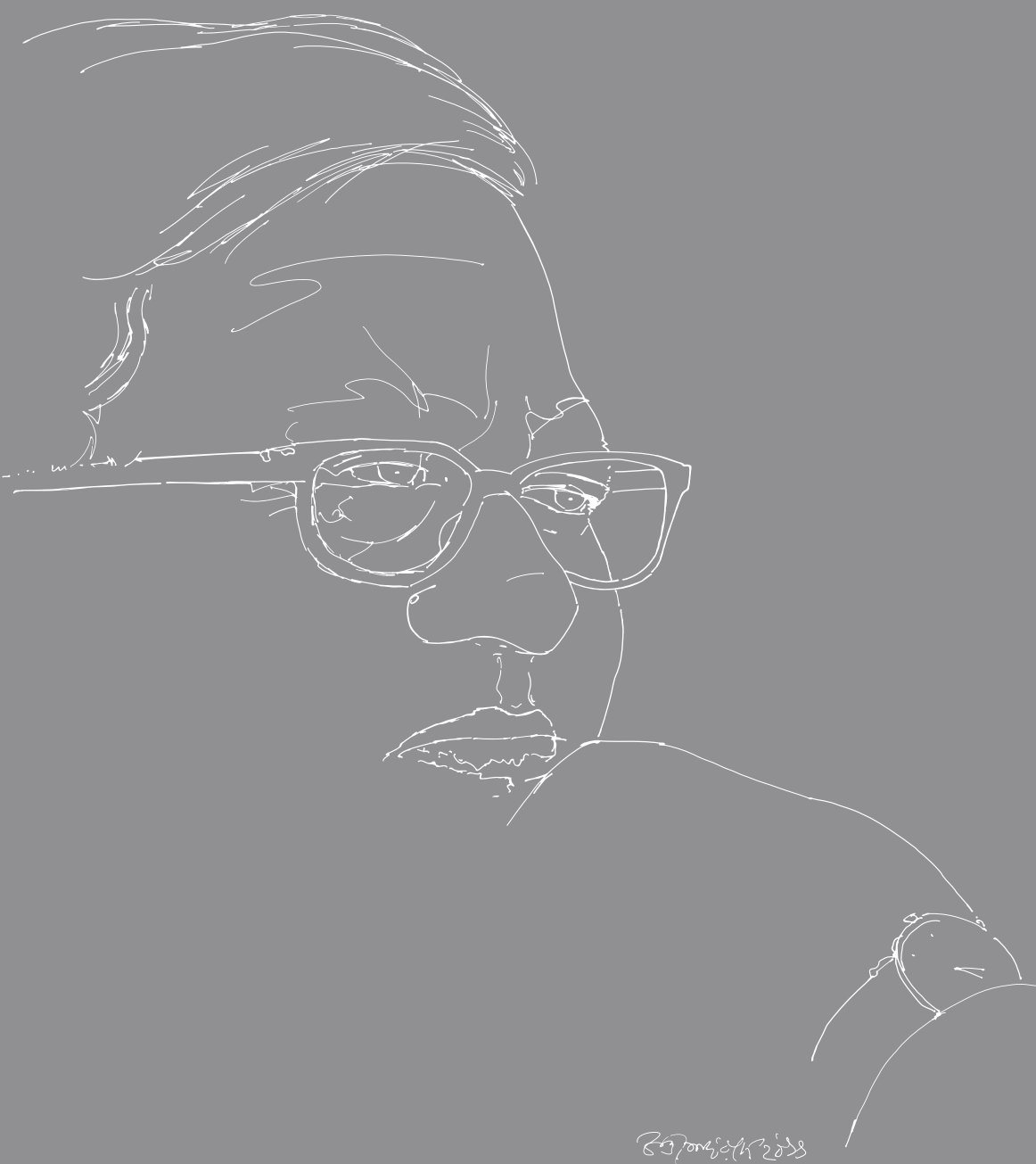




ANNUAL REPORT 2022

BRAC TANZANIA FINANCE 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 a newly independent Bangladesh. We celebrated the occasion in Dar es Salaam, 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 2022, BRAC Tanzania Finance Limited (BTFL) achieved a momentous milestone. The company reached over 300,000 borrowers in Tanzania – making BTFL the largest microfinance entity in the country, and the largest BRAC microfinance entity outside Bangladesh. BTFL is partnering with the Government of Tanzania to achieve the country's financial inclusion framework by delivering much-needed client-centred services to people living in poverty. In our annually conducted Lean DataSM impact surveys, we found that 83% of clients could not easily find another good alternative, showing that BRAC is filling a critical gap in providing access to finance for underserved populations in Tanzania.

