

BRAC TANZANIA FINANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

“Small is beautiful, but scale is necessary”. Sir Fazle Hasan Abed
Founder of BRAC

BRAC TANZANIA FINANCE LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

TABLE OF CONTENTS	PAGE NO
General Information	1
The report by those charged with governance	2 - 13
Statement of Directors' Responsibilities	14
Declaration of Head of Finance	15
Independent Auditor's Report	16 - 19
Statement of Profit or Loss and Other Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 59
Memorandum of Financial Information	60 - 77

BRAC TANZANIA FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

GENERAL INFORMATION

Board of directors

Name	Position	Gender	Nationality	Age	Date of Appointment	Qualification	Status
Shameran Abed	Chairperson	Male	Bangladeshi	44	18 August 2021	Bachelor of Arts in Economics	Active
Johannes Maria Antonius Eskes	Member	Male	Dutch	71	20 June 2018	Master's degree in accounting	Active
Bahati Ibrahim Geuzye	Member	Female	Tanzanian	48	22 July 2020	Master's degree in business administration	Active
Dr Evelyn Mweta Richard	Member	Female	Tanzanian	53	22 July 2020	PhD in Business Administration	Active
Bridget Dougherty	Member	Female	American	41	16 February 2023	Bachelor of Arts in Economics	Active
Marie Marcelle Saint Gilles Gerard	Member	Female	Haitian	52	03 April 2023	Bachelor's degree in economics & business administration	Active

Senior Management Team

Marie Marcelle Saint Gilles Gerard	Chief Executive Officer Board Member
Shafkat Bin Reza	Chief Operating Officer
Thabit Ndilahomba	Head of Finance
Alex Kibiki	Head of Internal Audit
Ladislaus Mganga	Head of Administration and Procurement
Florentina Bernard	Head of Human Resources & Training
Prisila Clemence	Head of Legal and Company Secretary
Amini Amani	Head of Information Technology

Principal place of business

Plot 17, Natai Plaza,
Light Industrial Road
P. O. Box 105213
Dar es Salaam, Tanzania

Bankers

NBC Limited
Sokoine Drive & Azikiwe Street
P. O. Box 1863
Dar es Salaam, Tanzania

Registered office

Plot 17, Natai Plaza,
Light Industrial Road
P. O. Box 105213
Dar es Salaam, Tanzania

Bank of Africa (Tanzania) Limited
NDC Development House,
Ohio Street/Kivukoni Front
P. O. Box 3054
Dar es Salaam, Tanzania

Auditor

PricewaterhouseCoopers
369 Toure Drive,
Pemba house, Oyster Bay
P.O Box 45,
Dar es Salaam,
Tanzania

CRDB Bank Plc
Azikiwe Street Opposite Posta Mpya
Postal Address 268, Dar es Salaam
Dar es Salaam, Tanzania.

NMB Plc
NMB House
Azikiwe/Jamhuri Street
P. O. Box 9213
Dar es Salaam, Tanzania

Standard Chartered Bank
International House Property Branch (IHP)
2nd floor, Shabaan Robert Street, Garden Avenue
P.O. Box 9011
Dar es Salaam, Tanzania

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

Those charged with governance have the pleasure to submit their report and the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of BRAC Tanzania Finance Limited (“BRAC Tanzania Finance Limited.”) . This report has been prepared in compliance with Tanzania Financial Reporting Standard No. 1 (TFRS 1).

Far more than a statutory obligation, this report is a dynamic chronicle of BTFL’s journey in 2024. This report also offers an open, forward-looking perspective into our operations, performance, and vision to our core stakeholders, investors, creditors, and valued partners. It upholds alignment with NBAA standards and delivers audit-ready precision to ensure transparency and accountability.

1. REGISTRATION

BRAC Tanzania Finance Limited was incorporated as a company limited by guarantee on 9 September 2008 and subsequently converted to a company limited by shares on 2 October 2019 and assigned registration number 67364. Refer to Note 11 for more details on the number of shares and shareholders. In 2021, the entity was registered for Tier 2 by Bank of Tanzania (BOT) with registration number MSP2-0350.

2. PRINCIPAL ACTIVITIES

BRAC Tanzania Finance Limited is dedicated to delivering impactful financial services to underserved communities across Tanzania’s twenty-six regions. Through a robust network of 179 branch offices, BTFL offers three core financial products: Microloans, Agri-finance, and small enterprise loans (SEP). These offerings are strategically designed to improve livelihoods and stimulate economic growth within the communities we serve.

Empowering women remains a cornerstone of our mission, with women representing 97% of our clientele. To support this goal, BTFL has implemented financial literacy programs and client protection principles for our clients, ensuring they are better equipped to manage and grow their resources. In parallel, we have advanced staff development initiatives to cultivate a skilled and motivated workforce, fostering innovation and excellence in service delivery.

3. VISION

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

4. MISSION

BRAC Tanzania Finance Limited’s 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 programs that enable men and women to realize their potential.

5. OUR VALUES

Innovation- BRAC Tanzania Finance Limited has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground-breaking development initiatives.

Integrity- BRAC Tanzania Finance Limited values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. BRAC Tanzania Finance Limited holds these to be the most essential elements of our work ethic.

Inclusiveness- BRAC Tanzania Finance Limited is committed to engaging, supporting, and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- BRAC Tanzania Finance Limited values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

6. VALUE CREATION TO MICROFINANCE CLIENTS

BTFL's unique value lies in alleviating poverty through microfinance, aligning with dynamic stakeholder expectations, competitive forces, trends, and regulations. Our model transforms resources into impactful outputs:

Digital Transformation:

The institution advanced its value creation efforts through digital initiatives, investing TZS 4.4 billion in core banking software and IT systems. These upgrades supported mobile repayment platforms, improved savings management, expedited disbursement times, and enabled tracking of client behavior for tailored services. Additionally, a call center was established to swiftly resolve customer complaints, enhancing client satisfaction and operational efficiency.

Economic Empowerment:

In 2024, BTFL empowered 391,890 clients, boosting incomes, sustaining families, and facilitating investments. With 97% women in its workforce, BTFL championed micro-business creation and economic resilience

Promoting Financial Inclusion:

In 2024, BTFL invested TZS 2.2 billion in financial literacy training and mobile solutions. Among the clients served, 97% are women of which 36% live on less than \$3.20 per day, 55% live in rural areas, and 32% are youth. Over 100,000 women, including young women, benefited from training that enhanced their financial management skills. As a result, there is improvements in savings behavior and 38% of clients are utilizing funds for home improvements.

Social Impact and Sustainability:

Our commitment to sustainability is reflected in sourcing 90-95% of our energy from hydroelectric power, minimizing environmental impact. ESG principles are embedded across operations, fostering responsible growth and shared value creation for stakeholders and communities

BRAC TANZANIA FINANCE LIMITED

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. VALUE CREATION TO MICROFINANCE CLIENTS (CONTINUED)

Resources	2024 Input	2024 Output	2024 Outcomes	2023 Input	2023 Output	2023 Outcomes
Financial Resources	The pool of funds supporting business operations, including equity finance and debt - TZS 96B equity, TZS 206.5B debt, TZS 8.3B grants	TZS 104B revenue, TZS 13.3B profit, TZS 6.9B dividends TZS 71B expenses, 108,089 trained with financial literacy clients	Access to finance alternatives - company was able to reach 391,890 clients According to the lean data published for 2024. Increase in customers who first take loans to 87%	TZS 89.9B equity, TZS 165.3B debt, TZS 3.5B Mastercard grant for digitalization/ financial literacy	TZS 88.6B revenue, TZS 16.5B profit, TZS 8.9B dividends, TZS 55.7B expenses, 26,068 trained clients	347,743 clients reached, 90% clients with no alternatives, 67% clients income improvement, 98% collection rate
Human Resources	2,634 skilled staff, enhanced digital training	TZS 35.9B salaries, TZS 2.3B training	86% female staff, 97% female clients, Staff Turnover reduced from 14% to 10.4%	2,464 skilled staff, ethical leadership, training, performance systems	TZS 28.2B salaries, TZS 1.2B training	85% female staff, 99% female clients, 14% turnover, 67% household impact
Intellectual/ Technological	TZS 4.4B maintenance cost core banking software, IT systems	Support digital integration into mobile repayments	Better saving through digital platforms. Improve disbursement time and track client behavior. Established call center to resolve customer complaints.	TZS 4.9B core banking software, IT systems	RBM visibility, digital field automation, client response	Reduce customer complaints on pricing and visibility. Better saving the client through digital platforms
Social/Relationship	TZS 2.2B client received financial literacy training, mobile solutions	36% (clients) below \$3.2/day, 97% women (client), 55% rural, 32% youth.	Increased savings, financial management and repayment stood at 98%. home improvement 38%.	TZS 1.3B clients received financial Literacy training, rural/urban loans	37% below \$3.2/day, 99% women, 58% rural, 34% youth	Increased savings, financial management, home improvement 28%.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

7. OPERATIONAL AND FINANCIAL PERFORMANCE

BRAC Tanzania Finance Limited showcased remarkable achievements in 2024, underscoring its strategic growth and resilience as highlighted below:

	Definition	Target 2024	Actual 2024	Target 2023	Actual 2023
Number of branches		177	179	168	170
Number of active Microfinance participants		400,976	391,890	328,770	347,743
Loan disbursement (TZS'000)		520,313,061	486,629,563	422,393,090	405,776,465
Outstanding portfolio net of interest (TZS'000)	Total loan outstanding	230,494,097	248,841,140	174,086,171	190,987,619
Portfolio At Risk (PAR)> 30 Days	Principal outstanding>30 days/Total Principal Loan outstanding	3.1%	1.22%	3.0%	1.45%
Total Revenue (TZS'000)		114,774,741	104,281,801	99,486,708	88,558,221
Operating expenses (TZS'000)		64,984,590	71,026,111	70,046,494	55,667,948
Financial expenses (TZS'000)		23,968,179	23,463,871	19,316,254	18,151,885
Net Profit (TZS'000)		24,822,416	13,297,909	15,617,844	16,483,141
Borrowing (TZS'000)		67,844,921	206,556,670	74,297,766	165,326,743
Total assets (TZS'000)	Total assets of BRAC Tanzania Finance Limited	321,355,497	358,417,243	275,542,887	299,515,625
Debt/Equity ratio	Debt/Equity	1.76	1.90	1.65	1.87
Operating self-sufficiency (OSS)	Total income/Total cost	120%	120%	117%	121%
Return on Performing Assets	Net profit after tax -Donation/Average Total Asset	8.57%	4.04%	5.0%	4.10%

- **Disbursement (TZS'000):** Loan disbursements grew by 20% to TZS 486,629,563 driven by branch expansion and increase of clients.
- **Total Revenue (TZS'000):** Gross revenue (interest income) increased by 18% to TZS 104,281,801, due to loan book growth from TZS 190,987,619 to TZS 377,304,430.
- **Operating Expenses (TZS'000):** Expenses rose by 27.6% to TZS 71,026,111, driven by costs of the new CBS deployed in Q4, cloud platform operations, and a 27.2% increase in personnel costs due to rural expansion and general salary increase.
- **Net Profit (TZS'000):** Profit fell by 19.3% to TZS 13,297,909, primarily due to the sharp rise in operating costs outpacing revenue growth, coupled with challenging weather conditions, including heavy rainfall in the year's first half and FX losses.
- **Financial Expenses (TZS'000):** Financial expenses rose by 29.3% to TZS 23,968,179, mainly due to increased borrowing to support loan disbursements.
- **Borrowing (TZ'000):** Borrowings increased by 24.9% to TZS 206,558,187 to support the expanded loan portfolio.

8. COMPOSITION OF DIRECTORS

The directors, who served during the year and up to the date of this report, unless as otherwise stated, are set out on page 1.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

9. DIRECTORS' BENEFITS AND DIVIDEND TO SHAREHOLDERS

Directors' seating allowances for board meetings of TZS 12 million were paid, and a dividend of TZS 6.9 billion was declared and paid to shareholders during the year.

10. CORPORATE GOVERNANCE

The Board, consisting of six directors (four women and two men), is responsible for overseeing the company's strategy, risk management and performance. The Board convenes at least four times a year and delegates daily management tasks to the Chief Executive Officer, who is supported by senior management. Adhering to NBAA principles, BRAC Tanzania Finance Limited prioritizes integrity, transparency, and accountability. The attendance of the board members in the meeting during the year is as follows:

Directors	Meeting 1(Q1)	Meeting 2 (Q2)	Meeting 3 (Q3)	Meeting 4 (Q4)
Shameran Abed	✓	✓	✓	✓
Johannes Maria Antonius Eskes	✓	✓	✓	✓
Bahati Ibrahim Geuzye	✓	x	✓	✓
Dr Evelyn Mweta Richard	✓	✓	✓	✓
Bridget Dougherty	✓	✓	✓	✓
Marie Marcelle Saint Gilles Gerard	✓	✓	✓	✓

The board, in its capacity, performed the following activities

- Approved 2024 audited annual report.
- Reviewed the auditors' report to understand the key audit issues of the company
- Monitored the organization's operating and financial performance against its budget.
- Review the progress of the entity against the Growth for Impact Strategy.
- Reviewed and approved all strategic investments of the company.
- Reviewed and approved all borrowings for the company

Company Secretary

Prisila Clemence Tesha, our Company Secretary, guides the Board on governance and ethics, inducting new directors and tracking legislative changes.

Audit and Risk Committee

The Committee supports the Board in ensuring the integrity of BTFL's financial statements, financial reporting processes, accounting systems, financial controls, and annual external audit of financial statements. It oversees the performance of Internal Audit, Risk, and Compliance functions, ensuring adherence to the legal and regulatory requirements set by the Bank of Tanzania, as well as compliance with IFRS Accounting Standards and applicable laws, rules, and regulations. Additionally, the Committee plays a key role in driving sustainability initiatives, as detailed in the ESG section. The committee met 4 times during the year 2024.

The members of the committee are:

Name	Position	Country of Residences
Bahati Ibrahim Geuzye	Chairperson	Tanzania
Johannes Maria Antonius Eskes	Member	The Netherlands
Dr. Evelyn Mweta Richard	Member	Tanzania
Marie Marcelle Gerard Saint Gilles	Member	Tanzania

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

11. CAPITAL STRUCTURE

The company capital structure and the total number of shareholders share during the year under review.
The share of the Company held as follows:

	No 2024 TZS'000		No 2023 TZS'000	
BRAC International Holdings BV	4,999,999	14,999,997	4,999,999	14,999,997
Shameran Abed	1	3	1	3
	5,000,000	15,000,000	5,000,000	15,000,000

Holders of ordinary shares are entitled to receive dividends as declared periodically and hold the right to one vote per share at BRAC Tanzania Finance Limited's meetings. All ordinary shares rank equally regarding BRAC Tanzania Finance Limited's residual assets. As BTFL is part of BRAC International Holdings BV, dividend distribution aligns with the policies and structure of the parent entity.

Component	2024 Actual (TZS'000)	2023 Actual (TZS'000)
Equity	96,266,914	89,885,255
Debt	206,556,670	165,326,743
Debt + Equity	302,823,584	255,211,998
Debt-to-Equity Ratio	2.15	1.84

12. RISK MANAGEMENT

The Board assumes ultimate responsibility for the risk management and internal control systems of BRAC Tanzania Finance Limited. Management is responsible for the continuous development and maintenance of robust internal financial and operational control systems, designed to provide reasonable assurance regarding the organization's operations and oversight:

- Operational effectiveness and efficiency
- Compliance with applicable laws and regulations
- The safeguarding of Company's assets
- The reliability of accounting records
- Business continuity
- Responsible behaviours towards all stakeholders

The effectiveness of any internal control system relies heavily on the strict adherence to established measures. However, the risk of staff non-compliance with these measures remains a potential challenge. While no internal control system can offer absolute assurance against errors or losses, BRAC Tanzania Finance Limited's framework is designed to provide the Board with reasonable confidence that the implemented procedures are functioning as intended.

