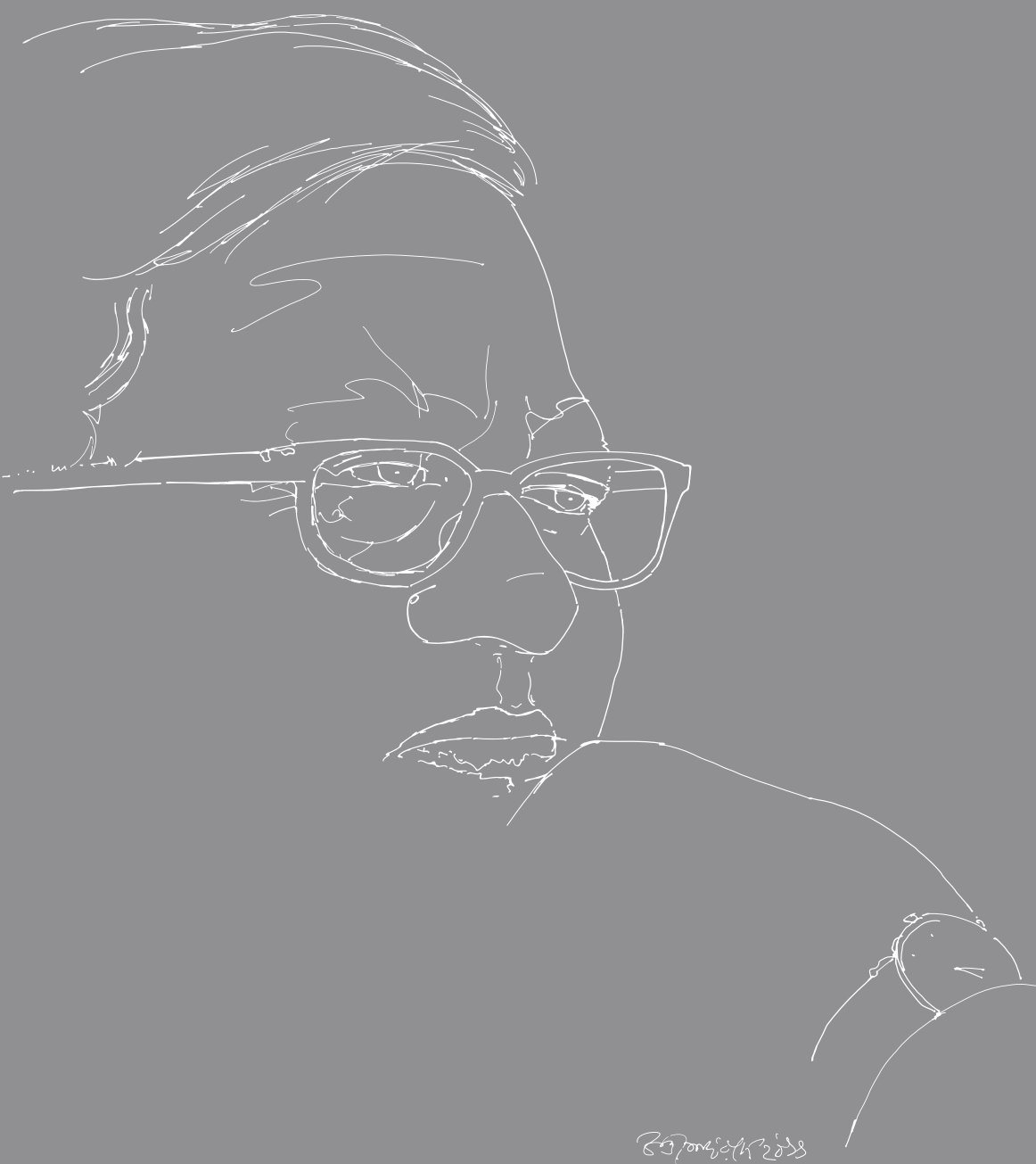




ANNUAL REPORT 2022

**BRAC RWANDA
MICROFINANCE COMPANY PLC**



**“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 in Kigali, 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.

