Annual Report 2025

Stichting BRAC International

"Development is not about giving things to people. It is about creating opportunities so people can control of their own lives."

~ Sir Fazle Hasan Abed, Founder of BRAC

Contents

Supervisory Board Report

The Supervisory Board has an overseeing role at Stichting BRAC International (hereinafter “Foundation”, “SBI” or “BI” or “BRAC International”), 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 2025 is as follows:

	Name	**Membership**	**Nationality**
1	Ms. Irene Zubaida Khan (Re-appointed with effect from 17th September 2024)	Chair	Bangladeshi
2	Ms. Sylvia Borren (Re-appointed with effect from 9th 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 9th December 2024)	Member	Bangladeshi
5	Mr. Stephen Frederick Rasmussen (Re-appointed with effect from 25th June 2025)	Member	American
6	Ms. Amira Mosad Elmissiry (Re-appointed with effect from 25th June 2025)	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 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, Ms. Enid Muthoni Ndiga, Mr. Stephen Rasmussen and Ms. Amira Elmissiry could not attend one board meetings during 2025 on personal grounds.

Sl No	Name	March 2025	July 2025	September 2025	December 2025
1	Ms. Irene Zubaida Khan	√	√	√	√
2	Ms. Sylvia Borren	√	√	√	√
3	Mr. Allert Pieter van den Ham	√	√	√	√
4	Dr. Debapriya Bhattacharya	√	√	√	X
5	Mr. Stephen Frederick Rasmussen	√	X	√	√
6	Ms. Amira Mosad Elmissiry	√	√	X	√
7	Ms. Enid Muthoni Ndiga	√	X	√	√
8	Ms. Farzana Ahmed	√	√	√	√

The Supervisory Board in its supervising role

As part of its supervisory role, the Supervisory Board approved the 2025 audited annual report and the 2026 revised budget on 1st July 2026. 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 six members. Five members represent the Supervisory Board of Stichting BRAC International and one member represent the Supervisory Board of BRAC international Holdings B.V. 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, 1st July 2026

Approved by:

1. Ms. Irene Zubaida Khan
2. Mr. Allert Pieter van den Ham
3. Ms. Sylvia Borren
4. Dr. Debapriya Bhattacharya
5. Ms. Amira Mosad Elmissiry
6. Mr. Stephen Frederick Rasmussen
7. Ms. Enid Muthoni Ndiga
8. 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 2025.

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 eleven 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" or "BRAC International") 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 and Food Security (AFS), Humanitarian Programme, Ultra-Poor Graduation and Livelihoods (UPG&L), 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 2025 namely, Afghanistan, the Philippines, Uganda, Tanzania, Rwanda, Liberia, Sierra Leone and Ghana. The microfinance programmes are run through its 100%-owned subsidiary, BRAC International Holdings B.V. (BIHBV). BIHBV has microfinance institutions in seven countries outside Bangladesh - Myanmar, Tanzania, Rwanda, Uganda, Ghana, Liberia, and Sierra Leone. BIHBV fully owns or has control of these entities. A new company, BRAC Kenya Company Limited, has received regulatory approvals to operate a microfinance business in Kenya in June 2024 and has started operations in May 2026. BIHBV previously had a subsidiary in Sri Lanka, which is now dormant. BIHBV also has a branch office in Kenya, BRAC International Holdings B.V. Kenya, responsible for providing strategic and operational assistance to the seven institutions. 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 2025:

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
Mr. Tushar Bhowmik (Appointed on 30 September 2025)	Chief Financial Officer	British
Mr. Mahbub Mannan (Appointed on 30 September 2025)	Chief Human Resource Officer	British
Ms. Anne Mutta (Appointed on 30 September 2025)	Regional Director	Kenyan

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

Agriculture and food security (AFS)

Smallholder farmers produce nearly 80% of the food consumed across Asia and Africa. They are also among the most vulnerable to climate shocks, poverty, and hunger. The goal of our Agriculture and Food Security Programme is to improve food security, sustainable livelihoods, and resilience of smallholder farmers- especially women and youth- and contribute to agriculture-led economic growth. To achieve this, we work across three levels of interventions: farmers, markets and systems & policies. Our work focuses on building the capacity of farmers on climate-smart farming practices and technologies. We also help farmers and market actors grow their businesses through access to quality inputs and reliable output markets, tailored agri-finance products, financial literacy and entrepreneurship support, and linkages with the private sector. In addition, we develop community-based promoters, strengthen the capacity of governments, and connect farmers with extension departments to access essential services and markets. We collaborate with research institutions, universities, and through our social enterprise, develop, promote, and distribute improved seed varieties and technologies. We strengthen the capacities of governments, stakeholders, and local institutions, and advocate for supportive policies, regulations, infrastructure, and investments.

Active projects in: Afghanistan, Liberia and Tanzania

Early childhood development and education (ECD&E)

Over 250 million children around the world are still denied their right to access quality education and care, especially in the earliest years of life. BRAC's cradle-to-career approach ensures children are supported at every stage, from early childhood to primary and secondary school, and onward to career readiness. As part of ECD&E, we support children from birth to age six through our community- driven and environment-friendly play labs, which offer safe, play-based learning spaces. We equip parents and caregivers with knowledge and skills for healthy child development and provide psychosocial support in humanitarian settings. We also identify, train, and support women to set up and run childcare microenterprises and build linkages for children's smooth transition into pre-primary and primary education. We support girls in primary and secondary school with scholarships and school-related costs, ensuring that those who excel have continued access to quality education. We also provide grants to improve school facilities, creating safe and gender-responsive environments that nurture learning and wellbeing. We provide training to teachers to deliver inclusive and gender-responsive education and work with school management committees to improve learning quality and outcomes.

In low-resource settings, we run one-room classrooms to reach school-less communities and provide accelerated learning programmes for overage children so they can re-enter the formal education system. To bridge learning gaps, we run after-school sessions, remedial classes, and peer study circles. For older adolescents, we partner with vocational and technical institutes to provide market-relevant skills training to prepare them for future livelihoods.

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

Youth Empowerment

There are 1.8 billion young people in the world. Most of them live in developing countries and face complex challenges. We work with young people living in vulnerable situations, supporting them with the opportunities they need to realise their potential. Through skills training, entrepreneurship support, and financial services, we enable them to drive their own transformation and build futures on their own terms. Our youth empowerment programme offers youth clubs, which are safe community hubs for adolescent girls and young women, where, with support from a mentor, they develop life skills, practice leadership and collective decision-making, while learning to amplify their voices and build friendships. Participants choose from different livelihood pathways, and access business training, start-up support, and market linkages, and are guided throughout the journey. Participants also learn to manage finances, build group savings, and loans. Those launching businesses can access start-up capital, while existing entrepreneurs receive booster funds. To ensure long-term sustainability- participants are linked with formal financial institutions. We work with four key groups—families, community stakeholders, government actors, and employers—to build supportive systems and challenge discriminatory norms, creating an environment where girls and young women can exercise their rights and access opportunities.

BI’s flagship programme, The Mastercard Foundation Accelerating Impact for Young Women (AIM) in Partnership with BRAC International, 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.

Active projects in: Philippines, Uganda, Tanzania, Rwanda, Sierra Leone, Liberia

Health Programme

More than 4.5 billion people — over half of the world’s population — still lack access to essential health services. Our community-based healthcare model bridges the gap between underserved communities and the formal health system, bringing lifesaving care to people's doorsteps. Our trained community health workers deliver essential services in sexual and reproductive health, child health, nutrition, sanitation and hygiene, and prevention of communicable and non-communicable diseases. We partner with the Ministry of Health to strengthen the health workforce and electronic community health information systems and create referral linkages between communities and facilities. We also leverage technology, collaborate with the private sector, and advocate for resource allocation for community health workers.

Active projects in: Uganda.

Humanitarian Programme

Globally, one person becomes displaced every three seconds. Escalating conflict, climate change, and natural disasters have created an urgent need for humanitarian assistance in the countries where we operate. BI works with communities across Asia and Africa to reduce disaster risks before they occur, respond effectively when they happen, and support recovery efforts to help people rebuild their lives. We integrate disaster risk reduction strategies with development programmes and financial inclusion initiatives. We prioritise those most vulnerable in crises — including the elderly, women, children, and people with disabilities — ensuring inclusion and equitable participation in decision-making. We collaborate with local governments, community-based groups and organisations to scale local knowledge, foster ownership, and improve access to essential emergency tools, resources and funding.

Active projects in: Uganda, Afghanistan and the Philippines.

Ultra-poor Graduation and livelihoods (UPG&L)

Global poverty is one of the most urgent issues facing our world today, with 1 out of every 10 people or roughly 700 million people, living in extreme poverty. The goal of the programme is to eradicate extreme poverty through improved livelihoods and building socio-economic resilience in countries of operation and globally. To achieve this, we offer a range of livelihood pathways tailored to the needs of diverse populations, with a particular focus on youth, women, and people living in extreme poverty. These pathways are built on the livelihood development and the Graduation approach — the most widely adopted, evidence-backed solution to poverty alleviation. Our approach, adapted to the local context, provides training and assets, hands-on coaching, and connects participants to financial inclusion, social protection and social empowerment through community engagement.

Active projects in: Tanzania, Uganda and the Philippines.

Climate resilience

Climate change threatens the progress we have made toward a world free from poverty and inequality. Communities that have achieved positive transformations through BRAC's proven anti-poverty solutions now face risks from a changing climate. Our climate programme works with the vision of enabling women smallholder farmers to lift themselves and their families out of climate vulnerability. The programme is also mainstreaming climate change adaptation into development programmes, strengthening knowledge, learning, and communication, and driving policy action for climate resilience.

Active projects in: Rwanda

Ultra-Poor Graduation Initiatives (UPGI)

BI'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 2025, UPGI had established a long-term presence in six countries - Ethiopia, India, Rwanda, the Philippines, Indonesia and South Africa.