The Board oversees internal risk management through the Board Audit and Risk Committee. Following an assessment of the internal control systems throughout the financial year ending 31 December 2024, the Board concluded that the systems met the required standards.

Principal Risks and Uncertainties

The key factors that could significantly influence BRAC Tanzania Finance Limited's short- to medium-term strategy include Credit, Operational (encompassing Legal and Reputational aspects), Compliance, Strategic, Liquidity, and Market risks.

Credit Risk

This is the risk resulting from the possibility that a client is either unwilling to fulfil any obligation or his ability is impaired, resulting in an economic loss to the organisation.

BRAC Tanzania Finance Limited has robust controls in place to manage exposure to credit risk, including approval limits, continuous portfolio monitoring and a strong risk appetite statement.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

12. RISK MANAGEMENT (CONTINUED)

Operational Risk

Operational risk refers to potential losses arising from failures in internal processes, staff, systems, or external events, including legal and reputational risks. Fraud, whether internal or external, is a subset of operational risk.

At BRAC Tanzania Finance Limited, fraud remains low due to a strong culture of integrity and proactive risk management. Key factors include robust fraud detection systems, regular audits, comprehensive staff training, a strict code of ethics, and effective talent retention. Continuous process optimization and regulatory compliance further reinforce security and trust in financial operations

Compliance Risk

Regulatory compliance risk refers to potential financial and operational losses from violations or misinterpretations of laws, regulations, internal policies, and ethical standards.

BRAC Tanzania Finance Limited mitigates this risk through a dedicated compliance unit that collaborates with the Legal department to monitor regulatory changes and assess their impact. Key requirements are communicated to management for necessary policy and procedural adjustments. Internal compliance is reinforced through conformance reviews by the second line of defense, ensuring effective implementation.

Strategic Risk

Strategic risk pertains to potential threats to earnings and capital caused by poor business decisions, ineffective strategy implementation, or insufficient adaptation to changes in the business environment. BTFL mitigates these risks through strong controls, including regular strategic risk reviews at Management and Board levels.

Liquidity Risk

Liquidity risk refers to the challenge a company may face in meeting its financial obligations, particularly those settled through cash or other financial assets.

BRAC Tanzania Finance Ltd effectively mitigates this risk by implementing robust controls and comprehensive monitoring mechanisms. These include detailed cash flow forecasts and proactive steps to evaluate and address cash requirements. Such strategies play a pivotal role in ensuring that BTFL maintains sufficient liquidity to meet its obligations promptly and efficiently.

Market Risk

Market risk arises from fluctuations in market prices, such as changes in interest rates, foreign exchange rates, shares, and commodity prices. Since BRAC Tanzania Finance Limited does not hold shares or commodities, its market risk exposure is mainly limited to the following areas:

- **Foreign Exchange Risk**
- **Interest Rate Risk**

To manage market risk effectively, BTFL employs robust controls and monitoring mechanisms. These include hedging dollar-denominated loans through back-to-back arrangements and utilizing synthetic loans from international investors. Additionally, the company has secured fixed interest rates on international borrowings to match those on its lending portfolio.

BRAC Tanzania Finance Limited operates under the supervision of the Board of Directors, while day-to-day management is delegated to the Chief Executive Officer (CEO). The CEO is supported by the heads of various divisions, departments, and units. The organizational structure comprises the following divisions:

- Operations (Micro finance program/Small Enterprise Program and Agri finance.)
- Accounts & finance.
- Internal audit.
- Risk and compliance.
- Information Technology (IT) and Management Information System (MIS);

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

12. RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

- Human resources & Training
- Procurement, Administration and logistics
- Communication
- Safeguarding

13. RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 28 to the financial statements.

14. KEY HIGHLIGHTS IN 2024

In 2024, BRAC Tanzania Finance Limited achieved significant milestones, reinforcing its mission to empower underserved communities and enhance financial inclusion.

Business Growth & Performance

- Under the Annual Strategic Plan (ASP), BTFL's roadmap for sustainable growth, 9 new branches were opened by Q2 2024, surpassing the target of 5, and expanded Small Enterprise Program to 17 and Agri finance to 25 branches by Q3, growing the clients base by 13% to 391,890.
- Aligned with the ASP's focus on maintaining portfolio quality, BTFL achieved a PAR>30 of 1.22% (vs. 1.45% in 2023), below the 3.0% goal, through enhanced credit risk management and client support initiatives.
- In line with the ASP's loan disbursement growth target, BTFL achieved a 20% increase to TZS 487 billion (from TZS 406 billion), missing the TZS 530 billion goal due to weather challenges.

Financial Literacy:

- As part of the ASP's commitment to responsible inclusive finance, BTFL trained 108,089 clients in financial literacy across 86 branches, exceeding the Accelerating Impact for Young women in Africa target of 50,000, with materials piloted and expanded by Q4.

Innovation and Accessibility:

- Supporting the ASP's digitization goals, BTFL scaled mobile money repayments to all branches by 2024, using communication materials, training, and monitoring across 30 branches in Q1/Q3 and 17 in Q4. In alignment with the ASP's aim to enhance rural outreach, BTFL established sub-branches, increasing rural coverage and improving access in hard-to-reach areas.

15. FUTURE DEVELOPMENT PLANS

BRAC Tanzania Finance Limited is committed to strengthening financial inclusion by expanding access, improving services, and fostering sustainability through the following initiatives:

- **Expanding Impact & Outreach**

Increasing financial access for more underserved women and young women in remote areas, supporting economic empowerment and inclusivity by reaching to 447,800 clients in 2025.

- **Scaling Financial Literacy**

Enhancing outreach across 94 branches, targeting 50,000 new clients, including Agri-finance clients, to foster informed financial decision making.

- **Automating Processes**

Piloting the Digital Field Application (DFA) to streamline operations, enhance efficiency, and enable data-driven decision-making.

- **Launching Mobile Disbursements**

Partnering with MNOs to implement paperless transactions, boosting efficiency, reducing costs, strengthening security, and promoting sustainability.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

15. FUTURE DEVELOPMENT PLANS (CONTINUED)

- **Smart Agri-Finance**

Assessing feasibility to drive **5–10% loan book growth** by 2026 and beyond, supporting agricultural finance innovation.

- **Enhancing Staff Development**

Strengthening leadership capabilities, soft skills, and succession planning to cultivate a resilient and adaptive workforce.

- **Strengthening Sustainability & Compliance**

Advancing ESG principles, reinforcing digital security, and ensuring regulatory compliance to foster long-term resilience.

- **Strengthening Technology & Cybersecurity**

Reinforcing digital security measures to safeguard data integrity as automation expands.

16. SOLVENCY

The Board of Directors confirms adherence to applicable accounting standards and asserts that the financial statements have been prepared on a going concern basis. They have reasonable expectations that BRAC Tanzania Finance Limited possesses sufficient resources to maintain operational continuity in the foreseeable future. Additionally, BRAC Tanzania Finance Limited has met all Bank of Tanzania liquidity ratios and fully complied with the key covenant ratios set by its lenders.

17. STAKEHOLDERS RELATIONSHIP

a) Clients

Enhanced access to financial services is provided through a network of 179 branch offices, tailored to meet clients' needs by offering information and financial advice. BTFL is committed to being a safe and trustworthy financial services provider.

b) Employees

BRAC Tanzania ensures that employees benefit from:

- An empowering and supportive environment that fosters diversity and inclusiveness.
- Fair remuneration, effective performance management, and recognition, creating a workplace where employees can thrive and reach their full potential.
- Opportunities for self-directed development and career progression
- Employment within an ethical organization with a reputable and strong brand.
- A safe and healthy work environment.

c) Creditors and lenders

BTFL demonstrates strong creditworthiness by consistently meeting lenders' demands promptly, ensuring timely loan repayments, and maintaining full compliance with all loan terms and requirements

d) Regulators and Policy makers

BRAC Tanzania actively engages with BRELA, Bank of Tanzania, Tanzania Revenue Authority and others government bodies, and other regulators to ensure:

- Fair and ethical collaboration with stakeholders.
- Active contributions to industry and regulatory working groups.
- Full compliance with all legal and regulatory requirements.
- Responsible tax practices.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

17. STAKEHOLDERS RELATIONSHIP (CONTINUED)

e) Society

BRAC Tanzania Finance Limited serves local communities, including microfinance clients and small enterprises, by:

- Offering financial solutions that empower individuals, families, and businesses.
- Partnering with communities to address social and environmental challenges to build a thriving society

f) Investors and Shareholders

BRAC Tanzania Finance Limited focuses on creating shareholder value by:

- Supporting poverty alleviation through microfinance programs.
- Delivering sustainable returns via attractive dividends.
- Engaging continuously to support informed investment decisions.

18. EMPLOYEE WELFARE

BRAC Tanzania Finance Limited invests in staff through training, flexible work arrangements, and social security contributions. In 2024, **86% of female staff** received digital training, with **TZS 2.2 billion** allocated, up from **TZS 1.2 billion** in 2023.

Employee well-being is supported through **medical insurance** (NHIF, 3% employer contribution), **workers' compensation** (0.5% of salaries), and **pension benefits** (10% NSSF). Additionally, BTFL compensate professional certification memberships, including **ACCA, CPA, and Tanzania Law School**, reinforcing its commitment to staff development.

BRAC Tanzania Finance Limited, through its Learning and Development Unit in the Human Resources Department, facilitates capacity-building programs to enhance employee skills, service quality, and productivity.

People with Disabilities: BRAC Tanzania Finance Limited fosters an inclusive work environment by prioritizing employment and career development for persons with disabilities.

GENDER PARITY: In 2024, women comprised an impressive 86% of the staff, reflecting a strong commitment to gender parity.

19. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavorable matters that can affect BRAC Tanzania Finance Limited (2023: None).

20. STATEMENT OF COMPLIANCE

As required by TFRS 1, those charged with governance confirm compliance with the provisions of this Standard and all other statutory legislation relevant to the entity.

21. POLITICAL AND CHARITABLE DONATIONS

No political donations. BRAC supported women affected during Kateshi land slide.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

22. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITMENT: A VISION IN ACTION

BRAC Tanzania Finance Limited is committed to purposeful leadership, seamlessly embedding ESG principles into its core operations to drive sustainable impact and create lasting value for all stakeholders.

- **Climate Impact Mitigation:** Agri-Finance, accounting for 8% of the loan portfolio, faces critical climate-related challenges, particularly impacting rural clients. To mitigate these risks, BTFL is developing a specialized Agri-finance product designed to address environmental concerns, support sustainable farming practices, and enhance resilience against climate variability. Implementation is planned for 2025.
- **Social**

Client Empowerment: BRAC Tanzania Finance Limited (BTFL) empowers women and promotes financial inclusion and independence, with 97% of its clients being women. Through its AIM program in partnership with Mastercard Foundation, it surpassed 2024 targets, enhancing participants' financial literacy and fostering sustainable livelihoods for smallholder farmers and micro-entrepreneurs.

Employee Wellbeing: BTFL supports its predominantly female workforce with initiatives like:

- **Diversity and Inclusion:** 86% female representation in 2024, fostering belonging.
 - **Health and Wellness:** Providing healthcare benefits and wellness programs.
 - **Recognition and Rewards:** Promoting appreciation through recognition programs.
 - **Community Impact:** In 2024, Finance Limited made remarkable strides in transforming lives and making sustainable progress. Our efforts impacted on underserved communities, reaching:
 - Key Household Well-Being Achievements
 - **90%** of children's educational achievement.
 - **81%** access to quality meals.
 - **75%** home improvements.
 - **57%** of healthcare visits.
 - Client Success and Empowerment
 - **96%** of clients reported a better quality of life.
 - **95%** experienced improved financial management and income growth.
 - **89%** increased their savings balances.
 - **97%** gained confidence in achieving financial goals and personal growth.
- (Source: Lean Data Report 2024)
- **Governance**
 - **Board Oversight:** Our Board, composed of 4 women and 2 men, ensures ethical governance, transparency, and accountability by addressing ESG matters in 2024. This is in alignment with NBAA standards.
 - **Risk Management:** BTFL actively addresses ESG risks through comprehensive policies. This includes the introduction of a new Agri-product to mitigate climate impacts and the adoption of digital tools to enhance operational efficiency.

23. AUDITOR

The Company's auditor, PricewaterhouseCoopers, has expressed their willingness to continue in the office subject to regulatory confirmation. Upon confirmation there is a resolution to reappoint PWC as the auditor will be put to the Annual General Meeting.

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

24. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Company.

BY ORDER OF THE BOARD

.....
Johannes Maria Antonius Eskes
Director

Date:



.....
Marie Marcelle Saint Gilles Gerard
Director/Chief Executive Officer

Date: 22 / 4 / 2025

BRAC TANZANIA FINANCE LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024**

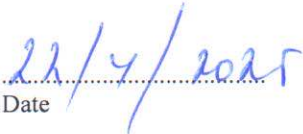
The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:


.....
Johannes Maria Antonius Eskes
Director


.....
Date

BRAC TANZANIA FINANCE LIMITED

DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied by a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I **Thabit Ndilahomba** being the Head of Finance of BRAC Tanzania Finance Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024, have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of BRAC Tanzania Finance Limited as on that date and that they have been prepared based on properly maintained financial records.



Signed by:

Position: Head of Finance

NBAA Membership No.: ACPA 02477

Date: 22/4/2025

Independent auditor's report

To the Shareholders of BRAC Tanzania Finance Limited

Report on the audit of the financial statements.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Tanzania Finance Limited (the Company) as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The financial statements of BRAC Tanzania Finance Limited as set out on pages 20 to 59 comprise:

- statement of financial position as at 31 December 2024.
- statement of profit or loss and other comprehensive income for the year then ended.
- statement of changes in equity for the year then ended.
- statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

To the Shareholders of BRAC Tanzania Finance Limited

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers Management exercises judgement when determining both when and how much to record as loan impairment provisions. Judgement is applied to determine the appropriate parameters and assumptions used to estimate the provisions in the following areas: • Quantitative and qualitative criteria for classification of loans and advances based on assessment of factors contributing to significant increase in credit risk and default. • Determination of the probability of defaults (both 12 months and lifetime); • Determination of the forward-looking parameters to be incorporated in the estimation of expected credit losses; and • Estimation of the expected cash flows used in the determination of the loss given default. These judgements together with the value of gross loans and advances to customers amounting to TZS 254,711 million (2023: TZS 197,363 million) and impairment provision of TZS 6,259 million (2023: TZS 6,375 million) make this a key audit matter. Further details on loans and advances have been disclosed in Note 3 (g)(vii, ix), Note 4 (a) and Note 17 of the financial statements.	• We tested the reasonableness of the quantitative and qualitative criteria used in the classification of loans and advances. • As the quantitative basis of classification of loans and advances is reliant on information systems, we understood and tested key information technology general and application controls including the accurate calculation of the number of days past due. • We tested management's application of the qualitative criteria in classification of loans and advances. • We tested the reliability of information used for estimating probability of default and loss given default. • We tested the reasonability of the forward-looking parameters considered by management. • We challenged management's basis for establishing the correlation between forward looking parameters and the Company's non-performing loan trends. • We reviewed the historical collection experience and trends in default rates to validate the adequacy of the impairment provision. • We tested the adequacy of financial statements disclosures.