BRAC Rwanda Microfinance Company PLC (BRMCP) is partnering with the Government of Rwanda towards achieving the Financial Sector Development Plan and advancing digital and financial inclusion for underserved communities in Rwanda. Supporting Rwanda's digital transformation vision, BRMCP continues to implement digital services and channels – from the Digital Field Application for efficiency in field operations to mobile disbursement and collections for loans and savings. Our digital transformation efforts are rooted in reducing the gender gap in women's financial inclusion.

In 2022, we reaffirmed our commitment to gender equality with the official launch of the Mastercard Foundation-funded Accelerating Impact for Young Women (AIM) programme in Tanzania, Sierra Leone, Liberia, and Uganda. The five-year programme will prepare 1.2 million adolescent girls and young women for future entrepreneurship. Lessons from our microfinance entities will also give AIM the base and support it needs to launch the programme and achieve impact at scale in Rwanda.

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 Rwanda 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 Rwanda, 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 Rwanda Microfinance Company PLC



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

BRAC Rwanda Microfinance Company PLC (BRMCP) celebrated a successful third year of operations in 2022. BRMCP continued to act on its commitment to expand outreach to more underserved communities with 35 branches in 26 out of the 30 districts in the country. Consequently, the number of borrowers increased by 34% to 25,255. The number of savings account customers rose by 73% to 51,237 and loan disbursement grew by 61% to USD 7.2 million. As of December 2022, 99% of the borrowers were women, reflecting BRMCP's commitment to the mission to provide financial access to women living in poverty in underserved communities.

The Agrifinance product pilot study which was embarked on in August 2021 in four branches was a resounding success. The final loan product was rolled out in nine branches. The loans are provided to individual, smallholder women farmers in group settings. The revised product was taken up by 1,400 women small-scale farmers in the five months following its launch.

BRMCP commissioned a new core banking system Temenos T24 to improve operational efficiency and successfully integrated it with the Digital Field Application. Digital transformation is once again one of the key strategic priorities for BRMCP going into 2023. The company seeks to build on the success of its digital field application and SMS alert service to bring onboard mobile payments for the greater convenience of our savings and borrowing customers. Further, we will complete the research and testing of products tailored to the youth.

I would like to express my gratitude to the National Bank of Rwanda, various arms of the Government, leaders of the sectors and districts where we operate, the Rwanda Development Board, BRAC USA, and the Whole Planet Foundation for their invaluable support over the course of the year.

I sincerely appreciate all our clients whose resilience, even in the most trying times, inspires us to stay true to our mission.

Finally, I thank all BRMCP staff for their hard work, commitment to the mission, and their courtesy and consideration for the people we serve.