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 achieve impact at scale in Tanzania.

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 Tanzania 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 Tanzania, 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 Tanzania Finance Limited



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The year 2022 was a great milestone for BRAC, celebrating 50 years since its inception in 1972 in Bangladesh. 2022 also marked 15 years of BRAC in Tanzania, achieving impact for millions of people in Tanzania through our microfinance and development programs.

In 2022, BTFL also celebrated a momentous milestone. We now serve more than 300,000 borrowers—making us the largest microfinance entity in the country, and the largest BRAC microfinance entity outside of Bangladesh. Of these 309,073 borrowers, 98% are women, 82% are populations living in poverty and roughly half are populations living in rural areas.

With the business environment continuing to improve in 2022, we also saw a 32% increase in the total interest income increase, from TZS 60,796 billion in 2021 to TZS 80,122 billion in 2022. Loans to customers (Gross) increased by 32% from 2021 and we also managed to reduce our Portfolio at Risk (PAR) from 2.82 in 2021 to 1.21 in 2022.

As part of our growth strategy, we successfully opened 9 new branches to expand the umbrella of financial inclusion, especially for women living in poverty in the hard-to-reach areas of the country. As of 31 December 2022, we had a total of 164 branches, with a total disbursement of TZS 374 billion.

The milestones we have achieved thus far speak to the strength of our approach and our deep commitment to our social impact goals. We aim to grow and expand our reach in 2023 by opening ten new branches in new areas where we did not have a presence before. We will also continue with our holistic approach by launching and piloting our financial literacy curriculum which will be offered to our microfinance group loan clients across the country.

Additionally, we will implement the final phase of our digital transformation initiative by implementing a new core banking system and scaling up our mobile repayment service to reach all branches by the end of 2023.

On behalf of the Board and Management, I appreciate the dedication, commitment, and efforts of our staff in realising BRAC's mission. I would also like to thank the Bank of Tanzania, our partners and our Board of Directors for their continued support. Lastly, our deepest gratitude goes to our clients whose resilience, strength and determination inspire our work.

Shafkat Shahriyah
Acting Chief Executive Officer
Tanzania Finance 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