Other information

The directors are responsible for the other information. The other information comprises the General Information, the report by those charged with governance, Statement of Directors' Responsibilities, Declaration of Head of Finance and Memorandum of financial information but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditor's report (continued)

To the Shareholders of BRAC Tanzania Finance Limited

Report on the audit of the financial statements (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Independent auditor's report (continued)

To the Shareholders of BRAC Tanzania Finance Limited

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

This report, including the opinion has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002 we are also required to report to you if, in our opinion, the report by those charged with governance is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Zainab Salome Msimbe, FCPA 1708

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

28-04-2025 | 17:39 EAT

Date _____

BRAC TANZANIA FINANCE LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 TZS '000	2023 TZS '000
Income			
Interest income	6	104,281,801	88,558,222
Interest expense	7	(23,463,871)	(18,151,885)
Net interest income		80,817,930	70,406,337
Fee and commission income	8	3,248,316	3,495,800
Other income	9	2,243,726	1,329,652
Net (loss)/gain on fair value of derivatives	11	(1,358,645)	2,344,880
Grant income utilized	27(a) & (b)	6,647,432	2,804,831
Total operating income		91,598,759	80,381,500
Impairment (charge)/release on loans to customers	17(b)	(1,711,677)	415,033
Operating Income after Impairment Charges		89,887,082	80,796,533
Staff costs and other benefits	10	(35,864,408)	(28,181,023)
Occupancy expenses	12	(478,672)	(349,383)
Operating expenses	13	(30,662,861)	(24,803,848)
Depreciation of property and equipment and right of use assets	19,29	(2,881,098)	(2,017,817)
Amortization of intangible assets	20	(1,139,072)	(315,877)
Total operating expenses		(71,026,111)	(55,667,948)
Profit before tax		18,860,971	25,128,585
Income tax expense	14(a)	(5,563,062)	(8,645,444)
Profit for the year		13,297,909	16,483,141
Other comprehensive income		-	-
Total comprehensive income for the year		13,297,909	16,483,141

Notes and related statements forming part of the financial statements appear on pages 24 to 59.

Report of the auditor is on page 16 to 19.

BRAC TANZANIA FINANCE LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Notes	2024 TZS '000	2023 TZS '000
ASSETS			
Cash and bank balances	15	52,213,317	72,959,908
Fixed deposits	16	37,304,430	15,469,951
Loans to customers	17 (a)	248,451,140	190,987,619
Related party receivables	18 (b)	72	1,147,268
Rights of use (ROU) on leases	29 (a)	2,591,304	2,620,384
Other assets	18 (a)	4,107,357	1,479,824
Derivative financial instruments	32	986,235	2,344,880
Investment in subsidiary	31	1,499,998	1,499,998
Property and equipment	19	4,406,919	3,866,771
Intangible assets	20	3,509,269	4,647,823
Deferred income tax asset	21	2,062,358	1,727,887
Corporate income tax receivable	14(b)	1,284,844	763,312
Total assets		358,417,243	299,515,625
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities	22	6,196,096	4,759,149
Lease liabilities	29 (b)	2,903,053	2,839,443
Related party payables	23	1,249,404	130,063
Corporate tax payable	14 (b)	-	-
Loan security fund	25	41,457,330	34,428,458
Borrowings - term loans	26	206,553,670	165,326,743
Deferred revenue grants	27(a)&(b)	3,790,776	2,146,514
Total liabilities		262,150,329	209,630,370
Equity			
Ordinary share capital		15,000,000	15,000,000
Retained earnings		81,266,914	74,885,255
Total equity		96,266,914	89,885,255
Total equity and liabilities		358,417,243	299,515,625

The financial statements on pages 20 to 59 were approved for issue by the Board of Directors on 22/4/2025 and signed on its behalf by;

Johannes Maria Antonius Eskes
Director

Marie Marcelle Saint Gilles Gerard
Director/Chief Executive Officer

Notes and related statements forming part of the financial statements appear on pages 24 to 59.
Report of the auditors is on page 16 to 19.

BRAC TANZANIA FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	Ordinary Share Capital TZS'000	Retained Earnings TZS'000	Total Capital Fund TZS'000
Balance at 1 January 2024		15,000,000	74,885,255	89,885,255
Comprehensive income:				
Profit for the year		-	13,297,909	13,297,909
Transactions with owners of the company				
Dividends paid	30	-	(6,916,250)	(6,916,250)
Balance as at 31 December 2024		15,000,000	81,266,914	96,266,914
Balance at 1 January 2023		15,000,000	65,778,564	80,778,564
Comprehensive income:				
Profit for the year		-	16,483,141	16,483,141
Transactions with owners of the company				
Dividends paid	30	-	(8,876,448)	(8,876,448)
Ordinary shares from Brac Zanzibar	31	-	1,499,998	1,499,998
Balance as at 31 December 2023		15,000,000	74,885,255	89,885,255

BRAC TANZANIA FINANCE LIMITED
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

		2024	2023
	Notes	TZS '000	TZS '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		18,860,971	25,128,585
Adjustment for non-cash items			
Depreciation charge and amortization	19&29	2,881,098	2,017,817
Amortization charges on intangible assets	20	1,139,072	315,877
Amortization of deferred grants	27 (a) &(b)	(6,647,432)	(2,804,831)
(Loss)/gain on disposal of assets		(26,703)	750
Interest expense on term loans	7	23,118,058	17,908,107
Impact of lease liability remeasurements		-	(7,861)
Interest on lease liability	7	345,813	243,778
Impairment charge on loans to customers	17(b)	1,711,677	415,033
Valuation loss on borrowings		-	1,901,990
Fair valuation gain on financial instruments		1,358,644	(2,344,880)
		42,741,198	42,774,365
Changes in:			
- Other assets and related party receivables		(121,691)	(117,342)
- Fixed Deposits		(21,834,479)	5,927,994
- Other liabilities and related party payables		2,551,770	1,030,678
- Loans to customers		(67,293,741)	(30,492,263)
Cash flow from operating activities		(43,956,943)	19,123,432
Tax paid	14(b)	(6,419,065)	(8,247,995)
Interest paid on borrowings	26	(17,537,639)	(15,020,599)
Net cash used in operating activities		(67,913,647)	(4,145,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	19	(1,910,633)	(2,026,312)
Acquisition of Intangible	20	-	(1,847,148)
Proceeds from disposal of assets		26,703	668
Net cash used in investing activities		(1,883,930)	(3,872,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the year	30	(6,916,250)	(8,876,448)
Term loans acquired during the year	26	113,028,029	66,447,982
Repayment of the term loans – principal	26	(70,595,482)	(40,807,408)
Payment of lease liability – principal and interest	29	(1,785,878)	(1,227,386)
Loan security funds received during the year	25	25,600,468	13,552,981
Loan security funds paid during the year	25	(18,571,596)	(9,343,400)
Grant received during the year	27	8,291,695	3,446,177
Net cash generated from financing activities		49,050,986	23,192,498
Net (Decrease)/Increase in cash and cash equivalents		(20,746,591)	15,174,544
Cash and cash equivalents at the beginning of the year		72,959,908	57,785,364
Cash and cash equivalents at the end of the year	15	52,213,317	72,959,908

Notes and related statements forming part of the financial statements appear on pages 24 to 59.

Report of the auditor's is on page 16 to 19.

** Amount does not include additions to right of use asset presented under property and equipment.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. REPORTING ENTITY

BRAC Tanzania Finance Limited was incorporated as a company limited by guarantee on 9 September 2008 and subsequently converted to a company limited by shares on 2 October 2019 and assigned registration number 67364. The Company is situated at Plot 17, Natai Plaza, and Coca cola Road, Dar es Salaam, Tanzania. Refer note 24 for more details on number of shares and shareholders.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act, 2002.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in thousands of Tanzanian Shillings (TZS'000), which is the Company's functional currency.

Memorandum figures

The memorandum of financial information representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Notes 5.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised directly in equity.

(b) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The recognition ceases when a loan is transferred to Non-Interest-Bearing Loan (NIBL) as described in Note 4(a) thereafter interest income is recognised only when it is received.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in profit or loss is resulting from Interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

(c) Fee and commission income

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(d) Grants

i. Deferred grants

All grants received are initially recognized as deferred revenue grants at fair value and recorded as liabilities.

The portion of the grants that are utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently released to income to match the depreciation for the period and amortization of the fixed assets as charged to Profit or Loss.

Grants utilized to reimburse program related expenditure are recognized as grant income for the period.

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations where the Company may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants).

Grant income classified as temporarily restricted or unrestricted depending upon the existence of donor-imposed restrictions. For completed or phased out projects and programs, any unutilized amounts are dealt with in accordance with consequent donor and management agreements.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Grants (Continued)

i. Deferred grants (Continued)

For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as revenue grant receivable.

ii. Grant income

Grant income is recognised on a cash basis to the extent that the Company fulfils the conditions of the grant. This income is transferred from the deferred grant received from donors and recognized as income in the profit or loss. A substantial portion of the Company's donor grants are for funding of not-for-profit projects and programs, and for these grants, income recognised is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement of fixed assets, the grant income is recognised as the amount equivalent to depreciation expenses charged on the fixed assets.

(e) Interest from deposits with banks

Interest income on the Company's deposits with banks is earned on an accrual basis at the agreed interest rate with the respective financial institutions.

(f) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expenses are recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Financial assets and liabilities

(i) Recognition

The Company initially recognises loans and advances, deposits, debt securities issued and liabilities when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost since it has fixed repayment plan and if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(iii) De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company writes off certain loans when they are determined to be uncollectible (see Note 4a).

(iv) Off setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the BRAC Tanzania Finance Limited's trading activities.

(v) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(vi) Fair value measurement (continued)

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Identification and measurement of impairment

Impairment under of IFRS 9 are determined based on an Expected credit Loss (ECL) model.

The ECL model applies to financial assets measured at amortised cost and debt instruments at Fair Value through Other comprehensive income (FVOCI), lease receivables and certain loan commitments as well as financial guarantee contracts.

Under IFRS 9, loss allowances are measured on either of the following bases:

12 month ECLs: these are a portion of the lifetime expected credit losses and represent the amount of expected credit losses that result from default events that are possible within 12 months after the reporting date.

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. BRAC Tanzania Finance Limited recognises an allowance for either 12 month or lifetime ECLs, depending on whether there has been a significant increase in credit risk (SICR) since initial recognition.

Indicators of SICR include any of the following:

- 30 days past due rebuttable presumption.
- Considering historical delinquency behaviour of accounts that are currently up to date and bucket (1- 30 days)
- Technical/operational arrears with proof that an account remains in arrears after the technical /operational error is fixed.
- Significant adverse changes in business, financial and /or economic conditions in which the clients operates.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(vii) Identification and measurement of impairment (Continued)

Measurement of ECLs

The measurement of ECLs reflects a probability weighted outcome, the time value of money and the entity's available forward-looking information. The above-mentioned probability weighted outcome considers the possibility of a credit loss occurring and the possibility of no credit loss occurring, even if the possibility of a credit loss occurring is low. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The assessment of ECL of a financial asset or portfolio of financial assets entails estimation of the likelihood of defaults occurring and of default correlation between counterparties. BTFL measures ECL using probability of default (PD), exposure of default (EAD) and loss given default (LGD). These three components are multiplied together and adjusted for the likelihood of default.

The calculation of ECL incorporates forward looking information. BTFL has performed historical analyses and identified the key economic variables impacting credit risk and ECL for each portfolio at subsidiary level. These economic variables and their associated impact on the PD, EAD and LGD do not vary by financial instrument. BTFL uses BMI research/Fitch solution to assist in the forecast of the economic variables and an overview of the economy quarterly or more often if necessary.

(viii) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(ix) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that Company does not intend to sell immediately or in the near term. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(x) Cross-currency interest rate swap (non-deliverable swap)

BRAC Tanzania uses derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates and foreign exchange rates. A cross-currency interest swap (CCIS) is a financial derivative in which two parties exchange cash flows in different currencies over a specified period. In a non-deliverable swap (NDS) there is no physical exchange of the two currency flows. Instead, the USD equivalent of the local currency payment (determined at the spot rate on the date of the payment) is set against the opposite USD payment, with the net paid to the appropriate party. NDSs are used to avoid transfer risk and to avoid the cost of local market exchange. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Recognition and Initial Measurement

At the inception of the non-deliverable cross-currency swap, the transaction is recognized on the statement of financial position at fair value. The fair value is typically determined using market rates at the inception date.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(x) Cross-currency interest rate swap (non-deliverable swap) (continued)

Subsequent Measurement

Changes in the fair value of the swap are thereafter recognized in the income statement over the life of the contract. This involves marking the derivative to market at each reporting period.

(xi) Modification of contractual cashflows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the company recalculates the gross carrying amount of the financial asset and recognize a modification gain or loss in profit or loss.

(h) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives are as stated:

Furniture & fixtures	10%
Computer and Peripherals	33.33%
Equipment	20%
Vehicles	20%
Motor cycles	20%
Right of use assets	Lease term

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets (continued)

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Intangible assets

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on straight-line basis over the estimated useful life of the software, from the date that is available for use. The estimated useful life of software is five years (20% per year).

(k) Loan security fund and term loans

The Company maintains a loan security fund, which is a 10% portion of the loan disbursed, to cover the potential risk of default. This fund includes loan security fund from customers and term loans from lenders, which are classified as financial liabilities in accordance with the substance of their contractual terms.

Loan security fund from customers and term loans from lenders are initially measured at fair value plus transaction costs and subsequently measured at their amortized cost using the effective interest method. BRAC Tanzania Finance Limited utilizes these loans as a source of funding.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash benefits if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on a rate, initially measured using the rate as at the commencement date; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties or early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases for some office premises. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Write offs

When a loan is deemed uncollectible, it is written off against the related provision for impairment losses. Subsequent recoveries are credited to the profit or loss for the year. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to profit or loss for the year.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Share Capital

Ordinary shares are classified as 'share capital' in equity. New shares are recorded at nominal value and any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(q) New standards, amendments and interpretations

i) *New standards, amendments and interpretations effective and adopted during the year*

The Company has adopted the following new standards and amendments during the year ended 31 December 2024, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2024. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

During the year ended December 31, 2024, BTFL adopted the following new and amended IFRS standards effective for annual periods beginning on or after January 1, 2024:

- **IAS 1 Amendments – Classification of Liabilities as Current or Non-current:** These amendments clarify the classification of liabilities based on rights existing at the end of the reporting period. The adoption did not have a material impact on BTFL's financial statements, as the institution's liabilities, such as loans payable, were already classified appropriately under existing IFRS requirements.
- **IAS 1 Amendments – Non-current Liabilities with Covenants:** These amendments specify that covenants affecting classification must be assessed at the reporting date. The adoption had no significant effect on BTFL's liability presentation, as its loan agreements with covenants were already evaluated consistently with these requirements.
- **IFRS 16 Amendments – Lease Liability in a Sale and Leaseback:** This amendment requires a seller-lessee to measure the lease liability in a sale and leaseback transaction to avoid recognizing a gain or loss related to the right-of-use asset retained. BTFL is already applying this amendment, as its business model requires leasing premises from individuals and companies for specific periods (e.g., office spaces and branch locations) under long-term lease agreements. The adoption had no material impact on BTFL's financial statements, given its existing practices for lease accounting and the absence of material sale and leaseback transactions. The company's lease arrangements, primarily standalone leases, are accounted for under IFRS 16, recognizing right-of-use assets and lease liabilities consistently with the amendment's requirements.
- **IAS 7 and IFRS 7 Amendments – Supplier Finance Arrangements:** These amendments enhance disclosure requirements for supplier finance arrangements. BTFL has limited supplier finance arrangements, primarily related to operational expenses, and has updated its disclosures accordingly to provide transparency on these arrangements, including their nature, terms, and cash flow impacts.

ii) *New standards, amendments and interpretations Issued but Not Yet Effective*

At the date of authorization of these financial statements, the following new standards and amendments to existing standards have been issued by the IASB but are not yet effective for the year ended December 31, 2024. BTFL has not early adopted these standards, and their potential impact is being assessed. Unless otherwise stated, the institution does not expect these changes to have a material impact on its financial position or performance upon adoption. However, additional disclosures may be required as noted below. The standards and amendments are listed in chronological order of their effective dates. Qualitative descriptions of their potential impacts are provided below:

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures**
 - **Effective Date:** January 1, 2027 (confirmed; issued June 2024, with early adoption permitted).
 - **Description:** IFRS 19 provides simplified disclosure requirements for subsidiaries that do not have public accountability, reducing the volume of disclosures required under other IFRS standards while maintaining recognition and measurement principles.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) New standards, amendments and interpretations (continued)

ii) New standards, amendments and interpretations Issued but Not Yet Effective (continued)