Silent Clement Gonondo

Chief Executive Officer



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



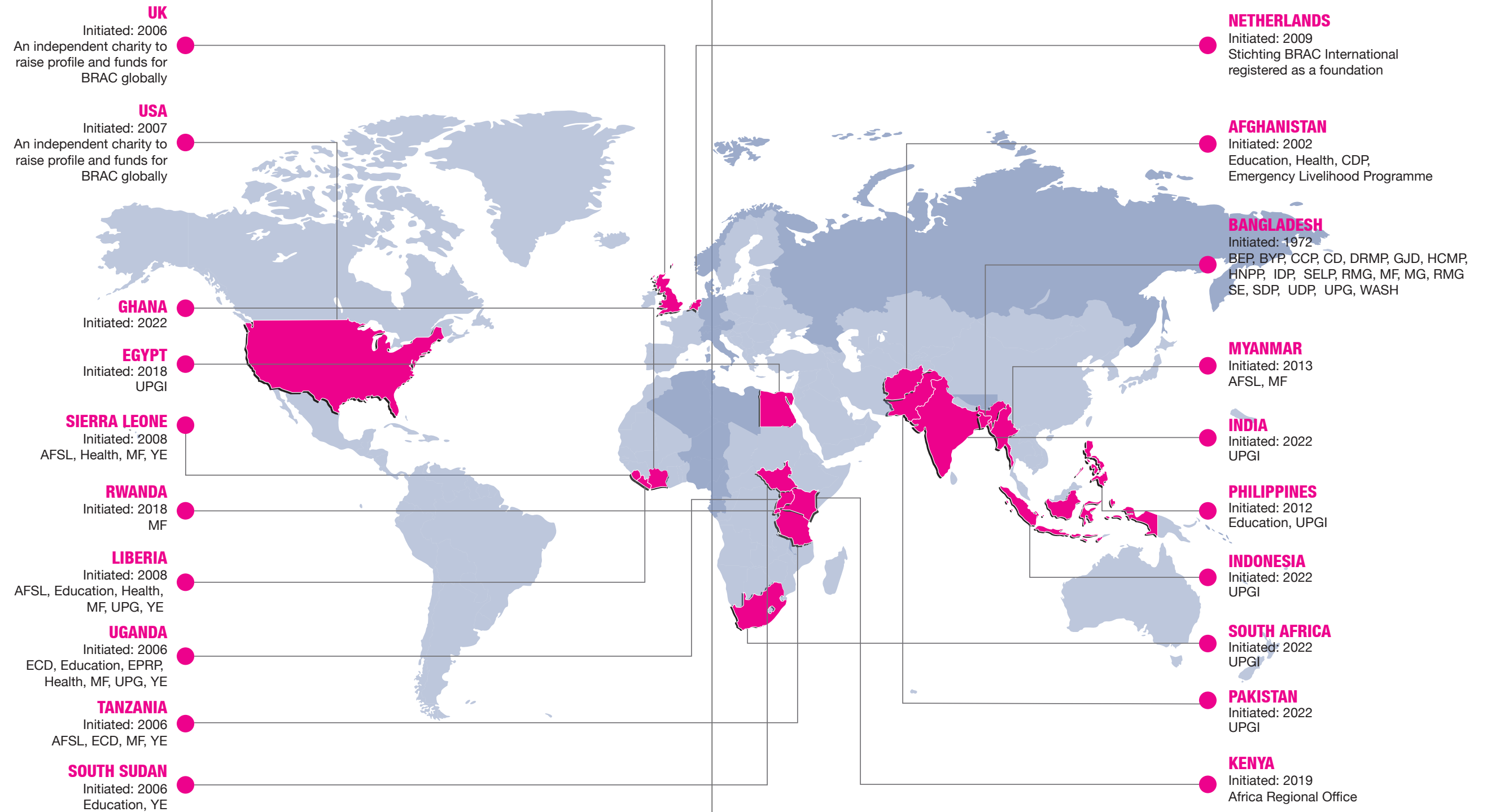
HIGHLIGHTS FROM THE 2022 LEAN DATASM
IMPACT SURVEY

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



RESILIENCE AND STRENGTH

LATIFA’S STORY

“ I hope to continue working with BRAC so I can not only help my family but also teach the women in my community about handling and saving money and being able to build better lives for their families.

Mugorewishyaka Latifa is a 63 years old single mother of seven children. She is a pottery maker, a craft she has done since she was 18 years old.

Looking back, Latifa remembers losing her husband as the most difficult time of her life. She was left a young single mother, with a family to provide for. “I had to support my kids with my humble pottery business until my oldest son was old enough to go to Kigali and be a house boy so he could help me with taking care of the whole family,” she recalls.

Another tragedy struck in 2007 when she was incarcerated. She was later released and reunited with her children. Things started coming together when she became the leader of a women’s cooperative, even going to India to represent them. “I realized that working with other women is more beneficial than working alone.” , Latifa says.

Latifah joined BRAC in 2020 and with her first loan of 150,000 Rwanda Fracs, she repaired the house she lives in and built a shop for her pottery business. A second loan helped her fund her child’s wedding where all the community was invited, as a way to thank them for their support. She has taken more loans and invested in building her business. She plans to build another house for herself and her family and is also working on expanding the business premises.



BRAC RWANDA MICROFINANCE COMPANY PLC

Our mission is to 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.

