

Annual Report 2024

Stichting BRAC International

“Small is beautiful, but scale is necessary”

~ Sir Fazle Hasan Abed, Founder of BRAC

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Supervisory Board Report

The Supervisory Board has an overseeing role at Stichting BRAC International (hereinafter “Foundation”, “SBI” or “BI”), and acts as the employer and advisor for the Management Board. The Supervisory Board upholds the principles of the code of good governance for the Foundation and acts accordingly. The Supervisory Board’s mandate and tasks are laid down in statutes. This report is prepared considering the guidance of RJ 405, but as this report is voluntary it does not require to meet all these requirements.

Composition and functioning of the Supervisory Board

The Supervisory Board of SBI is chaired by Ms. Irene Zubaida Khan. The Supervisory Board members are appointed by co-optation. The period of membership is governed by the constitution and there is no compensation applicable for the Supervisory Board except board honorarium. As the organisation values women empowerment and diversity, five out of the eight (62.5%) Supervisory Board members are female.

The list of effective Board members as of 31 December 2024 is as follows:

	Name	Membership	Nationality
1	Ms. Irene Zubaida Khan (Re-appointed with effect from 17 th September 2024)	Chair	Bangladeshi
2	Ms. Sylvia Borren (Re-appointed with effect from 9 th December 2024)	Vice Chair	Dutch
3	Mr. Allert Pieter van den Ham (Appointed on 14 September 2022)	Member	Dutch
4	Dr. Debapriya Bhattacharya (Re-appointed with effect from 9 th December 2024)	Member	Bangladeshi
5	Mr. Stephen Frederick Rasmussen (Appointed on 24 June 2021)	Member	American
6	Ms. Amira Mosad Elmissiry (Appointed on 24 June 2021)	Member	Zimbabwean
7	Ms. Enid Muthoni Ndiga (Appointed on 1 July 2023)	Member	Kenyan
8	Ms. Farzana Ahmed (Appointed on 1 July 2023)	Member	Australian and Bangladeshi

The following persons have served as members of the Supervisory Board previously and resigned during 2024:

— Ms. Parveen Mahmud (resigned on 1 February 2024)

The Supervisory Board is charged with overall supervision of the policies pursued by the Management Board and approves the strategy, budget, business plans and annual report including consolidated financial statements.

The Supervisory Board members are committed to the principles of good corporate governance and recognise the need to conduct the business in accordance with

generally accepted best practice. In the discharge of its duties, the Supervisory Board is guided by the interests of the Foundation and its associated institutions and acts as an advisor to the Management Board.

In doing so, the members confirm that:

- the Supervisory Board met four times in duly conveyed meetings during the year.
- they oversee the foundation's finance reporting process and monitor the control environment.
- the Supervisory Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance.
- they bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

The attendance of board members are as follows. Dr. Debapriya Bhattacharya could not attend two board meetings during 2024 on personal grounds.

SI No	Name	April 2024	July 2024	October 2024	December 2024
1	Ms. Irene Zubaida Khan	√	√	√	√
2	Ms. Sylvia Borren	√	√	√	√
3	Mr. Allert Pieter van den Ham	√	√	√	√
4	Dr. Debapriya Bhattacharya	√	√	X	X
5	Mr. Stephen Frederick Rasmussen	√	√	√	√
6	Ms. Amira Mosad Elmissiry	√	√	√	√
7	Ms. Enid Muthoni Ndiga	√	√	√	√
8	Ms. Farzana Ahmed	√	√	√	√

The Supervisory Board in its supervising role

As part of its supervisory role, the Supervisory Board approved the 2023 audited annual report and the 2024 revised budget on 2nd July 2024. The findings from the external auditors are discussed with the Supervisory Board and the Audit & Risk Committee ("the Committee") during the year.

The Supervisory Board, through the Audit and Risk Committee, monitors and guides sufficiency of measures to be taken for combating fraudulent practices and ensuring legal and regulatory compliance.

The Audit and Risk committee of Stichting BRAC International has five members. Three members represent the Supervisory Board of Stichting BRAC International and one member represent the Supervisory Board of BRAC international Holdings BV. The Audit and Risk Committee provides advice to the Supervisory Board on the annual report including financial statements and budget. The Committee also monitors the follow-up of points raised by internal and external audits, and recommendations in the auditors' Management Letters. In addition, the Audit and Risk Committee is responsible for the appointment, oversight and monitoring of the qualification, independence, and performance of the Internal Audit department. The Internal Audit department ensures through periodical checks that the organisation follows all applicable laws and regulations and reports to the Committee its findings.

The Supervisory Board is regularly informed about and consulted on major developments related to the organisational strategy and entity-specific strategies, including the Growth for Impact strategy for microfinance.

The other primary functions of the Committee are to assist the Governing Body ('the Supervisory Board') in fulfilling its oversight responsibilities for:

- The financial reporting and budgeting processes
- The system of internal controls and risk assessment
- The compliance with legal and regulatory requirements
- The qualifications, independence and performance of the external auditors

The Supervisory Board as an employer and advisor

The Supervisory Board appoints the Management Board and conducts their performance reviews. The Supervisory Board assists the management board by giving advice.

Compensation

Members of the Supervisory Board do not receive compensation for their work. The Foundation only provides an honorarium of USD 200 (two hundred) per meeting to members for attending Board and Board committee meetings. However, the Supervisory Board members are reimbursed for travel related costs at actual.

The Hague, 3 July 2025

Signed:

Ms. Irene Zubaida Khan

Mr. Allert Pieter van den Ham

Ms. Sylvia Borren

Dr. Debapriya Bhattacharya

Ms. Amira Mosad Elmissiry

Mr. Stephen Frederick Rasmussen

Ms. Enid Muthoni Ndiga

Ms. Farzana Ahmed

Management Board Report

The Management Board of Stichting BRAC International hereby submits the Management Board Report and the financial statements for the year ended 31 December 2024.

About BRAC

BRAC is an international non-governmental organisation, with the vision of a world free from all forms of exploitation and discrimination, where everyone has the opportunity to realise their potential. BRAC is a leader in developing and implementing cost-effective, evidence-based programmes to assist poor and disadvantaged communities in low-income countries, including in conflict-prone and post-disaster settings. Founded in Bangladesh in 1972 by Sir Fazle Hasan Abed, BRAC now works across ten countries in Asia and Africa, reaching millions of people through its programmes. BRAC has been ranked multiple times as the number one NGO in the world by the Geneva-based NGO Advisor.

About Stichting BRAC International

Stichting BRAC International (hereinafter “Foundation”, “SBI” or “BI”) was formed in 2009 as a non-profit foundation in the Netherlands, organised and existing under the laws of the Netherlands with its registered address at Zuid Hollandlaan 7, 2596 AL, The Hague. SBI comprises multiple programmes and modalities that work together to address the complex challenges of poverty and inequality, including development programmes, microfinance institutions, social enterprises, and the Ultra Poor Graduation Initiative (UPGI), which promotes BRAC’s Graduation model to end extreme poverty. These programmes and modalities support our holistic approach, combining social development with market-based solutions to achieve impact at scale. BRAC UK and BRAC USA are independent affiliates that are engaged in fundraising activities in North America and European Markets. In each of these countries, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

Activities

Stichting BRAC International creates opportunities for people living in poverty through programmes including Health, Education, Early Childhood Development, Youth Empowerment, Agriculture, Food Security and Livelihoods (AFSL), Humanitarian Programme, Ultra-Poor Graduation, Microfinance, as well as through its microfinance and social enterprise operations, and the Ultra-Poor Graduation Initiative.

The Foundation carries out all its development programmes mainly through donor grants through its branches and controlled entities across nine countries in Asia and Africa, as of 31 December 2024 namely, Afghanistan, Myanmar, the Philippines, Uganda, Tanzania, Liberia, Sierra Leone, and Rwanda. The microfinance programmes are run through its 100%-owned subsidiary, BRAC International Holdings B.V. (BIHBV). BIHBV manages microfinance operations in seven countries – Myanmar, Uganda, Tanzania, Liberia, Sierra Leone, Rwanda, and Ghana. BIHBV is in the process of starting microfinance operations in Kenya. A new company BRAC Kenya Company Limited was incorporated on 20 February 2024 and has submitted an application for regulatory approvals to operate a micro finance business in Kenya. The social enterprise programmes are run through its 100% owned subsidiary, BRAC International Enterprises B.V. (BIEBV) which was incorporated in December 2021. BIEBV seeks to unlock the potential that market-led solutions can have in addressing critical development

challenges, working in tandem with BI's development programmes and microfinance to support greater scale and impact across the organisation. In addition to direct delivery, SBI also works with governments through the Ultra-Poor Graduation Initiative by employing alternative modalities such as providing technical assistance, partnerships, and advocacy to influence systems change and complement the direct delivery strategies.

Governance

In line with the guidelines for corporate governance in the Netherlands, the Foundation decided to adopt a two-tier governance structure to create a clear division between executive and supervisory responsibilities.

Supervisory Board

Stichting BRAC International currently has an 8 (eight) member Supervisory Board. The Supervisory Board Report on page 3-5 outlines the governance role of the Supervisory Board and the composition of its members.

Management Board

The Management Board is charged with the daily management, the preparation of the budget, the financial statements, and the long-term strategic plans. The Supervisory Board has stipulated specific restrictions that require its approval.

The Management Board is appointed by the Supervisory Board and their performance is reviewed annually.

The following persons have served as members of the Management Board in 2024:

Name	Member	Nationality
Mr. Shameran Abed (Appointed on 1 March 2021)	Executive Director	British
Gregory Cheng-Hue Chen (Appointed on 1 October 2024)	Managing Director UPGI	American
Ms. Rudo Kayombo (Appointed on 16 March 2023 & resigned on 30 June 2024)	Director	Zimbabwean
Mr. Saif Md Imran Siddique (Appointed on 14 September 2022 & resigned on 1 October 2024)	Director	Bangladeshi

The Management Board meets on a periodic basis. In the discharge of their duties, the Directors are guided by the interests of the organisation and supervise the activities carried out by their subsidiaries. The Management Board may decide to appoint one or more authorised signatories and to determine their authority and title.

Development Programmes

Education Programme

Our education programme builds on our 50 years of experience in driving a community-based, participatory approach to learning, which is now being replicated in post-conflict and fragile settings across Asia and Africa. We prioritise joyful learning, and engage participatory, alternative, and innovative approaches for socio-emotional learning, play and character development. Schools are supported by a cradle-to-career network of early childhood, pre-primary, primary and secondary schools, as well as libraries, adolescent clubs, adult learning, education in emergencies and scholarships to enable tertiary education. We also support governments and non-governmental organisations with teacher training, curricula, and mentoring.

Active projects in: Afghanistan and the Philippines.

Early Childhood Development (ECD) Programme

Early childhood development (ECD) is one of the most cost-effective approaches to improve education, health, and socio-economic outcomes of children. It promotes school readiness and enrolment and enhances prospects of income generation throughout life by up to 68%, while also ensuring the rights of children are protected. Play Labs, BRAC's flagship model for ECD offers play-based, community-driven learning opportunities for children aged 3-6 years to learn, grow, and thrive. Younger children are supported through parent coaching and children aged 6-8 are supported to transition to schools. We adapted the approach for humanitarian and crisis contexts to enable children affected by crisis to learn and heal. The humanitarian play-based model has been replicated across refugee settlements in Uganda.

Active projects in: Uganda, Sierra Leone, and the Philippines.

Youth Empowerment Programme

Adolescent girls and young women often face high barriers to education and economic opportunities, along with high rates of teenage pregnancy, early marriage, and other forms of gender-based violence. BRAC's Youth Empowerment programme sets up clubs for adolescent girls with the idea that girls and young women are critical drivers of social change, and investing in them produces a transformational effect in communities everywhere. Rigorous evaluations from the programme show a significant increase in income generating activities among adolescent girls and young women, higher resilience among girls as they stayed in school even during crises and decrease in teen pregnancy and early marriage.

BRAC's flagship programme, The Mastercard Foundation Accelerating Impact for Young Women (AIM) in Partnership with BRAC, is an initiative designed to equip 1.2 million adolescent girls and young women between the ages of 12-35, across six countries in Africa, with age-appropriate entrepreneurship, employability, and life-skills training, as well as the tools to start and scale their own businesses. In Asia, BRAC operates the Youth Empowerment Programme in the Philippines, supported by the Signify Foundation.

Active projects in: Liberia, Sierra Leone, the Philippines, Uganda, Tanzania, Ghana, and Rwanda.

Health Programme

Access to quality and affordable healthcare remains a challenge, especially for communities at the last mile. Our model of community-based healthcare has brought lifesaving health services and information directly to the doorsteps of people living in poverty, across Asia and Africa. Every part of the system keeps quality, accessibility, and affordability at its centre, and takes lived realities, such as remoteness or lack of sanitary facilities, into account. We focus on a system strengthening approach, supporting governments to reduce neonatal and child mortality and morbidity, improve knowledge about reproductive health and access to family planning services, promote nutrition, combat infectious diseases like tuberculosis and malaria, and prevent non-communicable diseases.

Active projects in: Uganda.

Agriculture, Food Security and Livelihood (AFSL) Programme

Smallholder farmers grow about 80% of the food consumed in Asia and Africa. But these farmers, who are on the frontlines of climate change and economic shocks, often experience extreme poverty and hunger. Our decades of experience in addressing low production and productivity challenges in the agricultural value chain, shows evidence of the deep associations between poverty and food insecurity. We develop and implement cost-effective, evidence-based, climate-smart programmes on agriculture and food security across Africa and Asia. Our work demonstrates that smallholder farming can be pathways to positive transformations in communities. We work with farmers to develop their capacity, and promote more productive, nutrient-rich, environmentally sustainable farming systems, link farmer groups to markets and agri-finance products and help them adapt to climate change.

Active projects in: Liberia, Sierra Leone, Tanzania, and Myanmar.

Humanitarian Programme

Over the past decade, at least 300 disaster events have been recorded each year. Climate change, population growth and urbanisation contribute to an increase in both the number of people affected as well as the severity of disasters. The number of conflicts worldwide is continuously increasing. It is estimated that one person becomes displaced every three seconds. We work with communities to reduce risk from disasters before they happen, respond when they occur, and support people to build back better afterwards. Our approach prioritises building skills and creating livelihood opportunities for people and communities so they can prepare for and manage disasters better. We focus heavily on sustainable reintegration efforts, working with returnees and people who have been internally displaced as a result of a disaster or conflict.

Active projects in: Uganda, Afghanistan, and the Philippines.

Ultra-Poor Graduation (UPG) Programme

Global poverty is one of the most urgent issues facing our world today. Approximately 9.2% of the world's population live in extreme poverty, living on less than USD 2.15 per day. BRAC's Ultra-Poor Graduation approach is globally recognised and has been proven to unlock that potential and has, to date, enabled millions of households across Asia and Africa to break the cycle of extreme poverty through a multifaceted set of interventions designed to address the complex nature of extreme poverty. These interventions are adapted to the local context and include connecting participants to social protection, providing training and assets, financial literacy, and social empowerment through community engagement - all facilitated through hands-on coaching. The Graduation approach enables participants to develop sustainable livelihoods that set them on a path of upward economic mobility. They also develop social connections, improve their self-esteem, and establish active roles in their communities.

Active projects in: Tanzania, and the Philippines.

Microfinance

Microfinance is an integral part of BRAC's holistic approach to development, equipping people who would otherwise be excluded from formal financial systems with the tools to invest in themselves, their families, and their communities. Our mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically. Additionally, through the AIM programme, participants aged 18-35 are being given life skills and social empowerment training, with a focus on livelihood and entrepreneurial activities. Selected participants will be equipped with inputs to start new businesses, microloans to grow their businesses, and links to savings groups and market actors. BRAC International Microfinance operates in seven countries - Myanmar, Uganda, Tanzania, Liberia, Sierra Leone, Rwanda, and Ghana. The Group also expects to receive the license of the Kenya operation by Q3 2025.

In 2024, Microfinance reached over 98,000 new clients to serve a total of over 921,000 clients.

Social Enterprises

Through market-based approaches, BRAC International Enterprise B.V. (BIEBV), a subsidiary of Stichting BRAC International, seeks to contribute to BRAC International's social mission while generating profits that can be reinvested in the organisation's scale and impact - creating a pathway to sustainable, scalable impact that is not reliant on donor funding. BIEBV currently governs the operation of social enterprises in Uganda, Tanzania, and Liberia.

Ultra-Poor Graduation Initiatives (UPGI)

BRAC's Ultra-Poor Graduation Initiative provides technical assistance, advisory services and policy support to governments, NGOs, and multilateral institutions to support them to reach people from the poorest and most marginalized communities. The UPGI team

support helps scale the Graduation approach by governments - Graduation is an evidence based two-year investment in an extremely poor household. To help the government, the UPGI team deploys small teams over multiple years to work alongside government partners to design and enhance government delivery and capabilities by leveraging BI's presence and contextualised knowledge to improve government programme quality. By the end of 2024, UPGI had established a long-term presence in six countries - Ethiopia, India, Rwanda, the Philippines, Indonesia and South Africa.

Management Board's role in financial matters

On the financial matters, the Foundation plays the role to consolidate the financial results of all microfinance, enterprises and development operations. The consolidated financial statements include the financial data of the Foundation, its subsidiaries and other legal entities over which the Foundation has control.

Control exists when the Foundation has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing whether controlling interest exists, potential voting rights that are currently exercisable are taken into account.

Financial information

Highlights

In 2024, the Foundation demonstrated notable financial growth across core operations, particularly in its microfinance and development programmes, while navigating the impact of inflationary and operational expansion factors.

- **Grants income** remained stable at USD 70.1 million in 2024 (2023: USD 70.1 million), reflecting sustained support for development activities across the Foundation's footprint.
- **Interest income** from microfinance operations rose by USD 10.4 million (13%) to USD 93.9 million (2023: USD 83.4 million). This growth was driven by increased loan disbursements to the customers.
- **Operating expenses** increased by 5% to USD 140.3 million (2023: USD 133.4 million). This increase relates to an increase in staff-related costs, training, and development costs due to branch increases, capacity building across all the entities, an increase in digitalization and IT costs, and the overall impact of inflation on all of the operating entities.
- **Result after Tax (surplus)** declined by 16% to USD 2.4 million (2023: USD 2.9 million), this decline was primarily driven by a significant increase in expected credit losses, which rose to USD 8.37 million from USD 3.40 million, reflecting heightened provisioning requirements. Additionally, operating expenses increased due to expansion into new markets and inflationary salary adjustments. Despite strong growth in interest income and stable grant support, the combined impact of these factors, along with a higher tax expense, contributed to the lower net surplus for the year.
- **Group reserves** increased by 3% to USD 119.6 million (2023: USD 115.5 million), maintaining a strong reserves-to-assets ratio and supporting the sustainability and goals of the Foundation.
- **Total assets** grew by 8% to USD 415 million (2023: USD 384 million), primarily driven by increased lending under the microfinance programme, despite a reduction in donor fund cash balances.

- **Loans to customers** surged by 26% to USD 233.4 million (2023: USD 184.8 million), reflecting robust microfinance activity and portfolio expansion in key African markets.
- **Impairment loss expense** rose to USD 8.4 million (2023: USD 3.4 million), mainly due to increased provisioning. In 2024, the management has taken an increased impairment on receivables and increased loss rate for stage 3 loans, looking at the evolving challenges of the operational entities, market conditions and and increased write-offs. Additionally, impairment losses were recognized on cash at bank, receivables, and inventories amounting to USD 2.8 million during the year—these items had no corresponding charges in the previous period.
- **Cash and cash equivalents** decreased by 19% to USD 124 million (2023: USD 153 million). This reduction was primarily driven by higher loan disbursements, repayment of borrowings and release of donor funds, partially offset by inflows from loan repayments, savings deposits, and new borrowings.
- **Current liabilities** increased by 17% to USD 221 million (2023: USD 188 million), reflecting higher programmatic activity and related financial obligations.

The detailed financial position and performance results are outlined in the financial statements. The Foundation's general reserves remain sufficient to sustain ongoing operations and strategic growth, while legal reserves are maintained in compliance with country-specific requirements.