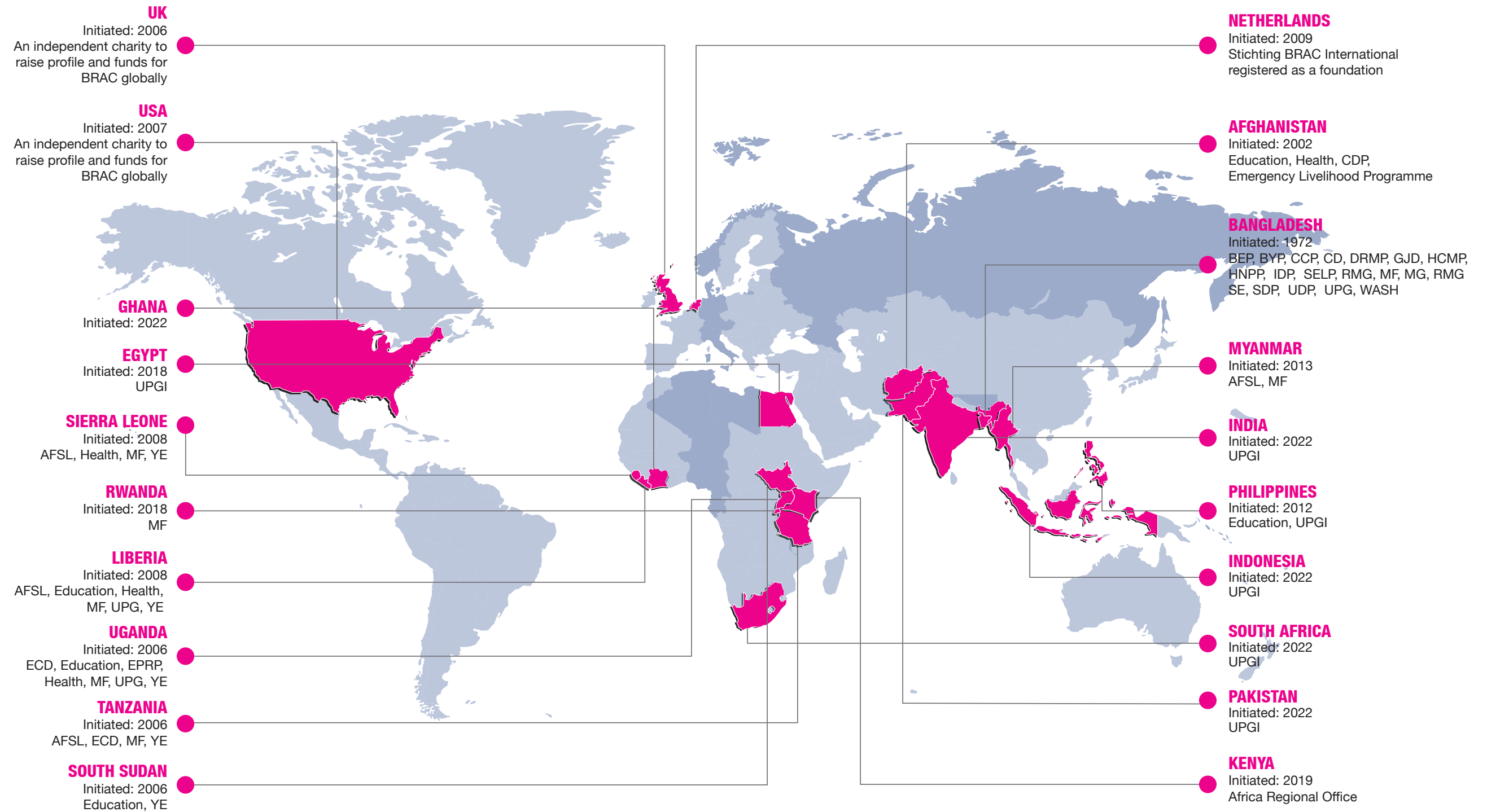
HIGHLIGHTS FROM THE 2022 LEAN DATASM
IMPACT SURVEY

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



A MOTHER'S

COURAGE AND STRENGTH



Now I am happy, my business is growing, my family is doing well and I am paying my loan effortlessly.

Hilda A. Kokutwela, from Ijuganyundo in Tanzania, is a 49 years old mother of six children, two of who are living with disabilities. When Hilda started off her business, she sourced bananas from subsistence farmers in the interior and transported them to sell in Bukoba town. Though the business was profitable, the income wasn't sufficient to support her family's needs. In 2009, she joined BRAC, and with an initial loan of Tsh 150,000, Hilda was able to buy and transport 20–30 bags of bananas monthly, increasing her profits.

However, during her third loan, Hilda's son fell ill and needed a lot of care. Hilda's business took a hit, she refused to be discouraged. She took another loan, which brought her business back to life and helped her provide for her son's medical care. Within a year, her child's health recovered, and her business was getting back on track.

Hilda says that the support she continues to receive from BRAC has had a significant positive impact on her life. In 2009, she rented a small space with her large family, but now she has built her own seven-bedroom house, paid for her children's education, and is able to provide special care for her children.

Hilda now runs three businesses: a salon, a kiosk, and a firewood business. She intends to continue growing her business – expanding her salon, and building houses for rent on her plot.



