 million. Additional services like bill payments and account opening will be implemented at agent points by mid-2023.



The mobile push and pull service, which allows customers to access account information and receive alerts, experienced growth in 2022. It gained 26,000 new customers and facilitated a total of 109,000 transactions worth UGX 14 billion. A scale-up of this service is set for 2023, with a target of 32 branches per quarter.

BUBL acquired a USSD code *226# to bring services closer to customers, offering cash deposits, withdrawals, balance inquiries, mini statements, airtime, and internet subscriptions. The USSD service is expected to be launched by mid-2023. SMS alerts were also implemented to promote transparency, with over 35,000 new customers using this service by the end of 2022.



Extensive training sessions were conducted to raise awareness among staff members about digital products. Looking ahead, BUBL has upcoming projects, including the digitization of credit officers' work through a digital field application. The project requirements were gathered in 2022, and further planning and documentation are scheduled for 2023.

OUR IMPACT

In 2022, we conducted our fourth impact survey in partnership with 60 Decibels 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. It 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.



HIGHLIGHTS FROM THE 2022 LEAN DATASM IMPACT SURVEY

AFTER ENGAGING WITH BRAC



93% of clients said their quality of life had improved



89% of clients earned more



82% of clients managed their finances better



88% of clients saved more



76% of clients contributed more to important household decisions

**Results from 2022 Lean DataSM Impact Survey*

BRAC UGANDA BANK LTD

BOARD MEMBERS

Albert Elasu Obongonyinge	Board Chairperson
Shameran Abed	
Susanne Decker	
Kamau Anthony Peter Wainaina	
Farkas Orsolya	
Nakimbugwe Florence Nsubuga	
Rumanyika–Mulira Mbabazi Annette	
Spengler Laurie Jean	
Seewoosagur Domun	
Nkosilathi Moyo	Chief Executive Officer
William Mawejje	Chief Operations Officer

BRAC UGANDA BANK LTD

MANAGMENT TEAM

Nkosilathi Moyo	Chief Executive Officer
William Mawejje Deputy	Chief Operations Officer
Rose Namuddu	Chief Finance Officer
Alemi William Kenyi	Head of Business Development
Kevin Ssengendo	Head of Risk
Robert Mugabe Kusiima	Head of Banking Operations
Max Manzi	Head of Legal
Miriam Echeru	Head of HR & Training
Maruf Hossain	Head of Credit
Shallote Nansamba	Head of ICT
Innocent Kakande Bitoogo	Head of Internal Audit
Esther Akia	Manager Compliance



OUR

DONORS AND PARTNERS



FINANCIAL HIGHLIGHTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Uganda Bank Ltd. completed 2022 by registering pretax profit of USD 477,637 compared to profit of USD 340,020 in 2021. The company slowly recovered from impact of COVID-19 with 82% year-on-year growth in operating income which was reflected in the positive bottom line.

OPERATING EXPENSES

Total operating expenses for the year 2022 was USD 20,077,121 as against USD 18,496,203 in 2021 showing a increase of 9%. 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 2022, amount charged write back for impairment on loans was USD 152,242 compared to USD 430,234 charged in 2021. The company followed IFRS 9 provisioning policy to be inline with Bank of Uganda's guidelines. Portfolio at Risk (PAR>30) is 4.44%.

FINANCIAL POSITION

In 2022, the company's total assets increased by 9.7% to USD 70,799,047 compared to the previous year's total assets of USD 64,605,407 and the company holds a key position in the market. Loans and advances to customers decreased by 1% and is now 57% of total assets. Net equity decreased by 3% to USD 13,978,613 from USD 14,350,305 in 2021.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

BRAC Uganda Bank Ltd. regularly contributes government exchequer through providing tax on its income and withholdings and deposition tax from it's 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	2022	2021
Income tax	194,789	149,094
Social Insurance	836,583	777,495

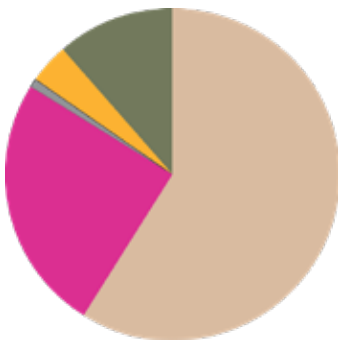
VALUE ADDED STATEMENTS

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	2022		2021	
	USD	%	USD	%
Service charge on loans	21,082,776	118%	21,565,185	118%
Membership fees	2,294,256	13%	1,392,461	8%
Other income	1,299,988	7%	1,266,431	7%
Grant income	535,381	3%	512,623	3%
Forex gain/(loss)	(136,754)	−1%	26,315	0%
Other operating exp.	(7,382,562)	−41%	(6,107,380)	−34%
Expected credit loss	152,242	1%	(430,234)	−2%
Total Value Added	17,845,327	100%	18,225,402	100%

