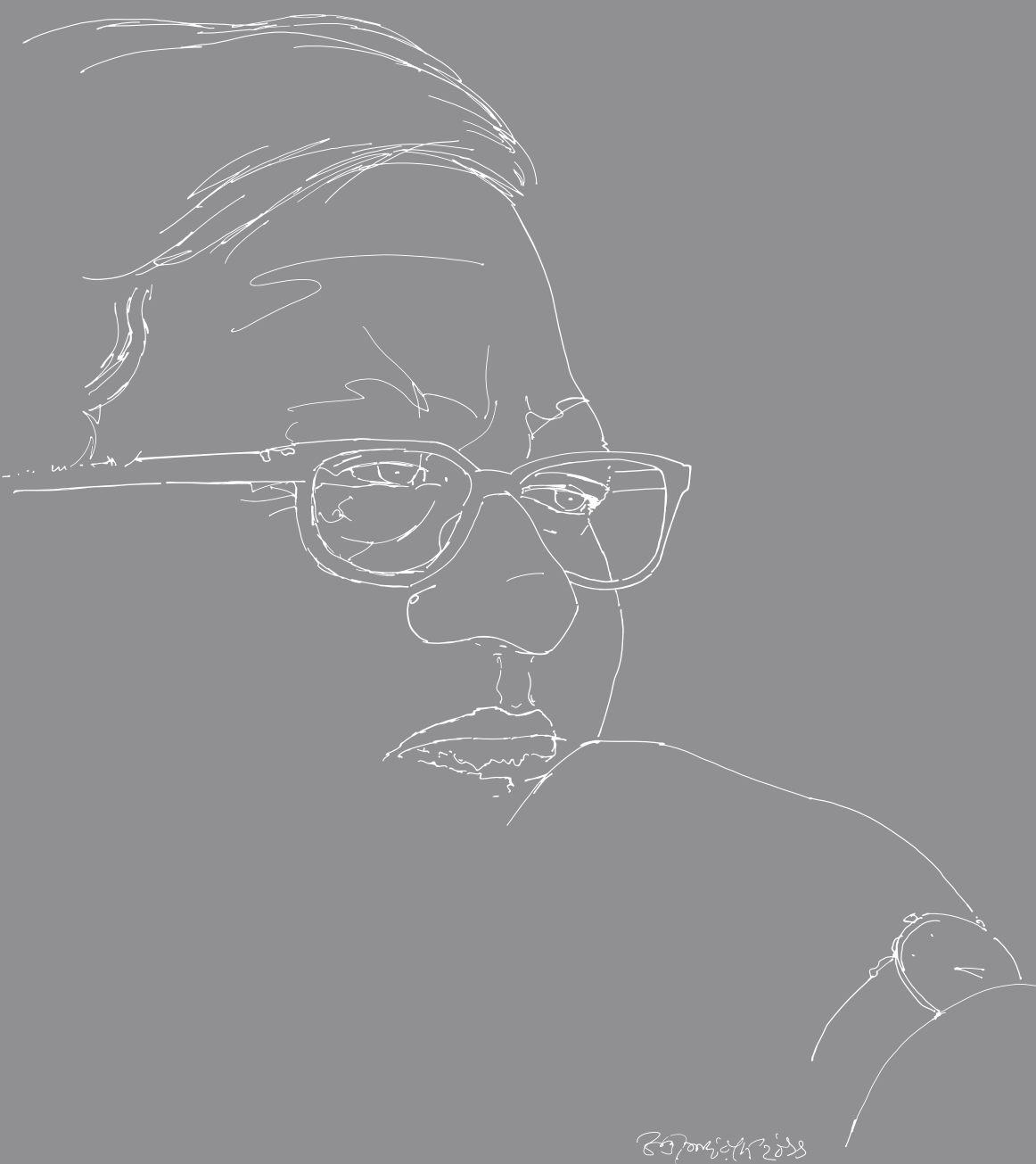




ANNUAL REPORT 2022

**BRAC MYANMAR MICROFINANCE
COMPANY LIMITED**



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

*Sir Fazle Hasan Abed KCMG
Founder, BRAC*



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MESSAGE FROM THE BOARD CHAIR

The year 2022 marked the 50th anniversary of BRAC since we started our journey in a remote village in newly independent Bangladesh. We celebrated the occasion with our staff, donors and communities and reflected on the last 50 years and reinvigorated our commitment to take on more ambitious goals and create deeper, long-term impacts in the future.

