



BRAC MYANMAR MICROFINANCE COMPANY LTD

—
ANNUAL REPORT 2023





Don't ever lose sight of the mission to extend a hand to those who need it the most.

Sir Fazle Hasan Abed KCMG
1936 - 2019

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“Across everything we do, we are driven by our commitment to work with women living in poverty to enable them to become more financially resilient and independent.”

Shameran Abed
Board Chairperson
BRAC Myanmar Microfinance Company Ltd

MESSAGE FROM THE BOARD CHAIRPERSON

BRAC Myanmar Microfinance Company Ltd (BMMCL) was launched in 2013 as part of our mission to empower people living in poverty, particularly women, with access to responsible financial services. Today, BMMCL is one of largest microfinance institutions in the country, serving more than 250,000 clients, 94% of whom are women, supporting them to grow their livelihoods and businesses through the challenges of inflation, political instability and limited economic opportunities.

Alongside our two core products—group loans for women and small enterprise loans—we are scaling our agrifinance services to more branches across the country, targeting women smallholder farmers with credit tailored to their specific needs. BMMCL has also continued delivering financial and digital training to women micro-entrepreneurs, reaching 81,789 participants since its launch in 2022. This training provides essential skills and knowledge to better manage their finances and businesses.

To create a positive impact in the lives of our clients is our only bottom line. In 2023 we continued to measure our social performance through our annual Lean DataSM impact surveys. The results show that our clients are able to earn more, save more and manage their finances better after engaging with BRAC.

Across everything we do, we are driven by our commitment to work with women living in poverty to enable them to become more financially resilient and independent. As we look forward, we see the challenges that remain, but also the immense potential that can be unlocked when women can access the knowledge and support needed to build dignified lives. We are committed to growing and improving our services to create greater opportunities to realise this potential.

I want to express my deepest thanks to our regulator, the Bank of Myanmar, for our long-standing partnership, which has empowered women and girls throughout the country to build a better future for themselves and their communities. I am also grateful to the Government of Myanmar for their support and trust in our mission.

To our investors and partners, I thank you for being on this journey with us as we listen and learn together, and scale evidence-based approaches to address the needs of the clients we serve.

To our dedicated staff in Myanmar, especially those working directly in the communities, please know how much I value and appreciate your tireless efforts in providing essential support to the most marginalised every day. Together, we are building the world we want.



“Even in these difficult times, I am proud that we can rely on them to continue showing courage and commitment to our mission. Finally, to our clients, whose incredible spirit, trust, and resilience continue to inspire us, we promise to continue our mission to serve. We believe that 2024 will bring a lot of hope, and we look forward to celebrating BRAC Myanmar’s 10th anniversary together with you!

Md Sazaduzzaman
Managing Director
BRAC Myanmar Microfinance Company Limited

MESSAGE FROM THE MANAGING DIRECTOR

With the theme of “Realising the potential of people to scale the impact on clients,” we successfully completed the year 2023 for BRAC Myanmar Microfinance Company Ltd (BMMCL). Since starting operations in Myanmar in 2014, we have remained committed not only to our clients but also to our dedicated staff across the country.

Due to the complex and challenging circumstances in Myanmar, our strategic priority has always been ensuring the safety and well-being of our staff while sustaining our operations. As part of that, we consolidated and scaled down our operations from 85 branches to 74 by the end of the year, across eight regions of the country.

In spite of that, we have continued to persevere and grow in our mission to serve women living in poverty, in rural and hard-to-reach areas. By the end of 2023, we served 254,240 clients, including savers, with 94% being women, 59% from rural areas, and 42% living in poverty (below \$5.50 per day). This year, we also wrote off the highest amount of outstanding loans in BMMCL’s history, totaling over 3.3 million USD from more than 16,000 clients, who were mostly affected by COVID-19 and the ongoing crisis.

For the past five years, we have conducted annual impact surveys using the Lean DataSM methodology with an external firm called 60 Decibels. In 2023, 82% of clients reported an improved quality of life after engaging with BRAC, 88% reported earning more, and 81% planned their finances better, making BMMCL the 6th position as the most impactful

microfinance institutions in Asia, out of 55 surveyed financial institutions. This annual exercise guides us in setting strategies to reach more people and achieve long-term social impact for our clients.