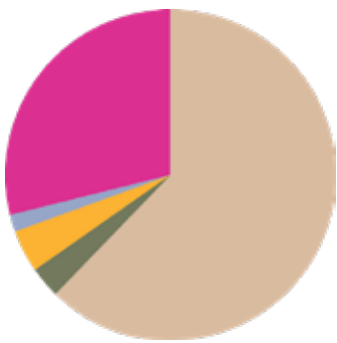
Value Distributed	2022		2021	
	USD	%	USD	%
Employees				
Salary and allowances	10,697,245	77%	1,0367,085	64%
Creditors				
Interest Expense	4,396,423	31%	5,375,668	33%
Local Authorities				
Income tax	(194,789)	−1%	(149,094)	−1%
Growth				
Retained Income	832,693	6%	(1,197,421)	−7%
Depreciation	(1,761,476)	−13%	1,816,365	11%
Total Value Distributed	13,970,096	100%	16,212,603	100%

VALUE ADDED IN 2022



- Service charges on loans
- Membership Fees
- Other income
- Grant income
- Forex gain/(loss)
- Expected credit loss
- Other operating exp.

VALUE DISTRIBUTED IN 2022

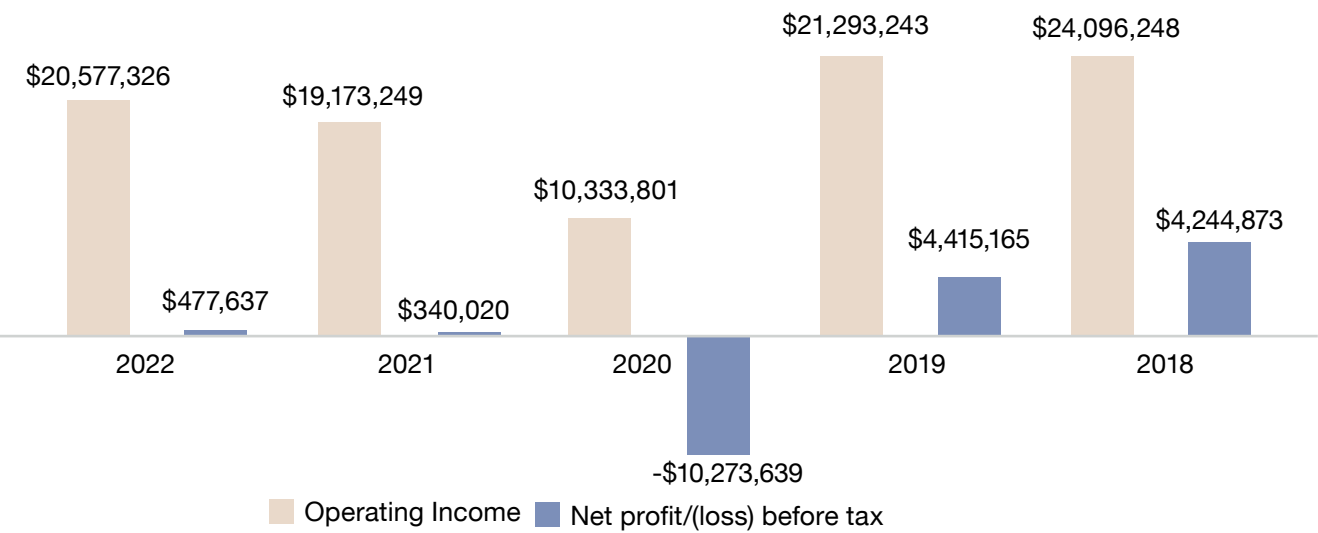


- Salary and allowances
- Interest Expense
- Income tax
- Retained Income
- Depreciation