Since we started microfinance activities in Bangladesh in 1974, microfinance has been an integral part of BRAC's holistic approach to development. Today, we serve more than 10 million clients in seven countries in Asia and Africa. Among them, over 90% of our clients are women and almost 50% live in rural areas. Wherever we operate, we are driven by our mission of providing inclusive financial services to people living in poverty, particularly focusing on women, to empower them economically and enhance their financial resilience.

In recent years, following the COVID-19 crisis and the political situation, thousands of families within Myanmar have been stuck in the typical cycle of conflict, with rising levels of food insecurity and multiple displacements. BMMCL, working together with BRAC Myanmar NGO has remained dedicated to supporting the people of Myanmar throughout the COVID-19 crisis, regional conflict, political turmoil, and the ensuing economic consequences. Women in vulnerable situations make up approximately 95% of our participants and clients. This includes women who have been displaced as a direct result of violent conflict. BMMCL aims to continue supporting women micro-entrepreneurs and smallholder farmers with critical access to responsible inclusive finance and financial literacy education, to help them build their financial resilience.

It has been 20 years since BRAC expanded out of Bangladesh and as we stand at the threshold of the next chapter in our story, we must seize the momentum of this milestone to propel ourselves towards new horizons. We can only do this by working with like-minded donors, governments and peer organisations.

On that note, allow me to express my sincere gratitude to the Government of Myanmar for their unwavering support and partnership in our mission to support communities living in poverty. Your collaboration has been instrumental in enabling us to reach and empower millions of women and underserved populations.

I thank all our staff members in Myanmar, especially those who work on the frontlines, for their relentless dedication to advancing BRAC's mission. To our clients, your resilience in the face of adversity gives us the conviction that there is always a way.

As long as social needs exist, BRAC will continue to exist. As our founder, Sir Fazle Hasan Abed said, "We must strive to continuously find solutions to new social challenges. We must reach out to those in need."

Shameran Abed

Board Chairperson

BRAC Myanmar Microfinance Company Limited



MESSAGE FROM THE MANAGING DIRECTOR

In 2022 BRAC marked its 50th anniversary, celebrating 50 years of empowering people and communities in situations of poverty, illiteracy, disease and social injustice. BRAC Myanmar celebrated this occasion with an event bringing together over 600 staff at Ngwe Saung Beach. With this event, we celebrated and recognised the constant efforts of our staff, whose unwavering commitment to our mission has enabled us to make a difference in the lives of people in Myanmar.

In the complex country situation, in 2022, we focused on these three strategic objectives to make our company financially and socially relevant; 1) Portfolio recovery and self-sustainability post-COVID and in the uncertain political situation ii) Staff safety and retention iii) To uphold the client protection principles (CPPs) placing clients' well being at the centre of our work. We remained consistent in our commitment to supporting the most vulnerable communities.

We ended 2022 with 85 branches across eight regions/states, making us one of the microfinance institutions with the largest branch network in Myanmar. We reached 123,870 borrowers; 94% of whom are women, 58% of them from rural areas and 41% of them living below the poverty line (\$5.5/day).

Our fourth impact survey conducted in 2022 in partnership with 60 Decibels using Lean DataSM methodology found that 89% of clients improved their quality of life after engaging with BRAC. 89% of clients reported they earned more and 86% of clients planned their finances better. This annual exercise guides us in setting strategies to reach more people and achieve long-term social impact for our clients.

In line with our holistic approach, we also launched financial literacy training to provide our clients with the knowledge and skills to make more informed financial decisions. Currently running in 10 branches, we expect to roll out across the network starting in 2023.