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures (continued)**
 - **Impact:** This standard does not apply to BTFL's financial statements, as the institution is a standalone microfinance entity operating in Tanzania and does not consolidate subsidiaries, nor is it a subsidiary of BIHBV. BTFL does not have public accountability in a manner that would qualify for these reduced disclosures, so no impact is expected on its financial reporting.
- **IAS 21 Amendments – Lack of Exchangeability**
 - **Effective Date:** January 1, 2025 (confirmed; issued August 2023, with early adoption permitted).
 - **Description:** These amendments provide guidance on assessing whether a currency is exchangeable into another currency and determining the exchange rate to use when it is not. They also require additional disclosures when exchangeability is lacking.
 - **Impact:** BTFL operates solely in Tanzania, where exchange rates are visible and the Tanzanian Shilling (TZS) is exchangeable into other currencies without restrictions. As such, these amendments are not expected to impact BTFL's financial statements, as there are no currency exchangeability issues. However, the institution will review its foreign currency transactions (e.g., any international loans or remittances) to ensure compliance and may need to update disclosures if new exchangeability challenges arise in the future, though no significant impact is anticipated.
- **IFRS 16 Amendments – Clarifications on Lease Term and Useful Life of Leases**
 - **Effective Date:** January 1, 2026 (confirmed; issued December 2023, with early adoption permitted).
 - **Description:** These amendments clarify how to assess the lease term, particularly for leases with extension or termination options, and align the useful life of right-of-use assets with the lease term under IAS 16, *Property, Plant, and Equipment*. They also enhance disclosure requirements for lease terms and related judgments.
 - **Impact:** BTFL uses leased office spaces and branch premises, including standalone leases from individuals and companies for specific periods. Adopting these amendments may require reassessing lease terms for existing agreements, particularly those with renewal or termination options, potentially affecting the recognition and measurement of right-of-use assets and lease liabilities. This could lead to changes in the financial statements, with increased disclosures on lease term assessments, judgments, and the rationale for lease durations. The financial impact is expected to be limited, but BTFL anticipates improved transparency through detailed reporting on its lease arrangements.
- **IFRS 18 – Presentation and Disclosure in Financial Statements**
 - **Effective Date:** January 1, 2027 (confirmed; issued April 2024, with early adoption permitted).
 - **Description:** IFRS 18 replaces IAS 1 and introduces significant changes to the presentation of financial performance, including a structured income statement with three defined categories (operating, investing, and financing) and new subtotals (operating profit and profit before financing and income tax). It also mandates disclosure of management-defined performance measures (MPMs) in the notes and enhances guidance on aggregation and disaggregation of information.
 - **Impact:** This standard will materially affect the presentation of BTFL's statement of profit or loss and related disclosures. The institution is assessing changes to its financial reporting processes, systems, and controls to classify income and expenses into the new categories and to identify and disclose MPMs consistently, such as measures related to loan portfolio performance or operational efficiency. Comparative information for 2026 will need restatement upon adoption in 2027. The extent of the impact will depend on BTFL's operations and use of alternative performance measures at that time.
- **IFRS 9 Amendments – Power Purchase Agreements**
 - **Effective Date:** January 1, 2028 (confirmed; proposed amendments issued in Q3 2024, with the comment period ending March 31, 2025, and final approval projected for Q4 2026 by the IASB; early adoption likely permitted upon issuance).
 - **Description:** These proposed amendments address the accounting for physical power purchase agreements (PPAs), clarifying classification and measurement under IFRS 9, particularly for renewable energy contracts.
 - **Impact:** These amendments will not affect BTFL, as the institution is a microfinance entity focused on lending and financial services in Tanzania, not engaged in energy-related activities or financial instruments like PPAs. The Group is monitoring the IASB's progress for awareness but does not anticipate any impact on its financial statements or disclosures.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

BRAC Tanzania Finance Limited has exposure to the following risks from its use of financial instruments:

- (a) Credit risk;
- (b) Liquidity risk
- (c) Market risks; and
- (d) Operational risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing the risks, and its management of capital.

(a) Credit risk

Credit risk is the risk of financial loss to Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers.

Management of credit risk

For risk management reporting purposes, the Company measures, monitors and manages proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Company does not have any significant exposure to any individual customer or counterparty.

The model that the Company uses to mitigate this risk is arrangement with the respective members of the group. The group members monitor the behaviour of their fellow members who show signs of default on weekly basis during their weekly loan repayment and inform the Company immediately so that appropriate follow up is made.

As set out above, the main activity of the Company is the provision of unsecured loans to group members. The Board of Directors has delegated responsibility for the oversight of credit risk to the Chief Executive Officer who works with the assistance of Chief Operating Officer and Risk and Compliance department. However, this must be viewed in light of the overall framework of the exclusive use of "group guaranteed" loan repayment mechanism.

Impaired loans

Impaired loans are loans for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans where contractual interest or principal payments are past due but the Company believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Company.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(a) Credit risk (Continued)

Allowances for impairment

Under IFRS 9, loss allowances are measured on either of the following bases:

12-month ECLs: these are a portion of the lifetime expected credit losses and represent the amount of expected credit losses that result from default events that are possible within 12 months after the reporting date.

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. BRAC Tanzania Finance Limited recognises an allowance for either 12 month or lifetime ECLs, depending on whether there has been a significant increase in credit risk (SICR) since initial recognition.

Indicators of SICR include any of the following:

- 30 days past due rebuttable presumption.
- Considering historical delinquency behaviour of accounts that are currently up to date and bucket (1- 30 days)
- Technical/operational arrears with proof that an account remains in arrears after the technical /operational error is fixed.
- Significant adverse changes in business, financial and /or economic conditions in which the clients operate.

The table below shows the profile of the loans and advances to customer analysed according to the internal rating grading system.

Loans to customers

	2024	2023
	TZS'000	TZS'000
Standard (zero days overdue)	248,009,524	192,971,009
Watch list (1 to 30 days overdue)	3,064,412	1,262,668
Substandard (31 to 90 days overdue)	1,012,134	560,862
Doubtful (91 to 365 days overdue)	2,401,455	1,353,879
Loss (above 365 days overdue)	223,003	1,214,122
Gross loans to customers	254,710,528	197,362,540
Allowance for impairment	<u>(6,259,388)</u>	<u>(6,374,921)</u>
Net loans	<u>248,451,140</u>	<u>190,987,619</u>

Movement in allowance for impairment

	2024	2023
	TZS'000	TZS'000
At 1 January	6,374,921	8,059,667
Charge/(release) for the year	1,711,677	(415,033)
Loan write-off	<u>(2,185,268)</u>	<u>(1,269,713)</u>
Charge of provision on interest receivable	358,058	-
Gross loans to customers	<u>6,259,388</u>	<u>6,374,921</u>

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(a) Credit risk (Continued)

Write-off policy

Loans within the maturity period are considered as "Current Loans". Loans which remain outstanding after the expiry of their maturity period are considered as 'Late loans'. Late loans which remain unpaid after one year of being classified as "Late" are considered as "non-Interest-bearing loans" (NIBL) and is referred to the Board for write-off. Apart from that, any loans can be written off subject to the approval of the board where the board assesses that it is not realisable due to death, dislocation of the client or any other natural or humanitarian disaster that affects the livelihood of the clients. Subsequent recoveries are credited as income in the statement of profit or loss and other comprehensive income.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company manages liquidity risk by ensuring, as far as possible, that it maintains sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's approach to managing liquidity involves maintaining a balanced portfolio of liquid assets, securing diverse funding sources, and closely monitoring cash flow forecasts to ensure obligations are met on time. Additionally, the Company maintains a liquidity buffer through access to credit facilities and the loan security fund to mitigate any unforeseen shortfalls

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years
31 December 2024	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Loan security fund	41,457,330	41,457,330	41,457,330	-	-
Term loans	206,553,670	206,553,670	98,879,366	66,420,746	41,253,558
Lease liabilities	2,903,053	2,903,053	1,785,878	1,117,175	-
Other liabilities	131,309	131,309	131,309	-	-
Related Party Payables	1,249,404	1,249,404	1,249,404	-	-
Total	252,294,766	252,294,766	143,503,287	67,537,921	41,253,558

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 Years
31 December 2023	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Loan security fund	34,428,458	34,428,458	34,428,458	-	-
Term loans	165,326,743	165,326,743	71,044,261	63,339,137	30,943,345
Lease liabilities	2,839,443	2,839,443	1,227,386	1,612,057	-
Other liabilities	339,209	339,209	339,209	-	-
Related Party Payables	130,063	130,063	130,063	-	-
Total	203,063,916	203,063,916	107,169,377	64,951,194	30,943,345

The above tables show the undiscounted cash flows on the Company's financial liabilities and on the basis of their earliest possible contractual maturity.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Company is exposed to currency risk on payments that are denominated in a currency other than the respective functional currency of Company, the Tanzanian Shilling (TZS). The currencies in which these transactions primarily are denominated in US Dollars (USD). The Company's strategy for managing its foreign currency exposure is through transacting mainly using its functional currency.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The table below summarises the exposure to foreign currency exchange rate risk at 31 December 2024. Assets and liabilities are categorised by currency. (Equivalent Amounts in TZS'000)

31 December	2024 TZS'000	2023 TZS'000
Financial Assets		
Cash and bank balance	65,065,087	64,045,870
Total assets	<u>65,065,087</u>	<u>64,045,870</u>
Financial liabilities		
Related party payables	841,186	49,832
Borrowings	69,780,778	63,943,068
Total liabilities	<u>70,621,964</u>	<u>63,992,900</u>
Net on balance sheet position	<u>(5,556,877)</u>	<u>52,970</u>

The Company uses cross-currency swap to hedge its currency risk exposure of its third and fourth Loan Tranche from International Finance B.V denominated in USD, amounting to TZS 25.2 billion, not included in the table above. BTFL has not opted to apply hedge accounting with respect to this arrangement. At each reporting date, a fair valuation of the swap is done using a mark-to-market approach where gains or losses are recognized in the statement of profit or loss.

Analysis of the Company's sensitivity to changes in market interest and exchange rate

Sensitivity analysis

The rate of exchange as at 31 December 2024 was USD 1 = 2,452 (2023: TZS 2,515 strengthening of USD against TZS by 5% means that the rate of exchange will move to USD 1 = TZS 2,574.6 (2023: TZS 2,640.75)

If the exchange rate changes unfavourably by 5% the Company is likely to experience a foreign exchange loss of TZS 433 million (2023: TZS 749 million).

(ii) Interest rate risk

The Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates and the fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

The table below shows interest exposure on assets and liabilities as at 31 December 2024.

BRAC TANZANIA FINANCE LIMITED
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**
4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)
(c) Market risk (continued)
(ii) Interest rate risk (Continued)

31 December 2024	Up to 1 month	From 1 to 12 months	From 1 years to 2 years	From 2 years and above	Non- interest bearing	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
ASSETS						
Cash and bank balances	-	-	-	-	52,213,317	52,213,317
Related party receivables	-	-	-	-	72	72
Fixed deposits	-	1,197,515	9,875,169	13,971,746	12,260,000	37,304,430
Loans to customers	-	248,451,140	-	-	-	248,451,140
Other assets	-	-	-	-	1,290,492	1,290,492
Total assets	-	249,648,655	9,875,169	13,971,746	65,763,881	339,259,451
LIABILITIES						
Other liabilities	-	-	-	-	131,309	131,309
Lease liabilities	-	1,785,878	1,117,175	-	-	2,903,053
Loan security fund	-	-	-	-	41,457,330	41,457,330
Term loans	1,363,506	97,515,858	66,420,748	41,253,558	-	206,553,670
Related party liabilities	-	-	-	-	1,249,404	1,249,404
Total liabilities	1,363,506	99,301,736	67,537,923	41,253,558	42,838,043	252,294,766
Net assets/(liabilities)	(1,363,506)	150,346,919	(57,662,754)	(27,281,812)	22,925,838	86,964,685

31 December 2023	Up to 1 month	From 1 to 12 months	From 1 years to 2 years	From 2 years and above	Non-interest bearing	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
ASSETS						
Cash and bank balances	-	-	-	-	72,959,908	72,959,908
Related party receivables	-	-	-	-	1,147,268	1,147,268
Fixed deposits	-	-	15,469,951	-	-	15,469,951
Loans to customers	-	190,987,619	-	-	-	190,987,619
Other assets	-	-	-	-	693,435	693,435
Total assets	-	190,987,619	15,469,951	-	74,800,611	281,258,181
LIABILITIES						
Other liabilities	-	-	-	-	339,209	339,209
Lease liabilities	-	1,227,386	1,612,057	-	-	2,839,443
Loan security fund	-	-	-	-	34,428,458	34,428,458
Term loans	-	71,044,261	63,339,137	30,943,345	-	165,326,743
Related party liabilities	-	-	-	-	130,063	130,063
Total liabilities	-	72,271,647	64,951,194	30,943,345	34,897,730	203,063,916
Net assets/(liabilities)	-	118,715,972	(49,481,243)	(30,943,345)	39,902,881	78,194,265

Sensitivity analysis

The average market lending rate for the year ended 31 December 2024 is 17% (2023: 17%). If the interest rate rises by 5% the profit before tax would be impacted by TZS 1,134 million (2023: 817million).

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- documentation of controls and procedures.
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action.
- training and professional development.
- development of contingency plans; and
- compliance with regulatory and other legal requirements.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of the Internal Audit reviews are discussed with the management of the business unit to which they relate and Chief Executive Officer (CEO).

5. USE OF ESTIMATES AND JUDGEMENTS

Management discussed the development, selection and disclosure of the Company's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see Note 4).

Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3 (g) (vii). The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financials where each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

(i) Allowances for credit losses (Continued)

In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions as well as forward looking information.

In arriving at the credit losses for the year ended 31 December 2024, the following assumptions were used;

- The PD model covered exposures for obligors with common drivers of risk, fundamentally comparable available to form a reasonable and effective basis for results predictions in terms of risk management, decision making and credit approval process.
- LGD estimation considered loans outstanding for over 90 days. And on monthly basis for the period of 36 months and above the outstanding balance of the loans over 90 days against the loan's disbursement of the same category are considered to establish the percentage of the loans that migrated into a loss category.
- EAD was estimated as the outstanding balances of the loans as at the reporting date.

(ii) Fair values of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable this category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

(ii) Fair values of financial instruments (continued)

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised. The carrying amounts are an approximate of the fair values for the financial instruments that are short term or re-price in the short run.

	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000
31 December 2024			
ASSETS			
Cash and bank balances	52,213,317	-	-
Related party receivables	-	72	-
Fixed deposits	-	37,304,430	-
Loans to customers	-	-	248,451,140
Total assets	52,213,317	37,304,502	248,451,140
LIABILITIES			
Lease liabilities	-	-	-
Loan security fund	-	-	41,457,330
Related party payables	-	1,249,404	-
Term loans	-	-	206,553,670
Total liabilities	-	1,249,404	248,011,000
31 December 2023			
ASSETS			
Cash and bank balances	72,959,908	-	-
Related party receivables	-	1,147,268	-
Fixed deposits	-	15,469,951	-
Loans to customers	-	-	190,987,619
Total assets	72,959,908	16,617,219	190,987,619
LIABILITIES			
Loan security fund	-	-	34,428,458
Related party payables	-	130,063	-
Term loans	-	-	165,326,743
Total liabilities	-	130,063	199,755,201

The financial assets and liabilities are measured at amortized cost except for the loan balance with BRAC International Finance B.V amounting to TZS 25.2 billion hedged through cross currency swap in which fair valuation is done through mark to market approach with gains or losses recorded in statement of profit or loss.