BRAC TANZANIA FINANCE LIMITED

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



164
branches



314,640
borrowers



47%
outreach to people
in rural areas



98% of clients
are women



80% outreach
to people living
in poverty



USD 154 M
disbursed in 2022

**Data as of Dec 2022*

OUR PRODUCTS

Our core products include a group-based microloan provided exclusively to women, and small enterprise loans for entrepreneurs seeking to expand their businesses. We also provide loans for rural smallholder farmers to invest in agricultural activities.

In 2022 BTFL conducted a product review of the Small Enterprise (SEP) loan and the Women Entrepreneurship through the Solar Value chain for Economic development (WE SolVE) products to improve features and performance. Through We SolVE, BRAC provides micro-loans to enable women without access to traditional financing to purchase solar energy products. After a comprehensive evaluation, BTFL will be discontinuing the WE SolVE product line.

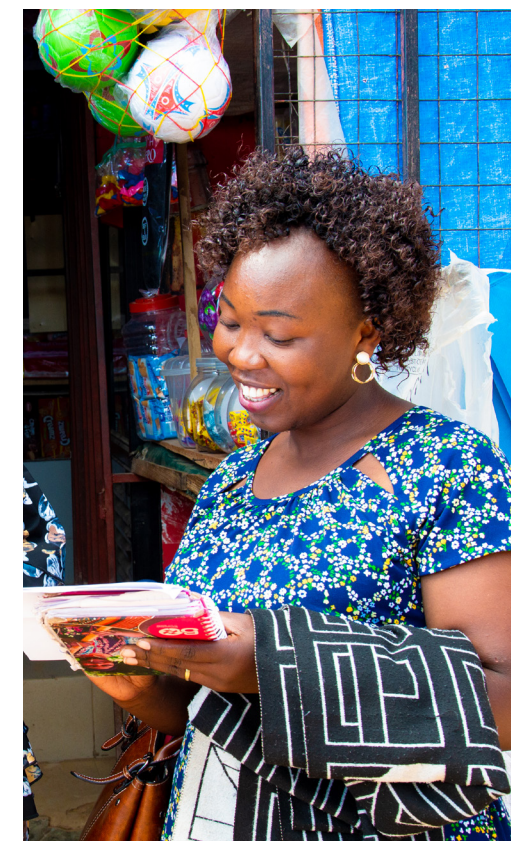
In 2023, BTFL is planning to refine existing and develop new financial products to cater to the needs of young women (aged 18–35).

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, BTFL started the implementation of a new Core Banking System (CBS) to improve operational efficiency. Implementation is set to be completed and the CBS will be fully operational in 2023.

The second phase of the mobile repayment pilot was rolled out. The pilot included 27 additional branches, bringing the total number of branches offering mobile repayment to 33. This service allows clients to pay their instalments conveniently through mobile devices.



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



93 % of clients earned more



94% of clients managed their finances better



91% of clients saved more



89% of clients contributed more to important household decisions

**Results from 2022 Lean DataSM Impact Survey*



BRAC TURNS 50: IGNITING HOPE FROM BANGLADESH TO THE WORLD

2022 was a milestone year for BRAC, marking the organisation’s 50th anniversary. BTFL and BRAC Maendeleo hosted the 50th–anniversary celebrations at Serena Hotel, in Dar es Salaam.

It was an evening full of music, dance, stories of change, and inspiring speeches, celebrating 50 years of impact around the world, including 15 years of creating impact for women in Tanzania. The event was attended by prominent guests and dignitaries from different government institutions, NGOs, microfinance institutions, social enterprises and other notable organisations.

Honourable Angellah Kairuki, Minister – President’s Office for Regional Administration and Local Government, attended the event as the chief guest representing the Her Excellency The President of Tanzania, Mama Samia Suluhu Hassan. Honourable Dorothy Gwajima, the Minister of Community Development, Gender, Women and Special Groups also attended the event as a special guest. The speakers at the event recognised BRAC’s contributions to empowering women and girls in Tanzania, and committed to deepening partnerships and interventions, to achieve more impact.