Performance against Budget

Particular (Amount in '000 USD)	Approved Budget 2024	Actual 2024	Variance	Utilisation
Income:	196,202	183,138	(13,064)	93%
- Grant Income	88,967	70,066	(18,902)	79%
- Interest Income	92,316	93,863	1,548	102%
- Other Operating Income, Other Interest and similar income	14,919	19,209	4,290	129%
Expenses:	(180,268)	(174,359)	5,909	97%
Cost of outsourced work and other external costs and Other operating expenses	(86,040)	(71,452)	14,589	83%
Wages and salaries and Social security and pension charges	(68,011)	(65,211)	2,799	96%
Amortisation and depreciation	(4,388)	(3,683)	704	84%
Impairment loss on financial assets	(4,570)	(8,366)	(3,796)	183%
Interest expense	(17,260)	(25,647)	(8,388)	149%
Operating Result	15,934	8,779	(7,155)	55%
Result after tax	7,480	2,429	(5,051)	32%
Net result after minority interest	7,202	1,280	(5,922)	18%

Overall, while income and expenses were largely aligned with the budget, higher impairment and financing costs significantly impacted the net result.

- **Grant Income Underperformance and Mixed Revenue Trends:** Overall income utilization stood at 93%, primarily due to significant underperformance in grant income (79% utilization), stemming from delays in program implementation. However, this was partially offset by better-than-budgeted interest income (102%) and strong other operating income (138%), driven by higher bank interest earnings.
- **Effective Cost Control with Isolated Pressure Points:** Total expenses remained within budget (97% utilization), with key savings in outsourced work, other external costs and Other operating expenses (83%) and amortisation/depreciation (84%). Wages and salaries were also well-managed at 96%. However, impairment loss (183%) and interest expense (149%) far exceeded the expectations, driven by increasing credit loss rate, foreign exchange loss on monetary assets and fair value loss on derivatives.
- **Lower-than-Budgeted Surplus:** Despite disciplined cost management, elevated impairment and interest expense contributed to a much lower net result after minority interest—only 18% of the budgeted amount (USD 1.3 million vs. USD 7.2 million).

Solvency ratio

The solvency ratio (Result after Tax + Depreciation and amortisation) / (Total long-term and short-term liability) of the Foundation as of 31 December 2024 is 2.14% (2023: 2.35%). This decrease was mainly driven by reduced net surplus of the group resultant from mainly expected credit loss on receivables and interest expenses.

Quick (liquidity) ratio

The quick ratio [(current assets - inventories) / current liabilities] of the Foundation is 1.73 (2023: 1.89). This shows that the Foundation has sufficient strength to manage its current liabilities.

Financing of programmes

The financing of the programmes under Stichting BRAC International in all of the countries is managed by two basic sources: i) donor grants for development programmes and ii) external debt financing arrangements and equity investments for microfinance operations.

The financing of the microfinance operations is coming from mixed sources. At the country level, microfinance income is our largest source, external debt being second.

The Debt Programme, managed by BRAC International Finance B.V. (BIFBV), plays a key role in mobilising external funding for the group's microfinance institutions.

In 2024, a total of USD 67.6 million (2023: USD 39.9 million) was raised by all BIHBV microfinance entities through a mix of local borrowings, from the Debt Programme, and bilateral international lenders.

Following the successful launch of the Impact Notes programme (via BRAC International Finance B.V.), a second funding round commenced in 2024 raising USD 32.3 million with the series 1 investors, Global Partnerships and Proparco along with two new investors the Belgian Investment Company for Developing Countries (BIO) and Ceniarth to strengthen the financial resilience of the African Micro finance Institutions (MFIs) of BIHBV. A total of USD 73 million commitment was secured from the two series. The overall utilization over the two years was USD 47.4 million: BRAC Tanzania Finance Limited - in amount of USD 30.9 million, BRAC Rwanda Microfinance Company PLC –

in amount of USD 5.2 million, BRAC Liberia Microfinance Ltd – in amount of USD 6.5 million, and BRAC Microfinance Sierra Leone Ltd - in amount of USD 4.8 million.

The programme continues to combine fundraising efforts centrally at BIFBV level, allowing investors to underwrite multiple MFIs in one transaction, benefitting our smaller MFIs from the strength and scale of the larger MFIs.

Keeping the future fundraising goal in mind, periodic investor engagement events and regular communications are being conducted to create a pool of supportive and interested investors who are likely to participate in the upcoming series.

Donor grants are mainly used to implement development programmes in thematic areas. Apart from the Foundation itself, the affiliates, BRAC USA and BRAC Europe are also helping the foundation to secure donor funding. Sufficient funds are obtained in 2024 to continue the development programmes.

In addition, the Foundation is partnering with reputable local and international organisations as part of the local requirements and thus attracting additional funding.

Human resource, internal organisation and staff

The Foundation is investing in the recruitment and retention of quality staff. Training programmes were conducted throughout the year for capacity building in the organisation. The number of employees is 8,977 (2023: 8,593) out of which Female 83% (2023: 81%).

Code of Conduct

Stichting BRAC International follows a set of codes of conduct to operate in a multi-cultural environment. The Human Resources department of the organisation is the custodian of the codes of conduct and is responsible for overall supervision, implementation and practice across the organisation.

The general codes of conduct include general HR policies and procedures, such as codes of conduct on ethical behaviour, fraud management and safeguarding policy in the organisation. The 'whistle blower' policy is in place and HR takes actions, together with management, as and when required.

Significant risks and uncertainties

Appropriate risk and uncertainty management is integral to realising the strategic ambitions of any organisation. For the foundation, significant risks and uncertainties mainly relate to the diverse geographies we operate in, with political instability, natural disasters, and an uncertain global geopolitical environment contributing to a set of both strategic and operational risks. The Foundation takes the necessary measures to manage and mitigate these risks, based on a set of management and governance responsibilities outlined in our Risk Management Policy. No activities with respect to trading and/or speculation are executed.

Stichting BRAC International, including BIHBV, has a Risk Management Policy and Framework based on ISO 31000: 2018 that works as a strategic management tool to generate value across the organisation as an integral part of good management practice and corporate governance. The Foundation's risk governance structure comprises 3 (three) significant stakeholders – Audit and Risk Committee of the Supervisory Board, the Executive Leadership Team at the SBI and BIHBV head office, and Group Internal

Audit Function. The SBI Risk Management team, reports to the Associate Director Risk and Organisational Performance of SBI and works closely with the management teams of all subsidiaries under SBI and BIHBV and reports to the Senior Management and Board Sub-Committee (Audit and Risk Committee) and seeks necessary endorsements on a periodic basis.

The Risk Management Committee at the management level reviews the risk management updates on a quarterly basis and makes necessary changes in the risk components and risk ratings as necessary. The risk management reports are presented to the Audit and Risk Committee of SBI as well as the Supervisory Board as appropriate. The risk register at the country level is updated on a quarterly basis with the help of risk management focal points at the country level. The country management teams actively work on the risk register and take the necessary measures of the mitigation plans. They also periodically review and update on the status of the mitigation measures.

The risk management concept in SBI is based on the 'Three Lines of Defence' model, to shield against risks that might threaten the achievement of our goals:

- The first line of defence is the front-line business operations units, which are fully responsible for all the risks in their respective areas of activities, ensuring these risks are both identified and managed through effective controls.
- The second line of defence consists of Risk Management and Compliance functions within SBI and their role is to provide oversight, guidance, and monitoring of the first line's risk management activities. The second line sets policies, standards, procedures, conducts training, awareness, and risk assessments. Additionally, they ensure that the first line complies with applicable laws, regulations, and internal policies.
- The third line of defence is the Internal Audit function, which provides objective and independent assurance. Their key responsibility is to assess whether the first- and second-line functions are operating effectively and provide assurance to senior management and the management board. It performs risk-based and general audits to ensure that the internal controls and risk management system, including the risk management policy, are effective.

In SBI's Risk management framework, there are 7 (seven) risk categories – 1) Strategic, 2) Operational, 3) Legal and Compliance, 4) Safeguarding, 5) Environmental, 6) Information Technology and 7) Financial. Major risks in each category are analysed and reported against a set of risk mitigation measures designed to bring down the likelihood or impact of that particular risk.

Strategic risks

Strategic risks are business/group level risks impacting on the ability to continue operations in a country, and are largely related to geopolitical aspects, natural disasters, governance, loss of reputation leading to business failure, adverse business decisions, loss of secured funding from lending institutions and loss of donor funding due to changes in donor priorities. Mitigation for strategic risks mainly involves monitoring through reporting, regular visits, and coordination between the programme teams of the country offices, head office and affiliates. Key Strategic Risks in 2024 have been:

- Myanmar, which has faced significant political upheavals that affect its ability to make payments to foreign entities from the country, to be a key risk area of concern. The directors have assessed the ability of the organisation (BRAC Myanmar Microfinance Company Ltd.) to continue its operations on a going concern basis and have no reason to believe the business will not be on a going concern basis in the coming year. Management has also taken the decision to pause NGO activities in the country for the foreseeable future. The management team is closely monitoring the situation and is ensuring safe banking practices following the introduction of sanctions on Myanmar Banks by the USA.
- South Sudan, which has continued to see an increase in instability both within its borders and its immediate neighbour, Sudan. Following these growing internal and external challenges, SBI Supervisory Board took the decision to close down operations in South Sudan, officially withdrawing from the country in November 2024.
- Afghanistan, which continues to see significant upheaval following the return of the Taliban in 2021, and the direct impact on BI's programming in the country. Coupled with funding challenges, a decision was made in 2024 to continue operating in Afghanistan, but mitigation involves strong safety and security oversight, and continued and accelerated funding activities.

Operational risks

Operational risks are identified from day-to-day operations, such as human resource management, physical security of staff, and adoption/understanding of local cultures, norms and practices. Operational risks are mitigated through strong recruitment and onboarding, regular communication, training, visits and follow-ups from head office as well as local country offices on a regular basis. In addition, the country monitoring team provides quarterly reports to the group monitoring head, which are reviewed and discussed in the management team. Key operational risks identified and mitigated in 2024 were:

- Staff retention, transition, staff capacity to effectively carry out duties, including leadership transition
- Safety and security of staff operating in volatile environments

Legal and Compliance

Legal and Compliance Risks are mainly associated with sudden changes in governmental or legal regulations / regulatory requirements, especially as it relates to our regulatory compliance on the Microfinance side, considering the subsidiary bank regulations which exist in each country of operation. Maintaining good relationships and rapport building with government agencies and lending institutions are most common mitigation activities, along with a strong monitoring of the financial and regulatory environment in each subsidiary.

The Supervisory Board has approved an updated Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy for SBI in February 2024. The policy dictates that SBI and its employees shall a) Not knowingly launder money and shall have adequate procedures and controls to ensure that its business is not misused for money laundering and/or terrorist financing; b) Not process a transaction unless it believes that it has a legitimate purpose; c) Report suspicious transactions in accordance with applicable laws; d) Not split transactions to avoid government identification and reporting requirements or any policy of the concerned authority/party; e) Not knowingly

record false names or other false information; f) Cooperate with local regulators and law enforcement bodies and f) Maintain records in accordance with the law and concerned authorities. Each subsidiary at the country level, however, has its own AML/CFT policy in line with the group policy, that will take into consideration the local laws and regulations as appropriate.

Safeguarding

As part of its commitment to building a safeguarding culture and aligned with BRAC's vision of a world free from discrimination and exploitation, BRAC adheres to six safeguarding standards around governance, people practice, programming, partnering, risk management and reporting. To achieve these, SBI has adopted a comprehensive Safeguarding policy and a set of sub-policies concerning the safeguarding of specific groups in specific programmes.

Safeguarding risks are mainly identified through the direct work that SBI conducts in thousands of communities around the world. The Safeguarding of staff as well as clients and programme participants is of utmost importance to SBI and regular training and monitoring is key to ensuring all groups are safe from harm.

Environmental

The risks associated with the external environment are beyond the Company's control. Environmental risk is a critical element embedded in BI's vision and mission. The overall purpose of environmental risk management is to understand and manage risks stemming from environmental concerns, which include climate change impacts, natural, and human-made disasters. SBI considers environmental risks while making decisions on providing microfinance loans to participants, and also the potential environmental implications that may result from new and ongoing programme implementations across its NGO and microfinance operations. Failure to consider environmental risk as a part of financing decisions could lead to an increase in non-performing loans for microfinance programme. It also affects the design and implementation of social development programmes and therefore impedes programme objectives.

As part of being committed to the Client Protection Pathway, which describes the steps that a financial service provider can take to implement the client protection practices necessary to avoid harming clients, all microfinance entities are implementing the Universal Standards for Social and Environment Performance Management (USSEPM) and the Client Protection Principles (CPPs). The implementation of USSEPM helps entity management ensure that the right policies and practices are in place to establish a strong foundation for target client value creation and mission achievement.

Information Technology

Information technology risks related to technological disruption, cyber security and data privacy, system integrity and third party are being mitigated via business continuity management plans for downtime, disaster recovery and pandemic; project management capacity enhancement in IT function through ongoing and continuous training, including project management training, and ongoing implementation of market-leading software with state-of-the-art security features and well-defined third-party service contract and licence clauses. Monthly IT Steering Committee is being held with agenda that encompasses potential threats, business disruption, data privacy, strengthening IT services, and IT roadmap.

Global Cyber Security Response team has been set up combining BRAC Bangladesh and SBI to create task force for BRAC wide cybersecurity protocol. In addition, the Supervisory Board has approved an updated Information Technology Policy in April 2024 that includes detailed risks of cybersecurity and guides the mitigation of cybersecurity threats.

Financial risk

Financial risks relate to the potential for financial loss or instability that could impact the delivery of our programmes or the sustainability of our operations. These risks differ in nature and impact across microfinance institutions and NGO entities, but they commonly include exposure to credit default, liquidity shortfalls, foreign exchange fluctuations, inflationary pressures, misreporting, and adverse interest rate movements. We at the Foundation, are working to improve visibility, coordination, and internal systems to manage these risks effectively across diverse contexts. As a large part of SBI's operations are microfinance related, this next section will expand on the particular risks associated with financial risk:

- **Credit risks:** Credit risk is especially significant in microfinance operations due to direct lending activities. In NGOs, it can arise from partner advances or delayed reimbursements by the donors. Subsidiaries address this through rigorous due diligence, ongoing portfolio monitoring, and early warning systems. At the group level, credit risk tracking tools and minimum standards are being developed to support consistent and timely risk oversight.
- **Currency risk:** The Foundation is exposed to currency risk denominated in a currency other than the respective functional currencies of microfinance and NGO entities. The functional currencies in the entities are their respective local currency and at group level, the US dollar (USD) is the functional and presentation currency. As a general rule, the Microfinance and NGO entities give preference to obtaining local funding (both for borrowings and donor funds) to minimise any currency risk. Additionally, the entities strive to match foreign currency payables and receivables in such manner that the currency risk is minimised, if not mitigated. In case of high-inflation economies, aligning receivables and payables is extremely difficult and management seeks to access local currency funding as much as possible. Subsidiaries are obliged to mitigate against currency risk for debt secured through BRAC International Finance B.V. through any effective means available to them. To date, the subsidiaries have used FX forward and cross-currency swap contracts, as well as back-to-back/parallel loan structures with local banks.

Year-end closing exchange rate by Country, Local Currency / USD is given below:

Country	Currency	2024	2023	Depreciation /(appreciation)
Uganda	UGX	3,670.27	3,782.21	(3%)
Tanzania	TZS	2,452.00	2,515.00	(3%)
Rwanda	RWF	1,382.99	1,263.93	9%

Country	Currency	2024	2023	Depreciation /(appreciation)
Sierra Leone	SLL	22.69	22.80	0%
Liberia	LRD	182.43	187.17	(3%)
Ghana	GHS	14.70	11.88	24%
Afghanistan	AFN	70.44	70.25	0%
Myanmar	Kyat/MMK	2,100.00	2,100.00	0%
Nepal	NPR	136.86	133.14	3%
Philippines	Peso	58.01	55.57	4%
Kenya	KES	129.29	156.46	(17%)
The Netherlands	EUR	0.96	0.91	6%

In 2024, UGX, TZs, and LRD saw an appreciation against USD, resulting in a foreign exchange translation gain of USD 1.7 million (loss of USD 5.6 million in 2023). Out of which USD 1.22 million is related to the appreciation of TZS. The local currency GHS (24%) depreciated against the USD; however, this did not contribute to an increase in foreign exchange translation losses due to the application of hyperinflation accounting to Ghana.

The FX rate in Myanmar is managed by the Government of Myanmar and has been fixed. However, the country has been struggling to source USD, which has resulted in a restriction on international loans and service international payments by Myanmar microfinance companies. There is a significant difference between the official government rate (MMK 2,100 for 1 USD) and the trade rate available at the bank for import and export (MMK 3,588 for 1 USD). The FX risk in Myanmar is mitigated by a back-to-back loan structure wherever possible. However, at 31 December 2024, the consolidated entity in Myanmar (BMMCL) has a net unhedged FX liability of USD 10.4 million, and any change in the official rate makes the entity vulnerable to significant FX loss. As a mitigation, BIHBV initiated in 2024 the process to take over an external debt of USD 2.2 million at USD 400,000 from subsidiary in Myanmar. This debt will be converted into equity if the situation requires. BIHBV is in touch with other external lenders of subsidiary in Myanmar and will start discussions on the potential settlement and restructuring of the international loans in the Myanmar operation.

- **Interest rate risk and cash flow risk:** The Foundation's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to group members and the voluntary savings deposits, which provide greater certainty about cash flows. In some cases, the foundation is able to prepay its borrowings, which mitigates against the risk of falling interest rates. The Foundation holds fixed deposits, but these are relatively short-term and can be requested upon demand. The Foundation does not engage in speculative transactions or take speculative positions on interest rates. The group is also exploring tools for scenario analysis to

understand the impact of potential rate changes on both Microfinance and NGO financial sustainability.

- **Market risk:** Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates, inflation, political instability and donor exits, all of which can threaten the viability of both NGO and MFIs. While MFIs are more exposed to local economic cycles, NGOs may face funding disruptions. Overall responsibility for management of market risks rests with the Country Directors and CEOs. Executive Management is responsible for the development of detailed risk management policies and for the implementation of those policies. Mitigation measures include, for instance, limits on open foreign currency positions, ensuring loans are secured from lenders at prevailing market prices and monitoring the pricing of loans extended to borrowers for competitiveness relative to the wider market and having a diverse donor portfolio for NGO while continuously seeking new partnerships.
- **Liquidity risk:** Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timely and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity pressures may stem from donor payment delays, loan repayment cycles, or unexpected funding gaps. NGO entities mitigate this through cash flow planning aligned with donor schedules. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Foundation and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated, and necessary arrangements are put in place in order to ensure that all future cash are met from the working capital generated by the Foundation and from available financial institution facilities.
- **Fraud and Non-compliance risk:** SBI has zero tolerance for fraud and corruption, meaning that staff members, non-staff personnel, vendors, implementing partners and responsible parties are not to engage in fraud or corruption. The Foundation's management takes appropriate actions against identified fraud through an Investigation Review Committee (IRC). Fraud risk and non-compliance are evaluated through effective review by Internal Audit Team and Monitoring and Evaluation teams to ensure staff compliance with the foundation's policies, including the code of conduct, and whistle-blower policy as outlined in Human Resources Policies and Procedures. In adherence to three lines of defence concept, SBI has a separate investigation function in place at the group level that drives all investigation needs across the group. It puts forward findings along with necessary recommendations as appropriate to the IRC. In addition, the updated AML/CFT policy was developed. A detailed level training session has taken place at the group level and currently socialisation of the updated policy across the countries is being conducted.
- **Financial reporting risks:** Inaccurate or delayed reporting—whether donor-related, regulatory, or internal—can result in compliance issues and erode stakeholder confidence. This risk is mitigated through multi-level financial review, internal audits, and staff training. Group-wide efforts are focused on aligning reporting templates, enhancing automation, and strengthening capacity. External audit of the Foundation and all of its subsidiaries are undertaken annually. For the

consolidated financial statements of Stichting BRAC International, Dutch Accounting Standard 640 of Dutch GAAP is applied. The subsidiaries submit additional Group Reporting Pack following the Dutch GAAP to support the consolidation process.

Outlook for 2025

In 2025 Stichting BRAC International will continue its focus on developing integrated programmes that holistically address problems at the community level. The flagship AIM programme will run its third cohort, learning from the lessons of the first & second cohort implementation. The Climate Hub has begun its operations, focusing on addressing issues related to climate change across BRAC and SBI, which is becoming an increasingly urgent issue and requires support interventions across countries in the global south. Processes are ongoing to register NGO operations in Ghana, and both NGO and microfinance operations in Kenya. The decision to begin operations in Kenya was reinforced by findings of a comprehensive country selection process conducted in late 2019, and a second thorough assessment highlighted a significant opportunity for SBI to create meaningful, large-scale impact in Kenya, in line with its mission.