I'd like to thank our partners, investors and strategic service providers for their support. I'd also like to appreciate our staff for their exceptional work. Even in these difficult times, I am proud that we can rely on them to continue to show courage and commitment to our mission. Finally, to our clients, whose incredible spirit, trust and resilience continue to inspire us, we promise to continue with our mission to serve.

Md. Sazaduzzaman

Managing Director

BRAC Myanmar Microfinance Company Limited.



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



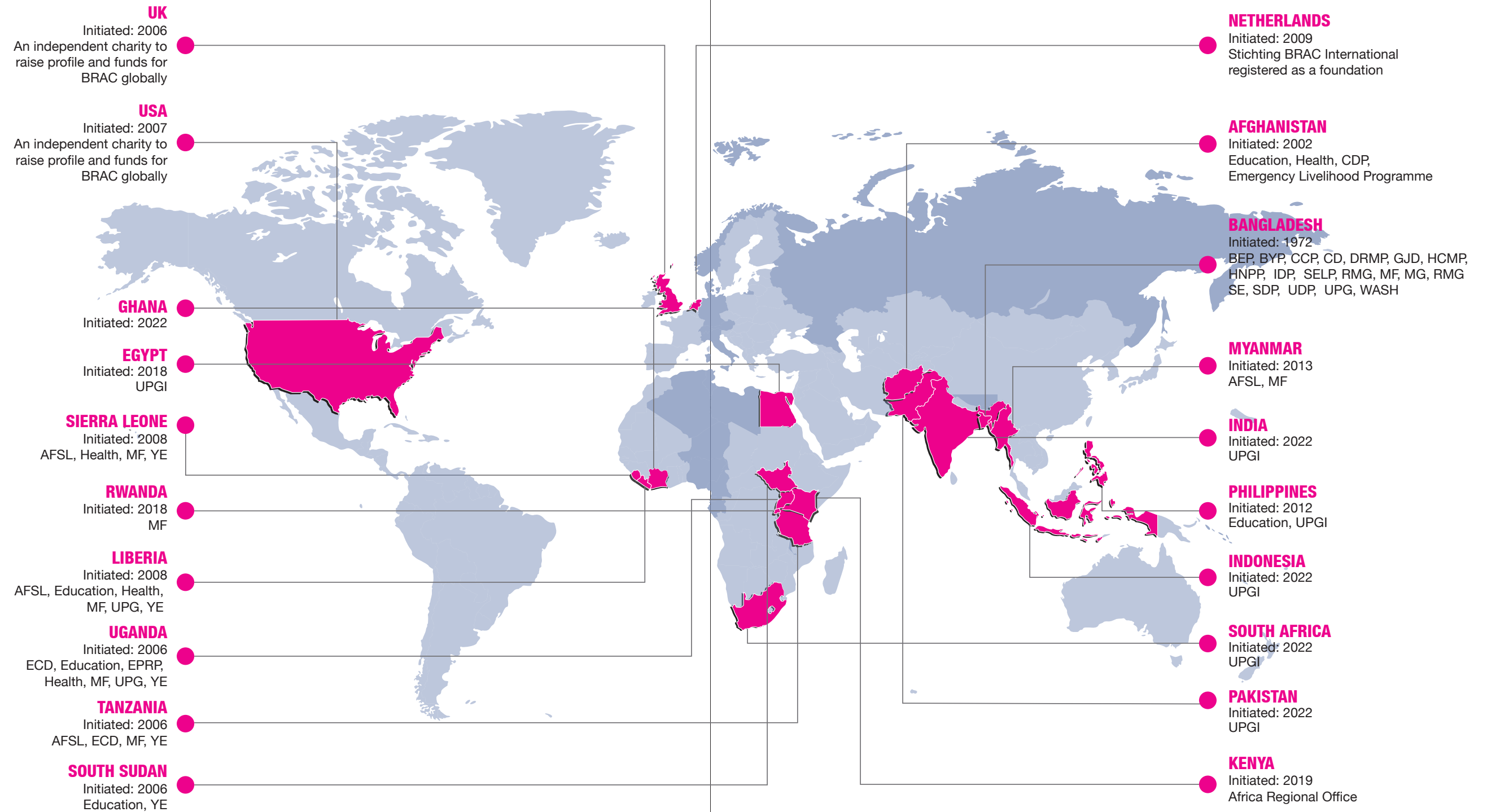
HIGHLIGHTS FROM THE 2022 LEAN DATASM
IMPACT SURVEY

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



SWEEPING SUCCESS

Nilar Myint's Journey

“ I was able to generate more income and increase sales by working with BRAC. I hope to pass my business down to the next generation in the future.

Nilar Myint is a dedicated businesswoman who runs a broom business in Thanat Pin Village, Pyinmana Township, Naypyidaw. She lives with her family, including two grandchildren. Nilar left work in agricultural businesses to take over the family broom business when her parents passed away.

Nilar joined the BRAC women microenterprise program in 2019. Starting with a loan of 500,000 kyats, she has now grown her business to a point where she confidently takes loans of 1,000,000 kyats to invest in her business. At present, she employs eight people to work in the business, and her monthly earnings from the business have grown to between 1.5 million Kyats and 2 million Kyats.

With patience and dedication, Nilar has grown the inherited business significantly and intends to keep expanding it.



BRAC MYANMAR MICROFINANCE COMPANY LIMITED

Our mission is to provide inclusive, accessible, and affordable financial services to people living 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 their entrepreneurial spirit by empowering them economically.

OPERATIONAL HIGHLIGHTS



85
branches



123,870
borrowers



74%
outreach to people
in rural areas



93% of clients
are women



41% outreach
to people living
in poverty



USD 45 M
disbursed in 2022

**Data as of Dec 2022*

OUR PRODUCTS

Our core products include a group-based microloan provided exclusively to women, small enterprise loans for entrepreneurs seeking to expand their businesses, and microenterprise loans designed exclusively for women. We also provide credit to smallholder farmers and have an inclusive financing product for persons with disabilities.

Since 2020, we have provided voluntary savings deposit services to our clients.

SOCIAL PERFORMANCE

BMMCL financial literacy programme