(iii) Taxes

The Company is subjected to several taxes and levies by the government and quasi-government regulatory bodies. As a rule of thumb, the Company recognises liabilities for the anticipated tax/levies payable with utmost care and diligence. However, judgement is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. INTEREST INCOME

	2024	2023
	TZS'000	TZS'000
Micro finance	91,196,745	78,381,112
Small enterprise program	5,952,905	4,876,440
Agriculture	7,132,151	5,257,781
We Solve	-	42,889
	<u>104,281,801</u>	<u>88,558,222</u>

7. INTEREST EXPENSE

Interest expense on loans from		
- Bank of Africa (BOA)	2,031,751	1,997,818
- Responsibility	4,840,094	3,870,380
- Stromme Microfinance (E.A) Ltd	94,657	296,623
- CRDB Bank Plc.	774,820	409,644
- Standard Chartered Bank	494,301	233,863
- Agent for Impact (AFI)	524,133	525,345
- Blue Orchard Microfinance Fund	3,897,874	3,855,469
- BRAC International Finance B.V (BIFBV)	4,354,680	3,846,640
- MFX translation BIFBV loan	1,672,095	1,539,619
- Triple Jump	3,004,814	186,197
- Club lenders Series 2	105,191	-
Sub total – interest on term loans	<u>21,794,410</u>	<u>16,761,598</u>
- Fund management fees	506,293	393,816
- Technical fee BIFBV	599,746	572,565
- Interest expense on lease liabilities	345,813	243,778
- Expense on overdraft facility with BOA	-	-
- Other Interest expense (DRN and debtors interest etc)	217,609	180,128
Total interest expense	<u>23,463,871</u>	<u>18,151,885</u>

8. FEE AND COMMISSION INCOME

Loan appraisal fee	5,107,098	4,058,996
Loan application fee	45,855	35,565
Membership Fee	482,766	464,512
Deferred Upfront fees	(1,527,923)	(251,619)
VAT paid on non interest fees (Membership fees, loan appraisal and application fees)	(859,480)	(811,654)
	<u>3,248,316</u>	<u>3,495,800</u>

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

9. OTHER INCOME

	2024	2023
	TZS'000	TZS'000
Gain due to early repayment of loans	-	638
Interest income from bank deposit	775,967	971,939
Sale from passbooks	105,449	95,829
Administrative fees	82,476	61,063
Other income	762,774	199,433
Gain from disposal of assets	26,703	750
VAT paid on other income	(149,095)	-
Foreign exchange gain	639,452	-
	2,243,726	1,329,652

10. STAFF COSTS AND OTHER BENEFITS

Salaries and benefits	28,124,129	21,546,859
NSSF	6,175,609	5,040,047
Bonus	1,564,670	1,594,117
	35,864,408	28,181,023

11. NET (LOSS)/GAIN ON FAIR VALUE OF DERIVATIVES

Gain on fair value of derivatives	3,229,343	2,344,880
Loss on fair value of derivatives	(4,587,988)	-
Fair value (loss)/gain on cross-currency interest swaps	(1,358,645)	2,344,880

12. OCCUPANCY EXPENSES

Rent	-	48
Utilities	478,672	349,335
	478,672	349,383

13. OPERATING EXPENSES

Travelling and transportation costs	8,710,344	6,520,130
Training, workshop, and seminars costs	1,150,042	1,218,341
Maintenance and general expenses	566,829	464,059
Fixed assets write offs	-	40
Loss on disposal of PPE	-	3,776
Member's death benefit expenses	630	8,144
Office vehicle running expenses	227,552	207,725
Audit and other legal fees	184,520	162,847
Head office logistics and management expenses	2,994,821	3,325,955
Stationery expenses	1,370,310	1,032,142
Staff medical insurance	-	765,007
Software maintenance	4,370,705	1,368,287
Business license fees and other regulatory expenses	1,176,941	902,818
Bank charges	911,959	787,159
Loan recovery expenses	150	4,857
Foreign currency loss -realised	-	1,765,435
Other expenses	8,998,058	6,267,126
	30,662,861	24,803,848

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

14. TAXATION

(a) Tax expense

	2024	2023
	TZS'000	TZS'000
Current income tax charge – current year	6,349,879	7,169,996
Current income tax charge – prior year	(452,346)	-
Deferred income tax charge – prior year	513	-
Deferred income tax (credit)/charge – current year	(334,984)	1,475,448
	<u>5,563,062</u>	<u>8,645,444</u>

Effective tax rate reconciliation

Profit before income tax	18,860,971	25,128,585
Tax calculated at a rate of 30% (2023:30%)	5,658,291	7,538,576
Depreciation of non-qualifying assets	48,246	29,874
Interest expense - disallowable	157,935	905,559
Current income tax – prior year	(452,346)	-
Deferred income tax – prior year	513	-
Expenses not deductible for tax purposes	150,423	171,435
	<u>5,563,062</u>	<u>8,645,444</u>

b) Corporate income tax receivable

Balance at 1 January	(763,312)	314,687
Current income tax charge – current year	6,349,879	7,169,996
Tax paid	(6,419,065)	(7,933,308)
Tax paid in the year for prior year liabilities	-	(314,687)
Current income tax charge – prior year	(452,346)	-
Balance at 31 December	<u>(1,284,844)</u>	<u>(763,312)</u>

15. CASH AND BANK BALANCES

Cash in hand	1,012	15,069
Cash at bank	52,212,305	72,944,839
	<u>52,213,317</u>	<u>72,959,908</u>

16. FIXED DEPOSITS

Principal	36,794,712	15,097,545
Interest receivable	509,718	372,406
	<u>37,304,430</u>	<u>15,469,951</u>

The fixed deposits amounting to TZS 37,304 million are associated with back-to-back loan arrangements intended for pure USD loans, which is a strategy implemented to mitigate potential exposure to foreign exchange fluctuations for BTFL. To ensure alignment and minimize discrepancies, the fixed deposits have been structured with matching maturity amounts and dates that correspond to the terms of the respective loans.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

17. LOANS TO CUSTOMERS

(a) Net loans to customers

	2024 TZS'000	2023 TZS'000
Loans to customers (gross)	254,710,528	197,362,540
Provision for impairment on loans to customers	(6,259,388)	(6,374,921)
Balance at 31 December	<u>248,451,140</u>	<u>190,987,619</u>

(b) Impairment charge on loans to customer

Balance as at 1 January	6,374,921	8,059,667
Charge/(release) for the year	1,711,677	(415,033)
Write offs	(2,185,268)	(1,269,713)
Charge of provision on interest receivable	358,058	-
Balance at 31 December	<u>6,259,388</u>	<u>6,374,921</u>

(c) Gross loans to customers

Micro finance	222,790,442	162,335,456
Small enterprise program	11,801,118	11,881,665
We Solve (Danida)	-	36
Agriculture	14,249,947	14,745,081
Interest receivable	5,869,021	8,400,302
	<u>254,710,528</u>	<u>197,362,540</u>

18. OTHER RECEIVABLES BALANCES

(a) Other assets

Advances and prepayments	1,702,426	141,750
Stock of consumables	1,114,439	644,639
Employee Receivables	89,005	84,256
Receivable from Supplier	66,241	-
BRAC International Holdings B.V	-	-
Fund Management Fees	1,135,246	609,179
	<u>4,107,357</u>	<u>1,479,824</u>

During the year ended 31 December 2024, inventories(stationeries) of TZS 645 million (2023: TZS 655 million) were recognized as asset.

(b) Related party receivables

BRAC Maendeleo Tanzania	-	67,426
BRAC International Holdings BV	-	602,124
BRAC Enterprise	-	-
BRAC Zanzibar Finance Limited	72	477,718
	<u>72</u>	<u>1,147,268</u>

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

19. PROPERTY AND EQUIPMENT

	Furniture	Equipment	Work Progress	in Motor Vehicles	Leasehold Improvement	Total
<u>COST</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>
At 1 January 2024	2,071,785	3,538,565	-	1,004,298	121,728	6,736,376
Additions	454,532	697,587	342,200	364,050	52,264	1,910,633
Disposal	(127,980)	(198,512)	-	(244,533)	-	(571,025)
As at 31 December 2024	<u>2,398,337</u>	<u>4,037,640</u>	<u>342,200</u>	<u>1,123,815</u>	<u>173,992</u>	<u>8,075,984</u>
At 1 January 2023	1,743,138	2,015,092	-	886,739	121,728	4,766,697
Additions	353,924	1,554,559	-	117,829	-	2,026,312
Disposal	(25,277)	(31,086)	-	(270)	-	(56,633)
As at 31 December 2023	<u>2,071,785</u>	<u>3,538,565</u>	-	<u>1,004,298</u>	<u>121,728</u>	<u>6,736,376</u>
<u>DEPRECIATION</u>						
At 1 January 2024	967,955	1,360,636	-	523,004	18,010	2,869,605
Charge for the year	133,459	1,037,976	-	167,715	6,073	1,345,223
Disposal	(127,981)	(173,250)	-	(244,532)	-	(545,763)
At 31 December 2024	<u>973,433</u>	<u>2,225,362</u>	-	<u>446,187</u>	<u>24,083</u>	<u>3,669,065</u>
At 1 January 2023	826,434	690,690	-	389,677	9,925	1,916,726
Charge for the year	166,798	699,248	-	133,597	8,085	1,007,728
Disposal	(25,277)	(29,302)	-	(270)	-	(54,849)
At 31 December 2023	<u>967,955</u>	<u>1,360,636</u>	-	<u>523,004</u>	<u>18,010</u>	<u>2,869,605</u>
<u>NET BOOK VALUE</u>						
At 31 December 2024	<u>1,424,904</u>	<u>1,812,278</u>	<u>342,200</u>	<u>677,628</u>	<u>149,909</u>	<u>4,406,919</u>
At 31 December 2023	<u>1,103,830</u>	<u>2,177,929</u>	-	<u>481,294</u>	<u>103,718</u>	<u>3,866,771</u>

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

20. INTANGIBLE ASSETS

	Software	Work In Progress*	Total
	TZS'000	TZS'000	TZS'000
Cost			
At 1 January 2023	732,020	3,084,471	3,816,491
Additions	-	1,847,148	1,847,148
Disposal	(699,939)	-	(699,939)
Reclassification	4,931,619	(4,931,619)	-
At 31 December 2023	<u>4,963,700</u>	<u>-</u>	<u>4,963,700</u>
At 1 January 2024	<u>4,963,700</u>	<u>-</u>	<u>4,963,700</u>
At 31 December 2024	<u>4,963,700</u>	<u>-</u>	<u>4,963,700</u>
Accumulated amortization			
At 1 January 2023	699,939	-	699,939
Charge for the year	315,877	-	315,877
Disposal	(699,939)	-	(699,939)
At 31 December 2023	<u>315,877</u>	<u>-</u>	<u>315,877</u>
At 1 January 2024	315,877	-	315,877
Charge for the year	1,139,072	-	1,139,072
Adjustment	(518)	-	(518)
At 31 December 2024	<u>1,454,431</u>	<u>-</u>	<u>1,454,431</u>
Net book value (NBV)			
At 31 December 2023	<u>4,647,823</u>	<u>-</u>	<u>4,647,823</u>
At 31 December 2024	<u>3,509,269</u>	<u>-</u>	<u>3,509,269</u>

*The company completed implementation of a new Core banking system from Temenos which is now transferred from Work in Progress (WIP) to software.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

21. DEFERRED INCOME TAX ASSET

	2024 TZS'000	2023 TZS'000
The movement in the deferred income tax asset during the year is as follows:		
At 1 January	1,727,887	3,203,335
Credit/(charge) to the P/L – current year	334,984	(1,475,448)
Charge to P/L – prior year	(513)	-
At 31 December	<u>2,062,358</u>	<u>1,727,887</u>

Deferred tax arises from temporary differences on the following items:

Property, plant and equipment	(298,490)	(338,718)
IFRS 16 adjustments	-	-
General provision	2,251,517	1,986,017
Revaluation gains on financial instruments	109,331	80,588
	<u>2,062,358</u>	<u>1,727,887</u>

22. OTHER LIABILITIES

Accrued expenses	6,125,057	4,695,836
Provision for audit and consultancy fees	71,039	63,313
	<u>6,196,096</u>	<u>4,759,149</u>

23. RELATED PARTY PAYABLES

Payable to BRAC Bangladesh	5,553	80,231
Payable to Stichting BRAC International	1,164	49,832
Payable to BRAC IT SERVICES	62,472	-
Payable to BRAC International Holdings BV	771,997	-
Payable to Zanzibar Finance Ltd	408,218	-
	<u>1,249,404</u>	<u>130,063</u>

24. ORDINARY SHARE CAPITAL

	2024	Ownership 2023
BRAC International Holding BV	99.99%	99.99%
Shameran Abed	0.01%	0.01%

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share during the Company's meetings. All ordinary shares rank equally with regard to the Company's residual assets.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

25. LOAN SECURITY FUND

	2024	2023
	TZS'000	TZS'000
Balance as at 1 January	34,428,458	30,218,877
Collections during the year	25,600,468	13,552,981
Withdrawals during the year	(18,571,596)	(9,343,400)
Balance as at 31 December	41,457,330	34,428,458

26. TERM LOANS

Long-term borrowings	206,553,670	165,326,743
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The movement of term loans is as follows

Balance at 1 January	165,326,743	134,896,671
New loans received during the year	113,028,029	66,447,982
Interest charge for the year	20,122,315	17,908,107
Interest paid during the year	(17,537,639)	(15,020,599)
Principal repaid during the year	(70,595,482)	(40,807,408)
Loss on valuation	-	-
Foreign exchange (gain)/loss on loans	(3,790,296)	1,901,990
Balance at 31 December	206,553,670	165,326,743

Current	98,879,366	71,044,261
Non – current	107,674,304	94,282,482
	206,553,670	165,326,743

Current portion of term loans

Standard Chartered Bank Tanzania	19,933,819	10,071,753
Bank of Africa (T)	12,420,158	9,058,554
CRDB Bank PLC	105,191	6,147,569
ResponsAbility Investments AG	20,966,321	11,993,326
Soluti Finance (E.A) Limited	-	1,037,992
BRAC International Finance B.V (BIFBV)	28,184,320	16,750,203
HANSAINVEST Finance I GmbH	2,363,419	6,390,235
Blue Orchard Microfinance Fund	14,223,327	9,594,629
Triple Jump	682,811	-
	98,879,366	71,044,261

Non - current portion of term loans

	2024	2023
	TZS'000	TZS'000
Triple Jump	18,849,123	12,491,404
Bank of Africa (T)	17,561,415	6,640,485
ResponsAbility Investments AG	16,523,205	18,968,915
Soluti Microfinance (E.A) Limited	12,260,000	-
BRAC International Finance B.V (BIFBV)	11,579,398	40,802,932
BlueOrchard Microfinance Fund	8,618,413	9,379,049
HANSAINVEST Finance I GmbH & Co.	6,147,000	-
CRDB Bank PLC	16,135,750	6,000,000
	107,674,304	94,282,785

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

26. TERM LOANS (CONTINUED)

Soluti Finance East Africa Limited (Soluti)

BRAC Tanzania Finance Limited secured a term loan amounting to TZS 3.6 billion from Soluti Finance East Africa Limited in August 2020 for a period of 4 years from the date of disbursement with grace period of 12 months on the principal facility but paying interest accruing during the grace period on a quarterly basis. The loan was disbursed in two tranches of TZS 2 billion and TZS 1.6 billion with a six-month gap between the tranches. The loan is quoted at the rate of 17% fixed with no expected increase until maturity. The loan was obtained to promote development through the micro-finance lending. This term loan was fully repaid in December 2024.

ResponsAbility Investments AG

Through ResponsAbility Investments AG an investment manager, BRAC Tanzania Finance Limited has been able to secure multiple term loans from its portfolio. The purpose of these loans is to finance micro-finance lending.

In March 2021, BRAC Tanzania Finance Limited secured term loans amounting to USD 4 million from with a tenure of 36 months at an interest rate of 14.90% per annum in Tanzanian Shillings. The principal and interest repayments are made every six months. This loan was fully repaid in March 2024.