Following their singular bottom line of achieving Impact at Scale, SBI's Microfinance operations have set the aim to reach almost 1.1 million clients across 8 countries within 2025. Considering that nearly half of SBI MF's clientele are of age between 18 to 35, BIHBV will focus on promoting entrepreneurship and sustainable livelihoods for youth and young adults by testing and scaling appropriate packages of financial and non-financial products.

The Ultra-Poor Graduation Initiative is deepening its country presence and is taking a Big Bets approach to scaling their operations in key countries including India, Indonesia, and Rwanda by investing in long-term government partnerships. UPGI is planning to pursue additional Big Bets and raise further funding to support these efforts in 2025.

BRAC International Enterprise B.V. (BIEBV)'s priorities for 2025 include strengthening the existing enterprises and reviewing their viability and impact potential, while exploring other possible expansion opportunities through the development and microfinance programmes. As such, BIEBV will develop a plan to grow its portfolio, together with a financing strategy that will consider multiple funding and structuring options.

The organisation is working to digitise its systems and processes, strengthening capacity, and focusing on investing in human resources to build stronger systems for the upcoming years. Investments in capacity building over these years will act as the building blocks for impactful, scalable programming in the next 5 years. As a women-centred organisation, SBI always prioritises ensuring inclusivity and gender-neutrality in all contexts, and maintaining the gender ratio across all levels of staff in the organisation remains a priority for this year as well.

Subsequent events

On March 28, 2025, Myanmar was struck by a devastating 7.7-magnitude earthquake centered in the central region near the borders of Sagaing and Mandalay. The strongest earthquake in decades resulted in over 3,600 deaths and more than 5,000 injuries and destroyed or damaged nearly 49,000 homes. The earthquake affected 23 branch offices of BRAC Myanmar Microfinance Company Ltd (BMMCL), out of which six were seriously affected. Based on the initial assessment, around 4,811 clients were affected directly or indirectly by the earthquake. Out of them, around 1,000 clients lost their business with an outstanding portfolio of around USD 200,000. The management has provided initial food and cash support to the affected clients and is now working with severely affected clients, focusing on business recovery.

On 5 June 2025, BRAC Kenya Limited (BKL) received a Digital Credit Provider (DCP) license from the Central Bank of Kenya. With this license, BKL can operate as a credit-only microfinance institution.

Subsequent to the reporting date, in June 2025, consolidated entity BRAC Sierra Leone Microfinance Limited breached the required PAR 30 ratio under its financing agreements with International lenders. The Group has obtained waivers from the banks in respect of this covenant breach until December 2025.

On March 2025, SBI started partnership with IPA in Nigeria to develop a Path-to-impact plan with recommendations for next steps in both implementation and learning.

The above events are treated as non-adjusting events and hence no entries are made in the financial statement related to such.

The Management Board's responsibility statement

The Foundation's Management Board is responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet as at 31 December 2024, the statements of income and expenses and the cash flow statement for the year then ended, and the notes to the financial statements.

The Management Board's responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Management Board's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Foundation has open and constructive communication methods to inform all stakeholders on a regular and proactive basis.

Signing-off by board

The Management Board prepared the financial statements and recommended the Supervisory Board approves the 2024 financial statements.

The Hague, 3 July 2025

Signed:

Mr. Shameran Abed
Executive Director

Mr. Gregory Cheng-Hue Chen
Managing Director, UPGI

Consolidated balance sheet as at 31 December 2024

(before appropriation of result)

		2024		2023	
		USD	USD	USD	USD
Fixed assets					
Intangible fixed assets	1	4,378,920		5,293,967	
Tangible fixed assets	2	8,637,532		8,524,223	
Financial fixed assets	3	19,181,483		14,046,300	
			32,197,935		27,864,490
Current assets					
Inventories	4	1,050,926		504,973	
Loans to customers	5	233,350,212		184,782,430	
Trade and other receivables	6	24,016,974		18,043,961	
Cash and cash equivalents	7	124,121,313		152,610,831	
			382,539,425		355,942,195
Total assets			414,737,360		383,806,685
Group reserves					
General reserves	8	148,400,546		143,985,977 ¹	
Legal reserves		510,146		3,117,648	
Foreign Currency translation reserve		(29,323,220)		(31,559,169) ¹	
			119,587,472		115,544,456 ¹
Minority interests		8,930,817		7,525,721	
			128,518,289		123,070,179
Non-current liabilities	9		65,635,385		72,554,374
Current liabilities					
Donor Funds	10	64,332,048		69,351,246	
Loan Security Fund	5	28,491,533		30,934,315	
Deposits from savers	5	40,473,135		24,189,799	
Current portion of the borrowings	9	66,772,998		42,211,622	
Other current liabilities	11	20,513,972		21,495,150	
			220,583,686		188,182,132
Total liabilities and reserves			414,737,360		383,806,685

The notes on pages 31 to 91 are an integral part of these consolidated financial statements.

¹Adjusted for comparison purposes, reference is made to note B.1.

Consolidated statement of income and expenses for the year ended 31 December 2024

		2024		2023	
		USD	USD	USD	USD
Income					
Grant income	13	70,065,571		70,069,622	
Other operating income	17	4,016,842		5,100,933	
Total operating income, excl. net interest income		74,082,413		75,170,555	
Interest income	14	93,863,456		83,431,883	
Other interest and similar income	15	15,192,592		13,709,367 ¹	
Interest and similar income		109,056,048		97,141,250 ¹	
Interest and similar expense	16	(25,647,114)		(22,719,960) ¹	
Net interest and similar income		83,408,935		74,421,290 ¹	
Total operating income, incl. net interest income		157,491,347		149,591,847 ¹	
Expected credit losses	22	(8,366,132)		(3,395,077)	
Net operating income			149,125,216		146,196,770 ¹
Cost of outsourced work and other external costs	18	(65,784,778)		(66,113,189)	
Wages and salaries	19	(58,503,434)		(52,505,620)	
Social security and pension charges	20	(6,707,811)		(4,885,205)	
Amortisation and depreciation on intangible and tangible fixed assets	1&2	(3,683,419)		(3,211,196)	
Other operating expenses	21	(5,666,729)		(6,643,589)	
Total operating expenses			(140,346,172)		(133,358,800)
Result before tax			8,779,044		12,837,970 ¹
Net (Loss)/Gain on Monetary Assets	B.3		(1,016,843)		(2,284,316)
Tax on result	23		(5,332,985)		(7,672,707)
Result after tax (carried forward)			2,429,215		2,880,947 ¹

¹Adjusted for comparison purposes, reference is made to note B.1.

Stichting BRAC International

	2024	2023
	USD	USD
Brought forward	2,429,215	2,880,947 ¹
Minority interests	(1,148,737)	38,357
Net result	1,280,478	2,919,302 ¹

¹Adjusted for comparison purposes, reference is made to note B.1.

The notes on pages 31 to 91 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2024

	2024		2023 ¹	
	USD	USD	USD	USD
Consolidated result after tax attributable to the Foundation		1,280,478		2,919,302 ¹
Translation differences on foreign participating interests	2,258,403		(5,583,648) ¹	
Other comprehensive income	2,514,762		(5,784,002) ¹	
Minority Interest	(256,359)		200,354 ¹	
Total of items recognised directly in reserves of the Foundation as part of the group reserves		2,258,403		(5,583,648) ¹
Comprehensive income/ (loss)		3,538,881		(2,664,345) ¹

¹Adjusted for comparison purposes, reference is made to note B.1.

The notes on pages 31 to 91 are an integral part of these consolidated financial statements.

Consolidated statement of changes in reserves for the year ended 31 December 2024

	General Reserve	Legal Reserve	Foreign currency translation reserve	Total
	USD	USD	USD	USD
As at 1 January 2023	140,185,448	3,696,834	(25,673,481)	118,208,801
Unappropriated result for the year	3,800,529 ¹	(881,227) ¹	-	2,919,302 ¹
Foreign currency translation differences		302,041 ¹	(5,885,688) ¹	(5,583,647)
As at 31 December 2023	143,985,977¹	3,117,648	(31,559,169)¹	115,544,456
Impact of Hyperinflationary Accounting RJ122	504,135	-	-	504,135
As at 1 January 2024	144,490,112	3,117,648	(31,559,169)	116,048,591
Unappropriated result for the year	3,910,434	(2,629,956)	-	1,280,478
Foreign currency translation differences	-	22,454	2,235,949	2,258,403
As at 31 December 2024	148,400,546	510,146	(29,323,220)	119,587,472

¹Adjusted for comparison purposes, reference is made to note B.1.

The notes on pages 31 to 91 are an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2024

		2024		2023	
		USD	USD	USD	USD
Cash flow from operating activities					
Net result			1,280,478		2,919,302 ¹
Adjusted for:					
— Depreciation/amortisation/ other value adjustments	1,2	3,677,777		3,211,196	
— Expected Credit loss	22	5,586,293		3,395,077	
— Fair value movement on derivatives	16	1,595,870		(2,704,047)	
— Interest expenses	16	16,820,791		15,589,004	
— Interest income		(93,863,456)		(83,431,883) ¹	
— Bank Interest Income	15	(4,545,516)		(3,222,036)	
— Tax on result	23	5,872,664		7,672,707	
— Change in minority interest	8	1,148,737		(38,357)	
— Other movements in Borrowings	9	(503,393)		532,780	
— Changes in working capital:					
✓ Change in inventories		(545,953)		136,496	
✓ Change in trade and other receivables		(6,675,912)		(4,178,671)	
✓ Change in collateral deposits		(6,994,347)		3,900,000	
✓ Change in other liabilities		(2,397,835)		(8,278,844) ¹	
✓ Change in Donor grants		(5,019,198)		(16,553,267)	
✓ Change in Loan security fund		(2,442,782)		1,883,887	
✓ Change in Deposit from Savers		16,451,374		4,580,157	
			(71,834,886)		(77,505,800) ¹
Cash flow from business operations			(70,554,408)		(74,586,498) ¹
Loans to customers distributed	5	(478,552,708)		(417,992,893)	
Loans to customers repayment	5	429,463,883		385,288,018	
Interest received	5	94,067,443		81,195,620 ¹	
Interest paid - savings		(2,973,165)		(1,883,395)	
Interest paid on borrowings		(13,675,919)		(13,429,892)	
Income tax paid		(4,532,459)		(5,530,994)	
Bank Interest Income received		5,248,415		3,222,036	
			29,045,489		30,868,500 ¹
Cash flow from operating activities (carried forward)			(41,508,919)		(43,717,999) ¹

Stichting BRAC International

		2023	2023
		USD	USD
Brought forward		(41,508,919)	(43,717,999) ¹
Investments in:			
— Tangible fixed assets	2	(2,751,444)	(4,642,048)
— Intangible fixed assets	1	(55,994)	(1,487,331)
Disposals of (in)tangible fixed assets		245,245	309,382 ¹
Cash flow from investing activities		(2,562,193)	(5,819,997) ¹
Increase in borrowings	9	61,524,437	39,850,389
Repayment of borrowings	9	(45,779,933)	(24,774,306)
Cash flow from financing activities		15,744,504	15,076,083
Net cash flow		(28,326,607)	(34,461,913)
Exchange rate and translation differences on cash and cash equivalents		(162,911)	2,044,505¹
Changes in cash and cash equivalents		(28,489,518)	(32,417,407)
		2024	2023
		USD	USD
Cash and cash equivalents as at the beginning of the financial year		152,610,831	185,028,238
Changes in cash and cash equivalents		(28,489,518)	(32,417,407)
Cash and cash equivalents as at the end of the financial year		124,121,313	152,610,831

¹Adjusted for comparison purposes, reference is made to note B.1.

The notes on pages 31 to 91 are an integral part of these consolidated financial statements.

Notes to the 2024 consolidated financial statements

A. The reporting entity

Stichting BRAC International ('the Foundation'), has its legal address in the Hague and its office address at Zuid Hollandlaan 7, 2596 AL, the Hague, is a Foundation under Dutch law and is registered under number 27339472 in the Trade Register.

Stichting BRAC International's vision is to develop into a just, enlightened, healthy, and democratic society free from hunger, poverty, environmental degradation, and all forms of exploitation based on age, sex, and ethnicity.

To achieve this vision, the Foundation, through its subsidiaries (both for profit and not for profit) uses a comprehensive approach to poverty reduction which strategically links programmes in Economic Development (Microfinance and Social Enterprise), to create and protect the livelihoods of poor people.

The Foundation's business model strongly reflects its philosophy, the core elements of the business model are BRAC's community outreach-based delivery methodology and its unwavering focus on borrowers at the poorer end of the poverty spectrum. These two principles which distinguish the Foundation and its subsidiaries from other microfinance and social business operators in Asia and Africa, are apparent in the way BRAC has designed its operations.

The Foundation's operations are of three types, Microfinance, Social Enterprise and Donor Funded Development programmes.

A.1 Financial reporting period

The financial statements are for the year from 1 January 2024 to 31 December 2024. The comparatives consist of the year 2023, which ended as at 31 December 2023. Refer to the note on accounting policies, paragraph 'general' for the changes made in the comparative figures.

A.2 Basis of preparation

The consolidated financial statements of the Foundation are part of the statutory financial statements of the Foundation and have been prepared in accordance with the Guidelines for annual reporting RJ 640 for the Reporting of not-for-profit organizations' of the Dutch Accounting Standard.

The impairments of loans granted and other receivables are measured in accordance with IFRS 9 as allowed by Dutch Accounting Standard Board.

The accounting policies applied for measuring assets and liabilities and the determination of result are based on the historical cost convention, unless otherwise stated in the further principles.

The financial information of the Foundation is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the stand-alone statement of income and expenses of the Foundation exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

A.3 Going concern

These financial statements of the Foundation have been prepared on the basis of the going concern assumption.

B. Accounting policies for the measurement of assets and liabilities and the determination of the result

B.1 General

The figures for 2023 have been reclassified for comparison purposes and increased transparency, resulting in a better reflection of the operations of the Foundation. Reclassifications are as follows:

- Foreign exchange loss on monetary assets and liabilities in amount of USD 3,341,647 has been presented under Interest and similar expense in the consolidated statement of income and expenses from Translation differences on foreign participating interests in the consolidated statement of comprehensive income.
- Foreign exchange gain on monetary assets and liabilities in amount of USD 1,614,329 has been presented under Other interest and similar income in the consolidated statement of income and expenses from Translation differences on foreign participating interests in the consolidated statement of comprehensive income.
- In addition to the above the translation difference (loss) on foreign participating interests in amount of USD 3,856,329 has been separately presented in the consolidated statement of comprehensive income.
- As a result of above, Comprehensive income for 2023 financial year has been adjusted by USD 5,583,646 and changes from Comprehensive income in amount of USD 2,919,301 into Comprehensive loss in amount of USD 2,664,345.
- The consolidated cash flow statement and consolidated statement of changes in reserves have been adjusted respectively.
- Foreign currency translation reserve has been separately included on the Balance sheet in amount of USD 31,559,169 (negative) and the General reserves has been increased similar amount of USD 31,559,169.
- In addition, "Interest received" in amount of USD 81,195,620 has been presented as cash inflow from operating activities and respective adjustment for non-cash transactions included as "Interest income" in amount of USD 83,431,883. Previously such cash flow has been presented on net basis as "Other movements in loans" in amount of USD (2,236,263).

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits

and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Foundation. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party. Further, assets and liabilities are no longer recognised in the balance sheet if economic benefits are no longer probable and/or cannot be measured reliably anymore. In such cases, the results of the transaction are directly recognised in the statement of income and expenses, considering any provisions related to the transaction.

If assets are recognised of which the Foundation does not have the legal ownership, this fact is being disclosed.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Foundation has provided the services to the customer based upon the finance agreements.

B.2 Functional and presentation currency

The financial statements are presented in United States dollars (USD), which is the Foundation's functional currency.

B.3 Use of estimates and judgements

The preparation of financial statements in conformity with the Netherlands Civil Code requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only

Policy	Judgements	Estimates
Allowance of Expected Credit Losses (ECL) on loans to customers	• Identification of staging of the loan portfolio. • Criteria for a significant increase in credit risk. • Identification of credit-impaired loans	• Back testing to calculate the historical default rate. • Forward looking trends estimate. • Identifying impact of macroeconomic factors • Back testing to calculate default rates of credit impaired loans
Hyperinflation	• Determining whether the economy of a country meets the criteria for hyperinflation as per DAS 122. • Selection of appropriate sources for CPIs.	• Estimation of CPI rates.

that period or in the period of the revision and the future periods if the revision affects both current and future periods.

The following accounting policies are in the opinion of management the most critical in preparing this financial statement and require judgments, estimates and assumptions:

B.4 Consolidation principles

B.4.1 Consolidation scope

The consolidated financial statements include the financial information of the Foundation, its group companies and other companies over which the Foundation can exercise control. Control exists when the Foundation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Group companies are participating interests in which the Foundation has a direct or indirect controlling interest. In assessing whether controlling interest exists, potential voting rights are taken into account that are currently exercisable and as a result will provide the Foundation with more or less influence.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

B.4.2 Consolidation method

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of the result of the group.

In the consolidated financial statements, intragroup shareholdings, debts, receivables, and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the Foundation has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company.

Group companies are consolidated in full, whereby the minority interest is presented separately within equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder. The minority interest in the result is deducted from group result on a separate line item in the consolidated statement of income and expenses.

B.4.3 Group structure of Stichting BRAC International

The following group companies have been consolidated under Stichting BRAC International:

Name	Legal address	2024 share of interest %	2023 share of interest %
BRAC International Holding B.V. **	The Hague, The Netherlands	100	100
BRAC International Enterprises B.V. ***	The Hague, The Netherlands	100	100
BRAC Liberia	Monrovia, Liberia	Branch	Branch
BRAC Sierra Leone	Freetown, Sierra Leone	Branch	Branch
BRAC Philippines	Manila, Philippines	Branch	Branch
BRAC Nepal	Kathmandu, Nepal	Branch	Branch
BRAC Myanmar****	Yangon, Myanmar	Branch	Branch
BRAC Rwanda	Kigali, Rwanda	Branch	Branch
BRAC Uganda*	Kampala, Uganda	—	—
BRAC Afghanistan*	Kabul, Afghanistan	—	—
BRAC Maendeleo Tanzania*	Dar es Salaam, Tanzania	—	—
BRAC South Sudan*	Juba, South Sudan	—	—
BRAC Kenya	Nairobi, Kenya	Branch	Branch

* The entities with no share of interest are locally established limited companies by guarantee and having no share capital. Stichting BRAC International has control over the governance and operational policy of these entities and is able to appoint directors. Therefore, these entities are consolidated in full. BRAC South Sudan was deregistered on 30 November 2024.

** BRAC International Holdings B.V. (BIHBV) is an intermediate holding to govern all microfinance operations in the countries. The underlying entities operating microfinance operation in countries are summarised in the next section.

*** BRAC Uganda Social Business, BRAC Enterprise Tanzania Limited and BRAC Enterprise Liberia Limited (registered in Jan'23 & Operation discontinued in Dec'24) are subsidiaries of this intermediate holding BRAC International Enterprise B.V.

**** BRAC Myanmar operation was terminated on 31 December 2024.

The goals of the consolidated group companies are aligned with the goals of the Foundation as set out in the Management Board report. Within these consolidated group companies, at least one of the executives of the Foundation is involved as member of the Board of Directors of the local entity.

B.4.4 Consolidated entities of BRAC International Holdings B.V.

Stichting BRAC International holds 100% shares of BRAC International Holdings B.V. which consolidates all the Microfinance operations under its wing. BRAC International Holdings B.V. has consolidated interests in the companies below:

Name	Legal address	2024 share of interest %	2023 share of interest %
BRAC Microfinance (SL) Ltd	Freetown, Sierra Leone	100	100
BRAC Liberia Microfinance Ltd	Monrovia, Liberia	100	100
BRAC Rwanda Microfinance Co. PLC	Kigali, Rwanda	100	100
BRAC Tanzania Finance Ltd	Dar es Salaam, Tanzania	100	100
BRAC Zanzibar Finance Ltd**	Mbweni, Zanzibar	100	100
BRAC Uganda Bank Ltd*	Kampala, Uganda	49	49
BRAC Myanmar Microfinance Company Ltd	Yangon, Myanmar	100	100
BRAC Ghana Savings and Loans Ltd.	Accra, Ghana	100	100
BRAC Lanka Investments (Private) Ltd****	Colombo, Sri Lanka	100	100
BRAC International Finance B.V.	The Hague, The Netherlands	100	100
BRAC Kenya Company Limited***	Nairobi, Kenya	100%	N/A
BRAC International Holdings B.V. Kenya	Nairobi, Kenya	Branch	Branch

*BRAC Uganda Bank Ltd is consolidated fully, despite having a 49% shareholding, as BIHBV exercises control over the entity. Given that BIHBV has the ability to appoint a majority of the members of the Board of Directors of BRAC Uganda Bank Ltd, the entity is considered to meet the definition of a 'subsidiary' under Dutch law.