BRAC TANZANIA FINANCE LTD BOARD MEMBERS

Shameran Abed	Chairperson
Johannes Maria Antonius Eskes	Director
Syed Abdul Muntakim	Director (Resigned on 14th September 2022)
Bahati I. Geuzye	Director
Evelyn .M. Richard	Director
Bridget Dougherty	Director
Shafkat Shahriyar Bin Reza	Acting Chief Executive Officer

BRAC ZANZIBAR FINANCE LIMITED BOARD MEMBERS

Shameran Abed	Chairperson
Johannes Maria Antonius Eskes	Director
Syed Abdul Muntakim	Director (Resigned on 14th September 2022.)
Bridget Dougherty	Director
Shafkat Shahriyar Bin Reza	Acting Chief Executive Officer

BRAC TANZANIA FINANCE LTD MANAGEMENT

Shafkat Shahriyar Bin Reza	Acting Chief Executive Officer
Syed Humayun Kabir	Programme Manager, Microfinance
Akmal Hossain	Programme Manager, Small Enterprise Program
Thabit Ndilahomba	Head, Finance
Violeth Temba	Acting Head, Human Resources and Development
Julieth Abia	Head, Internal Audit
Nassor Mnambila	Head, Administration, Procurement and Logistics
Amedeus Mushi	Company Secretary and Legal Manager
Emma Mbaga	Manager, Communications

BRAC TANZANIA FINANCE LIMITED

BRANCH MAP



OUR DONORS AND PARTNERS



FINANCIAL HIGHLIGHTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Tanzania Finance Ltd completed 2022 with a net profit of USD 7,548,765 compared to USD 4,111,949 in 2021. Interest income earned during the year is USD 32,966,767 in 2022 as against USD 25,101,252 in 2021.

OPERATING EXPENSES

Total operating expenses for the year 2022 was USD 18,142,247 as against USD 15,966,217 in 2021. Additional 9 branches were opened in 2022 for BRAC in Tanzania which is contributing to the additional expenses in 2022.

PROVISION FOR IMPAIRMENT LOSSES

In 2022, amount charged for impairment on loans was USD 833,228 as against USD 1,951,113 in 2021. The company followed IFRS 9 provisioning policy to be inline with Bank of Tanzania's guidelines. Total loan loss reserve is now USD 3,426,729 (2021: USD 3,811,633) representing 5% (2021: 7%) of gross portfolio. Portfolio at Risk (PAR>30) is 1.21%.

FINANCIAL POSITION

In 2022, the company's total assets grew by 51% to USD 107,817,467 compared to the previous year's total assets of USD 71,462,457. Loans and advances to customers increased by 31% and is now 63% of total assets. Net equity increased by 16% to USD 34,344,627. USD 16,339,429 from USD 14,350,305 in 2021.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

BRAC Tanzania Finance Ltd regularly contributes government excchequer through providing withholdings and deposition tax from it's employees and suppliers and contributing to The Tanzania Revenue Authority and National Social Security Fund (Tanzania). Total contribution to government excchequer for the last two years as follows:

Particulars	2022	2021
Income tax	3,829,864	2,095,038
Withholding tax	831,774	625,615
Social Insurance	784,913	766,631