Microfinance

Microfinance is an integral part of BI'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. BRAC Kenya Company Limited has started operations in May 2026.

In 2025, Microfinance reached a net 90,000 new clients to serve a total of over 1,000,000 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, and Tanzania.

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 2025, 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** increased by 12% to USD 78.2 million in 2025 (2024: USD 70.1 million), reflecting continued donor support and increased funding for development programmes particularly from AIM.

- **Interest income** from microfinance operations rose by USD 26.6 million (28%) to USD 120.5 million (2024: USD 93.9 million). This growth was driven by increased loan disbursements to the customers.
- **Operating expenses** increased by 12% to USD 157.9 million (2024: USD 140.3 million). The increase mainly relates to higher staff-related costs, expansion of branch operations, capacity-building initiatives across entities, increased digitalisation and IT investments, and the overall impact of inflation on operating costs.
- **Result after Tax (surplus)** increased significantly by 707% to USD 19.6 million (2024: USD 2.4 million). This substantial increase was primarily driven by higher interest income, which rose from USD 93.9 million to USD 120.5 million during the year. In addition, increased grant income and interest income, amounting to USD 12.4 million, partially offset the significant rise in operating expenses of USD 17.5 million.
- **Group reserves** increased by 18% to USD 140.6 million (2024: USD 119.6 million), strengthening the Group's capital position and supporting the long-term sustainability of its programmes and operations.
- **Total assets** grew by 18% to USD 488.3 million (2024: USD 414.7 million), primarily driven by expansion in the loan portfolio, growth in receivables, and increased investments in financial fixed assets.
- **Loans to customers** surged by 23% to USD 286.3 million (2024: USD 233.4 million), reflecting robust microfinance activity and portfolio expansion in key African markets.
- **Cash and cash equivalents** increased slightly to USD 126.8 million (2024: USD 124.1 million), supported by strong operational cash inflows and new financing facilities, despite higher loan disbursements and repayments of borrowings.
- **Current liabilities** increased by 7% to USD 236.1 million (2024: USD 220.6 million), reflecting increased programme activity, higher customer deposits, and growth in short-term financing 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 2025**	**Actual 2025**	**Variance**	**Utilisation**
Income:	**215,005**	**225,921**	**10,916**	**105%**
- Grant Income	88,163	78,166	(9,997)	89%
- Interest Income	108,008	120,451	12,443	112%
- Other Operating Income, Other Interest and similar income	18,834	27,304	8,470	145%
Expenses:	**(201,024)**	**(200,378)**	**646**	**100%**
Cost of outsourced work and other external costs and Other operating expenses	(87,248)	(78,645)	8,603	90%
Wages and salaries and Social security and pension charges	(82,307)	(74,962)	7,345	91%

Amortisation and depreciation	(4,199)	(4,255)	(56)	101%
Impairment loss on financial assets	(4,034)	(6,907)	(2,873)	171%
Interest expense	(23,236)	(35,609)	(12,373)	153%
Operating Result	**13,981**	**25,543**	**11,562**	**183%**
Result after tax	**5,593**	**19,597**	**14,004**	**350%**
Net result after minority interest	**4,556**	**19,250**	**14,694**	**423%**

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

— **Total Income** was slightly above budget at 105% (USD 225.9 million vs. USD 215.0 million), driven by strong overperformance in interest income (112%) and other operating income (145%), supported by higher service charge/interest generation and increased treasury returns. However, grant income underperformed at 89% (USD 78.2 million vs. USD 88.2 million), mainly due to delays in programme implementation and timing of donor fund utilisation.

— **Total expenses** were broadly in line with budget at 100% (USD 200 million vs. USD 201.0 million), reflecting effective cost control across most categories. Key savings were achieved in outsourced services (90%) and wages and salaries (91%). However, these savings were offset by significant overruns in impairment losses (171%) and interest expenses (153%), driven by higher credit loss provisioning and increased foreign exchange impacts.

— **Results:** operating result significantly exceeded budget at 182% (USD 25.5 million vs. USD 14.0 million), and result after tax also materially outperformed at 350% (USD 19.6 million vs. USD 5.6 million). Net result after minority interest closed at USD 19.2 million, representing 417% of budget (USD 4.6 million), largely driven by stronger-than-expected income generation despite elevated impairment and financing costs.

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 2025 is 7.05% (2024: 2.14%). The increase in the ratio is mainly driven by a higher net surplus generated during the year.

Quick (liquidity) ratio
The quick ratio [(current assets - inventories) / current liabilities] of the Foundation is 1.90 (2024: 1.73). 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, external debt is our largest source, microfinance income being second.

In 2025, a total of USD 97.2 million (2024: USD 61.5 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 Debt Program (via BIFBV), 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 Microfinance Institutions of BIHBV. Out of this, USD 9 million was withdrawn in 2024. In 2025 the balance of USD 23.2 million was fully withdrawn and disbursed to the four operating entities in Tanzania, Uganda, Liberia, and Sierra Leone.

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 new funding arrangements.

In addition to the borrowing the group continued its activity to raise alternative source of fund mostly via grant. In 2025 the foundation and its subsidiary raised grants amounting to USD 53.6 million.

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.

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 9,090 (2024: 8,977) out of which Female 84% (2024: 83%).

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 (SBI), 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 team reports to the Director of Strategic Transformation and Risk at SBI who works closely with the management teams across all SBI and BIHBV subsidiaries, and reports through the Executive Director to Senior Management and the Board Sub-Committee (Audit and Risk Committee), seeking the 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 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 coordinators at the country level. The country management teams actively work on the risk register and take the necessary measures for the mitigation action plans. They also periodically review and update 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 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 sessions, 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 to senior management and the board. Internal Audit evaluates the adequacy and effectiveness of governance, risk management, and internal control processes, including assessing whether the first- and second-line functions are operating effectively. This assurance is provided through risk-based and periodic audits with findings and recommendations reported to management and the Audit and Risk Committee.

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 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 2025 have been:

- Continued geopolitical instability, funding shifts, and difficult operating contexts (including Myanmar, Afghanistan and parts of Africa) remain key uncertainties for delivering programmes and sustaining microfinance operations.
- Leadership succession, staff retention, and the need to maintain trust and reputation across diverse geographies continue to require close senior management attention.

These risks are monitored through senior management and Board oversight, with strategic decisions taken to respond to material changes in context.

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 2025 were:

- Staff safety, security, and operational continuity remain key concerns in fragile and election-sensitive environments, alongside climate-related shocks that disrupt delivery.
- Rapid programme scale-up and design changes, increase pressure on country capacity, procurement, and execution across NGO and MF entities.

Legal and Compliance

Legal and compliance risks primarily arise from unexpected changes in government laws and regulatory requirements, particularly those affecting microfinance activities, given the distinct subsidiary banking regulations in each country where the organisation operates. Maintaining good relationships and rapport-building with government agencies and lending institutions are the most common mitigation activities, along with a strong monitoring of the financial and regulatory environment in each subsidiary.

Regulatory uncertainty especially for microfinance entities relating to borrowing limits, sanctions exposure, international payments, and supervisory expectations continues to pose operational and financial risks.

The Supervisory Board approved an updated AML/CFT Policy for SBI in February 2024. The policy states 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 has its own AML/CFT policy in line with the group policy that takes into consideration the local laws and regulations as appropriate.

Safeguarding

As part of its commitment to building a safeguarding culture and aligned with BI's vision of a world free from discrimination and exploitation, BI adheres to six safeguarding standards around governance, people practices, 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 Group's control. Environmental risk is a critical element embedded in SBI'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 the microfinance programme. It also affects the design and implementation of social development programmes and therefore impacts on 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, cybersecurity and data privacy, system integrity and third parties are being mitigated via business continuity management plans for downtime, disaster recovery and pandemics; 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. The monthly IT Steering Committee is being held with an agenda that encompasses potential threats, business disruption, data privacy, strengthening IT services, and an IT roadmap to implement a new Enterprise Resource Planning system.

Cybersecurity, data protection, and technology governance risks have increased with growing digitisation and reliance on multiple systems across NGO and MF entities.

Large system transitions, including ERP implementation, carry risks of disruption, data integrity issues, and uneven adoption if not carefully managed.

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 risk.*** 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	2025	2024	Depreciation /(appreciation)
Uganda	UGX	3,619.73	3,670.27	-1%
Tanzania	TZS	2,475.00	2,452.00	1%
Rwanda	RWF	1,453.08	1,382.99	5%
Sierra Leone	SLL	22.78	22.69	0.4%
Liberia	LRD	177.41	182.43	-3%
Ghana	GHS	10.45	14.70	-29%
Afghanistan	AFN	66.07	70.44	-6%
Myanmar	Kyat/MMK	2,100.00	2,100.00	0%
Nepal	NPR	143.67	136.86	5%
Philippines	Peso	58.85	58.01	1%
Kenya	KES	129.01	129.29	0.2%
The Netherlands	EUR	0.85	0.96	-11%

In 2025, TZS, RWF and SLL saw a depreciation against USD, resulting in a foreign exchange translation gain of USD 0.8 million (gain of USD 1.7 million in 2024). The local currency GHS (29%) appreciated against the USD; however, this did not contribute to an increase in foreign exchange translation losses due to smaller operational activities in 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 3,649 for 1 USD). The FX risk in Myanmar is mitigated by a back-to-back loan structure wherever possible. However, at 31 December 2025, the consolidated entity in Myanmar (BMMCL) has a net unhedged FX liability of USD 12.5 million, and any change in the official rate makes the entity vulnerable to significant FX loss. As a mitigation, BIHBV has taken over an external debt of USD 2.2 million at USD 400,000. This debt might be converted into equity if the situation requires.

- ***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 (HRPP). In adherence to the three line 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 AML/CFT policy in place.