**BRAC Zanzibar Finance is 100% owned by BRAC Tanzania Finance.

***BIHBV set up a new company in Kenya (BRAC Kenya Company Limited) in February 2024 to start microfinance operations in Kenya. The company applied for a digital credit provider license in June 2024. The application is still under review by the regulator.

****The entity in Sri Lanka is a dormant entity since 2014.

B.4.5 Business combinations under common control

A business combination is a transaction whereby the group obtains control over the assets and liabilities, and activities of the acquired party.

A business combination under common control is a business combination of an entity that is under common control with the acquirer. Such business combinations are also referred to as common control transactions.

Business combinations under common control are accounted for using the 'carry-over accounting' method.

B.5 Principles for the translation of foreign currency

B.5.1 Transactions in foreign currencies

At initial recognition, transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in the statement of income and expenses in the period in which the exchange difference arise, except for exchange differences on monetary items that are part of a net investment in a foreign operation.

Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost, are translated into the functional currency at the exchange rates applying on the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at current value, are converted into the functional currency at the exchange rate at the time when the actual current value was determined.

B.5.2 Foreign operations

The assets and liabilities that are part of the net investment in a foreign operation are translated into the presentation currency at the exchange rate prevailing at the balance sheet date. The revenues and expenses of such a foreign operation are translated into the presentation currency at the exchange rate on the transaction date. Currency translation differences are recognised in the Foreign currency translation reserve.

A group company that has received a loan from the parent recognises any translation differences in the statement of income and expenses, even if the loan is regarded by the parent as part of a net investment in a foreign operation.

B.6 Discontinued Operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business and geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business and geographic area of operations;
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or the operation meets the criteria to be classified as held for sale.

In November 2024, BRAC South Sudan was officially deregistered. Additionally, management has taken the decision to discontinue operations in BRAC Myanmar, citing the unavailability of sufficient donor funding. Consequently, the business license for BRAC Myanmar was not renewed as from 1 January 2025. As per management decision

Stichting BRAC International

BRAC Enterprise Liberia Limited has also ceased operations due to the lack of viable business opportunities. BRAC Myanmar and BRAC South Sudan are the direct subsidiaries of SBI and BRAC Enterprise Liberia Limited is the direct subsidiary of BIEBV.

The financial impact of these entities are as below:

A. Results of discontinued operation

The financial results of the discontinued subsidiaries for the year ended 31 December 2024 are as follows:

	BRAC South Sudan	BRAC Myanmar	BRAC Enterprises Liberia Limited	Elimination of intra-group transactions	Discontinued operation results after the elimination
Income					
Grant income	105,486	258,628	-		364,114
Other income	1,042,783	-	159,938	(960,845)	241,876
Total Income	1,148,269	258,628	159,938	(960,845)	605,989
Operating Expenditure					
Staff costs and other benefits	283,416	107,791	76,792		467,999
Other general & administrative expenses	485,015	127,594	230,604	(4,356)	838,857
Depreciation	19,680	2,304	(1,048)		20,936
Total Operating Expenditure	788,111	237,689	306,348	(4,356)	1,327,792
Tax for the year	-	-	-	-	-
Profit /(Loss) for the year	360,158	20,938	(146,410)	(956,489)	(721,803)

B. Cash flows from (used in) discontinued operation

For the year ended 31 December 2024

	BRAC South Sudan	BRAC Myanmar	BRAC Enterprises Liberia Limited
Net Cash flow from operating activities	(445,384)	(80)	(145,285)
Net cash flow from investing activities	(16,300)	-	(4,200)
Net cash flow from financing activities	-	-	50,337

C. Financial position of the of the discontinued operation as on discontinued date

	BRAC South Sudan	BRAC Myanmar	BRAC Enterprises Liberia Limited
	As on 30 Nov 2024	As on 31 Dec 2024	As on 31 Dec 2024
Total Assets	-	178,576	8,820
Total liabilities	556,007	124,248	42,739

B.7 Financial instruments

Financial instruments include investments in shares, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: investment in share, deposits, loans to customers, trade and other receivables, other financial liabilities and cash & cash equivalents.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability, or equity instrument.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the statement of income and expenses at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

B.7.1 Loans to Customers and Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less provision for the expected credit losses. The effective interest and expected credit losses, if any, are directly recognised in the profit and loss account. Loans and advances are shown at the gross amount adjusted for any provision for expected credit losses.

Loans originated by the microfinance companies by providing finance directly to borrowers are categorised as loans to programme participants (group members or individuals) and are carried at amortised cost on the basis of the effective interest method.

B.7.2 Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

B.7.3 Derivatives

The Foundation uses derivative financial instruments, such as forward currency contracts and cross currency swaps. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of every financial reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains and/or losses are recognized in the statement of income and expenses.

B.7.4 Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

- The fair value of listed financial instruments is determined on the basis of the exit price.
- The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.
- The fair value of derivatives involving the exchange of collateral is determined by discounting the cash flows to present value, applying a risk-free swap curve. This is used because the credit and liquidity risk is mitigated by the collateral exchange.
- The fair value of derivatives that do not involve exchange of collateral is determined by discounting the cash flows to present value, applying the relevant swap curve plus credit and liquidity surcharges.

B.7.5 Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Foundation has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

B.8 Intangible fixed assets

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Foundation and the cost of that asset can be measured reliably.

Intangible fixed assets are stated at acquisition or construction cost, less accumulated amortisation, and impairment losses.

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenses. The accounting principles for the recognition of an impairment are included under the section Impairments of fixed assets.

The capitalised amount is amortised on a straight-line basis over the terms of the contract.

B.8.1 Software licenses

Software licenses are stated at cost less accumulated amortisation and impairment losses. The capitalised amount is amortised on a straight-line basis 25% each year. BRAC considers the useful life of the acquired software to be four years and the software is amortised on a straight-line basis.

B.8.2 Prepayments on intangible fixed assets

Prepayments on intangible fixed assets are valued at cost. Prepayments on intangible fixed assets are not amortised. No amortisation is recognized over the capital work in progress.

B.9 Tangible fixed assets

B.9.1 Recognition and measurement

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Foundation and the cost of that asset can be measured reliably.

Land and buildings, plant and equipment, other fixed operating assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, plus other costs that are necessary to get the assets to its location and condition for its intended use.

Donor grants for specific assets are deferred and released to the statement of income and expenses in accordance with the depreciation period of the related assets.

Gains and losses on disposal of an item of tangible fixed assets are determined by comparing the proceeds from disposal with the carrying value of tangible fixed assets and recognised net with other income in the statement of income and expenses.

B.9.2 Depreciation

Depreciation is recognised in the statement of income and expenses on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account any estimated residual value of the individual assets. No depreciation is recognised on land, tangible fixed assets under construction and prepayments on tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

The estimated depreciation rates for the current and comparative periods are as follows:

Figures in percentage	2024	2023
Buildings	5	5
Plant & Equipment	20	20
Computers	33.33	33.33
Motor vehicles	20	20
Other	10	10

Assets that are taken out of service are stated at the lower of book value or net realisable value.

B.10 Financial fixed assets

B.10.1 Participating interests with significant influence

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. If measurement at net asset value is not possible because the information required for this cannot be obtained, the participating interest is measured according to the visible equity. In assessing whether the Foundation has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

The net asset value is calculated on the basis of the Foundation's accounting policies. If the Foundation transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised. Results on transactions involving transfer of assets and liabilities between the Foundation and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Foundation fully or partially guarantees the debts of the relevant participating interest, or if it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Foundation on behalf of the participating interest.

This provision is primarily charged to the non-current receivables on the respective participating interest that can be regarded as part of the net investment, and for the remainder it is presented under provisions.

B.10.2 Participating interests with no significant influence

Participating interests where no significant influence can be exercised are measured at the current value (fair value through the income and expenses statement).

B.10.3 Other financial fixed assets

The further accounting policies for other financial fixed assets are included under the heading financial instruments and Corporate Income tax.

B.10.4 Dividends

Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognised as income from

participating interests (under financial income) in the period in which the dividends become payable.

B.11 Impairment of fixed assets

Intangible, tangible and financial fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet.
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

B.12 Disposal of fixed assets

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

B.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes the expenses for acquisition or manufacture, plus other expenditure to bring the inventories to their present location and condition. Net realisable value is based on the most reliable estimate of the amount the inventories will generate at the most, less costs still to make. Finished goods are carried at the lower of cost price and fair value in accordance with the first-in, first-out (FIFO) principle and market value.

The measurement of inventories includes possible impairments that arise on the balance sheet date.

B.14 Impairment of financial assets

The Foundation followed the guidance of IFRS 9 which is also acceptable under Dutch accounting principles. It follows the 'expected credit loss' (ECL) model. It requires the Foundation to measure ECL on a forward-looking basis reflecting a range of future economic conditions. Management judgement is applied to determining the economic scenarios using the probability weightings applied to them and the associated impact on ECL.

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost (loans to customers, cash and cash equivalents, and trade and other receivables).

Management assesses the adequacy of allowance for impairment based on the age of the loan portfolio.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group measures loss allowances at an amount equal to lifetime ECLs.

The Foundation reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statements. Judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required.

To determine the ECL the Group used a 4-step approach:

Step-1: Determination of Staging

The Group monitors the changes in credit risk in order to allocate the exposure to the correct staging bucket. Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12 months ECL) and stage 2 loans (lifetime ECL) for calculating the ECL provision. The current loans overdue below 31 days are considered stage 1. Any loans overdue for 31–90 days are recognised as stage 2 loans. Loans overdue for more than 90 days are recognized as stage 3 loans.

Step-2: ECL based on back testing

To avoid the complexity of calculating the separate probabilities of default and loss given default, the Group uses a 'loss rate approach' for the measurement of ECLs under IFRS 9. Using this approach, the Group used loss-rate statistics based on the net amounts written off over the last five years (Gross write-off less subsequent recovery) over the total amount of loan disbursements. The historical loss rates include the impact of security deposits which are adjusted with overdue amounts before loans are written off. The average loss rate is then used on all Stage 1 and 2 loans to calculate the ECL on back-testing rates.

ECL on Forward looking

The forward-looking element of the ECL model is constructed by looking at the trend in net write-off information from the prior three years and applying a projected loss rate in order to anticipate any increase /decrease in future losses.

Step 3: ECL on Stage 3 loans

The Group considers a loan to be credit-impaired when it is overdue for more than 90 days. The ECL applied to net stage 3 loans on the write-off rate from each of the brackets. The rates are below:

Overdue age	Loss rate used	
	2024	2023
91-180 days	50%	31%
181-365 days	100%	43%
365+ days	100%	52%

In 2024 the management used a standard loss rate of 50% for all loans between 91-180 days and 100% for loans over 180 days to standardise the risk approach for the Group. The loss rates are based on the management estimation of the increased risk of the overall microfinance operation and based on market environment. The loss rates are higher than the average loss rate for actual write-offs for each bucket.

Step 4: Management Overlay

The Group used a loss rate approach where management used an estimated default rate on the net outstanding portfolio. These rates were based on management's understanding of perceived risks in the market and their experience of managing clients at the ground level. The estimated ECL based on the loss rate was then compared with the total ECL derived under (Stage 1-3) and if the estimated ECL on the loss rate method is higher than the difference is booked as management overlay.

B.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include highly liquid investments with less than 90 days maturity from the date of acquisition, which is payable on demand, as well as cash in hand, deposits held at call with banks, subject to sweeping arrangements.

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Cash and cash equivalents that are not readily available to the Foundation within 12 months are presented under financial fixed assets.

B.16 Group Reserves

Within the reserve a distinction has been made in general reserve, legal reserve, and foreign currency translation reserve. The purpose of the general reserve is to create a sufficient buffer that can be used to complete pending programmes and with due observance of existing legal and moral obligations.

Due to the fact that Stichting BRAC International is not entitled to distribute any of the entities reserves of BRAC BRAC Maendeleo Tanzania, BRAC Uganda Limited, BRAC Afghanistan and BRAC South Sudan entities, its share in the reserves from the above countries is recorded in a legal reserve. The entities with no share of interest are locally established limited companies by guarantee and having no share capital.

B.17 Foreign currency translation reserve

Exchange gains and losses arising from the translation of the functional currency of foreign operations to the reporting currency of the parent are accounted for in this legal reserve.

B.18 Minority interests

Minority interests are measured at the third party's share in the net value of the identifiable assets, liabilities of a consolidated entity, determined in accordance with the Foundation's measurement principles.

B.19 Non-current liabilities

The recognition and measurement of non-current liabilities is explained under the heading 'Financial instruments'.

B.20 Current liabilities

The recognition and measurement of current liabilities is explained under the heading 'Financial instruments'.

B.21 Donor grants and grant income

All donor grants received are initially recognised as grant received in advance at fair value and recorded as liabilities.

Donor grants are recognised if there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as grant income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Stichting BRAC International normally raises its fund through discussion with various donors and stakeholders. It also follows a competitive process where it submits its proposal to multinational donor organisations and gets selected based on merit.

B.22 Interest income on loans and advances

Interest income is recognised in the statement of income and expenses based on the effective interest rate method. The effective interest rate is the rate that exactly discounts estimate future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Foundation shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are integral part of the effective interest rate of a financial instrument including transaction costs, and all other premiums or discounts where applicable.

Interest income on loans and advances on regular loans that is, loans where no amounts are overdue as at the end of the reporting period are recognised on an accrual basis as income. The recognition of Interest income on loans and advances ceases when the loan is transferred to non-interest-bearing loan. The below table summarises the BRAC Interest recognition policy:

Loan Maturity	BRAC Credit management
Within the maturity period	Current loan
12 months after the maturity period	Late loans
+12 months after the maturity period	Non-Interest-bearing loan

Cash flows from receipts of interest are presented as cash flows from operating activities.

B.23 Interest Expenses and Similar Charges

Interest expenses and similar charges such as premium, discount and redemption premiums are recognised based on Effective Interest Rate method.

The allocation of these interest expenses on the loan is the effective interest rate that is recognised in the statement of income and expenses. On the balance sheet, the amortised value of the debt(s) is recognised (on balance).

Any premiums and discounts on issued debt form part of amortised cost of the financial liability and subsequently part of effective interest rate.

B.24 Other Operating income

Other operating income comprises income mainly from sale of seeds & other Agri commodities and recovery of written off loans. Sale of seeds are recognised when the significant risk and rewards are transferred to the customers.

B.25 Other interest and similar income

Other interest income and similar income includes interest income from bank deposits, program participants admission fees, sale of passbook, fees and commission income.

B.26 Costs of outsourced work and other external costs

This includes costs incurred in order to support the operational activities, insofar as these costs have been charged by third parties and are not to be regarded as costs of raw materials and consumables.

B.27 Employee benefits

Employee benefits are charged to the statement of income and expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Foundation.

For benefits with accumulating rights, such as bonuses, the projected costs are taken into account during the employment. An expected payment resulting from bonus i.e. festival and other statutory bonus payments are recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

The provision for employee bonus incentive is based on a predetermined Foundation policy and is recognised in other accruals. The accrual for employee bonus incentive is expected to be settled within 12 months. If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the statement of income and expenses.

B.28 Pensions

Foreign Pension Plans

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (Foundation, fund, and members) are recognised and measured in accordance with Dutch pension plans (see below for an explanation about Dutch pension plans).

For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the commitment as at balance sheet date.

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably

estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other (explicit or implicit) commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date.

For any surplus at the pension fund as at balance sheet date, a receivable is recognised if the Foundation has the power to withdraw this surplus, if it is likely that the surplus will flow to the Foundation and if the receivable can be reliably determined.

B.29 Corporate income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the statement of income and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

For taxable temporary differences, a provision for deferred tax liabilities is recognised. For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax liability is recognised, unless the Foundation is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference can be utilised.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Foundation expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

B.30 Share in result of participating interests

The share in the result of participating interests consists of the share of the group in the result of these participating interests. Results on transactions, concerning the transfer of assets and liabilities between the group and a non-consolidated participating interest and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are measured in the group result from the date of acquisition or until the date of sale, respectively.

B.31 Leasing

The Foundation may enter into financial and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases.

All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, the Foundation assesses whether the lease classifies as a finance or operating lease.

B.32 Financial leases

If the Foundation acts as a lessee in a finance lease, at the inception of the lease the leased asset (and the related obligation) is accounted for in the balance sheet at fair value of the leased property or, if lower, the present value of the minimum lease payments. Both values are determined at the time of entering into the lease agreement. The interest rate used in calculating the present value is the interest rate implicit in the lease. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent measurement of the leased property are described under the heading 'Tangible fixed assets'. If there is no reasonable certainty that the Foundation will obtain ownership of a leased property at the end of the lease term, the property is depreciated over the shorter of the lease term and the useful life of the property.

The minimum lease payments are split into interest expense and redemption of the lease liability. The interest charges during the lease term are allocated to each period as such that its results in a constant periodic interest rate over the remaining net liability with regard to the financial lease. Conditional lease payments are recognised as an expense in the period that the conditions of payment are met.

B.33 Operating leases

If the Foundation acts as lessee in an operating lease, the leased property is not capitalised. Lease payments regarding operating leases are recognised to the statement of income and expenses on a straight-line basis over the lease term.

B.34 Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, demand deposits and highly liquid financial assets that are readily convertible to a known amount of cash without a significant risk of changes in value.

Cash flows in foreign currency are translated into US dollars using the average rate of exchange for the year. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities.

B.35 Related party transactions

Transactions with related parties are disclosed to the extent that the transactions were not at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

Related parties comprise of directors, subsidiaries of the foundation and BRAC International Holdings B.V., BRAC International Enterprise B.V., BRAC Bangladesh, BRAC USA, BRAC Europe and key management personnel of the Foundation and companies with common ownership and/or directors.

B.36 Hyperinflation

In presenting the results and financial position of any overseas operation whose reporting currency is deemed to be hyperinflationary, adjustments are made to reflect current price levels.

Under accounting standards, consolidated financial statements prepared based on historical cost must be adjusted with the current purchasing power when operations are in an economy with hyperinflation. This involves applying a general price index that enables the financial information of the subsidiaries operating in a hyperinflationary economy to be presented in the measuring unit in force at the reporting date. All non-monetary assets and liabilities of the subsidiaries operating in a hyperinflationary economy must therefore be adjusted for inflation in order to reflect changes in purchasing power at the reporting date.

Similarly, the statement of income and expenses is adjusted for inflation during the period. Monetary items do not need to be restated/adjusted as they already reflect purchasing power at the reporting date. Accounting standards do not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment.

In accordance with Dutch GAAP, an economy with cumulative 3-year inflation approaching 100% or more is deemed hyper-inflationary and requires hyper-inflation accounting to be applied.

Stichting BRAC International operates in 12 countries across Asia and Africa and monitors the inflation rates in an inflation dashboard which is used as one indication of the existence of hyperinflation, together with an assessment of other economic conditions.

Ghana and Sierra Leone have exceeded the three-year cumulative rate of inflation of 100% by the end of 2024 and 2023. The general price index used by Group for purposes of measuring inflation movements is the Consumer Price Index ('CPI') of the specific country and is obtained from the entity's central bank website. SBI has used hyperinflationary adjustments under Dutch GAAP (DAS 122) for the financial information of consolidated entities in Sierra Leone and Ghana.

The application of hyperinflation accounting includes the following adjustments:

- Adjustment of historical cost non-monetary assets, liabilities, and stated capital for the change in purchasing power caused by inflation from the date of initial recognition or contribution to the balance sheet date;
- Adjustment or contribution of the statement of income and expenses for inflation during the year;
- The statement of income and expenses is translated at the year-end foreign exchange rate instead of a monthly average rate;
- A net monetary gain or loss adjustment, recognised in the statement of income and expenses, to reflect the impact of inflation on holding monetary assets and liabilities in local currency; and
- Adjustment in the cash flow statement to reflect the current purchasing power.