To strengthen our services and improve social outcomes, we are continuing Financial Literacy training in all of our branches, reaching 81,789 clients, all of whom are women. We celebrated Customer Service Week, expressing our appreciation to our clients for their continued trust and partnership over the past decade. We delivered tokens of appreciation to clients on our 10th anniversary and began issuing completion certificates for Financial Literacy Training to recognise their achievements, making our clients feel valued.

I’d like to thank our partners, investors, and strategic service providers for their continued support in Myanmar. I also appreciate our staff for their exceptional work. Even in these difficult times, I am proud that we can rely on our staff to continue showing courage and commitment to our mission. Finally, to our clients, whose incredible spirit, trust, and resilience continue to inspire us, we promise to continue our mission to serve. We believe that 2024 will bring a lot of hope, and we look forward to celebrating BRAC Myanmar’s 10th anniversary together with you!

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.

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 a 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.



OUR VISION

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



OUR MISION

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 MICROFINANCE

BRAC believes that sustainable, large-scale change must address and deliver both economic and social progress. Access to financial services is a central 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.

BRAC first started microfinance in 1974 and has been one of the pioneers. BRAC first expanded its microfinance operations internationally in 2002 and now operates in seven countries outside of Bangladesh - Myanmar, Tanzania, Uganda, Rwanda, Sierra Leone, Ghana and Liberia. Together, these seven entities serve nearly 830,000 clients, 96% of whom are women.

Our 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



7
countries



96%
of clients are women



829,791
borrowers



750,454
savers



USD **417.09 M**
disbursed in loans

* As at December 2023

STICHTING BRAC INTERNATIONAL

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

BRAC MYANMAR MICROFINANCE COMPANY LTD

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



* As of December 2023
* People living below USD 5.5 per day.



DEFYING LIMITATIONS: DISABILITY IS NOT INABILITY

At the age of one, Ma Win Shwe Zin's life changed forever due to a vaccine error that left her living with a disability. The muddy lanes of her village and the rough paths to her distant school became insurmountable obstacles. By Grade 5, her education ended, replaced by factory work to support her family. Her days were marked by hard work and the difficulties of her condition, with late-night shifts requiring family escorts.

Determined to find a way forward, Ma Win received a grant to start her own grocery shop. "This was the turning point in my life. I couldn't hold back my tears when I got the news. I started my business selling snacks and household items. I'm overjoyed to support my parents. It felt like my life was finally beginning."

Her once-quiet life blossomed into a lively mix of interactions. "I was not familiar with my neighbours before. After opening my shop, I needed to buy and sell with other traders and talk with customers. I discovered that I love connecting with people."

Her shop not only provided financial stability but also strengthened her bond with her parents, allowing her to support her mother's health needs. Ma Win expanded her business, opening a betel shop alongside her grocery store. Each day, she diligently saves 5,000 kyats (USD 1.54) with her community saving group and 2,000 kyats (USD 0.95) for loan repayment. "My savings all come from my profits."

Ma Win Shwe Zin is one of 10,183 vulnerable people including 809 PWDs who started and grew their businesses with the support of BRAC Myanmar's financial inclusion project.



OUR PRODUCTS

Our core products include a collateral-free, group-based microloan provided exclusively to women, and small enterprise loans for entrepreneurs seeking to expand their businesses. Our agrifinance product is specifically designed for rural smallholder farmers, especially landless farmers, to invest in farming activities, achieve higher crop yields and adapt to new agricultural technologies.

Our Women Microenterprise Loans are specially designed for women entrepreneurs to facilitate quick and easy access to credit to invest in and grow their small businesses. Our Persons with Disabilities Loan is an inclusive and innovative product specifically designed to meet the specific needs of persons with disabilities.

FINANCIAL LITERACY

BMMCL continued delivering Financial Training to group loan clients after launching the programme in 2022. The training is being provided to group loan clients, all of whom are women, to equip them with the necessary knowledge and skills to better manage their finances. The training covers topics on personal well-being, financial literacy, business development. In Q1 2024, the training programme was scaled up to 74 branches, reaching 81,789 clients all of whom are women.