In August 2022, we launched the Financial Literacy Program in Kayin State. The financial literacy training focuses on giving our clients the skills to plan their finances, borrow responsibly, save safely and manage their credit.

The pilot started in Kayin State phase and expanded to 9 branches in the West Bago Region in December 2022. In 2023, the program will be rolled out to 50% of BMMCL branches. The training will be offered to clients of all loan categories.

Rice distribution drive

BMMCL provided rice donations to help our clients who were struggling during the crisis.

This activity supported more than 1,300 village organizations with over 19,000 clients who are facing difficulties in managing their daily living needs.

This activity is part of BRAC's holistic approach, that long-term change can only be achieved with both economic and social development interventions. The rice donations started in August 2022 and by December, rice had been distributed to more than 7,000 clients.



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 launched a digital agent repayment system for group loan, agriculture loan, and SEP loan borrowers in select branches in collaboration with Ongo, a mobile money service, with the goal of providing more flexibility and convenience for clients while minimising the complications posed by cash handling.

In 2022, we used the Myanmar Credit Information Exchange system (MCIX) during our loan evaluation process to make better credit decisions and prevent over-indebtedness of clients. MCIX facilitates information exchange between MFIs in Myanmar to mitigate credit risk and appropriately manage credit risk. We are using this system in all of our 85 branches.

OUR IMPACT

Since 2019, BRAC has partnered with 60 Decibels to conduct annual Lean DataSM surveys to learn directly from our clients, address challenges, and continuously improve client outcomes and 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 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.



HIGHLIGHTS FROM THE 2022 LEAN DATASM IMPACT SURVEY

AFTER ENGAGING WITH BRAC



89% of clients said their quality of life had improved



89% of clients earned more



90% of clients managed their finances better



80% of clients saved more



86% of clients contributed more to important household decisions

**Results from 2022 Lean DataSM Impact Survey*



BRAC'S 50TH ANNIVERSARY STAFF CELEBRATION

In 2022, we celebrated our 50th anniversary, a significant milestone in our journey towards achieving social and economic development. At BMMCL, we marked the anniversary by celebrating the constant efforts of our staff, whose unwavering commitment to our mission has enabled us to make a difference in the lives of communities in Myanmar.