In October 2021, BRAC Tanzania Finance Limited entered a loan agreement via ResponsAbility Investments AG to secure loans amounting to USD 3 million, which was disbursed in two tranches. The first tranche amounting to USD 1.5 million was disbursed immediately, whereas the second tranche amounting to USD 1.5 million was disbursed in November 2021. The interest rate of the term loans is 15.65% per annum in Tanzanian Shillings. Interest repayments are made every six months and principal repayments are made in 3 equal yearly instalments. These loans were fully repaid in October 2024 and September 2024 respectively.

In August 2022, BRAC Tanzania Finance Limited entered a loan agreement via ResponsAbility Investments AG to secure loans amounting to USD 5 million which was disbursed in a single tranche. The interest rate of the term loans is 15.00% per annum in Tanzanian Shillings. Interest repayments are made every six months and principal repayments are made half-yearly in equal instalments.

In September 2023, BRAC Tanzania Finance Limited entered a loan agreement via ResponsAbility Investments AG to secure loans amounting to USD 5 million, which was disbursed in a single tranche. The interest rate of the term loans is 16.30% per annum in Tanzanian Shillings. Interest and principal repayments are made every six months in equal instalments.

In October 2023, BRAC Tanzania Finance Limited entered a loan agreement with Microfinance Enhancement Facility via ResponsAbility Investments AG to secure loans amounting to USD 2 million which was disbursed in a single tranche with a loan tenure of 17 months. The interest rate of the term loans is 16.20% per annum in Tanzanian Shillings. Interest repayments are made quarterly and principal repayments will be paid at the end of loan tenure.

In September 2024, BRAC Tanzania Finance Limited secured a credit facility from ResponsAbility Investments AG and Financing for Healthier Lives DAC amounting to USD 7 million with a tenure of 36 months. The loan is quoted at the rate of 8.50% fixed US Dollar rate. Interest repayments are made semi-annually and principal repayments paid in 3 equal annual installments.

Standard Chartered Bank Tanzania Limited

In October 2023, BRAC Tanzania Finance Limited secured a short-term loan facility amounting to TZS 10 billion from Standard Chartered Bank Tanzania Limited for the purpose of working capital. The loan duration is for 12 months with interest repayment made monthly and principal repayment made in two equal instalments. The interest rate is fixed at 9.70% per annum. This loan was fully repaid in October 2024.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

26. TERM LOANS (CONTINUED)

Triple Jump

BRAC Tanzania Finance Limited secured a loan amounting to USD 2.5 million from Stitching Oxfam Novib in November 2023 and USD 2.5 million from Pettelaar Effectenbewaarbedrijf N. V of the Netherlands being represented by Triple Jump B.V in December 2023. Both parties are duly represented by Triple Jump B.V. Both loans have a tenure of 36 months and are quoted at the rate of 15.00% in Tanzanian shilling. The loans were obtained to finance micro-finance lending.

In February 2024, the second tranche amounting to USD 2.5 million from Pettelaar Effectenbewaarbedrijf N. V of the Netherlands being represented by Triple Jump B.V was disbursed to BRAC Tanzania Finance Limited. The loan has a tenure of 36 months and is quoted at the rate of 16.00% in Tanzanian shilling.

Bank of Africa Tanzania

In June 2021, BRAC Tanzania Finance Limited secured a term loan amounting to TZS 8,000 million from Bank of Africa Tanzania. The loan was obtained to finance micro-finance lending. The loan tenure is 36 months with equal monthly instalments at a fixed interest rate of 15% per annum. This loan was fully repaid in June 2024

In May 2022, BRAC Tanzania Finance Limited entered a back-to-back loan arrangement amounting TZS 20,800 million with Bank of Africa Tanzania in relation to the USD 9 million received from BRAC International Finance B.V. in May 2022. The loan was obtained to finance micro-finance lending operations. The loan tenure is 40 months with quarterly interest repayment and principal repayment made in 3 equal yearly instalments at a fixed interest rate of 8.3% per annum.

In June 2024, BRAC Tanzania Finance Limited secured a term loan amounting to TZS 10 billion from Bank of Africa Tanzania. The loan was obtained to finance micro-finance lending. The loan tenure is 36 months with equal monthly instalments at a fixed interest rate of 9% per annum. BRAC Tanzania Finance Limited has a stand-by short-term revolving facility amounting to TZS 3.5 billion with a tenure of 150 days at an interest rate of 15% per annum. As of December 2024, the trade facility of TZS 1.5 billion was utilized and is expected to mature in April 2025. Also, the overdraft facility was utilized by TZS 1.3 billion in December 2024.

In September 2024, BRAC Tanzania Finance Limited secured a back-to-back loan amounting TZS 18.3 billion from Bank of Africa Tanzania with a tenure is 36 months with annual interest repayment and principal repayment made in 3 equal yearly instalments at a fixed interest rate of 10% per annum.

CRDB Bank Plc

In July 2023, BRAC Tanzania Finance Limited secured a term loan amounting to TZS 12 billion from CRDB Bank PLC for working capital. The loan duration is 24 months with interest and principal repayment will be paid yearly. The interest rate is fixed at 7% per annum.

In November 2024, BRAC Tanzania Finance Limited secured a term loan amounting to TZS 10 billion from CRDB Bank PLC for supporting its lending operations. The loan duration is 24 months with interest and principal payment will be paid yearly. The interest rate is fixed at 8.5% per annum.

Additionally, in November 2024, BRAC Tanzania Finance Limited entered a back-to-back arrangement amounting TZS 12.3 billion with CRDB Bank in relation to the USD 5 million received by BTFL from Belgian Investment Company For Developing Countries Nv/Sa, Ceniath Wales Interests, L.P, Proparco and Global Partnerships in November 2024. The loan tenure is 48 months with quarterly interest repayment and principal repayment made in 3 equal yearly instalments at a fixed interest rate of 6.0% per annum.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

26. TERM LOANS (CONTINUED)

Blue Orchard Fund

Under the Blue Orchard Fund, BRAC Tanzania Finance Limited has been able to secure two term loans from its portfolio from Blue Orchard Microfinance Fund and Covid-19 Emerging & Frontier Markets MSME Fund in May 2022. The purpose of these loans is to finance micro-finance lending operations.

The two secured term loans amount to USD 12 million with a loan tenure of 36 months at an interest of 14.75% per annum in Tanzanian Shillings; the principal repayment is made in 3 equal instalments and interest repayments made every six months.

In May 2024, BRAC Tanzania Finance Limited secured a term loan amounting USD 5 million from Blue Orchard Fund to finance its operations. The secured term loan has a tenure of 36 months at an interest of 16.00% per annum in Tanzanian Shillings. The principal repayment is made in 3 equal instalments and interest repayments are made every six months.

HANSAINVEST Finance I GmbH & Co. (Agents for Impact)

In September 2021, BRAC Tanzania Finance Limited signed a loan agreement with HANSAINVEST Finance I GmbH worth USD 5 million. The full amount was disbursed in a single tranche. The facility is payable in four equal instalments for a period of 36 months at a USD interest rate of 5.75% per annum. The interest rate is fixed for the entire duration of the loan agreement. This term loan was fully repaid in September 2024.

In September 2024, BRAC Tanzania Finance Limited signed a loan agreement with HANSAINVEST Finance I GmbH worth USD 3 million. The full amount was disbursed in a single tranche. The facility is payable in four equal instalments for a period of 48 months at an interest rate of 13.50% per annum in Tanzanian Shillings. The interest rate is fixed for the entire duration of the loan agreement.

BRAC International Finance B.V (BIFB.V)

BRAC Tanzania Finance Limited secured a term loan amounting to USD 9 million from BRAC International Finance BV (BIFB.V) in May 2022 for a period of 40 months from the date of disbursement with grace period of 4 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 5.85% fixed US Dollar rate with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

In August 2022, BRAC Tanzania Finance Limited received a second tranche term loan amounting to USD 6 million from BRAC International Finance BV (BIFB.V) for a period of 3 years from the date of disbursement. Principal repayment is made yearly in 3 equal instalments whereas the interest repayment is made on a quarterly basis. The loan is quoted at the rate of 6.85% fixed US Dollar rate with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

In December 2022, BRAC Tanzania Finance Limited received a third tranche term loan amounting to USD 5 million from BRAC International Finance BV (BIFB.V) for a period of 4 years from the date of disbursement with grace period of 12 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 7.35% fixed US Dollar rate (hedging rate of 15.08%) with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

In April 2023, BRAC Tanzania Finance Limited received a fourth tranche term loan amounting to USD 5.8 million from BRAC International Finance BV (BIFB.V) for a period of 2 years from the date of disbursement with grace period of 12 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 7.60% fixed US Dollar rate (hedging rate of 13.55%) with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending.

BRAC TANZANIA FINANCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****26. TERM LOANS (CONTINUED)****Belgian Investment Company for Developing Countries Nv/Sa – BIO**

In November 2024, BRAC Tanzania Finance Limited secured a term loan amounting to USD 2.1 million from Belgian Investment Company for Developing Countries Nv/Sa. The facility is for a tenure of 48 months from the date of disbursement with a grace period of 12 months on the principal facility. Interest is accrued during the grace period and paid on a quarterly basis; principal repayments are made annually in equal instalments starting in year 2. The loan is quoted at the rate of 8% fixed US Dollar rate with no expected increase until maturity. The loan was obtained to finance lending to micro and small entrepreneurs.

Ceniarth Wales Interests, L.P

In November 2024, BRAC Tanzania Finance Limited secured a term loan amounting to USD 0.31 million from Ceniarth Wales Interests, L.P. The facility is for a tenure of 48 months from the date of disbursement with grace period of 12 months on the principal facility. Interest is accrued during the grace period and paid on a quarterly basis; principal repayments are made annually in equal instalments starting in year 2. The loan is quoted at the rate of 8% fixed US Dollar rate with no expected increase until maturity. The loan was obtained to finance lending to micro and small entrepreneurs.

Société De Promotion Et De Participation Pour La Coopération Économique S.A. (Proparco)

In November 2024, BRAC Tanzania Finance Limited secured a term loan amounting to USD 1.8 million from a development financial institution, Proparco. The facility is for a tenure of 48 months from the date of disbursement with grace period of 12 months on the principal facility. Interest is accrued during the grace period and paid on a quarterly basis; principal repayments are made annually in equal instalments starting in year 2. The loan is quoted at the rate of 8% fixed US Dollar rate with no expected increase until maturity. The loan was obtained to finance lending to micro and small entrepreneurs.

Global Partnerships Impact-First Fund 10, LLC

In November 2024, BRAC Tanzania Finance Limited secured a term loan amounting to USD 0.8 million from Global Partnerships. The facility is for a tenure of 48 months from the date of disbursement with grace period of 12 months on the principal facility. Interest is accrued during the grace period and paid on a quarterly basis; principal repayments are made annually in equal instalments starting in year 2. The loan is quoted at the rate of 8% fixed US Dollar rate with no expected increase until maturity. The loan was obtained to finance lending to micro and small entrepreneurs.

27. DEFERRED REVENUE GRANTS**a) Donor funds received in advance – Mastercard**

	2024	2023
	TZS'000	TZS'000
Balance at 1 January	320,485	1,146,243
Grants received during the year*	8,291,695	3,446,177
Grants income utilized during the year	(6,128,975)	(2,560,548)
Donor fund invested in fixed assets	(2,054,620)	(1,711,387)
Balance at 31 December	428,585	320,485

*During the year 2024, the company received donor fund from Master card foundation to support Microfinance financial literacy training, digitalization and implementation of new core banking system.

	2024	2023
	TZS'000	TZS'000
b) Donor funds Invested in Fixed Assets		
Transferred from donor funds received in Advance	1,826,028	358,925
Additional Donor fund invested in Fixed asset	2,054,620	1,711,387
Depreciation charged on donor fund invested during the year	(518,457)	(244,283)
Balance at 31 December	3,362,191	1,826,028
Total deferred grant balance	3,790,776	2,146,513

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

28. RELATED PARTY TRANSACTIONS AND BALANCES

Below are the nature of related party transactions conducted during the year;

Name of the related party	Nature	Nature of the transactions
BRAC International Holdings BV.	Parent Company.	Transactions related to Charges for Management fees by BRAC International and related payments made by BRAC Tanzania Finance Limited. Management service Includes MF, Finance, HR, Internal Audit, Branding, communication, and administrative Service to BTFL
BRAC IT Services	Sister Company	Transactions relates to charges connected to technical support for the ERP system.
BRAC Bangladesh	Sister Company	This relates to payments made by BRAC Bangladesh in respect to employees of BRAC Tanzania Finance Limited. These includes statutory deductions for expatriates from Bangladesh.
BRAC Maendeleo Tanzania and BRAC Enterprises Tanzania Limited	Sister Company	This includes payments made by BRAC Tanzania Finance Limited on behalf of these entities.
BRAC Zanzibar Finance Limited	Subsidiary of BTFL	Transactions includes finance cost charge amounting to TZS and Head office logistics payments made by BRAC Tanzania Finance Limited on behalf of BZFL

(a) Due to related parties (Payables)

	2024 TZS'000	2023 TZS'000
BRAC Bangladesh (Expatriate staff and travelling cost)	5,553	80,231
BRAC IT Services	62,472	-
BRAC International Holdings BV	771,997	-
BRAC Zanzibar Finance Limited- Subsidiary	408,218	-
Stitching BRAC International	1,164	49,832
	1,249,404	130,063

(b) Due from related parties (Receivables)

BRAC Maendeleo Tanzania	-	67,426
BRAC Zanzibar Finance Limited- Subsidiary	72	477,718
BRAC International Holdings BV	-	602,124
	72	1,147,268

(c) Borrowings from related parties

BRAC International Finance BV (BIFBV)	39,780,831	57,553,135
	39,780,831	57,553,135

Transactions with related parties

Head Office logistics and management expenses	2,213,544	2,179,378
BRAC International Finance BV (BIFBV)	4,954,426	4,723,322
Transactions to BRAC IT Services (BITS) for IT costs	476,191	205,150
Settlements made on behalf of BRAC Maendeleo	201,149	100,845
Fund transfers to BRAC Zanzibar Finance Limited	408,218	463,898
Settlements made on behalf of BRA Enterprise Tanzania Limited	-	3,067
Settlements made on behalf of BRAC Bangladesh	37,233	83,902
Expatriate staff and travelling cost	57,925	128,328

(d) Directors Cost

Sitting allowances	12,097	4,800
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There were no other costs incurred with respect to Directors during the year and in prior year.

(e) Key management personnel costs

Salaries	1,599,614	1,251,946
Other Benefits (including statutory)	505,141	395,352
	2,104,755	1,647,298

BRAC TANZANIA FINANCE LIMITED
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**
29. LEASES
Leases as lessee (IFRS 16)

The Company leases a number of branch and office premises. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date. Information about leases for which the company is a lessee is presented below.

(a) Right-of-Use (ROU) asset (office premises)	2024 TZS'000	2023 TZS'000
Balance at 1 January	2,620,384	1,813,373
Additions	496,839	224,734
Depreciation charge for the year	(1,535,875)	(1,010,089)
Impact of remeasurement	1,009,956	1,693,359
Disposal	-	(100,993)
Balance at 31 December	<u>2,591,304</u>	<u>2,620,384</u>
(b) Lease liability (office premises)		
Balance at 1 January	2,839,443	2,013,812
Impact of remeasurement	1,009,956	1,693,359
Additions	496,839	224,734
Interest expense	345,813	243,778
Lease payments (principal and interest)	(1,785,878)	(1,227,386)
Disposal	(3,120)	(108,854)
Balance at 31 December	<u>2,903,053</u>	<u>2,839,443</u>
Current portion of lease liability	1,785,878	1,227,386
Non-current portion of lease liability	<u>1,117,175</u>	<u>1,612,057</u>
	<u>2,903,053</u>	<u>2,839,443</u>
<i>Non-cancellable operating lease commitments</i>		
Less than one year	1,785,878	1,227,386
Between one and five years	<u>1,117,175</u>	<u>1,612,057</u>
Total undiscounted lease liabilities at 31 December	<u>2,903,053</u>	<u>2,839,443</u>
(c) Amounts recognized in profit or loss		
Depreciation on right-of-use asset	1,535,875	1,010,089
Short term leases (note 12)	-	48
Interest on lease liability	<u>345,813</u>	<u>243,778</u>
	<u>1,881,688</u>	<u>1,253,915</u>
(d) Amounts recognized in statement of cash flows		
Payment of interest	345,813	243,778
Payment of principal	<u>1,440,065</u>	<u>983,608</u>
Total payment	<u>1,785,878</u>	<u>1,227,386</u>

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

29. LEASES (CONTINUED)

Leases as lessee (IFRS 16) (continued)

The contractual maturity for lease liabilities as at 31 December 2023 is disclosed in Note 4 (b).