DIGITAL TRANSFORMATION

Our digital transformation efforts focused on the client's value proposition, with a particular emphasis on closing the gender gap in women's financial inclusion. In 2023, we partnered KBZ Pay, a digital financial service provider, to enable clients of small enterprise and women micro-enterprise loans to pay their instalments through mobile money. Currently, this service is available to clients in 35 branches.



SOCIAL PERFORMANCE

Being in the community and listening to clients has always been part of BRAC's DNA. Since 2019, we have been conducting annual impact surveys using Lean DataSM methodology in partnership with 60 Decibels. The Lean Data surveys complement our ongoing social performance management (SPM) and client protection (CP) initiatives. Combined, these initiatives allow us to learn directly from our clients, address challenges, and continuously improve client outcomes and impact.

In 2023, we conducted our fifth impact survey on five social outcome focus areas of BRAC: quality of life, financial resilience, women's economic empowerment, self-employment and livelihood opportunities, and household welfare. All respondents surveyed were women.

HIGHLIGHTS FROM THE 2023

LEAN DATASM IMPACT SURVEY

AFTER ENGAGING WITH BRAC



82%

of clients said their quality of life had improved



88%

of clients earned more



81%

of clients managed their finances better



85%

of clients saved more



70%

of clients contributed more to important household decisions

* As at December 2023

BMMCL BOARD OF DIRECTORS



Shameran Abed
Chairperson