- ***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 an additional Group Reporting Pack following the Dutch GAAP to support the consolidation process.

Outlook for 2026

In 2026 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. SBI has got registration for NGO operations in Ghana in April 2025. BRAC Kenya Company Limited, has received regulatory approvals to operate a microfinance business in Kenya in June 2025 and has started operations in May 2026 and NGO operation licence in Kenya is still in process. 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 1.2 million clients across 8 countries within 2026. 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 works with governments to embed and scale the Graduation approach to poverty reduction, with country programmes at varying stages of development. In India, the Graduation approach has been integrated into a national government programme operating across five states; India also serves as a hub for peer learning, and hosted delegations from Indonesia, Kenya, and Sri Lanka. Rwanda launched a district-level Graduation programme in Nyamagabe, intended as a demonstration model for national scaling. In Indonesia, the Philippines, and South Africa, UPGI is supporting governments to design and deliver Graduation programmes, with active participant enrolment underway in each country. In Ethiopia, UPGI is focused on cultivating government relationships and providing technical input to the next phase of the national safety net programme, with participant enrolment anticipated from 2026.

BRAC International Enterprise B.V. (BIEBV)'s priorities for 2026 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

New Donor Agreement – LEGO Foundation:
In January 2026, Stichting BRAC International entered into a five-year partnership agreement with LEGO Foundation for a total grant commitment of USD 50 million covering the period from January 2026 to December 2030. The programme aims to support approximately 400,000 children aged between 0 and 18 years in Bangladesh and Uganda through initiatives focused on child development and learning outcomes. Stichting BRAC International is the primary recipient of the grant as per this agreement.

Revised Donor Agreement – Mastercard Foundation (AIM 2.0):
In January 2026, Stichting signed a new agreement with the Mastercard Foundation to redesign and continue the AIM Programme with a new branding of “AIM 2.0”.

The original agreement, signed in November 2021, covered the implementation period from December 2021 to December 2027 with a total grant commitment of USD 268 million. Under the revised arrangement, AIM 2.0 will be implemented over the period from January 2026 to December 2033. The total grant commitment for the new period is USD 782 million, in addition to the programme implemented from November 2021 to December 2025. The programme is intended to expand and continue the objectives of the existing AIM Programme in accordance with the revised design and implementation framework agreed between the parties.

Waiver of Intercompany Payables – BRAC:
As at 31 December 2024 BRAC Afghanistan had outstanding payable balances due to BRAC amounting to USD 383,726.

During 2025, SBI Management decided to pause the operations of BRAC Afghanistan. Consequently, SBI Management requested BRAC to waive the outstanding payable balance due from the entity.

Subsequent to the reporting date, the Governing Body of BRAC approved the waiver of the outstanding balances at its 183rd meeting held on 8 April 2026. The derecognition of the payable balances is expected to be executed during 2026 within SBI.

Commencement of Operation in Ghana and Kenya:
BRAC Ghana LBG commenced programme operations from March 2026, through the establishment of two new branches located in Agona Swedru District and Abura Dunkwa District. These branches were officially opened in March 2026 as part of the initial phase of programme rollout in Ghana.

BRAC Kenya Company Limited has launched its operation from May 2026. The company received a Digital Credit Provider (DCP) licence in 2025 and is implementing a cash-less microfinance operating model.

Covenant Breach in BRAC Sierra Leone Microfinance Limited:
BRAC Sierra Leone Microfinance Limited breached the PAR 30 ratio covenant under certain financing agreements with international lenders. The entity obtained waivers from the relevant lenders in respect of this breach.

Escalation of Military Conflict in the Middle East:
Since late February 2026, a military conflict between the United States/Israel and Iran has been ongoing. The conflict has disrupted global oil and liquefied natural gas (LNG) supply routes, particularly through the closure of the Strait of Hormuz, a critical shipping corridor through which approximately 20% of global oil supply normally passes. These disruptions have contributed to higher crude oil prices, with the potential for further increases. As a result, fuel costs for the Group's borrowers have risen, increasing the risks of economic slowdown, currency depreciation, and higher inflation. Given the evolving nature of the situation, the medium- and long-term impacts remain uncertain.

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 2025, 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 2025 financial statements.

The Hague, 1st July 2026

Prepared by:

1. Mr. Shameran Abed, Executive Director
2. Mr. Gregory Cheng-Hue Chen, Managing Director, UPGI
3. Mr. Tushar Bhowmik, Chief Financial Officer
4. Mr. Mahbub Mannan, Chief Human Resources Officer
5. Ms. Anne Mutta, Regional Director

Consolidated balance sheet as at 31 December 2025

(before appropriation of result)

		2025		2024	
		USD	**USD**	USD	USD
Fixed assets					
Intangible fixed assets	*1*	3,933,270		4,378,920	
Tangible fixed assets	*2*	10,880,560		8,637,532	
Financial fixed assets	*3*	24,553,542		19,181,483	
			39,367,372		**32,197,935**
Current assets					
Inventories	*4*	1,060,361		1,050,926	
Loans to customers	*5*	286,256,766		233,350,212	
Trade and other receivables	*6*	34,829,660		24,016,974	
Cash	*7*	126,758,573		124,121,313	
			448,905,360		**382,539,425**
Total assets			**488,272,732**		**414,737,360**
Group reserves	*8*				
General reserves		167,131,632		148,400,546	
Legal reserves		1,035,906		510,146	
Foreign Currency translation reserve		(27,555,971)		(29,323,220)	
			140,611,567		119,587,472
Minority interests		9,121,897		8,930,817	
			149,733,464		**128,518,289**
Non-current liabilities	*9*		102,430,467		65,635,385
Current liabilities					
Donor Funds	*10*	41,125,975		64,332,048	
Loan security fund	*5*	36,710,090		28,491,533	
Deposits from savers	*5*	55,655,229		40,473,135	
Current portion of the borrowings	*9*	76,252,534		66,772,998	
Other current liabilities	*11*	26,364,973		20,513,972	
			236,108,801		220,583,686
Total liabilities and reserves			**488,272,732**		**414,737,360**

The notes on pages 32 to 92 are an integral part of these consolidated financial statements.

Consolidated statement of income and expenses for the year ended 31 December 2025

		2025		2024	
		USD	**USD**	USD	USD
Income					
Grant income	*13*	78,166,183		70,065,571	
Other operating income	*17*	7,825,690		4,016,842	
Total operating income, excl. net interest income		**85,991,873**		**74,082,413**	
Interest income	*14*	120,450,578		93,863,456	
Other interest and similar income	*15*	19,478,465		15,192,592	
Interest and similar income		**139,929,043**		**109,056,048**	
Interest and similar expense	*16*	(35,609,303)		(25,647,114)	
Net interest and similar income		**104,319,740**		**83,408,935**	
Total operating income, incl. net interest income		**190,311,613**		**157,491,347**	
Expected credit losses	*22*	(6,907,225)		(8,366,132)	
Net operating income			**183,404,388**		**149,125,216**
Cost of outsourced work and other external costs	*18*	(71,012,080)		(65,784,778)	
Wages and salaries	*19*	(67,618,143)		(58,503,434)	
Social security and pension charges	*20*	(7,343,898)		(6,707,811)	
Amortisation and depreciation on intangible and tangible fixed assets	*1&2*	(4,255,367)		(3,683,419)	
Other operating expenses	*21*	(7,633,088)		(5,666,729)	
Total operating expenses			**(157,862,576)**		**(140,346,172)**
Result before tax			25,541,812		8,779,044
Net (Loss)/Gain on Monetary Assets	*B.3*		(306,143)		(1,016,843)
Tax on result	*23*		(5,639,148)		(5,332,985)
Result after tax (carried forward)			19,596,521		2,429,215

	2025	2024
	USD	USD
Brought forward	19,596,521	2,429,215
Minority interests	(346,637)	(1,148,737)
Net result	**19,249,884**	**1,280,478**

The notes on pages 32 to 92 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2025

	2025		2024	
	USD	**USD**	USD	USD
Consolidated result after tax attributable to the Foundation		19,249,884		1,280,478
Translation differences on foreign participating interests	**1,774,211**		**2,258,403**	
Other comprehensive income	**1,897,012**		2,514,762	
Minority Interest	(122,801)		(256,359)	
Total of items recognised directly in reserves of the Foundation as part of the group reserves		**1,774,211**		**2,258,403**
Consolidated Comprehensive income		**21,024,095**		**3,538,881**

The notes on pages 32 to 92 are an integral part of these consolidated financial statements.