2024

	Within 1 year TZS'000	1 to 2 years TZS'000	2 to 5 years TZS'000	Total contractual cash flows TZS'000
Lease liabilities	1,785,878	1,117,175	-	2,903,053

2023

	Within 1 year TZS'000	1 to 2 years TZS'000	2 to 5 years TZS'000	Total contractual cash flows TZS'000
Lease liabilities	1,227,386	1,612,057	-	2,839,443

The company has no lease contracts in the capacity of a lessor.

30. DIVIDEND PAYABLE

	2024 TZS'000	2023 TZS'000
Balance at 1 January	-	-
Dividend declared and approved during the year	6,916,250	8,876,448
Withholding tax paid to Tanzania Revenue Authority (TRA)	(691,625)	(887,645)
Paid to shareholders	(6,224,625)	(7,988,803)
Balance at 31 December	-	-

31. INVESTMENT IN SUBSIDIARY

	2024 TZS'000	2023 TZS'000
Investment in subsidiary- BRAC Zanzibar Finance Limited	1,499,998	1,499,998

The Company holds a 99.9% (749,999 shares @ TZS 2,000) ownership interest in BRAC Zanzibar Finance Limited, a subsidiary engaged in providing financial services to underserved communities across Zanzibar regions, Tanzania.

The investment is accounted for using the cost method. The Company is itself a subsidiary BRAC International Holding B.V. and qualifies for the consolidation exemption under IFRS 10, as its owners do not object to the exemption and its shares are not publicly traded.

The investment was acquired as a gift from BRAC International Holding B.V. and was initially recorded at its carrying amount which was its fair value at the acquisition date. Under the cost method, the investment is carried at this amount and is not adjusted for subsequent earnings or losses of BRAC Zanzibar Finance Limited.

The Company assesses the investment for impairment annually. No impairment losses were recognized during the year ended December 31, 2024.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

32. DERIVATIVE FINANCIAL INSTRUMENTS (NON-DELIVERABLE SWAP)

	2024 TZS'000	2023 TZS'000
Fair value derivatives (receivable)	986,235	2,344,880

BRAC Tanzania Finance Limited (BTFL) entered into a non-deliverable cross-currency interest rate swap (CCIRS) with MFX, targeting to reduce the exposure from foreign currency risk on both principal and interest of three loans from BRAC International Holdings BV that were denominated in United States Dollar. The following table summarizes the impact of the mark-to-market from the three contracts BTFL held with MFX for the non-deliverable CCIRS.

Fair Value of non-deliverable Cross currency Interest rate Swap						
					2024	2023
Product	Pay type	Notional Payment USD	Notional receiving TZS '000	Maturity date	Valuation TZS'000	Valuation TZS'000
CCIRS	Fixed	4,585,493	7,737,800	12/15/2026	324,788	1,249,599
CCIRS	Fixed	1,295,337	2,996,711	06/15/2027	485,415	282,740
CCIRS	Fixed	5,000,000	10,608,356	06/16/2025	176,032	812,541
		10,880,830	21,342,867		986,235	2,344,880

CCIRS* - Cross Currency Interest Rate Swap

Maturity analysis Cross Currency Interest Rate Swap

Instrument	Less than a year	Between 1–2 years	Above 2 years	Total
CCIRS	15,469,360	5,873,506	-	21,342,867

Valuation techniques used in determining the fair value of Cross Currency Interest Rate Swap

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant Unobservable input
CCIRS	3	Discounted cash flow model	Currency rates and cash flow forecasts	Discount rate and cash flow forecasts

33. CAPITAL COMMITMENTS

The Company does not have capital commitments as at 31 December 2024.

34. SUBSEQUENT EVENTS

At the date of signing the financial statements, the directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.

35. ULTIMATE PARENT

The ultimate parent company is BRAC International Holding B.V.

BRAC TANZANIA FINANCE LIMITED

**MEMORANDUM OF FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024**

TABLE OF CONTENTS	PAGE NO
General Information on Functional and presentation currency	61
Memorandum Statement of Profit or Loss and Other Comprehensive Income	62
Memorandum Statement of Financial Position	63
Memorandum Statement of Changes in Equity	64
Memorandum Statement of Cash Flows	65
Notes to memorandum of financial statements	66 – 77

BRAC TANZANIA FINANCE LIMITED

MEMORANDUM OF FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

General Information on Functional and presentation currency

The financial statements are presented in thousands of Tanzanian Shillings (TZS'000), which is the Company's functional currency.

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements. The exchange rates used to translate the TZS figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2024 of TZS 2452.00 (2023: TZS 2,515.00) to USD 1 except for additions and disposal of property and equipment which were translated at an average rate for the period of TZS 2,616.17 (2023: TZS 2,444.58) to USD 1;
- Income and expenses were translated using an average exchange rate for the period of TZS 2,452.00 (2023: TZS 2,444.58) to USD 1.
- Equity is not translated; and
- All resulting exchange differences are being recognised in other comprehensive income.

BRAC TANZANIA FINANCE LIMITED
**MEMORANDUM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 USD	2023 USD
Income			
Interest income	1	39,860,534	36,226,305
Interest expense	2	(8,968,798)	(7,425,349)
Net interest income		30,891,736	28,800,956
Fee and commission income	3	1,241,632	1,430,019
Other income	4	857,639	543,917
Fair value gain on derivatives	5	(519,326)	932,358
Grant income utilized	22(a)&(b)	2,540,905	1,147,366
Total operating income		35,012,586	32,854,616
Impairment (charge)/release on loans to customers	12(b)	(654,269)	169,777
Operating Income after Impairment Charges		34,358,317	33,024,393
Staff costs and other benefits	6	(13,708,763)	(11,527,945)
Occupancy expenses	7	(182,967)	(142,921)
Operating expenses	8	(11,720,530)	(10,146,453)
Depreciation of property and equipment	14&24	(1,101,267)	(825,424)
Amortization of intangible assets	15	(435,398)	(129,215)
Total operating expenses		(27,148,925)	(22,771,958)
Profit before tax		7,209,392	10,252,435
Income tax expense	9(a)	(2,126,417)	(3,536,572)
Profit for the year		5,082,975	6,715,863
Other comprehensive income			
Total comprehensive income for the year		5,082,975	6,715,863

BRAC TANZANIA FINANCE LIMITED
**MEMORANDUM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Notes	2024 USD	2023 USD
ASSETS			
Cash and bank balances	10	21,294,175	29,009,904
Fixed deposits	11	15,213,878	6,151,074
Loans to customers	12 (a)	101,325,914	75,939,411
Related party receivables	13 (b)	29	456,170
Rights of use (ROU) on leases	24 (a)	1,056,812	1,041,902
Other assets	13 (a)	1,675,105	588,399
Derivatives financial instruments	26	402,217	932,358
Investment in subsidiary	27	611,745	596,421
Property and equipment	14	1,797,275	1,537,484
Intangible assets	15	1,431,186	1,848,041
Deferred tax asset	16	841,092	687,032
Advance Tax	9(b)	523,999	303,504
Total assets		146,173,427	119,091,700
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities	17	2,526,956	1,892,306
Lease liabilities	24(b)	1,183,953	1,129,003
Related party payables	18	509,545	51,715
Loan security fund	20	16,907,557	13,689,248
Borrowings - term loans	21	84,238,854	65,736,280
Deferred revenue grants	22	1,545,994	853,484
Total liabilities		106,912,859	83,352,036
Equity			
Ordinary share capital		6,535,950	6,535,948
Retained earnings		33,143,113	29,775,449
Translation reserve		(418,495)	(571,733)
Total equity		39,260,568	35,739,664
Total equity and liabilities		146,173,427	119,091,700

BRAC TANZANIA FINANCE LIMITED

**MEMORANDUM STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Ordinary Share Capital USD	Retained Earnings USD	Total Capital Fund USD
Balance at 1 January 2024	6,535,948	29,203,716	35,739,664
Profit for the year	-	5,082,975	5,082,975
Transactions with owners of the company			
Dividends paid	-	(2,750,000)	(2,750,000)
Foreign currency translation loss		1,187,930	1,187,930
Balance as at 31 December 2024	6,535,948	32,724,621	39,260,569
Balance at 1 January 2023	6,535,948	27,808,679	34,344,627
Profit for the year	-	6,715,863	6,715,863
Transactions with owners of the company			
Dividends paid	-	(3,774,000)	(3,774,000)
Ordinary shares from Zanzibar		596,421	596,421
Foreign currency translation loss	-	(2,143,247)	(2,143,247)
Balance as at 31 December 2023	6,535,948	29,203,716	35,739,664

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 USD	2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,209,392	10,279,292
Adjustment for non-cash items			
Depreciation charge and amortization	14&24	1,101,267	825,424
Amortization charges on intangible assets	15	435,398	129,215
Amortization of deferred grants	22 (a) &(b)	(2,540,905)	(1,147,366)
Loss on disposal of assets		(10,207)	1,238
Fair valuation gain on financial instruments		519,326	(959,214)
Interest expense on term loans	2	8,836,615	7,325,627
Interest on lease liability	2	132,183	99,722
Impairment charge on loans to customers	12(b)	654,269	(169,777)
Valuation loss on borrowings		-	-
		16,337,338	16,384,161
Changes in:			
- Other assets		(46,515)	(1,007,215)
- Fixed Deposits		(8,345,982)	2,424,951
- Other liabilities and related party payable		975,385	806,271
- Loans to customers		(27,848,686)	(10,789,029)
Cash flow from operating activities		(18,928,460)	7,819,139
Tax paid	9(b)	(2,453,615)	(3,370,384)
Interest paid on borrowings	21	(6,703,563)	(6,144,441)
Net cash used in operating activities		(28,085,638)	(1,695,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	14	(779,215)	(828,898)
Acquisition of Intangible	15	-	(755,609)
Proceeds from disposal of assets		10,207	307
Net cash used in investing activities		(769,008)	(1,584,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the year	25	(2,750,000)	(3,631,068)
Term loans acquired during the year	21	46,203,681	27,181,721
Repayment of the term loans – principal	21	(28,790,980)	(16,692,991)
Payment of lease liability – principal and interest	24	(682,675)	(502,084)
Loan security funds received during the year	20	10,440,648	5,544,086
Loan security funds paid during the year	20	(7,574,060)	(3,822,083)
Grant received during the year	22	3,381,605	1,409,720
Net cash generated from financing activities		20,228,219	9,487,301
Net (decrease)/increase in cash and cash equivalents		(8,626,427)	6,207,415
Cash and cash equivalents at the beginning of the year		29,009,904	24,568,607
Foreign exchange translation reserve		910,698	(1,766,118)
Cash and cash equivalents at the end of the year	10	21,294,175	29,009,904

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1. INTEREST INCOME

	2024 USD	2023 USD
Micro finance	34,858,976	32,063,179
Small enterprise program	2,275,430	1,994,794
Agriculture	2,726,128	2,150,788
We Solve	-	17,544
	39,860,534	36,226,305

2. INTEREST EXPENSE

Interest expense on loans from		
- Bank of Africa (BOA)	776,614	817,243
- Responsibility	1,850,071	1,583,247
- Stromme Microfinance (E.A) Ltd	36,181	121,339
- CRDB Bank Plc.	296,166	167,572
- Standard Chartered Bank	188,941	95,666
- Agent for Impact (AFI)	200,344	214,902
- Blue Orchard Microfinance Fund	1,489,918	1,577,148
- BRAC International Finance B.V (BIFBV)	1,664,527	1,573,536
- MFX translation BIFBV loan	639,139	629,808
- Triple Jump	1,148,556	76,166
- Club lenders Series 2	40,208	-
Subtotal – interest on term loans	8,330,665	6,856,627
- Fund management fees	193,525	161,097
- Technical fee BIFBV	229,246	234,218
- Interest expense on lease liabilities	132,183	99,722
- Other Interest expense (DRN and debtors interest etc)	83,179	73,685
Total interest expense	8,968,798	7,425,349

3. FEE AND COMMISSION INCOME

Loan appraisal fee	1,368,099	1,660,404
Loan application fee	17,527	14,548
Membership Fee	184,532	190,017
Deferred Upfront fees	-	(102,929)
VAT paid on noninterest fees (Membership fees, loan appraisal and application fees)	(328,526)	(332,021)
	1,241,632	1,430,019

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. OTHER INCOME

	2024	2023
	USD	USD
Gain due to early repayment of loans	-	261
Interest income from bank deposit	296,604	397,589
Sale from passbooks	40,307	39,201
Administrative fees	31,526	24,979
Other Income	291,562	81,581
Gain from disposal of assets	10,207	307
VAT paid on other income	(56,990)	-
Foreign exchange loss	244,423	-
	857,639	543,918

5. FAIR VALUE GAIN ON DERIVATIVES

Fair value gain on derivatives	1,234,380	-
Loss on Derivative	(1,753,706)	932,358
Cross currency interest rate swaps	(519,326)	932,358

6. STAFF COSTS AND OTHER BENEFITS

Salaries and benefits	10,750,130	8,814,123
NSSF	2,360,556	2,061,720
Bonus	598,077	652,102
	13,708,763	11,527,945

7. OCCUPANCY EXPENSES

Rent	-	20
Utilities	182,967	142,901
	182,967	142,921

8. OPERATING EXPENSES

Travelling and transportation costs	3,329,430	2,667,174
Training, workshop, and seminars costs	439,591	498,384
Maintenance and general expenses	216,664	189,832
Fixed assets write offs	-	16
Loss on disposal of PPE	-	1,545
Member's death benefit expenses	241	3,331
Office vehicle running expenses	86,979	84,974
Audit and other legal fees	70,531	66,615
Head office logistics and management expenses	1,144,736	1,360,541
Stationery expenses	523,785	422,216
Staff medical insurance	-	312,939
Software maintenance	1,670,652	559,722
Business licence fees and other regulatory expenses	449,872	369,313
Bank charges	348,586	322,001
Loan recovery expenses	57	1,987
Foreign currency gain -realised	-	722,182
Other expenses	3,439,406	2,563,681
	11,720,530	10,146,453

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

9. TAXATION

(a) Tax expense

	2024 USD	2023 USD
Current income tax charge	2,427,169	2,933,014
Prior period tax charge	(172,904)	-
Deferred income tax (credit)/charge for the year (Note 16)	(127,848)	603,558
	2,126,417	3,536,572

Effective rate of income tax

Profit before income tax	7,209,392	10,279,306
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Tax rate reconciliation

Tax calculated at a rate of 30% (2023:30%)	2,162,818	3,083,792
Depreciation of non-qualifying assets	18,441	12,221
Interest expense - disallowable	60,369	370,435
Current income tax	(172,904)	-
Deferred income tax – prior year	196	-
Expenses not deductible for tax purposes	57,497	70,124
	2,126,417	3,536,572

b) Tax receivable

	2024 USD	2023 USD
Balance at 1 January	(303,504)	133,796
Charge during the year	2,427,169	2,850,893
Tax paid	(2,453,615)	(3,154,397)
Tax charge - prior year	(172,904)	(125,124)
Foreign exchange translation reserve	(21,145)	(8,672)
Balance at 31 December	(523,999)	(303,504)

10. CASH AND BANK BALANCES

Cash in hand	40,884	5,992
Cash at bank	21,253,291	29,003,912
	21,294,175	29,009,904

11. FIXED DEPOSITS

Principal	15,006,000	6,003,000
Interest receivable	207,878	148,074
	15,213,878	6,151,074

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

12. LOANS TO CUSTOMERS

(a) Net loans to customers

	2024 USD	2023 USD
Loans to customers (gross)	103,878,682	78,474,171
Provision for impairment on loans to customers	(2,552,768)	(2,534,760)
Balance at 31 December	101,325,914	75,939,411

(b) Impairment charge on loans to customer

Balance as at 1 January	2,599,886	3,426,729
Charge/(release) for the year	654,269	(169,777)
Write offs	(891,219)	(504,855)
Charge of provision on interest receivable	146,049	-
Foreign exchange translation difference	43,783	(217,337)
Balance at 31 December	2,552,768	2,534,760

(c) Gross loans to customers

Micro finance	90,860,702	64,546,901
Small enterprise program	4,812,854	4,724,320
We Solve (Danida)	-	15
Agriculture	5,811,561	5,862,855
Interest Receivable	2,393,565	3,340,080
	103,878,682	78,474,171

13. OTHER RECEIVABLES BALANCES

(a) Other assets

Advances and prepayments	694,301	56,362
Stock of consumables	454,502	256,317
Employee Receivables	36,299	33,502
Receivable from Supplier	27,015	-
Fund Management Fees	462,988	242,218
	1,675,105	588,399

During the year ended 31 December 2024, inventories of TZS 645 million (2023: TZS 655 million) were recognized as assets.