On the first application of hyperinflationary accounting, non-monetary items were translated at the start of the financial year for the effect of (hyper)inflation from the dates on which the assets were acquired and liabilities were incurred. The difference with the previous measurement was recognised in reserves.

The impact of the implementation of hyperinflation in the consolidated financial statements of the SBI is as follows:

Consolidated Balance Sheet (Amounts in USD)

Particulars	Historical	Impact of hyperinflation	Adjusted
Total Assets	414,646,548	90,812	414,737,360
Total Liabilities	286,219,071	-	286,219,071
Total Equity	128,427,476	90,812	128,518,288

Consolidated Statement of income and expenses (Amounts in USD)

Particulars	Historical	Impact of hyperinflation	Adjusted
Profit for the year	3,498,372	(1,069,157)	2,429,215

Breakdown of P&L Impact for hyperinflationary accounting:

Particulars	Amount in USD
Loss on Net monetary position	(991,622)
Impact of CPI adjustment on other P&L items	(77,535)
Total loss due to hyperinflation adjustment on net result	(1,069,157)

B.37 Contingent assets and liabilities

The Foundation discloses a contingent liability where it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Foundation, or it is

not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Foundation discloses a contingent asset where it has a potential assets arising from events up to and including the balance sheet date, the existence of which depends on the occurrence or non-occurrence of one or more uncertain events in the future, without the legal entity being able to exercise decisive influence over them.

B.38 Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

1 Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Software USD	Capital work in progress USD	Total USD
Balance as at 1 January 2024:			
— Purchase price	6,048,950	882,638	6,931,588
— Accumulated amortisation and impairment	(1,637,619)	-	(1,637,619)
— Carrying amount	4,411,331	882,638	5,293,969
Impact of hyperinflationary accounting on 1 January 2024:			
— Purchase price	62,217	-	62,217
— Accumulated depreciation and impairment	(43,939)	-	(43,939)
Carrying amount as at 1 January 2024:	4,429,609	882,638	5,312,247
Changes in carrying amount:			
— Investments	51,574	4,420	55,994
— Amortisation	(948,788)	-	(948,788)
— Transfer	488,991	(488,991)	-
— Disposal purchase price	-	(93,589)	(93,589)
— Disposal accumulated depreciation	-	-	-
— Exchange rate differences purchase price	117,378	-	117,378
— Exchange rate differences accumulated depreciation	(64,322)	-	(64,322)
— Change in carrying amount	(355,167)	(578,160)	(933,327)
Balance as at 31 December 2024:			
— Purchase price	6,769,110	304,478	7,073,588
— Accumulated amortisation and impairment	(2,694,668)	-	(2,694,668)
— Carrying amount	4,074,442	304,478	4,378,920

The intangible fixed assets consist of expenditure on software licences purchased from third parties, mainly related to the implementation of the digital field application in Uganda. The pilot of the application started in 2025.

2 Tangible fixed assets

Movements in tangible fixed assets were as follows:

	Land and buildings USD	Plant and equipment USD	Motor Vehicles USD	Furniture and fixture USD	Capital Work- in-progress USD	Total USD
Balance as at 1 January 2024:						
— Purchase price	808,597	10,569,643	3,199,151	5,544,309	-	20,121,700
— Accumulated depreciation and impairment	(220,198)	(6,597,666)	(1,747,308)	(3,032,302)	-	(11,597,475)
— Carrying amount	588,399	3,971,976	1,451,843	2,512,007	-	8,524,225
Impact of hyperinflationary accounting on 1 January 2024:						
— Purchase price	-	87,880	45,222	(66,713)	-	66,389
— Accumulated depreciation and impairment	-	66,568	23,411	91,495	-	181,475
Carrying amount as at 1 January 2024:	588,399	4,126,424	1,520,476	2,536,789	-	8,772,089
Changes in carrying amount:						
— Investments	19,977	1,415,263	563,931	736,324	15,949	2,751,444
— Disposals	-	(393,202)	(353,764)	(267,438)	-	(1,014,404)
— Depreciation	(44,214)	(1,679,059)	(422,663)	(583,053)	-	(2,728,989)
— Reversal of depreciation on disposal	-	344,991	312,242	205,515	-	862,748
— Exchange rate differences purchase price	35,537	179,748	24,123	131,973	-	371,381
— Exchange rate differences accumulated depreciation	(10,255)	(227,242)	(50,418)	(88,823)	-	(376,738)
— Change in carrying amount	1,045	(359,501)	73,451	134,498	15,949	(134,558)

Balance as at

31 December 2024:

— Purchase price	864,111	11,859,332	3,478,663	6,078,455	15,949	22,296,510
— Accumulated depreciation and impairment	(274,667)	(8,092,408)	(1,884,736)	(3,407,168)	-	(13,658,978)
— Carrying amount	589,444	3,766,924	1,593,927	2,671,287	15,949	8,637,532

3 Financial fixed assets

	2024 USD	2023 USD
Investment in other institution	3,741,644	3,884,141
Deferred tax assets	2,455,474	3,066,586
Deposit with Bank	12,094,347	5,100,000
Derivative Assets	875,715	1,988,853
Finance lease on leasehold land	14,303	6,719
	19,181,483	14,046,300

Investment in other institution

The Company made a USD 4 million investment from 2015 to 2018 in the SFRE (Sustainability – Finance – Real Economies) SICAV – SIF Fund. BIHBV bought 56,151 Type-A shares in the fund. In September 2022, SFRE merged with the Triodos Microfinance Fund (TMF), and as a result, 56,151 Type A shares were converted to 134,469,210 SI-share class. The lock-in period for those shares was one year. In September 2023, after the lock-in period, the SI shares were further converted to 118,472 I-dis share class. The shares held by BIHBV represent 1.1% of the total shares issued by the fund. The Foundation does not have significant influence over this investment. This investment is measured at current value (fair value through the statement of income and expenses). Based on the nature of the investment, it has been evaluated that the carrying value of the investee's equity approximates its fair value. As of 31 December 2024, the current value is calculated as Net Asset Value per share multiplied by the number of shares held by BIHBV: EUR 30.04*118,472 shares *exchange rate (2023: EUR 29.67). The movements in investment in other institution were as follows:

	2024 USD	2023 USD
Balance as at 1 January:		
— Cost price	4,000,000	4,000,000
— Fair value	3,884,141	3,554,068
Net change in fair value during the year	(142,497)	330,073
Balance as at 31 December		
— Cost price	4,000,000	4,000,000
— Fair value	3,741,644	3,884,141

Finance lease on leasehold land

The finance lease relates to costs incurred for the acquisition of land located on Block 382, Plot 19 at Kiziba, Bulemezi for BRAC Uganda Social Business Enterprises Ltd. It is amortised on a straight-line basis over the period of the lease. The lease agreement became effective on 18 December 2008 for 99 years and as at 31 December 2024, the remaining lease period is 85 years.

At inception of the lease, the obligation associated with the acquisition was all paid upfront as required by the local laws. Therefore, all future minimum lease payments were paid at once at the beginning of the lease. For such a lease, it is a requirement for the lessee to settle all the obligations upfront for the lease agreement to be effective.

Deferred Tax Assets

The deferred tax assets arise due to all temporary differences between the accounting base and the fiscal base in assets and liabilities, using the principal tax rate of the subsidiaries. The Group has unrealized carry forward losses in Uganda and temporary tax assets in Liberia, Sierra Leone, and Tanzania due to timing differences in tangible fixed assets, exchange losses, and the provision of impairment losses on loans to customers. The management estimates to recover the past losses within the next five years.

The deferred tax assets related to the recognised unused tax loss carry-forwards in the Uganda subsidiary and deductible temporary differences. It is expected that the subsidiary will be able to offset the prior years' accumulated losses amounting to USD 3.4 million (2023: USD 6.6 million) within the next five years.

Tax losses in Rwanda and Ghana amounting to USD 7.9 m (2023: 6.7 m) were not recognised in the calculation of deferred tax assets as the recoverability of those is uncertain because it is not probable that future taxable profit will be available against which the Group can use the benefits there from in the near future, The maturity date of the tax loss carry-forward not included in the valuation amounts as at 31 December 2024 can be specified as follows:

	2024
	USD
2025	536,342
2026	1,504,370
2027	2,431,960
2028 and beyond	3,440,292
	7,912,964

The movement in deferred tax assets was as follows:

	2024	2023
	USD	USD
Balance as at 1 January	3,066,586	4,132,506
Credit/Charge for the year	406,891	(436,534)
Utilised during the year	(1,018,003)	(629,387)
Carrying amount	2,455,474	3,066,586

The deferred tax amounts include USD 1.0 million expected to be utilised within the next 12 months.

Deposits with Bank

Deposits at several subsidiaries (located in Tanzania, Liberia, Sierra Leone, and Myanmar) are linked to the borrowings, which are required to be held as cash collateral as stipulated in the loan agreements. These deposits are held at specific collateral bank accounts. The collateral amount maturing within 1 year is presented under trade and other receivables (refer to note 6), and the amount maturing after 1 year is presented under financial fixed assets. The unrestricted bank deposit balances are presented under the cash and cash equivalents (refer to note 7).

The summary of all bank deposit balances is presented below:

	2024 USD	2023 USD
Deposits unrestricted (note 7)	28,920,841	25,498,552
Deposits kept as collateral maturing within 1 year (note 6)	11,439,100	7,200,000
Deposits kept as collateral maturing after 1 year (note 3)	12,094,347	5,100,000
Total Deposits with Bank	<u>52,454,288</u>	<u>37,798,552</u>

The movement in deposits with banks was as follows:

	2024 USD	2023 USD
Balance as at 1 January	37,798,552	42,253,659
Additions during the year	30,141,638	13,214,651
Withdrawal/utilised during the year	(15,485,902)	(17,669,758)
Balance as at 31 December	<u>52,454,288</u>	<u>37,798,552</u>

Derivatives

As of 31 December 2024, the Group had cross-currency interest rate swap contracts in Tanzania, Sierra Leone, and Rwanda. The currency swap contracts were made with MFX Currency Risk Solutions (MFX) to mitigate currency risk exposure on the USD-dominated loans taken from intercompany. The summary of the cross-currency swaps is as follows:

Entity	2024		2023	
	Notional Amount	Fair Value Assets	Notional Amount	Fair Value Assets
	At 31 December		At 31 December	
	USD	USD	USD	USD
Tanzania	9,215,830	402,217	10,880,830	932,357
Rwanda	1,600,000	313,666	5,200,000	704,189
Sierra Leone	1,600,400	159,832	2,000,000	352,306
Total	12,416,230	875,715	18,080,830	1,988,852
	=====	=====	=====	=====

The positive value denotes that the entities will receive money from MFX. Out of this derivative amounting to USD 197,000 will mature within 12 months.

The applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows using future exchange rates and discounting them with the appropriate interest rate curves.

4 Inventories

	2024 USD	2023 USD
Finished products, goods for resale and office printed materials	1,050,926	504,973

The stationery and office printed materials are mostly passbooks, loan forms, and other collateral forms in the subsidiaries. Inventories for 2024 include fixed assets procured but not issued for use, amounting to USD 196 thousand (2023: USD nil).

No provision for obsolete inventories is deemed necessary (2023: USD nil).

5 Loans to customers

Principal Loans Outstanding

	2024 USD	2023 USD
Gross loans to customers:		
Microfinance loans	166,079,997	134,704,688
Small enterprises programme (SEP) loans	40,984,365	32,317,939
Agriculture loans	18,279,360	13,801,078
Women Enterprise program	5,385,462	3,711,808
Other loans	4,654,379	1,477,361
	235,383,563	186,012,874

Movement in Loans and advances

	2024 USD	2023 USD
Opening balance as at 1 January	186,012,874	168,986,877
Disbursements during the year	478,552,708	417,992,893
Repayment during the year	(429,463,883)	(385,288,018)
Write-offs during the year (principal)	(5,095,912)	(4,871,562)
Translation differences	5,377,776	(10,807,316)
Gross advance to customers	235,383,563	186,012,874
Interest receivable as at 31 December	6,263,304	7,775,283
Write-offs during the year (interest)	(1,083,641)	(1,307,990)
Allowances for expected credit loss	(7,213,012)	(7,697,737)
Closing balance as at 31 December	233,350,214	184,782,430

Microfinance loans to group members are traditional small-ticket loans (the approximate average loan size is USD 312 per customer). The tenure of the loans is within 20-40 weeks, and installments are paid on either a weekly or bi-weekly basis.

SEP loans have slightly larger ticket sizes (average size is around USD 1,340) and are normally given to individual small businesses for a period of 6-12 months. The duration of the agriculture loans is approximately 40 weeks. These loans bear flat-rate interest percentages from 15% to 30% per annum. It is estimated that the fair values of the loans are approximately the same as the carrying values since the time period of money is not material, as the loans have an average duration of no longer than 12 months. All loans are secured up to the balance of the Loan Security Fund.

The Loan Security Fund (refer to note 10) acts as a defence for the customers' loan obligations. This is computed as 10% of a part of the customers' approved loans; in Myanmar, it is 5%. In the event of any default, customers forfeit all or part of the Loan Security Fund to the extent of the amount at risk.

The movement of the Allowances for expected credit loss is as below:

	2024 USD	2023 USD
Opening balance as at 1 January	7,697,737	10,492,903
Charged for the year	5,586,293	3,395,077
Write-off (principal)	(5,095,912)	(4,871,562)
Write off (interest)	(1,083,641)	(1,307,990)
FX adjustment	108,535	(10,691)
Closing balance as at 31 December	7,213,012	7,697,737

The Foundation followed the guidance of IFRS 9 which is also acceptable under Dutch accounting principles. It follows the ECL model. It requires the Foundation to measure ECL on a forward-looking basis reflecting a range of future economic conditions. Management judgment is applied to determining the economic scenarios used and the probability weightings applied to them and the associated impact on ECL.

6 Trade and other receivables

	2024 USD	2023 USD
Grants receivable	2,088,390	3,207,281
Advances and prepayments to third parties	5,013,204	3,620,956
Deposit with Banks (note 3)	11,439,100	7,200,000
Related Party Receivable	1,283,630	1,250,000
Interest receivable from bank deposits	692,551	1,395,450
Investment in treasury bill	1,247,190	-
Other receivables	1,138,925	1,220,059
Prepaid taxes	1,113,983	150,215
	24,016,973	18,043,961

Grants receivable mainly consist of funds receivable from donors against expenses incurred on various projects.

Advances and prepayments to third parties are mainly rent paid in advances to the landlords for offices and guest houses.

Related party receivables include a deposit receivable USD 1,250,000 (2023: USD 1,250,000) from BRAC USA which will be received upon the repayment of Development Finance Corporation (DFC) loan by BRAC Myanmar Microfinance Company Ltd. (Note 24).

All the other receivables are due within 1 year.

7 Cash and cash equivalents

	2024 USD	2023 USD
Cash at banks	94,569,613	126,272,194
Deposits with banks (note 3)	28,920,841	25,498,552
Cash in hand	1,119,298	840,085
Provision for Impairment loss on cash at bank	(488,439)	-
	124,121,313	152,610,831

The Cash at banks includes an 'Issuer Reserve' of USD 533,446 (2023: USD 520,928) in the BIFBV which is only available to the subsidiary in order to make a payment to prevent a default in the payment of interest in respect of the Notes held by investors under debt program managed by BIFBV.

Cash at banks also includes an amount of USD 17 million (2023: USD 22.7 million) which is partially restricted against loan security funds in Rwanda, Uganda, and Tanzania (please refer to note 5). The amount needs to be kept at all times as per the regulatory guidance of these entities. Deposits with banks in the amount of USD 28.9 million (2023: USD 25.5 million) are available on demand. In case of early withdrawal of the short-term deposit the interest income will be less than the agreed-upon interest rate.

8 Group reserves

For a detailed explanation of the share of the Foundation in group equity, reference is made to note 33 Reserve in the stand-alone financial statements.

	2024 USD	2023 USD
General Reserves	148,400,546	143,985,977
Legal Reserves	510,146	3,117,648
Foreign Currency translation reserve	(29,323,220)	(31,559,169)
Minority interest	8,930,817	7,525,720
	128,518,288	123,070,179

Minority interests

	2024 USD	2023 USD
Minority interests:		
— BRAC Uganda Bank Ltd.	8,930,817	7,525,720

This minority interest covers the third-party interests (51%) in the shareholders' equity of the group company BRAC Uganda Bank Ltd.

9 Non-current liabilities

	2024 USD	2023 USD
Borrowings	133,415,458	115,269,677
Unamortised Cost of Borrowings	(1,007,075)	(503,681)
	132,408,383	114,765,996
Less: Current portion of borrowings	(66,772,998)	(42,211,622)
Non-current liabilities as at 31 December	65,635,385	72,554,374

Borrowings

The movement of the borrowings during the year is given below:

	2024 USD	2023 USD
Opening balance as at 1 January	114,765,997	102,705,130
Received during the year	61,524,437	39,850,389
Repayment during the year	(45,779,933)	(24,774,306)
Transaction costs capitalised during the year	(1,007,076)	-
Transaction costs amortised during the year	503,682	532,780
Foreign currency (gain)/loss	2,401,275	(3,547,997)
Closing balance as at 31 December	132,408,383 =====	114,765,996 =====

The repayment term of the borrowings is as follows:

	2024 USD	2023 USD
<1 year	66,772,998	42,211,622
1-5 year	65,635,385	72,554,374
>5 year	-	-
Total	132,408,383	114,765,996

Out of Borrowings, loans amounting to USD 47.0 million (2023: USD 43.5 million) are in USD and bear an average interest rate of 2.0-8.5% (2023:4.95%-7.60%). The balance of USD 86.4 million (2023: USD 71.7 million) is in local currencies of respective subsidiaries and bears an average interest rate of 6%-23% (2023:7%-23%).

Covenants

The following covenants are related to loans with a principal amount of USD 79.5 million

Key Financial KPIs	BUBL	BTFL	BLMCL	BMSLL
30 Day PAR	<5%			
Write-off ratio	<3%			
Loan loss reserve ratio	Larger of 50%, or local regulation		Larger of (i) 80%, or (ii) local regulations	
Cost to income ratio	2024:<100% 2025-26:<95% 2027+:<85%		<85%	
Solvency Ratio	>15%		>20%	>15%
Gearing Ratio (Max 5)	<5			
Unhedged Open Foreign Currency Ratio	<25%			
Liquidity ratio	>100%			
Permitted Indebtedness	< 60 %		<40%	

Key Financial KPIs	BUBL	BTFL	BLMCL	BMSLL
ROA	>0%		-	-
Operation Self-sustainability	>100%		-	-
Debt to Equity	300%	-	-	-
CAR	>15.5%	>15%	-	-

'30 Day PAR Ratio' shall mean expressed as a percent of (A) the sum of (x) aggregate gross principal balance outstanding of all loans in the borrower's portfolio for which one or more payments was more than 30 days overdue plus (y) the aggregate gross principal balance of all restructured and rescheduled loans, in each case as of the date of the most recent quarterly financial statements divided by (B) the aggregate gross principal balance outstanding of all loans in the borrower's portfolio as of the date of the most recent quarterly financial statements.

'Write-off Ratio' shall mean, for any date of determination, an amount calculated by dividing (i) the sum of the write-offs made by the borrower with respect to its portfolio of loans during the twelve months prior to the date of the borrower's most recent quarterly financial statements by (ii) the average aggregate principal amount of the borrower's outstanding loan portfolio during such twelve month period.

'Loan Loss Reserve Ratio' shall mean the quotient, expressed as a percent of (A) loan loss reserve of the borrower divided by (B) the sum of (x) aggregate gross principal balance outstanding of all loans in the borrower's portfolio for which one or more payments was 30 days or more overdue plus (y) the aggregate gross principal balance of all restructured and rescheduled loans in the borrower's portfolio, in each case as of the date of the most recent quarterly financial statements.

'Cost to Income Ratio' shall mean, for twelve (12) months, the result obtained by dividing (a) operational costs for such period by (b) operational income for such period.

'Solvency Ratio' shall mean, at any point in time, an amount equal to (a) the total equity divided by (b) the total assets.

'Gearing Ratio' shall mean the following ratio: (Indebtedness + Voluntary savings)/Total Equity, to be less than or equal to 5.

'Unhedged Open Foreign Currency Ratio' shall mean the result obtained by dividing: (a) the Un-hedged Open Foreign Currency Position on a single currency basis; by (b) Tier 1 Capital.