OPERATIONAL HIGHLIGHTS



35
branches



25,255
borrowers



51,396
savers



99% of clients
are women



74% outreach
to people living
in poverty



USD 7.2 M
disbursed in 2022

**Data as of Dec 2022*

OUR PRODUCTS

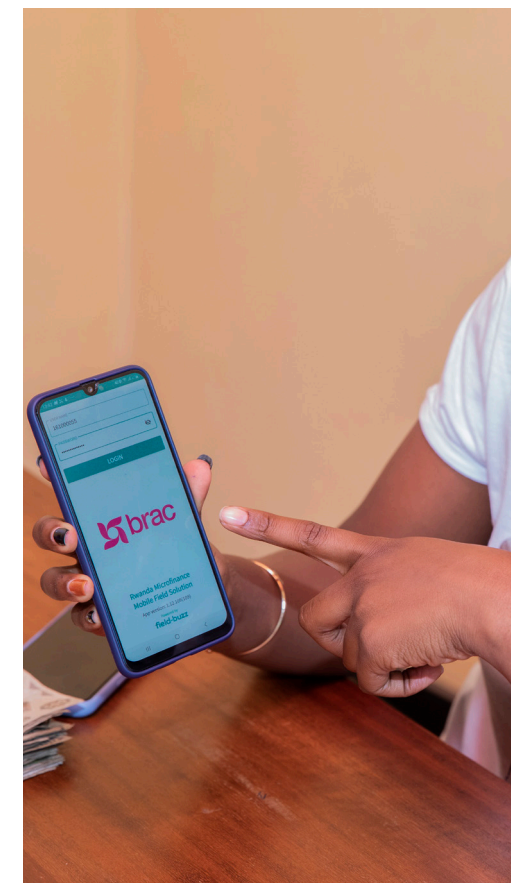
Our core products include a group-based microloan provided exclusively to women, small enterprise loans for entrepreneurs seeking to expand their businesses, and group-based agrifinance loans for smallholder women farmers. We also provide a voluntary savings deposit service, which enables our clients to build their own capital and become more resilient to shocks.

In 2022, we reviewed and redesigned the Agrifinance loan product based on learnings from the pilot program and client feedback. In total, by the end of the year, 11 branches were offering the agrifinance product to smallholder farmers of different crops. As of December 2022, the number of agrifinance clients increased from 195 in 2021 to 1399 with an outstanding loan Portfolio of RWF 162 Million (USD 144K)

DIGITAL TRANSFORMATION

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, BRMCP commissioned a new core banking system to improve operational efficiency and successfully integrated it with its Digital Field Application.

Building on the success of our Digital Field Application and SMS alert service, we will pilot mobile disbursement and collections in a few branches in November 2023. The use of mobile devices in the payments process will allow customers to receive loans on their phones and repay instalments conveniently. Following a successful pilot, the service will then be scaled across the branch network in 2024.





SOCIAL PERFORMANCE

In 2022, BRMCP conducted refresher training on Social Performance Management, Client Protection Principles, customer care, and complaints handling for 197 members of staff.

BRMCP also reviewed the content of Small Enterprise Loan (SEP), Microfinance Group Loan and Agrifinance Loan products operation manuals and loan contracts, focusing on articles proposed by the Financial Consumer Protection Law 017/2021 of 03/03/2021. We also published information on all our loan products and their conditions of access in all BRMCP branches across the country to ensure transparency.

OUR IMPACT

In 2022, we conducted our third 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



95% of clients said their quality of life had improved



94% of clients earned more



92% of clients managed their finances better



96% of clients saved more



71% of clients contributed more to important household decisions

**Results from 2022 Lean DataSM Impact Survey*



50 YEARS OF IGNITING HOPE

BRAC TURNS 50 IN KIGALI

BRAC celebrated its 50th anniversary on October 1 in Kigali, Rwanda. It was an evening of music, dance, and stories of change. We were joined by our development partners, supporters, and dignitaries from different government institutions in Rwanda.