Consolidated statement of changes in reserves for the year ended 31 December 2025

	General Reserve	Legal Reserve	Foreign currency translation reserve	Total
	USD	USD	USD	USD
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**
As at 1 January 2025	**148,400,546**	**510,146**	**(29,323,220)**	**119,587,472**
Unappropriated result for the year	18,731,086	518,798	-	19,249,884
Foreign currency translation differences	-	6,962	1,767,249	1,774,211
As at 31 December 2025	**167,131,632**	**1,035,906**	**(27,555,971)**	**140,611,567**

The notes on pages 32 to 92 are an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2025

		2025		2024	
		USD	USD	USD	USD
Cash flow from operating activities					
Net result			**19,249,884**		**1,280,478**
Adjusted for:					
— Depreciation/amortisation/ other value adjustments	*1,2*	4,345,822		3,677,777	
— Expected Credit losses	*22*	6,907,225		7,923,596[1]	
— Fair value movement on derivatives	*16*	889,172		1,595,870	
— Interest expenses	*16*	23,329,651		16,820,791	
— Interest income		(120,450,578)		(93,863,456)	
— Bank Interest Income	*15*	(4,690,928)		(4,545,516)	
— Tax on result	*23*	5,639,148		5,872,664	
— Change in minority interest	*8*	346,637		1,148,737	
— Other movements in Borrowings	*9*	(1,729,641)		(503,393)	
— Changes in working capital:					
✓ Change in inventories		(9,435)		(545,953)	
✓ Change in trade and other receivables		(1,612,584)		(4,774,115)[1]	
✓ Change in other liabilities		4,916,186		(2,397,835)	
✓ Change in Donor grants		(24,134,143)		(5,019,198)	
✓ Change in Loan security fund		7,886,388		(2,442,782)	
✓ Change in Deposit from Savers		14,198,958		16,451,374	
			(84,168,122)		**(60,601,439)**
Cash flow from business operations			**(64,918,238)**		**(59,320,961)**
Loans to customers distributed	*5*	(592,106,870)		(478,552,708)	
Loans to customers repayment	*5*	536,376,258		429,463,883	
Interest received	*5*	118,984,427		94,067,443	
Interest paid - savings		(3,594,408)		(2,973,165)	
Interest paid on borrowings		(17,889,108)		(13,675,919)	
Income tax paid		(7,119,449)		(4,532,459)	
Bank Interest Income received		3,957,994		5,248,414	
			38,608,844		**29,045,490**
Cash flow from operating activities (carried forward)			**(26,309,394)**		**(30,275,471)**

		2025		2024	
		USD	USD	USD	USD
Brought forward			**(26,309,394)**		**(30,275,472)**
Investments in:					
— Tangible fixed assets	*2*	(5,222,766)		(2,751,444)	
— Intangible fixed assets	*1*	(1,024,567)		(55,994)	
Disposals of (in)tangible fixed assets		688,489		245,245	
Net changes in deposits	5	(12,760,737)		(11,233,447)[1]	
Cash flow from investing activities			**(18,319,581)**		**(13,795,640)**
Increase in borrowings	*9*	97,204,233		61,524,437	
Repayment of borrowings	*9*	(51,594,078)		(45,779,933)	
Cash flow from financing activities			**45,610,155**		**15,744,504**
Net cash flow			**981,180**		**(28,326,607)**
Exchange rate and translation differences on cash and cash equivalents			1,656,080		(162,911)
Changes in cash and cash equivalents			**2,637,260**		**(28,489,518)**
Cash and cash equivalents as at the beginning of the financial year	**7**		**124,121,313**		**152,610,831**
Changes in cash and cash equivalents			2,637,260		(28,489,518)
Cash and cash equivalents as at the end of the financial year	**7**		**126,758,573**		**124,121,313**

[1]Certain comparative figures have been reclassified to align with the current year presentation.

The notes on pages 32 to 92 are an integral part of these consolidated financial statements.

Notes to the 2025 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 the Foundation 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 2025 to 31 December 2025. The comparatives consist of the year 2024, which ended as at 31 December 2024.

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

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 have not been taken into 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 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:

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.

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**	**2025 share of interest %**	2024 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 Kenya	Nairobi, Kenya	Branch	Branch
BRAC Ghana LBG*	Accra, Ghana	–	–

* 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 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 January 2023 and Operation discontinued in December 2024) are subsidiaries of this intermediate holding BRAC International Enterprise B.V.

**** BRAC Myanmar operation was terminated on 31 December 2024 and is dormant from 1 January 2025. Also, BRAC Afghanistan operations are terminated by 31 December 2025 and dormant as from 1 January 2026.

BRAC Ghana LBG has been set up in April 2025.

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**	**2025 share of interest %**	2024 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	100
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 – “BKCL”) in February 2024 to start microfinance operations in Kenya. The company applied for a digital credit provider license in June 2024. Subsequent to the approval by Q2 2025, has started operations in May 2026.

****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 to 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 the previous year (2024) BRAC South Sudan, BRAC Myanmar (focus on NGO activities) and BRAC Enterprise Liberia Limited were classified as discontinued operations. BRAC South Sudan was deregistered on November 2024.

In addition, in September 2025, management decided to discontinue operations in BRAC Afghanistan, a direct subsidiary of SBI, citing insufficient donor funding and political instability.

The financial impact of the entities are as below:

A. Results of discontinued operation

The financial results of the discontinued operations for the year ended 31 December 2025 are as follows:

	BRAC Myanmar	BRAC Enterprises Liberia Limited	BRAC Afghanistan	Elimination of intra-group transactions	Discontinued operation results after the elimination
Income					
Grant income	-	-	1,982,594	-	1,982,594
Other income	-	-	28,997	-	28,997
Total Income	**-**	**-**	**2,011,591**	**-**	**2,011,591**
Operating Expenditure					
Staff costs and other benefits	-	87	1,144,926	-	1,145,013
Other general & administrative expenses	(58)	529	1,567,156	(46,915)	1,520,712
Depreciation	-	-	106,574	-	106,574
Total Operating Expenditure	**(58)**	**616**	**2,818,656**	**(46,915)**	**2,772,299**
Tax for the year	**-**	**-**	**-**	**-**	**-**
Surplus/ (Deficit) for the year	**58**	**(616)**	**(807,065)**	**46,915**	**(760,708)**

B. Cash flows from (used in) discontinued operation

For the year ended 31 December 2025

	BRAC Myanmar	BRAC Enterprises Liberia Limited	BRAC Afghanistan
Net Cash flow from operating activities	58	98	(351,899)
Net cash flow from investing activities	-	-	(26,603)
Net cash flow from financing activities	-	-	-

C. Financial position of the discontinued operation as of balance sheet date

	BRAC Myanmar As on 31 Dec 2025	BRAC Enterprises Liberia Limited As on 31 Dec 2025	BRAC Afghanistan As on 31 Dec 2025
Total assets	178,634	7,908	1,935,287
Total Liabilities	(124,247)	(43,453)	(2,262,604)

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 statement of income and expenses . 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	**2025**	2024
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:

<u>Step-1: Determination of Staging</u>

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.

<u>Step-2: ECL based on back testing</u>

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**	
	2025	**2024**
91-180 days	50%	50%
181-365 days	100%	100%
365+ days	100%	100%

In 2025 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

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 and highly liquid financial assets that are readily convertible to a known amount of cash without a significant risk of changes in value, as well as cash in hand, deposits held at call with banks, subject to sweeping arrangements.

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

Cash 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 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 Maendeleo Tanzania, BRAC Uganda Limited, BRAC Afghanistan and BRAC Ghana LBG 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 BI Interest recognition policy:

Loan Maturity	BI 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 includes gains made due to early repayment of loans, recovery from written off loans, waiver of borrowings and payables and other project income.

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 the directors, subsidiaries of the Foundation, and BRAC International Holdings B.V., BRAC International Enterprise B.V., BRAC (formerly disclosed as BRAC Bangladesh), BRAC USA, and BRAC Europe, which are bound by the "One BRAC" Compact approved and signed by the Supervisory Board of the Foundation and the Boards of Directors of BRAC, 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 10 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.

Sierra Leone have exceeded the three-year cumulative rate of inflation of 100% by the end of 2025, 2024 and 2023 and accordingly the Group applied hyperinflationary accounting to its Sierra Leone operations in accordance with Dutch GAAP (DAS 122). 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 in Sierra Leone. Ghana was also hyperinflationary economy in 2024. Hyperinflationary adjustments on financial information of Ghana for 2024 has been applied.

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	487,983,121	289,611	488,272,732
Total Liabilities	338,539,268	-	338,539,268
Total Equity	149,443,853	289,611	149,733,464

Consolidated Statement of income and expenses (Amounts in USD)

Particulars	**Historical**	**Impact of hyperinflation**	**Adjusted**
Profit for the year	19,594,811	(344,927)	19,249,884

Breakdown of P&L Impact for hyperinflationary accounting:

Particulars	**Amount in USD**
Loss on Net monetary position	(306,143)
Impact of CPI adjustment on other P&L items	(38,784)
Total loss due to hyperinflation adjustment on net result	**(344,927)**

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 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**
Impact of hyperinflationary accounting on 1 January 2025:			
— Purchase price	10,776	-	10,776
— Accumulated amortisation and impairment	(8,019)	-	(8,019)
Balance as at 1 January 2025:	**4,077,199**	**304,478**	**4,381,677**
Changes in carrying amount:			
— Investments	777,022	247,545	1,024,567
— Amortisation	(974,364)	-	(974,364)
— Disposal purchase price	(687,011)	(4,420)	(691,431)
— Disposal accumulated amortisation	149,496	-	149,496
— Exchange rate differences purchase price	118,266	4,507	122,773
— Exchange rate differences accumulated amortisation	(79,449)	-	(79,449)
— Change in carrying amount	(696,040)	247,632	(448,408)
Balance as at 31 December 2025:			
— Purchase price	6,988,164	552,110	7,540,274
— Accumulated amortisation and impairment	(3,607,004)	-	(3,607,004)
— Carrying amount	**3,381,160**	**552,110**	**3,933,270**

The intangible fixed assets consist of expenditure on software licences purchased from third parties, mainly related to the implementation of the Digital Field Application (DFA) in Uganda and the Core banking system (CBS) implementation in Tanzania. The pilot of DFA started in 2025. The CBS was implemented in Liberia 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 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 as at 1 January 2025**	**589,444**	**3,766,924**	**1,593,927**	**2,671,287**	**15,949**	**8,637,532**
— Impact of hyperinflationary accounting on 1 January 2025:						
— Purchase price	-	40,654	(21,764)	8,636	-	27,526
— Accumulated depreciation and impairment	-	(19,187)	33,832	(3,148)	-	11,497
— **Carrying amount as at 1 January 2025**	**589,444**	**3,788,391**	**1,605,995**	**2,676,775**	**15,949**	**8,676,555**
Changes in carrying amount:						
— Investments	235,022	2,904,532	664,005	1,239,138	180,069	5,222,766
— Disposals	-	(525,605)	(122,271)	(188,561)	(15,949)	(852,386)
— Depreciation	(83,383)	(1,977,420)	(572,723)	(737,932)	-	(3,371,458)
— Reversal of depreciation on disposal	-	412,563	113,592	179,677	-	705,832
— Exchange rate differences purchase price	11,798	332,979	122,627	306,990	-	774,394
— Exchange rate differences accumulated depreciation	(4,445)	(194,650)	(25,508)	(50,539)	-	(275,142)
— Change in carrying amount	158,992	952,399	179,722	748,773	164,120	2,204,006

Balance as at 31 December 2025:						
— Purchase price	1,110,931	14,611,892	4,121,260	7,444,658	180,069	27,468,810
— Accumulated depreciation and impairment	(362,495)	(9,871,102)	(2,335,543)	(4,019,110)	-	(16,588,250)
— **Carrying amount**	**748,436**	**4,740,790**	**1,785,717**	**3,425,548**	**180,069**	**10,880,560**

3 Financial fixed assets

	2025 USD	2024 USD
Investment in other institution	4,068,945	3,741,644
Deferred tax assets	4,376,441	2,455,474
Deposit with Bank	15,668,800	12,094,347
Derivative Assets	425,193	875,715
Finance lease on leasehold land	14,163	14,303
	24,553,542	**19,181,483**

Investment in other institution

The Group 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 2025, the current value is calculated as Net Asset Value per share multiplied by the number of shares held by BIHBV: EUR 29.23*118,472 shares *exchange rate (2024: EUR 30.04).