Bridget Lee Dougherty
Director



Johannes Maria Antonius Eskes
Director



Md Sazaduzzaman
Managing Director and Ex-officio

BMMCL MANAGEMENT TEAM



Md Sazaduzzaman
Managing Director



Mal Sawmi Zaui
Head of HR



Jahirul Islam Moral
Head of Operation



Zin Mar Hnin
Head of Business
Development & Impact



Ei Ei Phyto Aung
Head of IT



Poe Thet Ngon
Risk Manager



Rafiqul Islam
Head of Finance

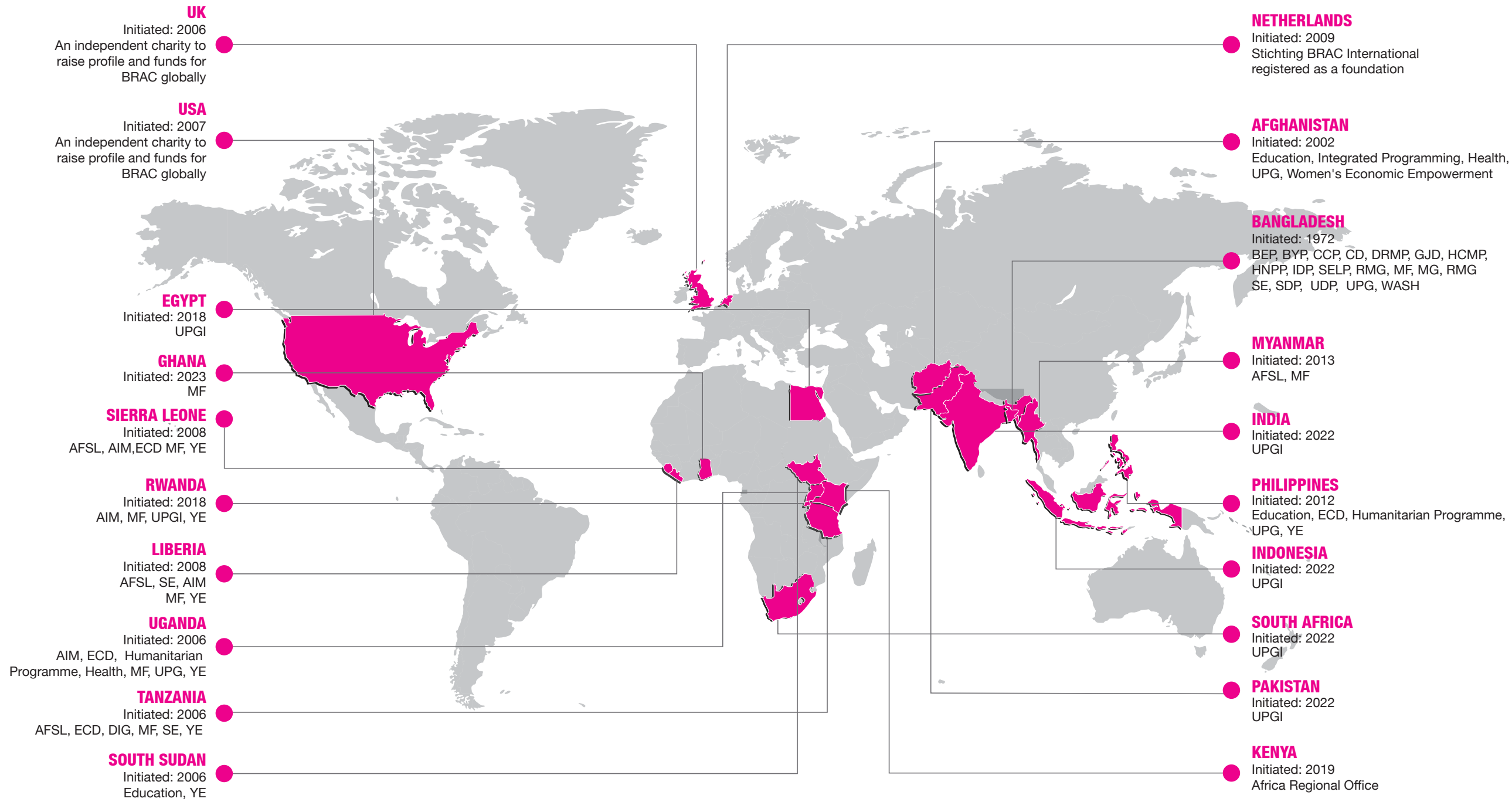


Wut Yee Htun
Coordinator, Communications
& Knowledge Management

DONORS AND PARTNERS



BRAC ACROSS THE WORLD



- AFSL:** Agriculture, Food Security and Livelihood

BEP: BRAC Education Programme

BYP: BRAC Young Professionals

CCP: Climate Change Programme

CD: Communicable Disease

DIG: Disability-Inclusive Graduation Programme

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

FINANCIAL HIGHLIGHTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Myanmar Microfinance Company Limited completed its tenth year of operation in 2023. The company reported pretax profit of USD 458,277 in 2023 compared to pretax loss of USD 419,121 in 2022.

Interest income earned during the year is USD 8,294,134 in 2023 as against USD 9,116,603 in 2022.

OPERATING EXPENSES

Total operating expenses for the year was USD 3,234,985 as against USD 3,678,660 in 2022 showing a decrease of 12%, primarily due to reduction in branch numbers.

FINANCIAL POSITION

In 2023, the company's total assets increase by 4% to USD 33,802,823. The increase in total asset is mainly due to increase in Loans and advances to customers, which account for 81% of total asset.