'Liquidity Ratio' shall mean, the following liquidity ratio: (Cash + Short-Term Securities) / (20% * Voluntary savings + 3month net debt outflows)

'Permitted Indebtedness' shall mean Secured Indebtedness (other than the Loan Advance) owing by the borrower to creditors in the country and internationally and relating to local operations, that when taken with all other secured indebtedness of the borrower besides the loan advance is not in excess of forty percent (40%) (or 60% in the case of BRAC Uganda Bank Limited) of the aggregate gross principal

balance outstanding of the total outstanding principal balance of loans held by the borrower.

'ROA' shall mean Net income / Average total assets.

'Operating Self Sufficiency' shall mean Total Income / Total expenses.

'Debt to Equity' shall mean Total external debt / (Tier I capital + Tier II capital retained earnings + regulatory reserves).

'CAR Ratio' shall mean Regulatory Capital / Risk-weighted Assets.

The subsidiaries (borrowers) were compliant with the covenants at the balance sheet date.

10 Donor Funds

	2024 USD	2023 USD
Donor funds received in advance	56,530,860	63,126,993
Donor funds invested in microfinance loans	1,740,620	1,237,226
Donor funds utilised in fixed assets	6,060,568	4,987,026
	64,332,048	69,351,246

All the donor funds received in advance are approved by the donors. Donor fund decreased in 2024 significantly mainly due to recognition of grant income for Mastercard Foundation funded AIM Programme and the activities carried out for Ultra Poor Graduation Initiative (UPGI) programme.

All amounts included are due within one year.

Funds received from Donors are initially accounted as Donor Funds received in advance. If the funds granted have been utilised for the acquisition of fixed assets, the respective amounts is reclassified from Donor Funds received in advance to Donor Funds Utilized in Fixed Assets. The funds will be further recognized in the statement of income and expenses as grant income on straight-line basis in line with the useful life of acquired fixed assets.

Donor funds received in advance

	2024 USD	2023 USD
Opening balance	63,126,994	81,788,059
Received during the year	61,232,715	51,898,820
Transfer to donor funds in fixed assets	(1,982,257)	(3,432,379)
Transfer to donor funds - loan to group members	(908,042)	-
Released to statement of income and expenses	(67,650,072)	(67,398,768)
Released to others (Refunded to donor & Liquidity reserve)	(626,033)	(514,335)
Transfer to Receivable from donor funds	3,063,683	549,561
Transferred to liquidity reserve	(28,397)	-
Translation difference	302,269	236,036
Closing balance	56,530,860	63,126,994

Donor funds invested in microfinance loans

	2024 USD	2023 USD
Opening balance as at 1 January	1,237,226	1,770,006
Transferred from donor funds received in advance	908,042	-
Transferred to income and expenses	(404,648)	(532,780)
Closing balance as at 31 December	1,740,620	1,237,226

Donor funds utilised in fixed assets

	2024 USD	2023 USD
Opening balance	4,987,026	2,346,447
Transfer from grant received in advance	1,982,257	3,432,379
Released to statement of income and expenses	(979,990)	(584,989)
Assets handed over to others	(2,304)	(138,117)
Translation difference	73,579	(68,694)
Closing balance	6,060,568	4,987,026

11 Other current liabilities

	2024 USD	2023 USD
Payable to Related parties (BRAC Bangladesh and BRAC USA)	1,650,931	2,026,666
Payable to biTs (BRAC IT Services Ltd)	1,160,426	397,903
Accrued expenses	7,238,664	9,131,498
Corporate income tax payable	977,792	502,419
Withholding and other taxes	1,583,355	1,520,809
Interest payable on borrowings	2,812,775	2,473,030
Social security fund	1,651,191	1,264,565
Other liabilities	3,438,837	4,178,261
	20,513,971	21,495,150

Payable to BRAC Bangladesh is in relation to the expenses incurred by BRAC Bangladesh on behalf of the Foundation and its subsidiaries. The amount is payable on demand.

Accrued expenses include payable to various vendors and individual project participants.

Other liability mainly includes various staff benefit provisions, liquidity reserve and payable to suppliers are part of the other liabilities and accrued expenses. All the other liabilities are payable within one year.

12 Financial instruments

General

During the normal course of business, the Foundation uses various financial instruments that expose the Foundation to market, currency, interest, cash flow, liquidity and/or credit risks.

Risk management framework

The Supervisory Board has overall responsibility for the establishment and oversight of the Foundation's risk management framework.

The Foundation financial risk management policy seeks to identify, appraise, and monitor the risks facing the Foundation whilst taking specific measures to manage its interest rate, foreign exchange, liquidity, and credit risks. The Foundation does not, however, engage in speculative transactions or take speculative positions, and were affected by adverse movements, the Foundation has sought the assistance of donors. The foundation uses derivatives to manage market risk. All such transactions are carried out within the guidelines set out in the risk management policy.

Policy objectives:

- Protect the Foundation and its subsidiaries from risks of significant likelihood and consequence in the pursuit of the stated strategic goals and objectives.
- Provide a consistent risk management framework in which the risks concerning the Foundation will be identified, considered, and addressed in key approval, review, and control processes.
- Encourage pro-active rather than re-active management.
- Provide assistance to and improve the quality of decision making throughout the Foundation.
- Meet legal or statutory requirements.
- Assist in safeguarding the Foundation's assets: people, finance, property, and reputation.

The Management Board will be responsible on behalf of Foundation for ensuring that a risk management system is established, implemented, and maintained in accordance with this policy.

The risk management department will be responsible for oversight and assurance of the processes for the identification and assessment of the strategic-level risk environment. Risk management function will ensure Risk Management Services are in conformity with global standards.

Credit risk

Credit risk arises principally from the Foundation's loans and receivables, financial fixed assets, trade and other receivables, and cash. The credit risk is spread over many counterparties, mainly individual customers (banks, customers, and other third parties). In most circumstances there is a long-standing relationship with program participants who have, in most circumstances, timely satisfied their obligation to pay.

There are no significant concentrations of credit risk through exposures to individual customers and specific industries/sectors. However, Tanzanian consolidated entities holds 35% of the Group's credit exposure in 2024 (2023: 41%). Bank of Africa, Tanzania holds 13% of the Group's bank balances (2023: 23%)

The Foundation's exposure to credit risk on Loans and advances is influenced mainly by the individual characteristics of the loan portfolio (i.e. the programme participants). However, management also considers the characteristics of the Group's customer base, including the default risk of the country, as these factors may have an influence on credit risk. These risks are reflected in the Expected credit loss recognized in accordance with IFRS 9.

Management has an internal process to review and monitor these counterparties, including program participants before loan disbursements are made to mitigate the credit risk. Furthermore, the Group's review also includes an assessment of external ratings of banks selected for deposit-taking.

Disbursed loans are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

During the reporting period, the Foundation has recorded an amount of USD 8,366,132 (USD 3,395,077 in 2023) in the statement of income and expenses as an expected credit loss. These losses are the result of overdue amounts on loans provided by microfinance entities to borrowers.

The Foundation has not pledged any collateral for liabilities during the year (2023: Nil).

The Foundation recognises that the aim of risk management is not to eliminate risk totally but rather to provide the structural means to identify, prioritise and manage the risks involved in all activities. It requires a balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The carrying amounts of financial assets and contract assets represents the maximum credit exposure.

Impairment losses on financial assets and contract assets recognized in the statement of income and expenses were as follows:

	2024	2023
	USD	USD
ECL expenses on Loans and advances	5,586,293	3,395,077
Fair value loss/(gain) on investment in other institution	142,497	(330,073)
ECL expenses on cash at banks	417,350	-
Impairment loss on receivable	2,337,303	-
	8,483,443	3,065,004
	=====	=====

Total exposure to credit risk

The below represents the maximum credit risk exposure to the Foundation as at 31 December 2024 and 2023. For on-balance of financial position assets, the exposures set out above are based on carrying amounts as reported on the balance sheet.

	2024	2023
	USD	USD
Cash at bank excluding cash in hand and deposit with banks (Note 7)	94,569,613	126,272,194
Loans and advances to customers (Note 5)	233,350,212	184,782,430
Loan Security Fund (Note 5)	(28,491,533)	(30,934,315)
Deposit with banks (Note 3)	52,454,288	37,798,552
Trade and other receivables (excluding deposits with banks) (Note 6)	12,577,874	10,843,961
	<u>364,460,454</u>	<u>328,762,822</u>

Loan and advances to customers

The Foundation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may affect the credit risk of its customer base, including the default risk associated with the country in which customers operate.

A credit policy has been established under which each customer is analysed individually to obtain a loan. The Foundation limits its exposure to credit risk from customers by establishing a maximum payment period per type of loan (i.e. group lending, small

enterprises, agriculture, etc.). Besides fixed payment terms, customers are obliged to deposit 10% of the granted loan as a deposit (loan security fund), in Myanmar, it is 5%.

At 31 December 2024, the exposure to credit risk for loan receivables by geographic region was as follows:

	Carrying amount	
	2024 USD	2023 USD
Tanzania, including Zanzibar	105,502,926	80,133,573
Uganda	53,368,875	48,297,272
Myanmar	32,266,166	27,669,010
Liberia	22,558,002	15,096,968
Sierra Leone	13,196,789	9,842,372
Rwanda	5,480,610	3,604,188
Ghana	976,846	139,047
	233,350,214	184,782,430
	=====	=====

Expected Credit Loss Assessment for Individual Customers

The following table provides information about the exposure to credit risk and ECLs for loan receivables from individual customers as at 31 December 2024:

	Weighted average loss rate	Gross carrying amount (incl. Interest) USD	Loss Allowance USD
Current (not past due)	1.30%	229,708,319	2,974,758
1–30 days past due	3.88%	4,334,862	168,401
31–90 days past due	13.79%	1,409,842	194,458
91–180 days past due	38.69%	1,173,780	454,168
181– 365 days past due	85.31%	2,613,170	2,229,188
More than one year past due	90.08%	<u>1,323,254</u>	<u>1,192,039</u>
Total		240,563,227	7,213,012

The following table provides information about the exposure to credit risk and ECLs for loan receivables from individual customers as at 31 December 2023:

	Weighted average loss rate	Gross carrying amount (incl. Interest) USD	Loss Allowance USD
Current (not past due)	0.86%	179,845,760	1,540,330
1–30 days past due	4.14%	3,348,637	138,476
31–90 days past due	16.26%	1,262,137	205,180
91–180 days past due	40.33%	804,317	324,390
181– 365 days past due	66.11%	2,825,363	1,867,843
More than one year past due	82.42%	<u>4,393,943</u>	<u>3,621,518</u>
Total		192,480,157 =====	7,697,737 =====

The Foundation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the group in which customers operate.

Management has established a credit policy under which each customer is analysed individually for creditworthiness before new and subsequent facilities are advanced. Credit limits are established for each type of loan product and customer and reviewed regularly.

Cash and cash equivalents

The Foundation held cash and cash equivalents of USD 124.12 million on 31 December 2024 (2023: USD 152.61 million). 91% of the cash and cash equivalents are held with banks with external credit rating B and above. The Company considers that its cash and cash equivalents have low credit risk based on the risk rating of the counterparties.

Currency Risk

The Group is exposed to currency risk on transactions denominated in a currency other than the respective functional currencies of group entities. The functional currency of the Foundation is the US dollar (USD), and the presentation currency is USD. The currency in which transactions are primarily denominated is USD. The subsidiaries' functional currency is the country's local currency.

To mitigate the foreign exchange risk on foreign currency loans, subsidiaries use either hedge agreements with international hedge providers or a back-to-back loan facility with local banks.

The funding preference of the Foundation is to secure local currency loans for the Micro Finance Institutions (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.

The FX rate in Myanmar is managed by the Government of Myanmar and has been fixed. However, the country has been struggling to source USD, which has resulted in a restriction of repayment of international loans and service international payments by

There is a significant difference between the official government rate (MMK 2,100 for 1 USD) and the trade rate available at the bank for import and export (MMK 3,588 for 1 USD) as of 31 December 2024. The FX risk in Myanmar is mitigated by a back-to-back loan structure wherever possible. However, at 31 December 2024, BRAC Myanmar Microfinance Company Ltd (BMMCL) has a net unhedged FX liability of USD 10.4 million, and any change in the official rate makes the entity vulnerable to significant FX loss.

As a mitigation, BIHBV initiated in 2024 a process to take over an external debt of USD 2.2 million at USD 400,000. This debt will be converted into equity if the situation requires. BIHBV is in touch with other external lenders of BMMCL and will start discussions on the potential settlement and restructuring of the international loans in the Myanmar operation.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, to mitigate the currency risk. Credit assessment is carried out on the counterparties before establishing contractual relationships.

Interest Rate Risk

Interest rate risk is the risk that profitability is affected by fluctuations in interest rates. BRAC's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans extended to group members and to voluntary savers. BRAC does not engage in speculative transactions or take speculative positions on its interest rates.

The credit methodology of the MFIs determines that loans to microfinance clients have short-term maturities of less than one year and at fixed interest rates. Third-party loans to MFIs, sourced from both local and international financial institutions, mostly have relatively short terms between one and four years, and at a fixed interest rate.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, which are both exposed to general and specific market movements and changes in the level of volatility.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Management of Market Risk

Overall responsibility for management of market risk rests with the CEOs. Management is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

Liquidity Risk

The Group monitors its cash position by using successive liquidity budgets. Management ensures that the cash position is sufficient to meet the Group's financial obligations towards creditors and to stay within the limits of its loan covenants.

Liquidity risk is the risk that operations cannot be funded, and financial commitments cannot be met in a manner that is timely and cost-effective. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Group, and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place to ensure that all future cash flow commitments are met from the working capital generated by the Group and also from available financial institutions facilities.

Stichting BRAC International manages its debt maturity profile, operation cash flows, and the availability of funding to meet all refinancing, repayment, and funding needs. As part of its overall liquidity management, the Foundation maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, the Foundation maintains banking facilities of a reasonable level in fixed deposits to meet its working capital requirements.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial obligations and rights at the reporting date. The amounts are gross and undiscounted include estimated interest payments and exclude the impact of netting agreements.

31 December 2024	2024		2023	
	Less than 1 year USD	1-5 Year USD	Less than 1 year USD	1-5 Year
Donor funds	64,332,048	-	69,351,246	
Loan security fund	28,491,533	-	30,857,640	76,675
Deposit from savers	40,473,135	-	24,189,799	-
Current portion of borrowings	67,190,209	-	42,211,622	-
Other current liabilities	20,513,971	-	19,671,151	1,823,999
Long term borrowings	-	66,225,249	0	72,554,374
Total	221,000,896	66,225,249	186,281,458	74,455,048
Loan to customers	233,885,180	-	183,710,424	1,072,006
Trade and other receivables	12,453,510	-	18,043,961	0
Deposits with Banks	40,359,941	12,094,347	32,698,552	5,100,000
Cash at banks and in hand	95,790,413	-	127,112,279	0
Total	382,489,044	12,094,347	361,565,216	6,172,006
Net amount	161,488,148	(54,130,902)	175,283,758	(68,283,042)

The Group has loan agreements that contain various covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreements, the covenants are monitored on a regular basis by the Foundation and regularly reported to management to ensure compliance with the agreements.

Guarantees

The Foundation sometimes provides financial guarantees to subsidiaries to enable them to access local funds. As at 31 December 2024, BIHBV has a guarantee provided to BIFBV against the debt programme. The total amount of guarantees is USD 5.9 million (2023: USD 9 million). The comparative amount was updated for consistency with the current reporting period.

Fair Value of Financial Instruments

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. The fair value measurement is based on the presumption that the transaction to sell the asset or

transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

13 Grant income

The breakdown of grant income by country is as follows:

	2024 USD	2023 USD
Uganda	16,015,876	14,315,530
Afghanistan	2,571,806	16,163,377
The Netherlands	17,108,048	14,659,739
Liberia	7,487,688	5,854,978
Tanzania	14,445,818	7,727,337
Philippines	1,249,590	1,180,082
Sierra Leone	5,265,177	5,251,751
Myanmar	258,628	675,211
South Sudan	105,486	1,221,210
Nepal	-	762
Kenya	2,095,396	1,316,938
Rwanda	3,020,032	1,195,782
Ghana	442,026	506,925
	70,065,571	70,069,622

The grant income reported under the Netherlands include donor grants received by Stichting BRAC international on behalf of projects, mainly for UPGI programme, where all the costs are incurred in different countries outside of The Netherlands.

The breakdown of grant income by donor type is as follows:

	2024 USD	2023 USD
Government	822,002	861,453
International Organization	13,515,858	17,426,817
Private sector / Foundation	52,899,085	37,014,340
United Nations	2,776,792	13,863,245
EU Commission	41,689	887,490
Donation from individuals	10,145	16,277
	70,065,571	70,069,622

14 Interest income on loans and advances

The breakdown of interest income by country is as follows:

	2024 USD	2023 USD
Uganda	25,684,892	22,785,796
Tanzania	41,333,361	37,786,512
Sierra Leone	6,706,922	5,193,443
Myanmar	8,061,541	8,294,134
Liberia	9,828,376	7,897,309
Rwanda	1,879,992	1,467,618
Ghana	368,372	7,070
	93,863,456	83,431,883

Interest income on loans and advances denotes the interest income earned on loans and advances disbursed to the borrowers and exist solely of income from Microfinance activities.

15 Other interest income and similar income

	2024	2023
Fees and commission income	4,693,085	4,389,763
Bank Interest income	3,498,213	2,315,632 ¹
Accrued interest on Term Deposit	1,047,302	906,404
Foreign exchange gain realised	5,953,992	3,393,522
Fair value gain on investment in other institution	-	330,073
Fair Value gain on Derivatives	-	2,373,974 ¹
Total	15,192,592	13,709,367¹

Fees and commission income include membership fees charged to customers, loan appraisal fee charged to customers and sale of passbook.

¹Adjusted for comparison purposes. Refer to Note B1.

16 Interest and similar expense

	2024 USD	2023 USD
Interest expense on term loan	14,015,665	13,643,041
Interest expense on savings deposit	2,805,127	1,945,963
Bank charges	925,873	1,166,878
Fair value loss on derivatives	1,453,373	-
Fair value loss on investment in other institution	142,497	-
Foreign exchange loss	6,304,580	5,964,078 ¹
	25,647,114	22,719,960¹

17 Other operating income

	2024 USD	2023 USD
Overhead income	-	311,135
Training income	237,746	239,222
Income from sale of seeds	755,871	1,086,646
Other income	3,023,224	3,463,930
	4,016,842	5,100,933

Other income includes gains made due to early repayment of loans, recovery from written off loans and other project income.

18 Cost of outsourced work and other external costs

	2024 USD	2023 USD
Programme supplies	23,985,409	27,912,705
General and administrative expenses	5,087,250	5,067,965
Travel and transportation	16,182,722	14,460,498
Staff Training and development	927,174	879,841
Rent and utilities	4,819,511	4,396,870
Printing and office stationeries	1,714,841	1,767,419
Audit fees	1,135,189	1,100,736
Professional and legal fees	4,676,571	5,257,060
Software maintenance costs	5,352,741	3,645,739
Internet costs	1,903,371	1,624,356
	65,784,778	66,113,189

¹Adjusted for comparison purposes. Refer to Note B1.

19 Salaries and benefits

	2024 USD	2023 USD
Wages and salaries	58,503,434	52,505,620
Social security charges and pension charges	6,707,811	4,885,205
	65,211,245	57,390,825

During the 2024 financial year, the average number of staffs employed in the Group, converted into full-time equivalents, amounted to 8,977 people (2023: 8,593). All staffs are employed outside the Netherlands, except 7 (2023: 7).

This staffing level (average number of staff) can be divided into the following staff categories:

	2024	2023
Management	88	100
Microfinance services	5,878	4,707
NGO Programme employees	1,509	1,792
Finance and IT	908	850
Monitoring, Risk, and Internal Audit	149	166
Human Resources	98	74
Other Support functions	347	904
	8,977	8,593

20 Social security and pension charges

	2024 USD	2023 USD
Social security charges	6,707,811	4,885,205

Social security benefits include payments made by the Foundation and its subsidiaries in various social welfare funds / pension scheme as per the country statute.

The Foundation only has an employee pension scheme (defined contribution) in the Netherlands and contributes 60% of annual pension charge, whereas the employee contributes 40%. The total contribution for the year 2024 is USD 27,019 (2023: USD 33,955).