The movements in investment in other institution were as follows:

	2025 USD	2024 USD
Balance as at 1 January 2025:		
— Cost price	4,000,000	4,000,000
— Fair value (A)	3,741,644	3,884,141
Net change in fair value during the year (A-B)	327,301	(142,497)
Balance as at 31 December 2025		
— Cost price	4,000,000	4,000,000
— Fair value (B)	**4,068,945**	**3,741,644**

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 2025, the remaining lease period is 84 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 Ghana 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 and Ghana subsidiary and deductible temporary differences. It is expected that the subsidiary will be able to offset the prior years' accumulated losses amounting to USD 5.8 million (2024: USD 3.4 million) within the next five years.

Tax losses in BRAC Rwanda Microfinance Company Plc amounting to USD 5.6 million (2024: USD 7.9 million) 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 2025 can be specified as follows:

	2025 USD
2026	689,874
2027	1,486,689
2028	1,829,865
2029 and beyond	1,690,297
	5,696,725

The movement in deferred tax assets was as follows:

	2025 **USD**	2024 USD
Balance as at 1 January	2,455,474	3,066,586
Credit/Charge for the year	2,393,792	406,891
Utilised during the year	(623,189)	(1,018,003)
Currency translation reserve	150,364	-
Carrying amount	**4,376,441**	**2,455,474**

The deferred tax amounts include USD 1.67 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 (refer to note 7).

The summary of all bank deposit balances is presented below:

	2025	**2024**
	USD	**USD**
Deposits unrestricted (note 7)	30,902,645	28,920,841
Deposits kept as collateral maturing within 1 year (note 6)	20,625,384	11,439,100
Deposits kept as collateral maturing after 1 year (note 3)	15,668,800	12,094,347
Total Deposits with Bank	**67,196,829**	**52,454,288**

The movement in deposits with banks was as follows:

	2025	2024
	USD	USD
Balance as at 1 January	52,454,288	37,798,552
Additions during the year	33,893,034	30,141,638
Withdrawal/utilised during the year	(19,902,962)	(15,485,902)
Foreign currency Gain/(Loss)	233,847	-
Foreign currency translation reserve	518,622	-
Balance as at 31 December	**67,196,829**	**52,454,288**

Derivatives

As of 31 December 2025, 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:

Derivative assets:

Entity	2025			2024	
	Maturity Date	**Notional Amount**	**Fair Value Assets At 31 December**	Notional Amount	Fair Value Assets At 31 December
		USD	**USD**	USD	USD
Tanzania	-	-	-	9,215,830	402,217
Rwanda	15-06-2027 to 15-11-2028	2,100,000	341,516	1,600,000	313,666
Sierra Leone	15-12-2026 to 15-06-2027	2,000,000	83,677	1,600,400	159,832
Total		**4,100,000**	**425,193**	**12,416,230**	**875,715**

Derivative liabilities:

Entity	2025			2024	
	Maturity Date	**Notional Amount**	**Fair Value Liabilities At 31 December**	Notional Amount	Fair Value Liabilities At 31 December
		USD	**USD**	USD	USD
Tanzania	15-12-2026 to 29-03-2029	(11,295,337)	(542,642)	-	-
Total		**(11,295,337)**	**(542,642)**	**-**	**-**

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

	2025 USD	2024 USD
Finished products, goods for resale and office printed materials	1,060,361	1,050,926

The stationery and office printed materials are mostly passbooks, loan forms, and other collateral forms in the subsidiaries. Inventories for 2025 include fixed assets procured but not issued for use, amounting to USD 156 thousand (2024: USD 196 thousand).

No provision for obsolete inventories is deemed necessary (2024: USD nil).

5 Loans to customers

Principal Loans Outstanding

Gross loans to customers:	2025 USD	2024 USD
Microfinance loans	196,001,993	166,079,997
Small enterprises programme (SEP) loans	56,278,779	40,984,365
Agriculture loans	27,021,682	18,279,360
Women Enterprise program	7,999,282	5,385,462
Other loans	2,313,624	4,654,379
	289,615,360	**235,383,563**

Movement in Loans and advances

	2025 USD	2024 USD
Opening balance as at 1 January	235,383,561	186,012,874
Disbursements during the year	592,106,870	478,552,708
Repayment during the year	(536,376,258)	(429,463,883)
Write-offs during the year (principal)	(3,728,163)	(5,095,912)
Translation differences	2,229,350	5,377,776
Gross advance to customers	289,615,360	235,383,563
Interest receivable as at 31 December	6,645,814	6,263,304
Write-offs during the year (interest)	(161,044)	(1,083,641)
Allowances for expected credit loss	(9,843,364)	(7,213,012)
Closing balance as at 31 December	**286,256,766**	**233,350,214**

Microfinance loans to group members are traditional small-ticket loans (the approximate average loan size is USD 355 per customer). The tenure of the loans is within 20-40 weeks, and instalments 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 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:

	2025 **USD**	2024 USD
Opening balance as at 1 January	7,213,012	7,697,737
Charged for the year	6,417,116	5,586,293
Write-off (principal)	(3,728,165)	(5,095,912)
Write off (interest)	(161,044)	(1,083,641)
FX adjustment	102,445	108,535
Closing balance as at 31 December	**9,843,364**	**7,213,012**

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

	2025 **USD**	2024 USD
Grants receivable	2,675,338	2,088,390
Advances and prepayments to third parties	4,516,241	5,013,204
Deposit with banks (note 3)	20,625,384	11,439,100
Related party receivable	1,252,394	1,283,630
Interest receivable from bank deposits	1,425,485	692,551
Investment in securities	2,074,697	1,247,190
Other receivables	1,016,802	1,138,925
Prepaid taxes	1,243,319	1,113,983
	34,829,660	**24,016,973**

Grants receivable mainly consist of funds receivable from donors against expenses incurred on various projects. Trade and receivables increased during the year primarily due to investment in securities (Treasury Bills) by BRAC Uganda Bank Ltd (BUBL) to comply with the Bank of Uganda's Liquidity Coverage Ratio requirements. The increase was further driven by higher accrued interest on bank deposits resulting from longer deposit tenures in 2025 for both BUBL and BRAC Tanzania Finance Limited (BTFL). 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 (2024: 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. The amount is kept in an escrow account held by BRAC USA. All the other receivables are due within 1 year.

7 Cash

	2025 USD	2024 USD
Cash at banks	95,309,660	94,569,613
Deposits with banks (note 3)	30,902,645	28,920,841
Cash in hand	1,234,877	1,119,298
Provision for Impairment loss on cash at bank	(688,609)	(488,439)
	126,758,573	**124,121,313**

The Cash at banks includes an 'Issuer Reserve' of USD 721,986 (2024: USD 533,446) 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 21.5 million (2024: USD 17 million), most of which is partially restricted against loan security funds in 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 30.9 million (2024: USD 28.9 million) are available on demand. Out of the USD 30.90 Million, USD 20.27 million held at BRAC Bank. In case of early withdrawal of the short-term deposit the interest income will be less than the agreed-upon interest rate.

Cash at Bank is net of ECL expenses and ECL charged in the profit and loss amounting to USD 193,229 (2024: USD 417,350).

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.

	2025 USD	2024 USD
General Reserves	167,131,632	148,400,546
Legal Reserves	1,035,906	510,146
Foreign Currency translation reserve	(27,555,971)	(29,323,220)
Minority interest	9,121,897	8,930,817
	149,733,464	**128,518,288**

Minority interests

	2025 USD	2024 USD
Minority interests:		
— BRAC Uganda Bank Ltd.	9,121,897	8,930,817

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

	2025 USD	2024 USD
Non-current Liabilities		
Non-current borrowings	101,887,825	65,635,385
Derivative liabilities	542,642	-
	102,430,467	**65,635,385**
	==========	==========

Borrowings	179,402,505	133,415,458
Unamortised Cost of Borrowings	(1,262,146)	(1,007,075)
	178,140,359	**132,408,383**
Less: Current portion of borrowings	(76,252,534)	(66,772,998)
Non-current liabilities as at 31 December	**101,887,825**	**65,635,385**
	==========	==========

	2025 USD	2024 USD
Opening balance as at 1 January	132,408,382	114,765,996
Received during the year	97,204,233	61,524,437
Repayment during the year	(51,594,078)	(45,779,933)
Gain at acquisition of debt	(1,600,000)	-
Transaction costs capitalised during the year	(672,283)	(1,007,076)
Deferred set up cost on borrowings	417,212	503,682
Foreign currency (gain)/loss	123,775	2,401,275
Foreign currency translation	1,853,118	-
Closing balance as at 31 December	**178,140,359**	**132,408,382**
	===========	===========

The repayment term of the borrowings is as follows:

	2025 USD	2024 USD
<1 year	76,252,534	66,772,998
1-5 year	101,887,825	65,635,385
>5 year	-	-
Total	**178,140,359**	**132,408,383**

Out of borrowings, loans amounting to USD 112 million (2024: USD 47.0 million) are in USD and bear an average interest rate of 2%-17% (2024: 2.0-8.5%). The balance of USD 67 million (2024: USD 86.4 million) is in local currencies of respective subsidiaries and bears an average interest rate of 6%-25% (2024: 6%-23%).