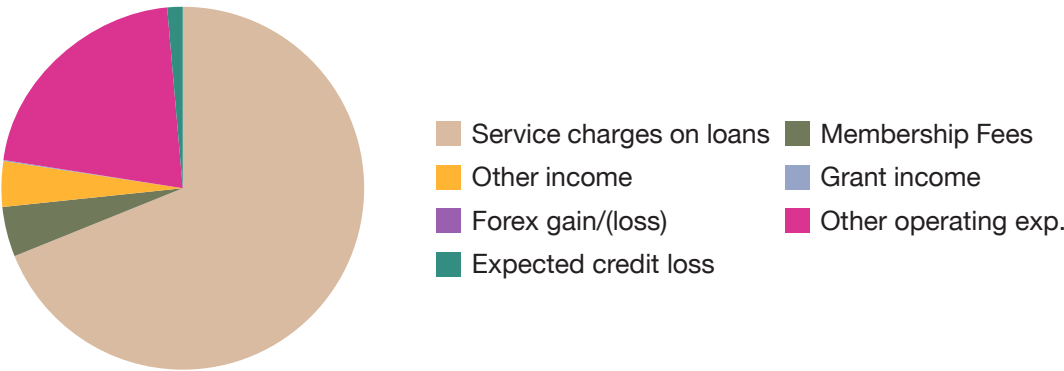
VALUE ADDED STATEMENTS

A value added statement provides a detail account of total value addition and the distribution of value created by the organization. BRAC Tanzania Finance Ltd 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	32,966,767	131%	25,101,234	149%
Membership fees	1,460,605	6%	1,092,657	6%
Other income	898,084	4%	427,904	3%
Grant income	113,950	0%	45,828	0%
Other operating exp.	(9,374,601)	–37%	(7,889,687)	–47%
Expected credit loss	(833,228)	–3%	(1,951,113)	–12%
Total Value Added	25,231,576	100%	16,826,823	100%

Value Distributed	2022		2021	
	USD	%	USD	%
Employees				
Salary and allowances	8,977,945	36%	8,078,522	48%
Creditors				
Financial Expense	5,387,614	21%	2,543,374	15%
Local Authorities				
Income tax	3,317,252	13%	2,095,036	12%
Growth				
Retained Income	7,548,766	30%	4,109,891	24%
Total Value Distributed	25,231,576	100%	16,212,603	100%

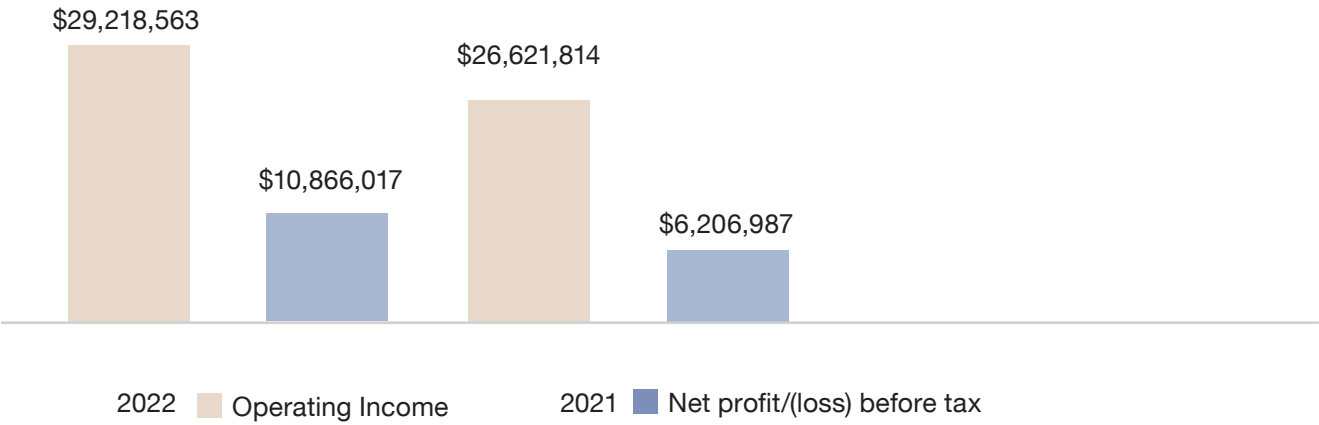
VALUE ADDED IN 2022



PERFORMANCE REVIEW

Particulars	2022 USD	2021 USD
Income Statement		
Operating Income	29,218,563	26,621,814
Net profit/(loss) before tax	10,866,017	6,206,987
Financial Position		
Total Asset	107,817,467	71,462,457
Net Equity	34,344,627	29,521,162
Loans to customer (net)	68,414,281	52,073,466
Cash and cash equivalents	24,568,607	10,355,752
Returns and Ratio		
Return on Asset	10%	9%
Cost to Income	77%	66%
Operational Statistics		
Total Borrowers	314,640	253,627
PAR>30	1.21%	2.78%

OPERATING INCOME VS PROFIT BEFORE TAX



TOTAL ASSET VS NET EQUITY