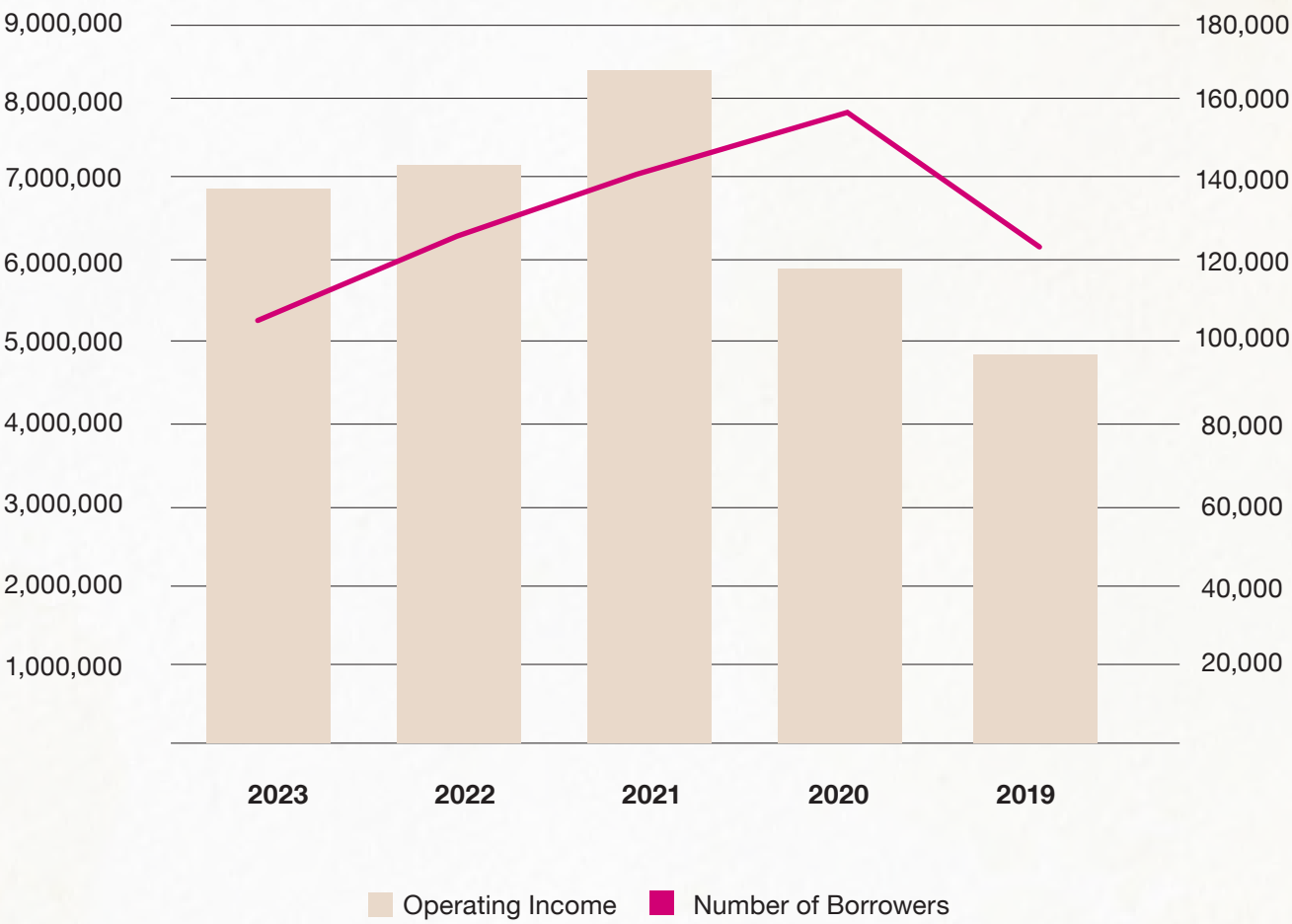
PROVISION FOR IMPAIRMENT LOSSES

This year amount charged for impairment of loans is USD 3,159,638 as against USD 3,983,386 in 2022. Total loan loss reserve was USD 4,668,423 (2022: USD 5,492,385). The decrease in impairment loss in loan is due to decreasing Portfolio at Risk (PAR>30) which is 13% in 2023 compared to 24% in 2022.

PERFORMANCE REVIEW

Particulars	2023 USD	2022 USD	2021 USD	2020 USD	2019 USD
Income Statement					
Operating Income	6,852,901	7,242,924	8,435,805	5,926,720	4,902,443
Net profit/(loss) before tax	458,277	(419,121)	(2,443,826)	309,401	821,048
Financial Position					
Total Asset	33,802,823	32,405,035	38,625,820	56,255,787	31,738,859
Net Equity	60,39,182	56,43,945	97,82,954	17,929,470	13,411,400
Loans to Customer (net)	2,73,00,349	26,696,874	30,995,909	43,919,594	27,053,529
Cash at Bank	6,035,415	4,648,901	6,454,447	10,718,228	3,616,925
Contribution to government exchequer					
Income Taxes	563,040	222,555	-	159,902	231,705
Withholding tax	-	79,584	102,204	27,601	171,516
Social Security and pension	36,582	49,378	73,860	43,252	31,480
Returns and Ratio					
Return on Asset	1.38%	-1.18%	5.6%	0.7%	3.32%
Cost to Income	47%	51%	52%	83%	78%
Operational Statistics					
Total Borrowers	113,007	123,870	144,535	154,119	124,889
PAR>30	13.18%	24.02%	23.59%	6.56%	0.83%

OPERATING INCOME VS NUMBER OF BORROWERS



CONTACT DETAILS

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BRAC Myanmar

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