Covenants

The following covenants are related to loans with a principal amount of USD 139 million.

Key Financial KPIs	BUBL	BTFL	BLMCL	BMSLL	Rwanda
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	2025-26:<95%	<85%			N/A
	2027+:<85%				N/A
Solvency Ratio	>15%	>20%			>15%
Gearing Ratio (Max 5)	<5				
Unhedged Open Foreign Currency Ratio	<25%				
Liquidity ratio	>100%				
Permitted Indebtedness	<60 %	<40%			
ROA	>0%	N/A	N/A	N/A	N/A
Operation Self-sustainability	>100%	N/A	N/A	N/A	N/A
Debt to Equity	<300%	N/A	N/A	N/A	N/A
CAR	>15.5%	>15%	N/A	N/A	N/A

'**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.

During the year, BRAC Sierra Leone Microfinance Limited breached the required PAR 30 ratio under its financing agreements with international lenders. The Entity obtained waivers from the lenders in respect of this covenant breach as at 31 December 2025.

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

10 Donor Funds

	2025	2024
	USD	USD
Donor funds received in advance	33,616,756	56,530,860
Donor funds invested in microfinance loans	1,323,408	1,740,620
Donor funds utilised in fixed assets	6,185,811	6,060,568
	41,125,975	**64,332,048**

All the donor funds received in advance are approved by the donors. Donor fund decreased in 2025 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 in Donor funds received in advance and Donor funds invested in microfinance loans 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 reclassed 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

	2025	2024
	USD	USD
Opening balance	56,530,858	63,126,994
Received during the year	53,624,801	61,232,715
Transfer to donor funds in fixed assets	(2,157,333)	(1,982,257)
Transfer to donor funds - loan to group members	-	(908,042)
Released to statement of income and expenses	(75,811,826)	(67,650,072)
Released to others (Refunded to donor)	(193,439)	(626,033)
Transfer to Receivable from donor funds	981,432	3,063,683
Transferred to liquidity reserve	(167,819)	(28,397)
Translation difference	810,082	302,269
Closing balance	**33,616,756**	**56,530,860**

Donor funds invested in microfinance loans

	2025	2024
	USD	USD
Opening balance as at 1 January	1,740,620	1,237,226
Transferred from donor funds received in advance	-	908,042
Transferred to income and expenses	(417,212)	(404,648)
Closing balance as at 31 December	**1,323,408**	**1,740,620**

Donor funds utilised in fixed assets

	2025	2024
	USD	USD
Opening balance	6,060,568	4,987,026
Transfer from grant received in advance	2,157,333	1,982,257
Released to statement of income and expenses	(1,667,987)	(979,990)
Assets handed over to others	(482,091)	(2,304)
Translation difference	117,988	73,579
Closing balance	**6,185,811**	**6,060,568**

During the year, USD 1.67 million of donor funds related to fixed assets were recognised in Statement of income and expenses. Although a similar amount is expected to be recognised in the next financial year and the rest USD 4.50 million expected to be amortised between 1-5 years, based on the depreciation pattern of the related assets, the full balance has been presented as current.

11 Other current liabilities

	2025 USD	2024 USD
Payable to Related parties (BRAC and BRAC USA)	2,024,284	1,650,931
Payable to BITS (BRAC IT Services Ltd)	1,462,911	1,160,426
Accrued expenses	9,426,021	7,238,664
Corporate income tax payable	1,359,605	977,792
Withholding and other taxes	2,126,213	1,583,355
Interest payable on borrowings	3,800,474	2,812,775
Social security fund	2,339,132	1,651,191
Other liabilities	3,826,333	3,438,837
	26,364,973	**20,513,971**

Payable to BRAC is in relation to the expenses incurred by BRAC 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 39% of the Group’s credit exposure in 2025 (2024: 35%). Bank of Africa, Tanzania holds 24% of the Group’s bank balances (2024: 13%).

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 6.9 million (USD 8.4 million in 2024) in the statement of income and expenses as an expected credit losses. USD 6.4 million of 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 (2024: 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:

	2025 **USD**	2024 USD
ECL expenses on Loans and advances	6,417,116	5,586,293
ECL expenses on cash at banks	193,229	417,350
ECL expenses on receivable	296,880	2,337,303
	6,907,225	**8,340,946**

Total exposure to credit risk

The below represents the maximum credit risk exposure to the Foundation as at 31 December 2025 and 2024. For on-balance of financial position assets, the exposures set out above are based on carrying amounts as reported on the balance sheet.

	2025 USD	**2024** **USD**
Cash at bank excluding cash in hand and deposit with banks (Note 7)	95,309,660	94,569,613
Loans and advances to customers (Note 5)	286,256,766	233,350,212
Loan Security Fund (Note 5)	(36,710,090)	(28,491,533)
Deposit with banks (Note 3)	67,196,829	52,454,288
Derivative assets (Note 3)	425,193	875,715
Trade and other receivables (excluding deposits with banks) (Note 6)	14,204,276	12,577,874
	426,682,634	**365,336,169**

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 2025, the exposure to credit risk for loan receivables by geographic region was as follows:

	Carrying amount	
	2025	**2024**
	USD	**USD**
Tanzania, including Zanzibar	126,180,986	105,502,926
Uganda	56,603,916	53,368,875
Myanmar	46,142,940	32,266,166
Liberia	31,111,485	22,558,002
Sierra Leone	14,505,507	13,196,789
Rwanda	7,383,564	5,480,610
Ghana	4,328,368	976,846
	286,256,766	**233,350,214**
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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 2025:

	Weighted average loss rate	**Gross carrying amount (incl. Interest) USD**	**Loss Allowance USD**
Current (not past due)	1.39%	279,614,217	3,889,806
1–30 days past due	3.90%	6,866,100	267,607
31–90 days past due	13.17%	2,460,642	324,180
91–180 days past due	43.07%	2,154,859	928,119
181–365 days past due	88.45%	3,490,072	3,086,889
More than one year past due	88.94%	1,514,240	1,346,764
Total		**296,100,130**	**9,843,366**
		===========	==========

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%	1,323,251	1,192,039
Total		**240,563,224**	**7,213,012**

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 127.45 million on 31 December 2025 (2024: USD 124.61 million). 85.4% of the cash and cash equivalents are held with banks with external credit rating B and above. The Foundation considers that its cash and cash equivalents have low credit risk based on the risk rating of the counterparties.

Currency Risk

The Foundation 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 BRAC Myanmar Microfinance Company limited. 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 3,649 for 1 USD) as of 31 December 2025. The FX risk in Myanmar is mitigated by a back-to-back loan structure wherever possible. However, at 31 December 2025, BRAC Myanmar Microfinance Company Ltd (BMMCL) has a net unhedged FX liability of USD 12.5 million, and any change in the official rate makes the entity vulnerable to significant FX loss. As a mitigation, during 2025 BIHBV (subsidiary of the Foundation) acquired the right for the collection of outstanding principal debt from BMMCL including interest amounting to USD 2.2 million from FMO (third party). Such debt has been initiated by the Myanmar component from FMO in previous years. BIHBV has taken over an external debt of USD 2.2 million at a price of USD 0.4 million. Currently Myanmar component is liable to pay the full loan amount of USD 2.2 million to BIHBV. Following the revaluation at the original value, other income in the amount of USD 1.8 million has been recognized Group level in 2025. This debt might be converted into equity if the situation requires.

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. BI’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. BI does not engage in speculative transactions or take speculative positions on its interest rates.

The majority of the loans that are disbursed by the subsidiaries have short-term maturities up to maximum of 1 year and are at fixed interest rates which varies from entity-to-entity level at 28% to 77%. 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.

	2025		**2024**	
31 December	**Less than 1 year USD**	**1-5 Year USD**	**Less than 1 year USD**	**1-5 Year**
Donor funds	36,608,151	4,517,824	64,332,048	-
Loan security fund	36,710,090	-	28,491,533	-
Deposit from savers	55,655,229	-	40,473,135	-
Current portion of borrowings	76,883,573	-	67,190,209	-
Other current liabilities	26,364,973	-	20,513,971	-
Long term borrowings	-	102,518,931	-	66,225,249
Total	**232,222,016**	**107,036,755**	**221,000,896**	**66,225,249**
Loan to customers	286,256,766	-	233,885,180	-
Trade and other receivables	14,204,276	-	12,453,510	-
Deposits with Banks	51,528,029	15,668,800	40,359,941	12,094,347

	2025		2024	
31 December	**Less than 1 year USD**	**1-5 Year USD**	**Less than 1 year USD**	**1-5 Year**
Cash at banks and in hand	95,855,928	-	95,790,413	-
Total	**447,844,999**	**15,668,800**	**382,489,044**	**12,094,347**
Net amount	**215,622,983**	**(91,367,955)**	**161,488,148**	**(54,130,902)**

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. During the year, BRAC Sierra Leone Microfinance Limited breached the required PAR 30 ratio under its financing agreements with international lenders. The Entity obtained waivers from the lenders in respect of this covenant breach.

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

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.