21 Other operating expenses

	2024 USD	2023 USD
Other operating expenses	5,666,729	6,343,589

Other expenses include communication a publications cost, meeting and workshop costs, self-insurance provision, group member's death benefits provided to their families, etc.

The breakdown of other operating expenses is as follows:

	2024 USD	2023 USD
Communication and publication	311,705	406,301
Generator operating expense	206,174	142,115
Group members death benefits	25,700	30,364
Meeting and workshops	236,915	665,178
Other expenses	4,356,147	3,916,792
Write off and disposals	171,200	453,179
Cost of goods sold	333,979	712,944
HO logistics and management support	24,909	316,716
	5,666,729	6,643,589

22 Expected credit loss

The breakdown of expected credit loss is below:

	2024 USD	2023 USD
Impairment losses on loans and advances	5,586,293	3,395,077
Impairment loss on cash at bank	417,350	-
Impairment loss on inventories	25,186	-
Impairment loss on Receivables	2,337,303	-
	8,366,132	3,395,077

23 Tax on result

The major components of the tax charge are as follows:

	2024 USD	2023 USD
Corporate Income tax (Current tax)	3,851,978	6,435,138
Movement in temporary differences (Deferred tax)	802,286	151,694
Withholding Tax Expenses	678,721	1,085,875
	<u>5,332,985</u>	<u>7,672,707</u>
Tax on result	<u>5,332,985</u>	<u>7,672,707</u>

Future tax profits can be compensated with deductible tax losses from the prior year(s) for an amount of USD 3.4 million in Uganda (2023: USD 6.6 million). The applicable statutory tax rate in the Netherlands is 25.8% (2023: 25.8%). The tax expense recognised in the profit and loss account for 2024 amounts to USD 5,332,985 or 60.75% of the result before tax (2023: USD 7,672,707 or 59.77%).

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 in the various subsidiaries. The applied tax rate for the calculation of deferred tax is between 25% and 30%.

Interest income, dividends, and management fees are subject to withholding tax in certain jurisdictions. The applicable withholding tax rates vary per country and type of income.

The numerical reconciliation between the applicable and the effective tax rate is as follows:

	2024 USD	%	2023 USD	%
Result before tax	<u>8,779,044</u>		<u>12,837,968¹</u>	
Tax using the domestic tax rate	2,264,993	25.8	3,312,196 ¹	25.8
Prior period Tax for BUBL	-		701,595	
Unrecognised tax losses	2,010,974		812,490	
Withholding tax Expenses	678,721		1,085,875	
Application of different tax rates abroad	<u>378,297</u>		<u>1,760,551¹</u>	
Income tax according to consolidated statement of income and expenses	<u>5,332,985</u>	60.75	<u>7,672,707</u>	59.77 ¹

Surpluses on development programmes are exempted from tax.

24 Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Foundation and a natural person or entity that is affiliated with the Foundation. This includes, among other relations, the relationship between the Foundation and its group companies, affiliates, directors, and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged. All the transactions related to profit generating activities were made on terms equivalent to those that prevail in arm's length transactions. Therefore, there have been no transactions with related parties that were not on a commercial basis.

25 Off-balance sheet assets and liabilities

Contingent Liabilities

The Company provided a guarantee to multiple lenders to raise funds under the debt program.

BIHBV has provided guarantees to the third-party lenders to raise debt under the debt program. At 31 December 2024 total Guarantee amount stands at USD 5.9 million (2023: USD 9 million)

BIHBV also provided a guarantee to DFC in respect of a USD 5 million term loan to BRAC Myanmar Microfinance Company Limited. The guarantee consists of a deposit held in escrow to which the Company has contributed USD 0.25 million (2023: USD 0.25 million) held by BRAC USA. As of 31 December 2024, the outstanding balance of the DFC loan is USD 3.7 million (2023: USD 3.7 million).

As part of the preparation for transformation into a Tier II Financial Institution, the Company had to sell 51% of the shares of BRAC Uganda Microfinance Ltd to meet the requirements under Section 18 of the Financial Institutions Act in 2019. On 20 May 2022, the Uganda Revenue Authority informed BRAC Uganda Bank Limited that they are of the opinion that the proceeds of the disposal of these shares are to be taxed in Uganda. Management believes that the benefit, if any, of the disposal of these shares is exempt from tax in Uganda under Article 13 (4) of the Double Taxation Treaty (DTA) between Uganda and the Netherlands has appealed this position through Mutual Agreement Procedure (MAP) as provided in the DTA between Uganda and Netherlands. Subsequently, on 23 April 2024, the Uganda Revenue Authority raised a tax assessment of USD 2.07 million relating to the gain on the disposal of the shares. An objection has been filed by the management to the conclusion made by the Uganda Revenue Authority. No provision is taken in the financials as management assesses the result to be in the Company's favour.

Contingent Assets

During the year 2024, BUBL received a directive from the Bank of Uganda to cease the accrual of management fees for services received BIHBV. As a result, from April 2024, BIHBV did not recognise management fee income, although, BIHBV continued to provide services to BUBL under the service level agreement and sent invoices. As of 31 December 2024 the unaccrued management fee amounts to USD 484,838.

Off-balance sheet commitment

Operational lease agreements for buildings with third parties can be terminated yearly basis. The expected lease commitment for the entity is presented below:

	USD
Within 1 year	2,462,596
Between 1-5 Year	2,852,412
Lease payments recognised in the P&L in 2024	3,749,391

26 Auditor's fees

The following fees were charged by KPMG Accountants N.V., other audit firms to the Foundation, its subsidiaries, and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

	KPMG Accountants N.V. USD 1,000	Other KPMG Network USD 1,000	Total KPMG USD 1,000	Other Audit firms USD 1,000
2024				
Audit of the financial statements	431	106	538	232
Other audit engagements	-	8	8	-
Tax-related advisory services	12	212	224	25
Other non-audit services	82	8	89	-
	525	334	859	257
2023				
Audit of the financial statements	394	93	487	204
Other audit engagements	-	9	9	4
Tax-related advisory services	147	59	207	14
Other non-audit services	19	-	19	-
	560	161	722	222

The fees mentioned in the table for the audit of the financial statements 2024 relate to the total fees for the audit of the financial statements 2024, irrespective of whether the activities have been performed during the financial year 2024.

27 Subsequent events

On March 28, 2025, Myanmar was struck by a devastating 7.7-magnitude earthquake centered in the central region near the borders of Sagaing and Mandalay. The strongest earthquake in decades resulted in over 3,600 deaths and more than 5,000 injuries and

destroyed or damaged nearly 49,000 homes. The earthquake affected 23 branch offices of BMMCL, out of which six were seriously affected. Based on the initial assessment, around 4,811 clients were affected directly or indirectly by the earthquake. Out of them, around 1,000 clients lost their business with an outstanding portfolio of around USD 200,000. The management has provided initial food and cash support to the affected clients and is now working with severely affected clients, focusing on business recovery.

On 5 June 2025, BRAC Kenya Limited (BKL) received a Digital Credit Provider (DCP) license from the Central Bank of Kenya. With this license, BKL can operate as a credit-only microfinance institution.

Subsequent to the reporting date, in June 2025, consolidated entity BRAC Sierra Leone Microfinance Limited breached the required PAR 30 ratio under its financing agreements with International lenders. The Group has obtained waivers from the banks in respect of this covenant breach until December 2025.

On March 2025, SBI started partnership with IPA through UPGI project in Nigeria to develop a Path-to-impact plan with recommendations for next steps in both implementation and learning.

The above events are treated as non-adjusting events and hence no entries are made in the financial statement related to such.

28 Segmental information

Operational segments

These segments offer different products and services and managed separately as they require different strategies in terms of operation and marketing.

The Group has three strategic operational segments: NGO, Microfinance and Social Business Enterprise.

NGO Programme (Non-MF) includes all development interventions in Agriculture and Livelihood development, Education, Health, youth, and skill development programmes, etc.

Microfinance programme (MF) has been designed to serve large numbers of poor people with reliable access to cost-effective financial services. It is providing capital support to borrowers for creating livelihoods. Loan to group members are traditional microfinance loans and is approximately for a 20- and 40-weeks period. SEP loans are normally for a 6-12-month period. The duration of the loans regarding the ELA (Empowering and Livelihood for Adolescent Loans) and the Agriculture loan is approximately 40 weeks and for SEP (Small enterprises programme) loans approximately 12 months. These loans bear interest percentages from 15% to 30% per annum. It is estimated that the fair values of the loans are approximately the same as the carrying values. All loans are unsecured.

Social Business Enterprise (SBE) involves the production and processing of seeds (maize, vegetables, and rice).

The Group's management reviews internal report of these segments on a monthly basis. Assets, liability, and equity position along with their profitability is set out below. Each

entity under the segments has their own budget and costs centres. The entities recognise the costs on an accrual basis.

The cost of BIHBV head office, microfinance operations are allocated to all its subsidiaries based on the Transfer Pricing Policy developed based on the OECD guideline.

Segmental balance sheet as at 31 December 2024

	NGO	Micro- finance	Social Enterprise	Holding	Elimination	Total
	USD	USD	USD	USD	USD	USD
Fixed assets						
Intangible fixed assets	-	4,279,218	-	99,702	-	4,378,920
Tangible fixed assets	2,915,450	5,145,268	257,308	319,506	-	8,637,532
Financial fixed assets	-	12,951,325	17,141	83,483,283	(77,270,266)	19,181,483
	2,915,450	22,375,811	274,449	83,902,491	(77,270,266)	32,197,935
Current assets						
Inventories	87,461	734,866	228,599	-	-	1,050,926
Loans to customers	-	233,350,212	-	-	-	233,350,212
Trade and other receivables	4,634,999	19,440,791	103,724	41,202,909	(41,365,449)	24,016,974
Cash and cash equivalents	9,966,149	42,453,653	411,283	71,880,168	(589,940)	124,121,313
	14,688,609	295,979,522	743,606	113,083,077	(41,955,389)	382,539,425
	17,604,059	318,355,333	1,018,055	196,985,568	(119,225,655)	414,737,360

Stichting BRAC International

	NGO USD	Micro- Finance USD	Social enterprise USD	Holding USD	Elimination USD	Total USD
Group reserves						
Reserves	240,322	77,490,020	(219,753)	118,836,997	(77,270,260)	119,077,326
Legal Reserves	510,146					510,146
Minority interests		8,930,817				8,930,817
	750,468	86,420,837	(219,753)	118,836,997	(77,270,260)	128,518,289
Non-current liabilities	-	53,150,451	-	12,484,934	-	65,635,385
Current liabilities						
Donor Funds	10,408,446	5,239,753	37,594	48,646,255	-	64,332,048
Loan Security Fund	-	28,491,533	-	-	-	28,491,533
Deposits from savers	-	41,063,075	-	-	(589,940)	40,473,135
Current portion of the borrowings	-	52,539,776	-	14,233,222	-	66,772,998
Other current liabilities	6,445,145	51,449,908	1,200,214	2,784,160	(41,365,455)	20,513,972
	16,853,591	178,784,045	1,237,808	65,663,637	(41,955,395)	220,583,686
	17,604,059	318,355,333	1,018,055	196,985,568	(119,225,655)	414,737,360

Segmental statement of income and expenses for the year ended 2024

	NGO USD	Micro- finance USD	Social enterprise USD	Holding USD	Elimination USD	Total USD
Grant income	44,056,525	6,717,696	87,906	19,203,444	-	70,065,571
Interest income	-	93,863,456	-	-	-	93,863,456
Bank Interest and similar income	629,408	11,326,581	16,934	5,790,745	(2,571,077)	15,192,592
Interest and similar income	44,685,933	111,907,733	104,840	24,994,189	(2,571,077)	179,121,619
Interest and similar expense	(746,819)	(24,570,391)	(4,924)	(2,896,057)	2,571,077	(25,647,114)
Net interest income	43,939,114	87,337,343	99,916	22,098,132	-	153,474,505
Other operating income	1,780,561	2,613,601	805,986	7,985,521	(9,168,827)	4,016,842
Expected credit losses	(2,423,449)	(5,837,667)	(2,588)	(102,428)	-	(8,366,132)
Net operating income	43,296,226	84,113,276	903,314	29,981,226	(9,168,827)	149,125,216
Cost of outsourced work and other external costs	(28,215,985)	(26,916,835)	(408,977)	(10,242,981)	-	(65,784,778)
Wages and salaries	(13,989,493)	(34,014,129)	(473,500)	(10,026,313)	-	(58,503,434)
Social security and pension charges	(1,722,974)	(4,588,551)	(26,299)	(369,987)	-	(6,707,811)
Amortisation and depreciation on intangible and tangible fixed assets	(836,638)	(2,713,264)	(19,351)	(114,166)	-	(3,683,419)
Other operating expenses	(794,551)	(3,818,942)	(407,858)	(4,403,821)	3,758,443	(5,666,729)
Total operating expenses	(45,559,640)	(72,051,720)	(1,335,986)	(25,157,269)	3,758,443	(140,346,172)
Result before tax (carried forward)	(2,263,414)	12,061,556	(432,672)	4,823,957	(5,410,383)	8,779,044

Stichting BRAC International

	Non-Micro- Finance USD	Micro- finance USD	Social enterprise USD	Holding USD	Elimination USD	Total USD
Brought forward	(2,263,414)	12,061,556	(432,672)	4,823,957	(5,410,383)	8,779,044
Net Loss on Monetary Assets	(44,499)	(972,344)	-	-	-	(1,016,843)
Tax on result from ordinary activities	(113,257)	(4,572,544)	(23)	(647,162)	-	(5,332,985)
Result after tax	(2,421,170)	6,516,669	(432,694)	4,176,795	(5,410,383)	2,429,215
Minority interests	-	(1,148,737)	-	-	-	(1,148,737)
Net result	(2,421,170)	5,367,931	(432,694)	4,176,795	(5,410,383)	1,280,478

Geographic information

The Group business operation is mainly based in Asia, Africa, and the Netherlands. Business Managers for each operation are separate. The Group's management reviews internal report of these geographical segments on a monthly basis. Assets, liability, and equity position bases on geography for along with their profitability is set out below:

Geographical balance sheet as at 31 December 2024

	Africa USD	Asia USD	The Netherlands USD	Elimination USD	Total USD
Fixed assets					
Intangible fixed assets	4,172,431	106,787	99,702	-	4,378,920
Tangible fixed assets	8,228,997	288,522	120,013	-	8,637,532
Financial fixed assets	12,968,466	-	83,483,283	(77,270,266)	19,181,483
	25,369,894	395,309	83,702,998	(77,270,266)	32,197,935
Current assets					
Inventories	1,050,926	-	-	-	1,050,926
Loans to customers	201,084,046	32,266,166	-	-	233,350,212
Trade and other receivables	20,806,517	2,449,278	40,960,219	(40,199,040)	24,016,974
Cash and cash equivalents	49,588,105	3,568,780	70,964,428	-	124,121,313
	272,529,594	38,284,224	111,924,647	(40,199,040)	382,539,425
	297,899,488	38,679,533	195,627,645	(117,469,306)	414,737,360
Group reserves					
Reserves	70,091,925	7,280,694	118,974,973	(77,270,266)	119,077,326
Legal Reserves	20,783	489,363	-	-	510,146
Minority interests	8,930,817	-	-	-	8,930,817
	79,043,525	7,770,057	118,974,973	(77,270,266)	128,518,289
Non-current liabilities	43,470,451	9,680,000	12,484,934	-	65,635,385
Current liabilities					
Donor Funds	15,188,370	1,396,264	47,747,414	-	64,332,048
Loan Security Fund	25,854,356	2,637,177	-	-	28,491,533
Deposits from savers	34,095,306	6,377,829	-	-	40,473,135
Current portion of the borrowings	52,539,776	-	14,233,222	-	66,772,998
Other current liabilities	47,707,704	10,818,206	2,187,102	(40,199,040)	20,513,972
	175,385,512	21,229,476	64,167,738	(40,199,040)	220,583,686
	297,899,488	38,679,533	195,627,645	(117,469,306)	414,737,360

Geographical statement of income and expenses for the year ended 2024

	Africa	Asia	The Netherlands	Elimination	Total
	USD	USD	USD	USD	USD
Grant income	48,877,500	4,080,023	17,108,048	-	70,065,571
Interest income	85,801,915	8,061,541	-	-	93,863,456
Bank interest and similar income	11,017,513	940,340	5,805,815	(2,571,077)	15,192,592
Interest and similar income	145,696,928	13,081,905	22,913,863	(2,571,077)	179,121,619
Interest expenses and similar charges	(22,802,279)	(2,699,328)	(2,716,584)	2,571,077	(25,647,114)
Net interest income	122,894,649	10,382,576	20,197,279	-	153,474,506
Other operating income	8,242,184	324,828	7,885,082	(12,435,252)	4,016,842
Impairment losses on loans to customers	(5,660,914)	(2,602,789)	(102,428)	-	(8,366,132)
Net operating income	125,475,919	8,104,615	27,979,933	(12,435,251)	149,125,216
Cost of outsourced work and other external costs	(53,155,467)	(3,997,697)	(8,631,614)	-	(65,784,778)
Wages and salaries	(48,065,999)	(3,974,417)	(6,463,018)	-	(58,503,434)
Social security and pension charges	(6,598,401)	(58,075)	(51,335)	-	(6,707,811)
Amortisation and depreciation on intangible and tangible fixed assets	(3,478,793)	(157,489)	(47,137)	-	(3,683,419)
Other operating expenses	(4,411,434)	(450,489)	(7,829,674)	7,024,867	(5,666,729)
Total operating expenses	(115,710,093)	(8,638,168)	(23,022,778)	7,024,867	(140,346,172)
Operating result (carried forward)	9,765,826	(533,553)	4,957,155	(5,410,384)	8,779,044

Stichting BRAC International

	Africa	Asia	The Netherlands	Elimination	Total
	USD	USD	USD	USD	USD
Brought forward	9,765,826	(533,553)	4,957,155	(5,410,384)	8,779,044
Net Loss on Monetary Assets	(1,016,843)	-	-	-	(1,016,843)
Tax on result from ordinary activities	(4,699,377)	13,554	(647,162)	-	(5,332,985)
Result after tax	4,049,605	(519,999)	4,309,993	(5,410,384)	2,429,215
Minority interests	(1,148,737)	-	-	-	(1,148,737)
Net result	2,900,868	(519,999)	4,309,993	(5,410,384)	1,280,478

Stand-alone balance sheet as at 31 December 2024

(before appropriation of result)

		2024		2023	
		USD	USD	USD	USD
Fixed assets					
Tangible fixed assets	29	1,672,163		1,643,161	
Intangible Assets	30	99,702		174,117	
Financial fixed assets	31	108,460,836		99,596,973	
			110,232,701		101,414,251
Current assets					
Inventories				25,586	
Trade and other receivables	32	4,854,785		5,485,289	
Cash and cash equivalents	33	59,963,326		73,435,673	
			64,818,111		78,946,548
			175,050,811		180,360,799
Reserves					
General reserves	34	131,689,956		127,913,664 ¹	
Foreign currency translation reserve	34	(16,523,065)		(19,084,662) ¹	
Unappropriated result	34	3,910,435		3,776,292 ¹	
			119,077,326		112,605,293
Current liabilities					
Donor funds	35	52,536,580		62,888,408	
Other current liabilities		3,436,905		4,867,098	
			55,973,485		67,755,506
			175,050,811		180,360,799

¹Adjusted for comparison purposes, reference is made to note C.

The notes on pages 94 to 106 are an integral part of these stand-alone financial statements.

Stand-alone statement of income and expenses for the year ended 31 December 2024

	<i>Note</i>	2024 USD	2023 USD
Share of result of participating interests, after tax	37	5,062,424	4,303,975 ¹
Other income and expenses, after tax		(1,151,989)	(527,683) ¹
Net result		3,910,435	3,776,292¹

The notes on pages 94 to 106 are an integral part of these stand-alone financial statements.

¹Adjusted for comparison purposes, reference is made to note C.

Notes to the 2024 stand-alone financial statements

C. General

The stand-alone financial statements have been prepared in accordance with Guidelines for annual reporting of the Dutch Accounting Standard Board (Raad voor de Jaarverslaggeving), especially 'Guideline 640 for the Reporting of not-for-profit organizations'.

In so far as no further explanation is provided of items in the stand-alone balance sheet and the stand-alone statement of income and expenses, please refer to the notes to the consolidated balance sheet and statement of income and expenses.