As part of the celebrations, in June, BRAC Myanmar organised an event at Ngwe Saung Beach. The event was attended by over 600 staff members and focused on fostering unity, inspiring staff, and emphasizing our mission and values.

We took the opportunity to recognize and honour staff who performed exceptionally well in their duties in the past year by announcing the Best Performance Awards for 2021. This is a testament to our commitment to recognizing and rewarding excellence among our staff.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED BOARD MEMBERS

Shameran Abed
Johannes Maria Antonius Eskes
Bridget Lee Dougherty
Md. Sazaduzzaman

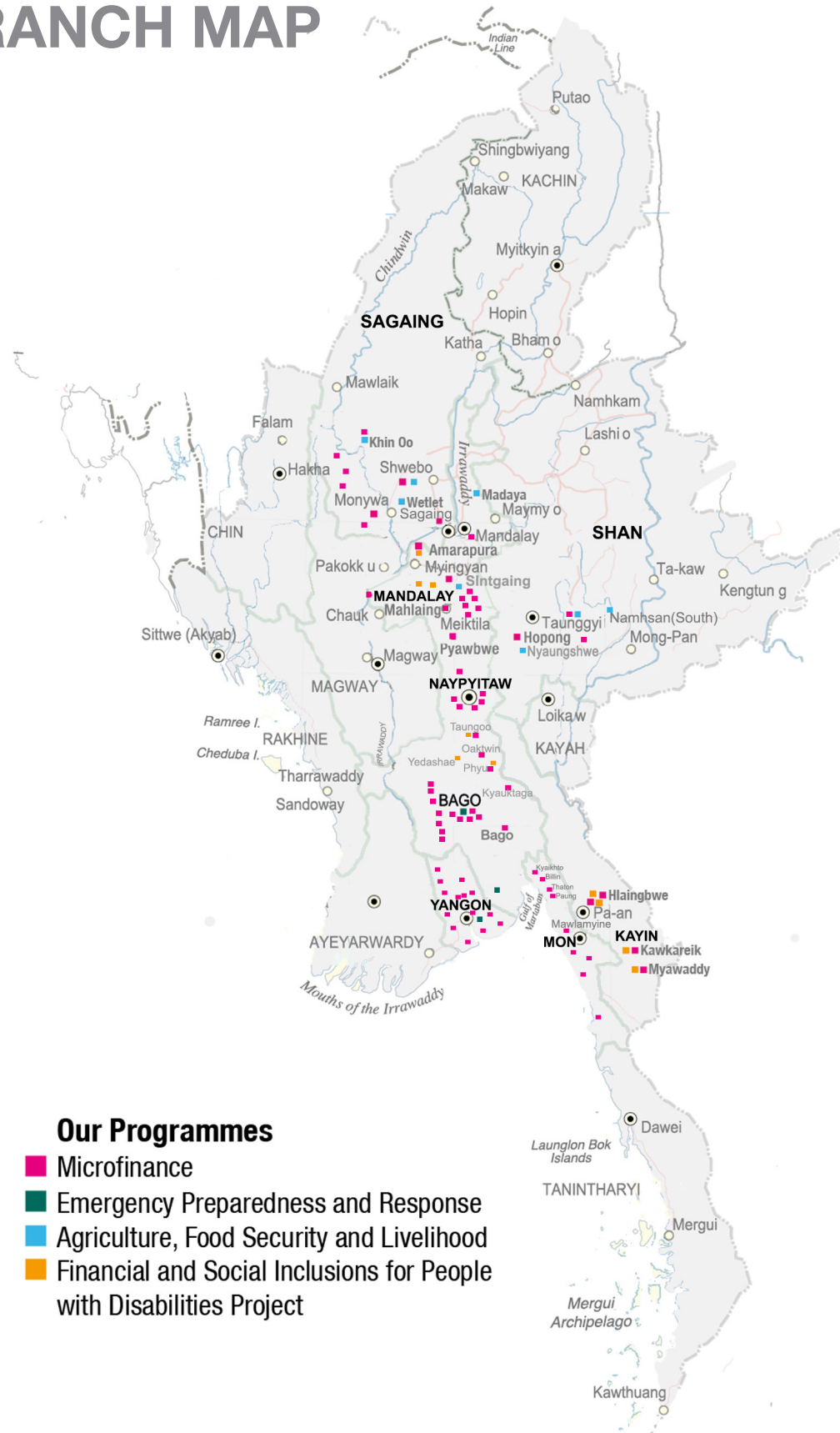
Chairperson
Director
Director
Managing Director & Ex-officio

