

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

BUBL Chairman's Report – 2022

The year 2022 has seen further challenges and uncertainty including; EBOLA outbreak in some parts of the country, supply chain disruptions due to the Ukraine-Russia war, rising inflation, political tensions in neighboring Kenya and climate change and its impact characterized by floods, drought and mudslides. These paused business challenges, but the bank remained resilient and committed to supporting its customers in the recovery process. The challenges became catalysts for change and innovation. Despite the challenges, the bank saw growth and improved quality of the credit book, increase in the customer and borrower numbers as well as the deposits.

The bank has observed remarkable growth in our digital channels – Mobile banking on-boards, Agent points across the network that have created convenience and banking experience to our customers. We are also in the process of upgrading the core banking system to set a strong base to carry out all the digitization journey and to support our strong commitment for greater financial inclusion across the country.

Financial Performance

Despite the turbulence in the operating environment, the bank was able to put in place strategic initiatives to turnaround its operations resulting in the year 2022. This was attributable to measures taken to strengthen our internal controls and risk management systems, staff capacity building and engagement, enhanced operational efficiency and scale-up of alternative digital channels to improve customer experience.

The Bank's total assets grew by 14.8%, largely due to the growth in the Loan book and deposit balances from other banks. The Bank continues to build a cheaper and stable customer deposit base. The Bank closed the year with a strong capital position. We are therefore confident that we have laid a solid foundation to position ourselves for sustained growth in 2023 and beyond.

2023 Outlook

The economic outlook for the year 2023/2024 indicates that inflation will average between 6-8% in 2023, down from averages of 7.2% and 6% for annual headline and core inflation in 2022. Inflation is expected to revert to the medium-term target of 5% by end-2023 while GDP is projected at 6.2% in 2023 up from 4.6% in 2022. Uganda is expected to continue undergoing more extreme weather events such as flooding, as well as prolonged dry and warmer spells these effects are felt mainly in agriculture, water, health, and human settlements. Government's continued efforts to stimulate recovery through improving infrastructure, reliable supply of electricity, industrialization, and incentivizing agro-processing is expected to spur growth and recovery.

Focus 2023

The Bank looks at the next year with optimism and will explore all opportunities for streamlining and consolidating its operations to achieve high levels of efficiency and effectiveness. The key focus areas include:

- Credit growth and savings mobilisation;
- Improve employee value proposition;
- Scale up of digital financial channels;
- Enhance Social Performance Management;
- Strengthen internal controls and risk management systems.

Appreciation

I would like to express my sincere appreciation to our regulators, strategic partners, shareholders and Board of Directors for their continued confidence and support to the bank. I cannot thank our staff enough for their continued hard work and dedication to our mission of providing a range of financial services responsibly to people at the bottom of the pyramid. Finally, I would like to express our heartfelt gratitude to our valued customers who continue to stand with us despite the challenging times. True to our brand promise, with the bank, "now you can do more."

Managing Director's Message

Despite the challenging operating environment, BRAC Uganda Bank Ltd (BUBL) continues to drive its mission of providing 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. Through its transformation agenda, focused on people at the bottom of the pyramid, the bank has continued to grow in both customer numbers and the balance sheet.

With access to financial services as a critical component of inclusive development and economic empowerment of women at the bottom of the pyramid, BUBL provides the largest network of banking service points of 162 offices across the country in a bid to promote financial inclusion in Uganda. BRAC Uganda Bank Ltd (BUBL) joined BRAC International to celebrate 50 years of its existence globally and 16 years of its operation in Uganda.

Staff

As a bank, we continue to emphasize the safety of all our employees while providing a nurturing environment that facilitates innovation, productivity, and accountability geared towards promoting customer centricity.

Digitisation

In a bid to align our operations with the technological advancement in the market and the desire to create convenience, the Bank has embarked on scaling up its digital platforms across the network. These include; Mobile Banking, which allows customers to access their money and pay their instalments remotely via their phones, and Agent Banking which enables customers to deposit and withdraw from all agent points.

Sustainability and Impact

BUBL remains committed to achieving sustainable impact at scale by listening and learning directly from the people we serve. From our recent impact survey, using Lean Data methodology, in partnership with 60 Decibels, the results indicated that:

- 93% of customers' quality of life improved.
- 89% of customers earned more.
- 82% of customers planned their finances better.
- 88% of customers saved more.

Looking ahead

Even with the turbulent economic environment in 2022, we look forward to 2023 with optimism and zeal for execution. 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.

Appreciation

I would like to thank our strategic partners, shareholders, donors, and Board of Directors 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, especially women. Finally, I would like to express my heartfelt appreciation to our valued customers who have adapted to and embraced the turbulent economic times. Our promise as a bank is to continue providing better customer experience, innovative and customised products that meet their needs.

Independent auditor's report on the summary financial statements to the members of BRAC Uganda Bank limited

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statement of comprehensive income, for the year then ended, and related notes, are derived from the audited financial statements of BRAC Uganda Bank Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the requirements of the Companies Act, 2012, the Financial Institutions Act, 2004 (as amended) and Financial Institutions Regulations of Uganda. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 April 2023. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Financial Institutions (External Auditors) Regulations, 2010.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young

Ernst & Young

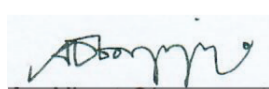
Certified Public Accountants
EY House | Plot 18, Clement Hill Road
Shimoni Office Village | P.O. Box 7215, Kampala, Uganda
Date: 28 April 2023

I). SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022	2021
	Ushs '000	Ushs '000
Assets		
Cash and balances with Bank of Uganda	2,409,526	2,666,322
Balances with banking institutions	67,810,646	36,410,270
Due from group companies	2,018,278	2,222,811
Loans and advances (Net)	149,736,356	143,669,606
Other assets	5,502,411	5,225,545
Property, equipment and right of use assets	19,150,406	23,395,783
Intangible assets	7,454,612	5,850,631
Tax recoverable	41,911	81,350
Deferred tax asset	8,797,321	9,458,625
Total assets	262,921,467	228,980,943
Liabilities		
Customers' deposits	94,859,219	96,622,973
Borrowings	89,365,377	59,293,576
Due to group companies	2,860,208	39,344
Other liabilities	23,925,152	22,163,264
Total liabilities	211,009,956	178,119,157
Shareholders' equity		
Share capital	54,421,880	54,421,880
(Accumulated losses)	(3,092,313)	(3,560,094)
Regulatory credit risk reserve	581,944	-
Total shareholders' equity	51,911,511	50,861,786
Total liabilities and shareholders' equity	262,921,467	228,980,943

IV). MESSAGE FROM THE DIRECTORS

The above summary Statement of Financial Position and summary Statement of Comprehensive Income are derived from the financial statements of BRAC Uganda Bank Limited for the year ended 31 December 2022 which were audited by Ernst & Young Certified Public Accountants and received an unmodified opinion. The financial statements were approved by the Board of Directors on 21 March 2023 and discussed with Bank of Uganda on 26 April 2023.


Mr. Albert Obongonyinge
Board Chairman


Mr. Nkosilathi Moyo
Managing Director

BRAC Uganda Bank Limited is a financial institution regulated by Bank of Uganda under License Number 7.

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BRAC Uganda Bank Ltd is regulated by Bank of Uganda and Customer deposits are Protected by the Deposit Protection Fund of Uganda up to 10 million shillings. Terms and Conditions Apply.