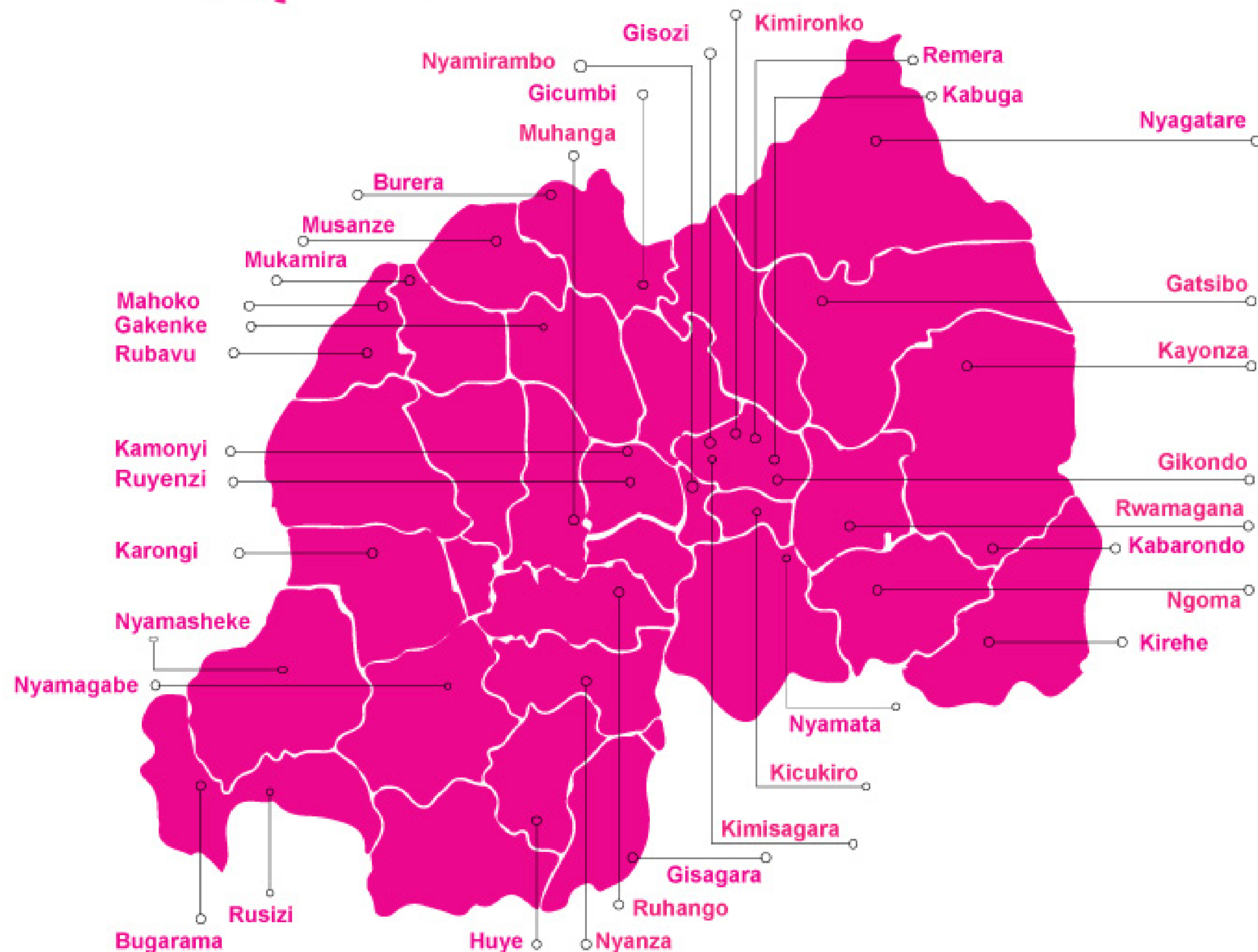
Clarisse Mushimirwa, Director of Microfinance Supervision for the National Bank of Rwanda, attended as the chief guest at the event and reiterated Rwanda's target of achieving 90% formal financial inclusion by 2024, where BRAC Rwanda is playing a catalytic role.

Silent Clement Gonondo, the CEO of BRAC Rwanda Microfinance Company PLC, expressed his gratitude to all of BRAC Rwanda's stakeholders and partners for their support in helping BRAC reach people, especially women in the most marginalised communities, to realise their potential.