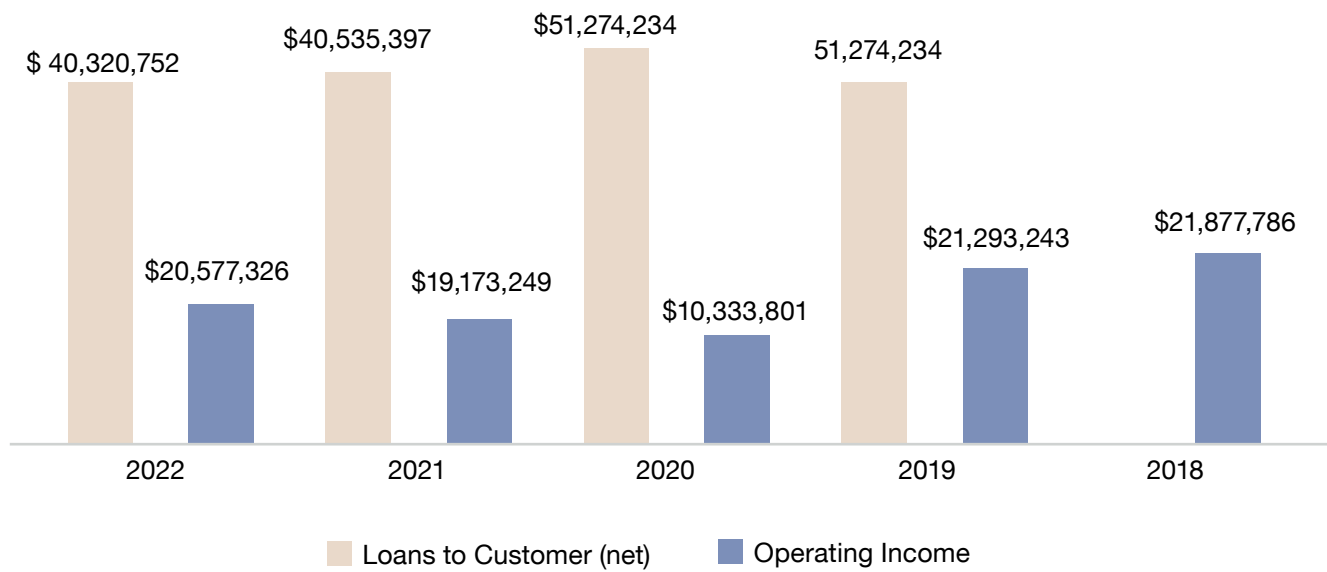
PERFORMANCE REVIEW

Particulars	2022 USD	2021 USD	2020 USD	2019 USD	2018 USD
Income Statement					
Operating Income	20,577,326	19,173,249	10,333,801	21,293,243	21,877,786
Net profit/(loss) before tax	477,637	340,020	(10,273,639)	4,415,165	4,244,873
Financial Position					
Total Asset	70,799,047	64,605,407	71,038,940	70,738,325	65,508,016
Loans to Customer (net)	40,320,752	40,535,397	41,942,978	51,274,234	47,620,176
Cash at Bank	648,833	752,285	810,914	513,035	1,610
Returns and Ratio					
Return on Asset	1%	1%	−14%	6%	10%
Cost to Income	65%	108%	75%	82%	75%
Operational Statistics					
Total Borrowers	157,667	163,202	193,731	216,787	218,598
PAR>30	4.44%	12.96%	19.61%	3.45%	3.20%

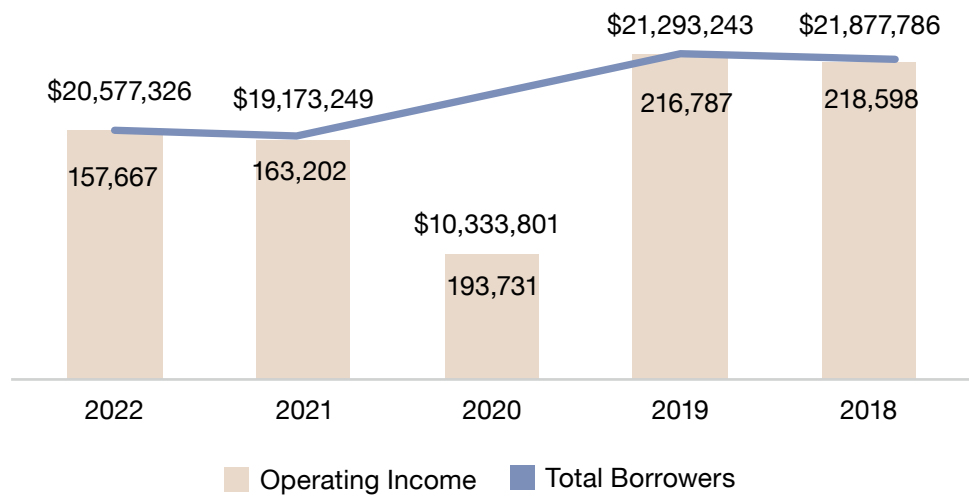
OPERATING INCOME VS PROFIT BEFORE TAX



PORTFOLIO VS OPERATING INCOME



OPERATING INCOME VS BORROWER



BRAC Uganda Bank Ltd
Plot 201, Mengo Kabuusu, Rubaga
P.O Box 6582, Kampala, Uganda
T: +256 200 900 720
E: bracugandabankltd@brac.net
W: <https://bracininternational.org/brac-uganda-bank-ltd/>

BRAC International Holdings B.V.
Spaarneplein 2
2515 VK The Hague
The Netherlands
T: +31 (0)6 50 255 110

Writers and Contributors
Robert Afema ; Lyndah Wanjiku
Editor - Tahjib Shamsiddin
Graphics Designer - Sinthia Ahmed
Photos- BRAC

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