BRAC MYANMAR MICROFINANCE COMPANY LIMITED MANAGEMENT TEAM

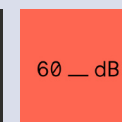
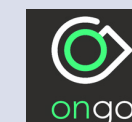
Md. Sazaduzzaman
Md.Ehsanul Islam
Ei Shwe Zin Moe
Md Rafiqul Islam
Zin Mar Hnin

Managing Director
Head of Operation
Head of HR
Head of Finance
Head of Business Development and Impact

BRAC MYANMAR MICROFINANCE COMPANY LIMITED BRANCH MAP



OUR DONORS AND PARTNERS



FINANCIAL HIGHLIGHTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Myanmar Microfinance Company Limited completed its ninth years of operation in 2022. The company reported pretax loss of USD 419,121 in 2022 compared to pretax loss of USD 2,443,826 in 2021. The loss was primarily due to high loan loss provision as a result of deteriorating portfolio quality.

OPERATING EXPENSES

Total operating expenses for the year was USD 3,678,660 as against USD 4,406,568 in 2021 showing an decrease of 17%, primarily due to reduction in staff salary.

PROVISION FOR IMPAIRMENT LOSSES

This year amount charged for impairment of loans is USD 3,983,386 as against USD 6,473,062 in 2021. Total loan loss reserve was USD 5,492,385 (2021: USD 5,531,118). The decrease in impairment loss in loan is due to decreasing Portfolio at Risk (PAR>30) which is 24% in 2022 compared to 35% in 2021.

FINANCIAL POSITION

In 2022, the company's total assets decreased by 16% to USD 32,405,035. The decrease in total asset is mainly due to decrease in Loans and advances to customers, which account for 82% of total asset. Loan and advances reported 14% decrease due to volatile political and economic scenario of Myanmar.

PERFORMANCE REVIEW

Particulars	2022 USD	2021 USD	2020 USD	2019 USD	2018 USD
Income Statement					
Operating Income	7,242,924	8,435,805	5,926,720	4,902,443	2,173,129
Net profit/(loss) before tax	(419,121)	(2,443,826)	309,401	821,048	6,560,626
Financial Position					
Total Asset	32,405,035	38,625,820	56,255,787	31,738,859	18,065,816
Net Equity	5,643,945	9,782,954	17,929,470	13,411,400	7,286,851
Loans to Customer (net)	26,696,874	30,995,909	43,919,594	27,053,529	13,398,300
Cash at Bank	4,648,901	6,454,447	10,718,228	3,616,925	4,200,047
Contribution to government exchequer					
Income Taxes	222,555	-	159,902	231,705	-
Withholding tax	79,584	102,204	27,601	171,516	59,305
Social Security and pension	35,445	73,860	43,252	36,621	34,308
Returns and Ratio					
Return on Asset	-1.18%	3.30%	1.80%	0.42%	-4%
Cost to Income	56%	95%	83%	91%	98%
Operational Statistics					
Total Borrowers	123,870	138,612	154,119	124,889	75,998
PAR>30	24.02%	35.00%	6.56%	0.83%	1.42%

OPERATING INCOME VS NUMBER OF BORROWERS