The figures for 2023 have been reclassified for comparison purposes and increased transparency, resulting in a better reflection of the operations of the Foundation. Reclassifications are as follows:

- Share of result of participating interests, after tax as previously reported in amount of USD 5,733,467 has been adjusted for the foreign exchange loss on monetary assets and liabilities by the amount of USD 1,429,492 that has been previously reported in Foreign Currency translation reserve (revised amount of Share of result of participating interests is USD 4,303,975);
- Net Result as previously reported in amount of USD 5,303,809 has been adjusted for the foreign exchange loss on monetary assets and liabilities by the amount of USD 1,527,517 (revised amount of Net result is USD 3,776,292);
- Change in Foreign currency translation reserve during 2023 has been revised by USD 1,527,517 from previously reported in amount of (USD 7,313,485) to (USD 5,785,967);
- Reserves has been presented per the type of reserve on the balance sheet.

D. Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated balance sheet and the statement of income and expenses, with the exception of the following:

D.1 Participating interests in group companies

Participating interests in group companies are accounted for in the stand-alone financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

D.2 Share in result of participating interests

This item concerns the Foundation's share in the profit or loss of these participating interests. Insofar as gains or losses on transactions involving the transfer of assets and liabilities between the Foundation and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

Stichting BRAC International

The Foundation recovers its costs from the Donors by charging overheads to the NGO projects as per grant agreements.

The cost of the head office, microfinance operations are allocated to all its subsidiaries based on the Transfer Pricing Policy developed based on the OECD guideline.

29 Tangible fixed assets

	Land and buildings USD	Plant and equipment USD	Motor Vehicles USD	Furniture and fixture USD	Capital work- in-progress USD	Total USD
Balance as at 1 January 2024:						
— Purchase price	290,398	1,157,585	790,475	348,930	-	2,587,388
— Accumulated depreciation and impairment	(71,859)	(437,973)	(361,779)	(72,616)	-	(944,227)
— Carrying amount	218,539	719,612	428,696	276,314	-	1,643,161
— Impact of hyperinflationary accounting on 31 December 2024 balance:						
— Purchase price	-	66,660	51,834	15,367	-	133,861
— Accumulated depreciation and impairment	-	(49,465)	(29,840)	(5,688)	-	(84,992)
Balance as at 1 January 2024:	218,539	736,807	450,690	285,993	-	1,692,030
Changes in carrying amount:						
— Investments	-	224,641	45,181	77,032	15,949	362,803
— Disposals	-	(7,037)	-	(4,582)	-	(11,619)
— Depreciation	(15,706)	(208,024)	(84,458)	(28,741)	-	(336,929)
— Adjustment on depreciation for disposal	-	4,991	-	1,405	-	6,396
— Exchange rate differences purchase price	18,925	25,534	10,237	14,401	-	69,097
— Exchange rate differences accumulated depreciation	(4,620)	(61,855)	(33,722)	(9,416)	-	(109,614)
— Changes in carrying amount	(1,401)	(21,750)	(62,762)	50,099	15,949	(19,866)
Balance as at 31 December 2024:						
— Purchase price	309,323	1,467,383	897,727	451,148	15,949	3,141,530
— Accumulated depreciation and impairment	(92,185)	(752,326)	(509,799)	(115,056)	-	(1,469,365)
— Carrying amount	217,138	715,057	387,928	336,092	15,949	1,672,163

30 Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Software USD	Capital work in progress USD	Total USD
Balance as at 1 January 2024:			
— Purchase price	96,333	78,500	174,833
— Accumulated amortisation and impairment	(716)	-	(716)
— Carrying amount	95,617	78,500	174,117
Changes in carrying amount:			
— Investments	9,392	4,420	13,812
— Amortisation	(9,727)	-	(9,727)
— Disposal purchase price		(78,500)	(78,500)
— Exchange rate differences purchase price	-	-	-
— Exchange rate differences accumulated depreciation	-	-	-
— Change in carrying amount	(335)	(74,080)	(74,415)
Balance as at 31 December 2024:			
— Purchase price	105,725	4,420	110,145
— Accumulated amortisation and impairment	(10,443)	-	(10,443)
— Carrying amount	95,282	4,420	99,702

The intangible fixed assets consist of expenditure of Monitoring tools.

31 Financial fixed assets

	2024 USD	2023 USD
Shareholding in BRAC International Holdings B.V.	108,460,836	99,596,973
Shareholding in BRAC International Enterprises B.V.	-	-
	<u>108,460,836</u>	<u>99,596,973</u>

The movement of financial fixed assets in BRAC International Holdings B.V. is as follows:

	2024 USD	2023 USD
Balance as at 1 January	99,596,973	97,259,480
Hyperinflation adjustment in BRAC Microfinance (SL) Limited	1,101,671	2,401,538
Adjusted Balance as at 1 January	100,698,644	99,661,018
Investment in BIHBV	300,000	500,000
Share in result of subsidiary	5,908,328	6,521,962
Foreign currency translation difference	1,553,864	(7,086,007)
	<u>108,460,836</u>	<u>99,596,973</u>
Balance as at 31 December	<u>108,460,836</u>	<u>99,596,973</u>

The movement of financial fixed assets in BRAC International Enterprises B.V. is as follows:

	2024 USD	2023 USD
Opening balance	-	-
Investment in BIEBV	781,393	750,000
Negative participation in BIEBV	45,043	72,498
Share in result of subsidiary	(845,903)	(788,495)
Foreign currency translation difference	19,467	(34,003)
	<u>-</u>	<u>-</u>
Balance as at 31 December	<u>-</u>	<u>-</u>

Stichting BRAC International

Stichting BRAC International has a 100% share in the capital of BRAC International Holdings B.V., the Netherlands.

BRAC International Holdings B.V. has interest in the companies as follows:

Name	Legal address	2024 share of interest %	2023 share of interest %
BRAC Microfinance (SL) Ltd	Freetown, Sierra Leone	100	100
BRAC Liberia Microfinance Ltd	Monrovia, Liberia	100	100
BRAC Rwanda Microfinance Co. PLC	Kigali, Rwanda	100	100
BRAC Tanzania Finance Ltd	Dar es Salaam, Tanzania	100	100
BRAC Zanzibar Finance Ltd	Mbweni, Zanzibar	100	100
BRAC Uganda Bank Ltd	Kampala, Uganda	49	49
BRAC International Holdings B.V. Kenya	Nairobi, Kenya	Branch	Branch
BRAC Myanmar Microfinance Company Ltd	Yangon, Myanmar	100	100
BRAC Ghana Savings and Loans Ltd.	Accra, Ghana	100	100
BRAC Lanka Investments (Private) Ltd	Colombo, Sri Lanka	100	100
BRAC International Finance B.V.	The Hague, The Netherlands	100	100

Stichting BRAC International has a 100% share in the capital of BRAC International Enterprises B.V., the Netherlands.

BRAC International Enterprises B.V. has interest in the companies as follows:

Name	Legal address	2024 share of interest %	2023 share of interest %
BRAC Enterprises Tanzania Limited	Dar es Salaam, Tanzania	100	100
BRAC Social Business Enterprise Uganda Ltd.	Kampala, Uganda	100	100
BRAC Enterprise Liberia Limited	Monrovia, Liberia	100	100

All the subsidiaries are mainly governed by the Management Board Members of SBI and BIHBV.

The foreign currency translation difference denotes the reduction in the Foundation's share due to exchange difference with subsidiaries' functional currency against USD.

The entities (listed in note B.4.3) with no share of interest are locally established limited companies by guarantee and having no share capital. Stichting BRAC International has control over the governance and operational policy of these entities and is able to appoint directors. The goals of the consolidated group companies are aligned with the goals of Stichting BRAC International. Within these consolidated group companies, at least one of the executives of the Stichting BRAC International is involved as member of the Board of Directors.

BRAC Lanka Investments (Private) Ltd. is a dormant entity since 2015.
BRAC South Sudan deregistered in November 2024.

BRAC Enterprise Liberia Limited operation was discontinued in Dec'24.
BRAC Myanmar operation was terminated on 31 December 2024.

32 Trade and other receivables

	2024 USD	2023 USD
Grant receivables	944,806	423,951
Advances to third parties	1,053,691	973,463
Receivables related parties	2,594,265	2,278,713
Other assets	262,023	1,809,161
	4,854,785	5,485,288

The receivables from related parties include USD 2,594,265 (2023: USD 2,278,713) provided to BRAC International Holdings B.V. and other subsidiaries against HO logistics and management support provided by Stichting BRAC International. The amount is payable on demand.

33 Cash and cash equivalents

	2024 USD	2023 USD
Cash in hand	100,115	69,626
Cash at banks	41,737,372	55,366,048
Short term deposits	18,266,493	18,000,000
ECL on cash at bank	(140,654)	-
	59,963,326	73,435,673

All cash and cash equivalent balances are available on demand. The short-term deposits have been committed for 3 months but it is available on demand. In case of early withdrawal of the short-term deposit the interest income will be less than the agreed upon interest rate.

34 Reserve

	General Reserve	Foreign currency translation reserve	Unappropriated result	Total
	USD	USD		USD
As at 1 January 2023	127,913,664	(13,298,695)	-	114,614,969
Result for the year	-	-	3,776,292 ¹	3,776,292 ¹
Foreign currency translation differences	-	(5,785,967) ¹	-	(5,785,967) ¹
As at 31 December 2023	127,913,664 ¹	(19,084,662) ¹	3,776,292	112,605,294
Impact of Hyperinflationary Accounting	-	-	-	-
As at 1 January 2024	127,913,664	(19,084,662)	3,776,292	112,605,294
Appropriation of prior year result	3,776,292	-	(3,776,292)	-
Unappropriated result for the year	-	-	3,910,435	3,910,435
Foreign currency translation differences	-	2,561,597	-	2,561,597
As at 31 December 2024	131,689,956	(16,523,065)	3,910,435	119,077,326

¹Adjusted for comparison purposes, reference is made to note C.

Reconciliation of reserves and net result per the consolidated financial statements with reserves and net result per the stand-alone financial statements

	2024 USD	2023 USD
Reserves according to the consolidated balance sheet	119,587,471	115,544,458
Less:		
— Reserve of affiliated Foundations and companies without participating interest (note 30):		
BRAC Uganda	493,798	2,608,659
BRAC Afghanistan	489,363	1,425,411
BRAC Maendeleo Tanzania	82,993	(256)
BRAC South Sudan	(556,007)	(916,165)
	510,146	3,117,648
— Reversal of impairment	-	(178,485)
Reserves according to the stand-alone balance sheet	119,077,326	112,605,294
	2024 USD	2023 USD
Net result according to the consolidated statement of income and expenses	1,280,478	2,919,302 ¹
Less:		
— Surplus of affiliated Foundations, without participating interest:		
BRAC Uganda	(2,141,520)	(607,001)
BRAC Afghanistan	(926,403)	(585,263) ¹
BRAC Maendeleo Tanzania	77,810	18,062 ¹
BRAC South Sudan	360,158	292,975
	(2,629,956)	(881,227) ¹
— Reversal of impairment	-	24,237 ¹
Net result according to the stand-alone statement of income and expenses	3,910,435	3,776,292 ¹

¹Adjusted for comparison purposes, reference is made to note C.

35 Current liabilities

	2024 USD	2023 USD
Donor funds	52,536,580	62,888,408
Other current liabilities	3,436,905	4,867,098
	55,973,485	67,755,506

Donor funds

	2024 USD	2023 USD
Donor funds received in advance	51,189,391	61,612,906
Donor funds utilised in fixed assets	1,347,189	1,275,502
	52,536,580	62,888,408

Donor funds decreased mainly due to the project expenditure of Ultra Poor Graduation Initiative (UPGI) and the Accelerating impact for Young Women (AIM) programme.

Donor funds received in advance

	2024 USD	2023 USD
Opening balance	61,612,906	76,708,670
Received during the year	51,853,447	29,621,649
Transfer to donor funds in fixed assets	(292,704)	(903,246)
Released to statement of income and expenses	(29,753,775)	(24,564,755)
Released to others (Released to subsidiaries & refunded to donors)	(32,867,363)	(19,381,433)
Receivable from donor	566,225	(115,579)
Translation difference	70,656	247,600
Closing balance	51,189,391	61,612,906

Donor funds utilised in fixed assets

	2024 USD	2023 USD
Opening balance	1,275,502	481,310
Transfer from grant received in advance	292,704	903,246
Released to statement of income and expenses	(263,412)	(60,190)
Translation difference	42,395	(48,864)
Closing balance	1,347,189	1,275,502

Other current liabilities

	2024 USD	2023 USD
Related-party payables	870,040	2,209,729
Accrued expenses	115,073	104,939
Corporate income tax payable	-	460,373
Withholding and other taxes	298,213	202,197
Provision for negative participation	220,543	175,500
Social security fund	252,161	164,742
Other liabilities	1,680,875	1,549,617
	3,436,905	4,867,098

Other liability mainly includes various staff benefit provisions, liquidity reserve, provision for negative participation and payable to suppliers are part of the other liabilities and accrued expenses. All the other liabilities are payable within one year.

36 Off-balance sheet assets and liabilities

There are no off-balance sheet assets and liabilities.

Off-balance sheet commitment

Operational lease agreements for buildings with third parties can be terminated yearly basis. The expected lease commitment for the entity is presented below:

	USD
Within 1 year	174,365
Between 1-5 Year	95,356
Lease payments recognised in the P&L in 2024	496,590

37 Share in result of participating interests

	2024 USD	2023 USD
BRAC International Holdings B.V.	5,908,328	5,092,470 ¹
BRAC International Enterprises B.V.	(845,903)	(788,495)
	5,062,424	4,303,975¹

38 Remuneration of the Supervisory Board and the Management Board

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Foundation amounted to USD 897,070 (2023: USD 516,975) for current and former Management Board Members.

Total remuneration for the supervisory board for the year is USD 3,800 (2023: USD 6,203).

39 Subsequent events

On March 2025, SBI started partnership with IPA through UPGI project in Nigeria to develop a Path-to-impact plan with recommendations for next steps in both implementation and learning.

The above events are treated as non-adjusting events and hence no entries are made in the financial statement related to such.

¹Adjusted for comparison purposes, reference is made to note C.

Stichting BRAC International

The Hague, 3 July 2025

Management Board Stichting BRAC International

Mr. Shameran Abed

Mr. Gregory Cheng-Hue Chen

Supervisory Board Stichting BRAC International

Ms. Irene Zubaida Khan

Mr. Allert Pieter van den Ham

Ms. Sylvia Borren

Dr. Debapriya Bhattacharya

Ms. Amira Mosad Elmissiry

Mr. Stephen Frederick Rasmussen

Ms. Enid Muthoni Ndiga

Ms. Farzana Ahmed

Other information

Provisions in the Deed of Incorporation governing the appropriation of result

Based upon the Foundation's Deed of Incorporation and Dutch law, the result is at the disposal of the General Meeting of Affiliates, which can allocate said result either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

Branch Offices

The Foundation's has branch offices in Liberia (BRAC Liberia), Sierra Leone (BRAC Sierra Leone), Philippines (Stichting BRAC International, Inc. - Philippines), Nepal (BRAC Nepal), Myanmar (BRAC Myanmar), Rwanda (Stichting BRAC International, Rwanda) and Kenya (Stichting BRAC International, Kenya).

Independent auditor's report

The independent auditor's report is set out in the pages hereafter.

Independent auditor's report

To: the General Meeting and the Supervisory Board of Stichting BRAC International

Report on the audit of the financial statements included in the annual report

Our opinion

We have audited the financial statements 2024 of Stichting BRAC International ('the Foundation'), based in 's-Gravenhage.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting BRAC International as at 31 December 2024, and of its result for the year ended 31 December 2024 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The financial statements comprise:

- 1 the consolidated and stand-alone balance sheet as at 31 December 2024;
- 2 the consolidated and stand-alone statement of income and expenses for the year ended 31 December 2024; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting BRAC International in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In the sections 'Fraud and Non-compliance risk' and 'Legal and Compliance' of the Management Board report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this.

As part of our audit, we have gained insights into the Foundation and its business environment and the Foundation's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Foundation's code of conduct, BRAC whistleblowing policy and procedures, policy on Anti-Money Laundering and Combating Financing of Terrorism.

Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit and the head of Legal & Compliance, Risk Management and Corporate Affairs. We have also incorporated elements of unpredictability in our audit, such as varying the timing of audit procedures and performing different types of substantive testing procedures, inquiries of the head of Corporate Affairs, the head of AIM project team and offline meetings with component management in Uganda and Tanzania.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-Bribery and corruption;
- Anti-money laundering;
- Data privacy.

The Foundation is operational in higher-risk jurisdictions and interacts with governments and other regulatory authorities to obtain licenses and permits.

Based on the above and on the auditing standards, we identified the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses, including the work of our component auditors:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as controls related to journal entries and estimates.
- We performed data analysis procedures on high-risk journal entries, on company- and component level, related to recognised revenue and journal entries meeting certain selection criteria such as account combinations and unusual patterns, seldom used accounts, specific descriptions postings, and evaluated key estimates and judgments for bias by the Foundation's Management Board, including retrospective reviews of prior year estimates, among others, with respect to the expected credit loss on the Loans to customers. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We identified and selected journal entries and other consolidation adjustments made at the end of the reporting period for testing.
- We examined all minutes of the Foundation's Supervisory Board to search for indications of fraud and for significant transactions that are outside the Foundation's normal course of business, or are otherwise unusual.

Revenue recognition of grant income (a presumed risk)

Risk:

The Foundation is under pressure of donors to meet their expectations with respect to achieving goals, as defined in the grant contract. Furthermore, the Foundation is dependent on the donors to secure operations in the countries in future years. We therefore identified the existence of grant income as a fraud risk in our audit.

Responses, including the work of our component auditors:

- We assessed the design and implementation of the process level controls within the grant income recognition process and the segregation of duties within the tender processes for obtaining new donor agreements.
- We made inquiries with management regarding new donor agreements, and the specific arrangements within the contracts for revenue recognition. For a selection of contracts, we have tested whether appropriate revenue recognition criteria have been applied.
- Other substantive procedures comprised of testing the outstanding donor program loan balances based on the donor program movement schedule, and vouching of grant expenses to underlying documentation such as contracts and third party invoices, and vouching grants obtained with bank statements and the donor agreements.
- We assessed the adequacy of the Foundation's disclosures in the financial statements.

Revenue recognition of interest income (a presumed risk)

Risk:

Management incentives exist which are tied to profitability and pressure from stakeholders to meet the budget and to achieve the growth levels as set out in the future growth plan of the Foundation. We therefore identified the existence of interest income at year-end as a fraud risk in our audit.

Responses, including the work of our component auditors:

- We evaluated the design and implementation of the process level controls within the interest income revenue recognition process to ensure that revenue is recognised in the correct accounting period and that loans are disbursed to existing customers.
- We performed substantive audit procedures throughout the period and in the cut-off period of interest income by validating the fulfillment of performance obligations (revenue recognition) by assessing the terms and conditions and vouching revenues recorded to the underlying transactions, agreements and supporting documentation such as loan agreements and loan books.
- Other substantive procedures comprised of substantive analytical procedures on interest income recognised by making an expectation based on the fixed interest percentages and the loans disbursed throughout the period.
- We assessed the adequacy of the Foundation's disclosures in the financial statements.

Anti-bribery and anti-corruption laws and regulations

Risk:

Due to the operations in higher-risk jurisdictions (with a Corruption Perceptions Index score below 60) and the interaction with governments and/or other authorities to obtain licenses and permits, we identified a significant risk of bribery and corruption.

Responses, including the work of our component auditors:

- We evaluated the design and implementation of internal controls and adherence to the anti-bribery and anti-corruption policy, the code of conduct and the design and implementation of controls to identify and authorize transactions with governments.
- We performed journal entry testing, specifically taking into account high-risk criteria in relation to specific descriptions of postings.
- We performed relevant inquiries with management and those charged with governance and other relevant functions such as Internal Audit and the head of Legal & Compliance.
- We obtained written management representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess the Management Board's assessment, we have performed, inter alia, the following procedures:

- We considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit.
- We inquired with the Management Board on the key assumptions and principles underlying the Management Board's assessment of the going concern risks.
- We inspected the financing agreements in terms of conditions that could lead to going concern risks, including the terms of these agreements and any covenants.
- We analysed the Foundation's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Management Board's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information.

Description of the responsibilities for the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Foundation's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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 Foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- concluding on the appropriateness of management's 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 Foundation's ability to continue as a going concern. 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 Foundation ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

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

Amstelveen, 3 July 2025

KPMG Accountants N.V.

L.M.A. van Opzeeland RA