(b) Related party receivables

BRAC Maendeleo Tanzania	-	26,809
BRAC International Holdings BV	-	239,413
BRAC Zanzibar Finance Limited	29	189,948
	29	456,170

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

14. PROPERTY AND EQUIPMENT

	Furniture USD	Equipment USD	Work Progress USD	in Motor USD	Vehicles	Leasehold Improvement USD	Total USD
<u>COST</u>							
At 1 January 2024	823,772	1,406,984	-		399,323	48,401	2,678,480
Additions	185,372	284,497	139,560		148,471	21,315	779,215
Reclassification	-	(3,244)	-				(3,244)
Disposal	(48,919)	(72,635)	-		(93,470)	-	(215,024)
Foreign Exchange Translation reserve	15,803	26,588	3,189		7,477	1,147	54,204
As at 31 December 2024	976,028	1,642,190	142,749		461,801	70,863	3,293,631
At 1 January 2023	741,131	856,757	-		377,015	51,755	2,026,658
Additions	144,779	635,919	-		48,200	-	828,898
Disposal	(10,340)	(12,717)	-		(110)	-	(23,167)
Foreign Exchange Translation reserve	(51,798)	(72,975)	-		(25,782)	(3,354)	(153,909)
As at 31 December 2023	823,772	1,406,984	-		399,323	48,401	2,678,480
<u>DEPRECIATION</u>							
At 1 January 2024	384,873	540,805	-		207,954	7,161	1,140,793
Charge for the year	51,013	396,754	-		64,107	2,322	514,196
Reclassification impact/Adjustment	-	6,607	-		-	-	6,607
Disposal	(48,919)	(72,635)	-		(93,470)	-	(215,024)
Foreign Exchange Translation reserve	13,318	29,994	-		6,146	326	49,784
At 31 December 2024	400,285	901,525	-		184,737	9,809	1,496,356
At 1 January 2023	351,375	293,661	-		165,679	4,220	814,935
Charge for the year	68,232	286,039	-		54,651	3,307	412,229
Disposal	(10,340)	(12,195)	-		(111)	-	(22,646)
Foreign Exchange Translation reserve	(24,394)	(26,700)	-		(12,265)	(366)	(63,725)
At 31 December 2023	384,873	540,805	-		207,954	7,161	1,140,793
<u>NET BOOK VALUE</u>							
At 31 December 2024	575,743	740,665	142,749		277,064	61,054	1,797,275
At 31 December 2023	438,899	866,179			191,369	41,240	1,537,687

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

15. INTANGIBLE ASSETS

	Software	Work In Progress*	Total
	USD	USD	USD
Cost			
At 1 January 2023	311,233	1,311,425	1,622,658
Additions	-	755,609	755,609
Disposal	(286,323)	-	(286,323)
Reclassification	2,017,366	(2,017,366)	-
Foreign Exchange Translation reserve	(68,638)	(49,668)	(118,306)
At 31 December 2023	<u>1,973,638</u>	<u>-</u>	<u>1,973,638</u>
At 1 January 2024			
Additions	1,973,638	-	1,973,638
Foreign Exchange Translation reserve	50,709	-	50,709
At 31 December 2024	<u>2,024,347</u>	<u>-</u>	<u>2,024,347</u>
Accumulated amortization			
At 1 January 2023	297,594	-	297,594
Charge for the year	129,215	-	129,215
Disposal	(286,322)	-	(286,322)
Foreign Exchange Translation reserve	(14,890)	-	(14,890)
At 31 December 2023	<u>125,597</u>	<u>-</u>	<u>125,597</u>
At 1 January 2024	125,597	-	125,597
Charge for the year	435,398	-	435,398
Reclassification/depreciation- 2024	(198)	-	(198)
Foreign Exchange Translation reserve	32,364	-	32,364
At 31 December 2024	<u>593,161</u>	<u>-</u>	<u>593,161</u>
Net book value (NBV)			
At 31 December 2023	<u>1,848,041</u>	<u>-</u>	<u>1,848,041</u>
At 31 December 2024	<u>1,431,186</u>	<u>-</u>	<u>1,431,186</u>

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

16. DEFERRED TAX ASSET

	2024 USD	2023 USD
The movement in the deferred tax asset during the year is as follows:		
At 1 January	686,976	1,361,962
Credit/(charge) for the year- Note 9 (a)	127,848	(603,558)
Foreign exchange translation difference	26,268	(71,372)
At 31 December	841,092	687,032
Deferred tax arises from temporary differences on the following items:		
Property and equipment	16,616	109,130
Impairment provision – general	120,001	197,823
Revaluation reserve for securities investments	-	279,707
	136,617	586,660

17. OTHER LIABILITIES

	2024 USD	2023 USD
Accrued expenses	2,497,984	1,867,132
Provision for audit and consultancy fees	28,972	25,174
	2,526,956	1,892,306

18. RELATED PARTY PAYABLES

Payable to BRAC Bangladesh	2,265	31,901
Payable to BRAC IT Service (BITS)	25,478	-
Payable to BRAC International Holding BV	314,844	-
Payable to Stichting BRAC International	475	19,814
Payable to Zanzibar Finance Ltd	166,483	-
	509,545	51,715

19. ORDINARY SHARE CAPITAL

		Ownership 2024	No 2023
BRAC Bangladesh			
BRAC Foundation			
BRAC International Holding BV	99.99%	4,999,999	4,999,999
Shameran Abed	0.01%	1	1
		5,000,000	5,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

BRAC TANZANIA FINANCE LIMITED

**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

20. LOAN SECURITY FUND

	2024	2023
	USD	USD
Balance as at 1 January	13,689,248	12,015,458
Collections during the year	10,440,648	5,544,086
Withdrawals during the year	(7,574,060)	(3,822,083)
Foreign exchange translation reserve	351,721	(48,213)
Balance as at 31 December	16,907,557	13,689,248

21. TERM LOANS

Long term portion of term loans	43,912,849	38,175,839
Current portion of term loans	40,326,005	27,560,441
	84,238,854	65,736,280

The movement of term loans is as follows

Balance at 1 January	65,736,280	57,354,027
New loans received during the year	46,096,260	28,607,332
Interest charge for the year	8,206,491	7,325,627
Interest paid during the year	(6,703,563)	(5,972,405)
Principal repaid during the year	(28,790,980)	(16,692,991)
Loss on valuation	-	-
Foreign exchange on loans	-	-
Foreign exchange translation reserve	(305,634)	(4,885,310)
Balance at 31 December	84,238,854	65,736,280

Current	40,326,005	27,560,441
Non – current	43,912,849	38,175,839
	84,238,854	65,736,280

Current portion of term loans

Standard Chartered Bank Tanzania	-	3,976,143
Bank of Africa (T)	7,838,479	2,754,036
CRDB Bank PLC	4,924,140	2,385,686
ResponsAbility Investments AG	7,996,684	4,122,888
Soluti Finance (E.A) Limited	-	410,868
Agent for Impact (AFI)	835,645	2,500,000
BlueOrchard Microfinance Fund	5,556,250	3,619,550
BRAC International Finance B.V (BIFBV)	11,501,400	6,660,000
Interest accrual	1,673,407	1,131,270
	40,326,005	27,560,441

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21. TERM LOANS (CONTINUED)

	2024 USD	2023 USD
Non - current portion of term loans		
Triple Jump	7,687,244	4,966,761
Bank of Africa (T)	7,162,078	2,640,352
ResponsAbility Investments AG	6,738,664	7,542,312
Soluti Microfinance (E.A) Limited	5,000,000	-
BlueOrchard Microfinance Fund	4,722,430	3,729,244
BRAC International Finance B.V (BIFBV)	3,514,850	16,223,830
HANSAINVEST Finance I GmbH & Co.	2,506,934	-
CRDB Bank PLC	6,580,649	3,073,340
	43,912,849	38,175,839

22. DEFERRED REVENUE GRANTS

a) Donor funds received in advance – Mastercard

Balance at 1 January	127,429	487,349
Grants received during the year*	3,381,605	1,370,249
Grants income utilized during the year	(2,342,731)	(1,047,438)
Donor fund invested in fixed assets	(785,355)	(700,073)
Foreign currency translation difference	(206,158)	17,342
Balance at 31 December	174,790	127,429

*During the year 2024, the company received donor fund from Master card foundation to support Microfinance in digitalization and implementation of new core banking system.

b) Donor funds Invested in Fixed Assets

	2024 USD	2023 USD
Transferred from donor funds received in Advance	726,055	146,824
Additional donor fund invested in Fixed asset	785,355	700,073
Depreciation charged during the year	(198,174)	(99,928)
Foreign currency translation difference	57,968	(20,914)
Balance at 31 December	1,371,204	726,055
Total deferred grant balance	1,545,994	853,484

23. RELATED PARTY TRANSACTIONS AND BALANCES

Below is the nature of related party transactions conducted during the year;

Name of the related party	Nature	Nature of the transactions
BRAC International Holdings BV.	Parent Company.	Transactions related to Charges for Management fees by BRAC International and related payments made by BRAC Tanzania Finance Limited. Management service Includes MF, Finance, HR, Internal Audit, Branding, communication, and administrative Service to BTFL
BRAC IT Services	Sister Company	Transactions relate to charges connected to technical support for the ERP system.
BRAC Bangladesh	Sister Company	This relates to payments made by BRAC Bangladesh in respect to employees of BRAC Tanzania Finance Limited. These includes statutory deductions for expatriates from Bangladesh.
BRAC Maendeleo Tanzania and BRAC Enterprises Tanzania Limited	Under common management	This includes payments made by BRAC Tanzania Finance Limited on behalf of these entities.
BRAC Zanzibar Finance Limited	Under common management	Transactions include finance cost charge amounting to TZS and Head office logistics payments made by BRAC Tanzania Finance Limited on behalf of BZFL

BRAC TANZANIA FINANCE LIMITED
**NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**
23. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Due to related parties (Payables)	2024 USD	2023 USD
BRAC Bangladesh (Expatriate staff and travelling cost)	2,265	31,901
BRAC International Holdings B. V	314,844	-
BRAC Zanzibar Finance Limited	166,483	-
BRAC IT services (BITS)	25,478	-
Stitching BRAC International	475	19,814
	509,545	51,715
(b) Borrowing from related parties		
BRAC International Holdings B. V	16,223,830	22,883,830
	16,223,830	22,883,830
(c) Due from related parties (Receivables)		
BRAC Maendeleo Tanzania	-	26,809
BRAC International Holdings BV	-	239,413
BRAC Zanzibar Finance Limited	29	189,948
	29	456,170
Transactions with related parties		
Head Office logistics and management expenses	846,156	891,513
BRAC International Finance BV (BIFBV)	2,020,565	1,932,158
Transactions to BRAC IT Services (BITS) for IT costs	194,205	81,571
Settlements made on behalf of BRAC Maendeleo	82,035	40,097
Fund transfers to BRAC Zanzibar Finance Limited	166,484	184,453
Settlements made on behalf of BRAC Enterprise Tanzania Limited	-	1,220
Settlements made on behalf of BRAC Bangladesh	15,185	33,361
Expatriate staff and travelling cost	22,142	52,495
Interest charged to BRAC Zanzibar interest on borrowed funds	-	-
(d) Directors Cost		
Seating allowances	4,957	1,964
There were no other costs incurred with respect to directors during the year and in prior year.		
(e) Key management personnel costs		
Salaries	611,473	512,131
Other benefits (including statutory)	193,097	161,726
	804,570	673,857

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

24. LEASES

Leases as lessee (IFRS 16)

The Company leases a number of branch and office premises. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date. Information about leases for which the company is a lessee is presented below.

(a) Right-of-Use (ROU) asset (office premises)

	2024 USD	2023 USD
Balanced at 1 January	1,041,902	721,023
Additions	202,626	89,357
Depreciation charge for the year	(587,071)	(413,195)
Impact of remeasurement	411,296	673,304
Disposal	-	(40,156)
Translation Reserve	(11,941)	11,569
Balance at 31 December	1,056,812	1,041,902

(b) Lease liability (office premises)

Balance at 1 January	1,129,003	800,720
Impact of remeasurement	411,296	673,304
Additions	202,626	89,357
Interest expense	132,192	99,722
Lease payments (principal and interest)	(682,675)	(502,084)
Disposal	-	(43,288)
Translation Reserve	(8,489)	11,272
Balance at 31 December	1,183,953	1,129,003

Current portion of lease liability	728,335	488,026
Non current portion of lease liability	455,618	502,084
	1,183,953	990,110

Non-cancellable operating lease commitments

Less than one year	728,335	488,026
Between one and five years	455,618	502,084
Total undiscounted lease liabilities at 31 December	1,183,953	990,110

(c) Amounts recognised in profit or loss

Depreciation on right-of-use asset	587,071	413,195
Short-term leases (note 7)	-	20
Interest on lease liability	132,183	99,722
	719,254	512,937

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

24. LEASES (CONTINUED)

Leases as lessee (IFRS 16) (continued)

	2024 USD	2023 USD
(d) Amounts recognised in statement of cash flows		
Payment of interest	132,183	99,722
Payment of principal	596,152	402,362
Total payment	728,335	502,084

The contractual maturity for lease liabilities as at 31 December 2023 are disclosed in Note 4 (b).

2024

	Within 1 year USD	1 to 2 years USD	2 to 5 years USD	Total contractual cash flows USD
Lease liabilities	728,335	728,335	-	1,183,953

2023

	Within 1 year USD	1 to 2 years USD	2 to 5 years USD	Total contractual cash flows USD
Lease liabilities	488,026	502,084	-	2,839,443

The company has no lease contracts in the capacity of a lessor.

25. DIVIDEND PAYABLE

	2024 USD	2023 USD
Balance at 1 January	-	-
Dividend declared and approved during the year	2,750,000	3,529,403
Withholding tax paid to Tanzania Revenue Authority (TRA)	(275,000)	(352,940)
Paid to shareholders	(2,475,000)	(3,176,463)
Balance at 31 December	-	-

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 USD	2023 USD
Fair Value Derivatives (Receivable)	402,217	932,358

27. INVESTMENT IN SUBSIDIARY

	2024 USD	2023 USD
Investment in BRAC Zanzibar Finance Ltd	596,421	596,421
Translation Reserve	15,324	-
Balance at 31 December	611,745	596,421