BRAC Rwanda Microfinance Company PLC Country-Wide Branch Office Locations



BRAC RWANDA MICROFINANCE COMPANY PLC SUPERVISORY BOARD

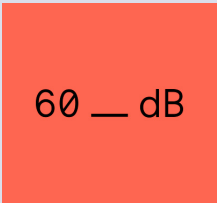
Shameran Abed	Chairperson
Johannes Maria Antonius Eskes	Member
Syed Abdul Muntakim	Member
Bridget Daughterty	Member
Angelina Konkobwa Muganza	Member
Anne Abakunzi	Member
Silent Clement Gonondo	Chief Executive Officer & Ex–officio member

BRAC RWANDA MICROFINANCE COMPANY PLC MANAGMENT

Silent Clement Gonondo	Chief Executive Officer
Mohammad Sheikh Muzam	Programme Manager, Microfinance
Md. Shariar Shourav	Head of Internal Audit
Md. Eyashin Chowdhury	Manager, Finance & Accounts
Mirembe Joseline	Human Resource and Training
Alfred Shyaka	Manager, IT
Dieudonne Maniraguha	Manager, Digital Implementation
Umugwaneza Marie Claire	Social Performance and Product Development
Phillip Mutijima	Administration & Public Relations Manager
Umwali Natete Kevine	Monitoring and Compliance Manager
Zwena Musaniwabo	Communications manager



OUR DONORS AND PARTNERS



FINANCIAL HIGHLIGHTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Rwanda Microfinance Company Plc completed 2022 with a net loss of USD 2,465,188 compared to USD 1,630,424 in 2021. The loss is mainly due to the expansion of branches in new areas. Interest income earned during the year is USD 1,155,036 in 2022 as against USD 637,823 in 2021.

OPERATING EXPENSES

Total operating expenses for the year 2022 was USD 3,948,869 as against USD 2,478,727 in 2021. In 2021 there were 25 branches for BRAC in Rwanda. Additional 10 branches were opened in 2022 which is contributing to the additional expenses in 2022.

PROVISION FOR IMPAIRMENT LOSSES

In 2022, amount charged for impairment on loans was USD 174,343 as against USD 61,157 in 2021. The company followed IFRS 9 provisioning policy to be inline with National Bank of Rwanda's guidelines. Total loan loss reserve is now USD 199,902 (2021: USD 73,086) representing 6.51% (2021: 3.2%) of gross portfolio. Portfolio at Risk (PAR>30) is 6.83%.

FINANCIAL POSITION

In 2022, the company's total assets grew by 99% to USD 7,478,833 compared to the previous year's total assets of USD 3,759,609. Loans and advances to customers increased by 31% and is now 41% of total assets.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

BRAC Rwanda Microfinance Company Plc regularly contributes government exchequer through providing withholdings and deposition tax from it's employees and suppliers and contributing to The Rwanda Revenue Authority (RRA) and Rwanda Social Security Board (RSSB). Total contribution to government exchequer for the last two years as follows:

Particulars	2022	2021
Withholding Tax	182,409	385,173
Social Security Benefit	84,197	61,039

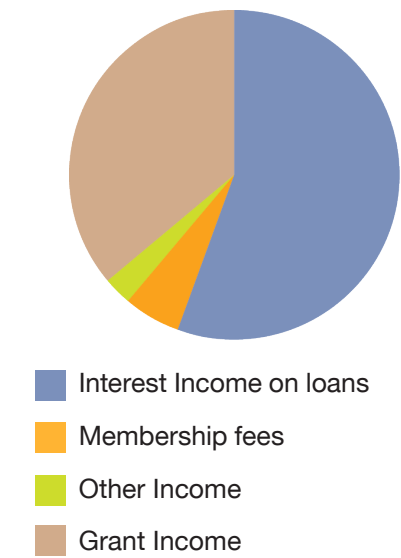
VALUE ADDED STATEMENTS

A value added statement provides a detail account of total value addition and the distribution of value created by the organization. BRAC Rwanda Microfinance Company Plc contributes positively to overall economic development by empowering the poor people (especially females) through micro-credit.