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:

	2025 USD	2024 USD
Uganda	17,365,359	16,015,876
Afghanistan	1,982,594	2,571,806
The Netherlands	21,022,340	17,108,048
Liberia	9,827,552	7,487,688
Tanzania	11,419,425	14,445,818
Philippines	808,001	1,249,590
Sierra Leone	7,034,439	5,265,177
Myanmar*	-	258,628

South Sudan**	-	105,486
Kenya	3,630,150	2,095,396
Rwanda	4,582,467	3,020,032
Ghana	493,856	442,026
	78,166,183	**70,065,571**

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

*BRAC Myanmar - dormant as of 1 January 2025.

**BRAC South Sudan - liquidated as of 30 November 2024.

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

	2025 USD	2024 USD
Government	2,209,871	822,002
International Organization	11,768,085	13,515,858
Private sector / Foundation	61,595,098	52,899,085
United Nations	2,591,503	2,776,792
EU Commission	-	41,689
Donation from individuals	1,626	10,145
	78,166,183	**70,065,571**

14 Interest income on loans and advances

The breakdown of interest income by country is as follows:

	2025 USD	2024 USD
Uganda	27,839,466	25,684,892
Tanzania	56,899,175	41,333,361
Sierra Leone	7,677,550	6,706,922
Myanmar	10,293,843	8,061,541
Liberia	13,610,804	9,828,376
Rwanda	2,653,240	1,879,992
Ghana	1,476,500	368,372
	120,450,578	**93,863,456**

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

	2025 USD	2024 USD
Fees and commission income	4,839,205	4,693,085
Interest on deposits and securities	3,551,149	3,326,510
Interest on deposits from related party	1,139,779	1,219,005
Foreign exchange gain realised	9,621,031	5,953,992
Fair Value gain on investment in other institution	327,301	-
Total	**19,478,465**	**15,192,592**

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

16 Interest and similar expense

	2025 USD	2024 USD
Interest expense on term loan	19,294,019	14,015,665
Interest expense on savings deposit	4,035,632	2,805,127
Bank charges	891,276	925,873
Fair value loss on derivatives	1,216,333	1,453,373
Fair value loss on investment in other institution	-	142,497
Foreign exchange loss	10,172,043	6,304,580
	35,609,303	**25,647,114**

17 Other operating income

	2025 USD	2024 USD
Training income	324,714	237,746
Income from sale of seeds	352,115	755,871
Other income	5,274,323	3,023,224
Gain on waiver of borrowings	1,874,538	-
	7,825,690	**4,016,842**

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

18 Cost of outsourced work and other external costs

	2025 USD	2024 USD
Programme supplies	25,330,208	23,985,409
General and administrative expenses	5,638,433	5,087,250
Travel and transportation	18,058,963	16,182,722
Staff Training and development	1,383,725	927,174
Rent and utilities	5,382,709	4,819,511
Printing and office stationeries	2,172,445	1,714,841
Audit fees	1,215,297	1,135,189
Professional and legal fees	4,973,922	4,676,571
Software maintenance costs	4,806,202	5,352,741
Internet costs	2,050,176	1,903,371
	71,012,080	65,784,778

19 Salaries and benefits

	2025 USD	2024 USD
Wages and salaries	67,618,143	58,503,434
Social security charges and pension charges	7,343,898	6,707,811
	74,962,041	**65,211,245**

At the end of 2025 financial year, the number of full-time equivalent staffs employed in the Group amounted to 9,090 people (2024: 8,977). All staffs are employed outside the Netherlands, except 6 (2024: 7).

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

	2025	2024
Management	57	88
Microfinance services	5,902	5,878
NGO Programme employees	1,553	1,509
Finance and IT	1,009	908
Monitoring, Risk, and Internal Audit	190	149
Human Resources	97	98
Other Support functions	282	347
	9,090	**8,977**

20 Social security and pension charges

	2025 USD	2024 USD
Social security charges	7,343,898	6,707,811

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

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 2025 is USD 116,469 (2024: USD 27,019).

21 Other operating expenses

	2025 USD	2024 USD
Other operating expenses	7,633,088	5,666,729

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:

	2025 USD	2024 USD
Communication and publication	533,827	311,705
Generator operating expense	252,187	206,174
Group members death benefits	23,140	25,700
Meeting and workshops	285,711	236,915
Other expenses	3,880,606	4,356,147
Other indirect tax expense	1,362,875	-
Write off and disposals	1,029,826	171,200
Cost of goods sold	264,916	333,979
HO logistics and management support	-	24,909
	7,633,088	**5,666,729**

22 Expected credit loss

The breakdown of expected credit loss is below:	**2025**	**2024**
	USD	USD
Impairment losses on loans and advances	6,417,116	5,586,293
Impairment loss on cash at bank	193,229	417,350
Impairment loss on inventories	-	25,186
Impairment loss on Receivables	296,880	2,337,303
	6,907,225	**8,366,132**

23 Tax on result

The major components of the tax charge are as follows:

	2025	2024
	USD	USD
Corporate Income tax (Current tax)	7,037,454	3,851,978
Movement in temporary differences (Deferred tax)	(1,732,778)	802,286
Withholding Tax Expenses	334,472	678,721
Tax on result	**5,639,148**	**5,332,985**

Future tax profits can be compensated with deductible tax losses from the prior year(s) for an amount of USD 1.7 million in Uganda (2024: USD 3.4 million) and USD 4.2 million in Ghana (2024: USD Nil). The applicable statutory tax rate in the Netherlands is 25.8% (2024: 25.8%). The tax expense recognised in the statement of income and expenses for 2025 amounts to USD 5,639,148 or 22.08% of the result before tax (2024: USD 5,332,985 or 60.75%).

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:

	2025		2024	
	USD	**%**	USD	%
Result before tax	25,541,812		8,779,044	
Tax using the domestic tax rate	6,589,787	25.80	2,264,993	25.8
Non-deductible expenses	164,130		-	
Adjustment for prior periods	(329,097)		-	
Tax exempt income	(1,196,952)		-	
Unrecognised tax losses	(376,798)		2,010,974	
Withholding tax Expenses	334,472		678,721	
Application of different tax rates abroad	453,606		378,297	
Income tax according to consolidated statement of income and expenses	5,639,148	22.08	5,332,985	60.75

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 Foundation provided guarantee to multiple lenders to raise funds under the debt program.

BIHBV has provided guarantees to the third-party lenders to raise debt at subsidiaries' level. At 31 December 2025 total Guarantee amount stands at USD 5.25 million (2024: USD 5.9 million). This includes guarantee provided to third-party lenders in relation to Debt program obtained by BIFBV amounting to USD 4 million (2024: USD 5.9 million) and in relation to Debt obtained by BRAC Rwanda Microfinance Co. Plc amounting to USD 1.25 million (2024: nil).

Additionally, SBI and BIHBV have provided guarantees of USD 1.0 million and USD 0.25 million, respectively (total of 1.25 million), to DFC in relation to a USD 5.0 million term loan extended to BRAC Myanmar Microfinance Company Limited. The guarantees are secured by escrow deposits held by BRAC USA (2024: USD 1.25 million). As at 31

December 2025, the outstanding balance of the DFC loan was USD 3.7 million (2024: USD 3.7 million).

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:

	2025 USD	2024 USD
Within 1 year	3,036,325	2,462,596
Between 1-5 Year	4,819,916	2,852,412
Lease payments recognised in the P&L in 2025	**4,190,831**	**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
2025				
Audit of the financial statements	466	158	624	156
Other audit engagements	-	-	-	-
Tax-related advisory services	-	194	194	26
Other non-audit services	21	30	51	-
	487	**382**	**869**	**182**
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**

The fees mentioned in the table for the audit of the financial statements 2025 relate to the total fees for the audit of the financial statements 2025, irrespective of whether the activities have been performed during the financial year 2025.

27 Subsequent events

New Donor Agreement – LEGO Foundation:

In January 2026, Stichting BRAC International entered into a five-year partnership agreement with LEGO Foundation for a total grant commitment of USD 50 million covering the period from January 2026 to December 2030. The programme aims to support approximately 400,000 children aged between 0 and 18 years in Bangladesh and Uganda through initiatives focused on child development and learning outcomes. Stichting BRAC International is the primary recipient of the grant as per this agreement.

Revised Donor Agreement – Mastercard Foundation (AIM 2.0):

In January 2026, Stichting signed a new agreement with the Mastercard Foundation to redesign and continue the AIM Programme with a new branding of “AIM 2.0”.

The original agreement, signed in November 2021, covered the implementation period from December 2021 to December 2027 with a total grant commitment of USD 268 million. Under the revised arrangement, AIM 2.0 will be implemented over the period from January 2026 to December 2033. The total grant commitment for the new period is USD 782 million, in addition to the programme implemented from November 2021 to December 2025. The programme is intended to expand and continue the objectives of the existing AIM Programme in accordance with the revised design and implementation framework agreed between the parties.

Waiver of Intercompany Payables – BRAC:

As at 31 December 2024 BRAC Afghanistan had outstanding payable balances due to BRAC amounting to USD 383,726.

During 2025, SBI Management decided to pause the operations of BRAC Afghanistan. Consequently, SBI Management requested BRAC to waive the outstanding payable balance due from the entity.

Subsequent to the reporting date, the Governing Body of BRAC approved the waiver of the outstanding balances at its 183rd meeting held on 8 April 2026. The derecognition of the payable balances is expected to be executed during 2026 within SBI.

Commencement of Operation in Ghana and Kenya:

BRAC Ghana LBG commenced programme operations from March 2026, through the establishment of two new branches located in Agona Swedru District and Abura Dunkwa District. These branches were officially opened in March 2026 as part of the initial phase of programme rollout in Ghana. BRAC Kenya Company Limited has launched its operation from May 2026. The company received a Digital Credit Provider (DCP) licence in 2025 and is implementing a cash-less microfinance operating model.

Covenant Breach in BRAC Sierra Leone Microfinance Limited:

BRAC Sierra Leone Microfinance Limited breached the PAR 30 ratio covenant under certain financing agreements with international lenders. The entity obtained waivers from the relevant lenders in respect of this breach.