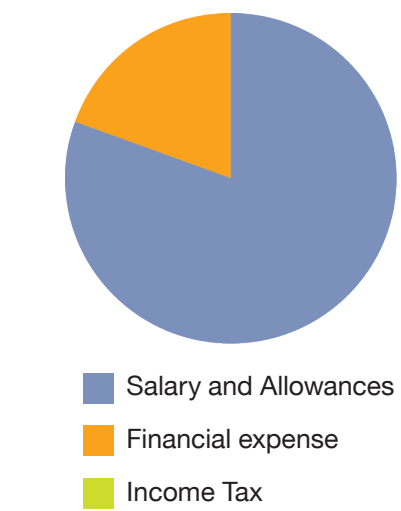
Value added	2022		2021	
	USD	%	USD	%
Interest income on loans	1,155,036	377%	637,823	188%
Membership fees	115,488	38%	81,757	24%
Other income	56,672	18%	32,425	10%
Grant income	749,144	244%	222,222	66%
Other operating exp.	(2,208,688)	-720%	(1,251,976)	-369%
Expected credit loss	(174,343)	-57%	(61,157)	-18%
Total Value Added	(306,691)	100%	(338,906)	100%

Value Distributed	2022		2021	
	USD	%	USD	%
Employees				
Salary and allowances	1,740,181	567%	1,226,750	362%
Creditors				
Financial Expense	418,316	136%	64,768	19%
Local Authorities				
Income tax	-	0%	-	0%
Growth				
Retained Income	(2,465,188)	-804%	(1,630,424)	-481%
Total Value Distributed	(306,691)	100%	(338,906)	100%

VALUE ADDED IN 2022



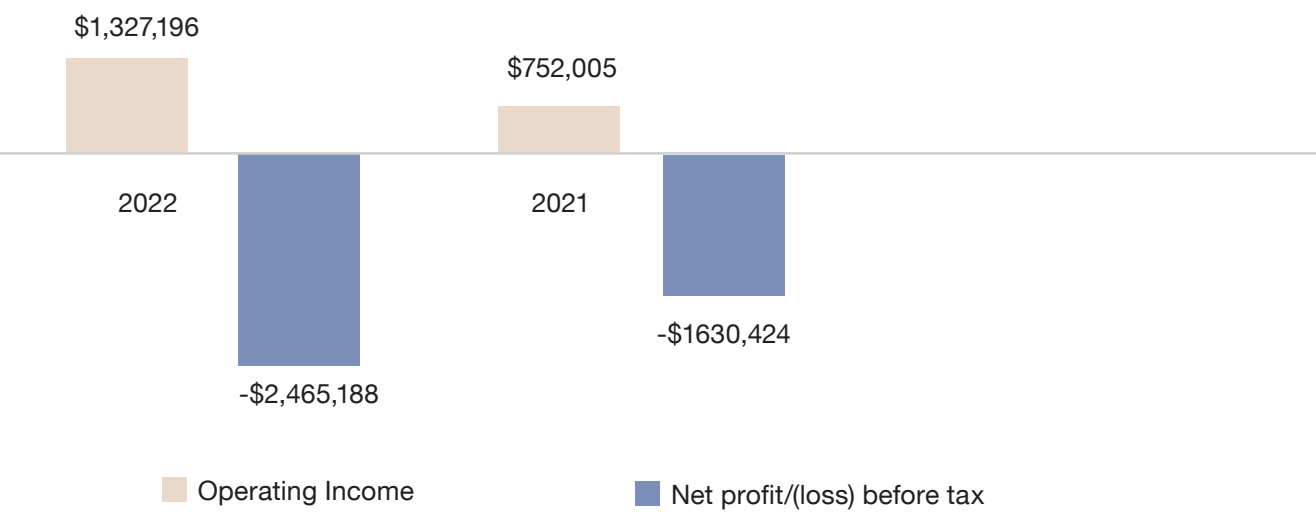
VALUE DISTRIBUTED IN 2022



PERFORMANCE REVIEW

Particulars	2022 USD	2021 USD
Income Statement		
Operating Income	1,327,196	752,005
Net profit/(loss) before tax	(2,465,188)	(1,630,424)
Financial Position		
Total Asset	7,478,833	3,759,609
Net Equity	1,350,348	1,267,814
Loans to customer (net)	3,072,605	2,349,941
Cash and cash equivalents	3,362,194	795,561
Returns and Ratio		
Return on Asset	-33%	-43%
Cost to Income	238%	273%
Operational Statistics		
Total Borrowers	25,255	18,861
PAR>30	6.83%	1.77%

OPERATING INCOME VS PROFIT BEFORE TAX



TOTAL ASSET VS NET EQUITY