Escalation of Military Conflict in the Middle East:

Since late February 2026, a military conflict between the United States/Israel and Iran has been ongoing. The conflict has disrupted global oil and liquefied natural gas (LNG) supply routes, particularly through the closure of the Strait of Hormuz, a critical shipping corridor through which approximately 20% of global oil supply normally passes. These disruptions have contributed to higher crude oil prices, with the potential for further increases. As a result, fuel costs for the Group's borrowers have risen, increasing the risks of economic slowdown, currency depreciation, and higher inflation. Given the evolving nature of the situation, the medium- and long-term impacts remain uncertain.

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) and schools running Early childhood development (ECD) programmes.

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 2025

	NGO USD	Micro-finance USD	Social Enterprise USD	Holding USD	Elimination USD	Total USD
Fixed assets						
Intangible fixed assets	-	3,864,420	-	68,850	-	3,933,270
Tangible fixed assets	3,439,168	6,734,583	232,513	474,296	-	10,880,560
Financial fixed assets	35,846	20,434,587	14,163	103,420,131	(99,351,185)	24,553,542
	3,475,014	**31,033,590**	**246,676**	**103,963,277**	**(99,351,185)**	**39,367,372**
Current assets						
Inventories	68,302	796,418	195,641	-	-	1,060,361
Loans to customers	-	286,256,766	-	-	-	286,256,766
Trade and other receivables	4,084,717	29,202,623	92,262	37,350,373	(35,900,315)	34,829,660
Cash and cash equivalents	9,268,081	67,678,875	73,529	50,390,844	(652,756)	126,758,573
	13,421,100	**383,934,682**	**361,432**	**87,741,217**	**(36,553,071)**	**448,905,360**
	16,896,114	**414,968,272**	**608,108**	**191,704,494**	**(135,904,256)**	**488,272,732**

	NGO USD	Micro-Finance USD	Social enterprise USD	Holding USD	Elimination USD	Total USD
Group reserves						
Reserves	1,025,268	98,345,499	(429,537)	167,541,587	(99,351,185)	167,131,632
Legal Reserves	-	-	-	1,035,906	-	1,035,906
Foreign Currency translation reserve	-	-	-	(27,555,971)	-	(27,555,971)
Minority interests	-	9,121,897	-	-	-	9,121,897
	1,025,268	**107,467,396**	**(429,537)**	**141,021,522**	**(99,351,185)**	**149,733,464**
Non-current liabilities	-	89,419,645	-	13,010,822	-	102,430,467
Current liabilities						
Donor Funds	10,126,379	4,896,637	1,682	26,101,277	-	41,125,975
Loan Security Fund	-	36,710,090	-	-	-	36,710,090
Deposits from savers	-	56,307,985	-	-	(652,756)	55,655,229
Current portion of the borrowings	-	68,478,528	-	7,774,006	-	76,252,534
Other current liabilities	5,744,467	51,687,991	1,035,963	3,796,867	(35,900,315)	26,364,973
	15,870,846	**218,081,231**	**1,037,645**	**37,672,150**	**(36,553,071)**	**236,108,801**
	16,896,114	**414,968,272**	**608,108**	**191,704,494**	**(135,904,256)**	**488,272,732**

Segmental statement of income and expenses for the year ended 2025

	NGO USD	Micro-finance USD	Social enterprise USD	Holding USD	Elimination USD	Total USD
Grant income	47,088,611	6,472,981	51,957	24,552,634	-	78,166,183
Interest income	-	120,450,578	-	-	-	120,450,578
Bank Interest and similar income	1,112,373	15,746,741	23,332	2,596,019	-	19,478,465
Interest and similar income	**48,200,984**	**142,670,300**	**75,289**	**27,148,653**	**-**	**218,095,226**
Interest and similar expense	(1,243,214)	(34,413,501)	(9,262)	(2,355,494)	2,412,168	(35,609,303)
Net interest income	**46,957,770**	**108,256,799**	**66,027**	**24,793,159**	**2,412,168**	**182,485,923**
Other operating income	1,537,351	3,363,565	250,343	24,084,045	(21,409,614)	7,825,690
Expected credit losses	(334,025)	(6,578,258)	2,369	2,689	-	(6,907,225)
Net operating income	**48,161,096**	**105,042,106**	**318,739**	**48,879,893**	**(18,997,446)**	**183,404,388**
Cost of outsourced work and other external costs	(28,854,104)	(29,628,050)	(207,932)	(12,321,994)	-	(71,012,080)
Wages and salaries	(15,069,155)	(40,372,766)	(339,681)	(11,836,541)	-	(67,618,143)
Social security and pension charges	(1,758,477)	(5,126,340)	(71,659)	(387,422)	-	(7,343,898)
Amortisation and depreciation on intangible and tangible fixed assets	(960,334)	(3,082,443)	(54,891)	(157,699)	-	(4,255,367)
Other operating expenses	(1,147,153)	(6,597,801)	(283,176)	(3,801,215)	4,196,257	(7,633,088)
Total operating expenses	**(47,789,223)**	**(84,807,400)**	**(957,339)**	**(28,504,871)**	**4,196,257**	**(157,862,576)**
Result before tax (carried forward)	**371,873**	**20,234,706**	**(638,600)**	**20,375,022**	**(14,801,189)**	**25,541,812**

	NGO USD	Micro- finance USD	Social enterprise USD	Holding USD	Elimination USD	Total USD
Brought forward	**371,873**	**20,234,706**	**(638,600)**	**20,375,022**	**(14,801,189)**	**25,541,812**
Net Loss on Monetary Assets	(65,992)	(240,151)	-	-	-	(306,143)
						-
Tax on result from ordinary activities	(29,847)	(4,205,441)	(2,696)	(1,401,164)	-	(5,639,148)
Result after tax	**276,034**	**15,789,114**	**(641,296)**	**18,973,858**	**(14,801,189)**	**19,596,521**
Minority interests	-	(346,637)	-	-	-	(346,637)
Net result	**276,034**	**15,442,477**	**(641,296)**	**18,973,858**	**(14,801,189)**	**19,249,884**

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 2025

	Africa USD	Asia USD	The Netherlands USD	Elimination USD	Total USD
Fixed assets					
Intangible fixed assets	3,777,682	86,738	68,850	-	3,933,270
Tangible fixed assets	10,364,989	208,260	307,311	-	10,880,560
Financial fixed assets	20,484,596	-	103,420,131	(99,351,185)	24,553,542
	34,627,267	**294,998**	**103,796,292**	**(99,351,185)**	**39,367,372**
Current assets					
Inventories	1,060,361	-	-	-	1,060,361
Loans to customers	240,113,826	46,142,940	-	-	286,256,766
Trade and other receivables	26,140,282	6,617,660	37,190,158	(35,118,440)	34,829,660
Cash and cash equivalents	75,692,864	1,493,132	49,572,577	-	126,758,573
	343,007,333	**54,253,732**	**86,762,735**	**(35,118,440)**	**448,905,360**
	377,634,600	**54,548,730**	**190,559,027**	**(134,469,625)**	**488,272,732**
Group reserves					
Reserves	87,839,829	11,557,691	167,285,297	(99,351,185)	167,131,632
Legal Reserves	-	-	1,035,906	-	1,035,906
Foreign Currency translation reserve	-	-	(27,755,971)	-	(27,755,971)
Minority interests	9,121,897	-	-	-	9,121,897
	96,961,726	**11,557,691**	**140,565,232**	**(99,351,185)**	**149,733,464**

Non-current liabilities	89,419,645	-	13,010,822		102,430,467
Current liabilities					
Donor Funds	13,400,877	1,977,657	25,747,441	-	41,125,975
Loan Security Fund	32,970,412	3,739,678	-	-	36,710,090
Deposits from savers	44,420,249	11,234,980	-	-	55,655,229
Current portion of the borrowings	56,798,528	11,680,000	7,774,006	-	76,252,534
Other current liabilities	43,663,163	14,358,724	3,461,526	(35,118,440)	26,364,973
	191,253,229	**42,991,039**	**36,982,973**	**(35,118,440)**	**236,108,801**
	377,634,600	**54,548,730**	**190,559,027**	**(134,469,625)**	**488,272,732**

Geographical statement of income and expenses for the year ended 2025

	Africa	Asia	The Netherlands	Elimination	Total
	USD	USD	USD	USD	USD
Grant income	54,353,248	2,790,595	21,022,340	-	78,166,183
Interest income	110,156,735	10,293,843	-	-	120,450,578
Bank interest and similar income	15,317,462	1,567,539	2,593,464	-	19,478,465
Interest and similar income	**179,827,445**	**14,651,977**	**23,615,804**	**-**	**218,095,226**
Interest expenses and similar charges	(32,295,738)	(3,426,738)	(2,298,995)	2,412,168	(35,609,303)
Net interest income	**147,531,707**	**11,225,239**	**21,316,809**	**2,412,168**	**182,485,923**
Other operating income	8,246,247	334,470	23,443,260	(24,198,287)	7,825,690
Impairment losses on loans to customers	(6,118,832)	(791,082)	2,689	-	(6,907,225)
Net operating income	**149,659,122**	**10,768,627**	**44,762,758**	**(21,786,119)**	**183,404,388**
Cost of outsourced work and other external costs	(56,704,592)	(3,333,387)	(10,974,101)	-	(71,012,080)
Wages and salaries	(56,770,940)	(3,587,156)	(7,260,047)	-	(67,618,143)
Social security and pension charges	(7,274,978)	(56,415)	(12,505)	-	(7,343,898)
Amortisation and depreciation on intangible and tangible fixed assets	(4,017,383)	(154,929)	(83,055)	-	(4,255,367)
Other operating expenses	(7,598,184)	(368,488)	(6,651,345)	6,984,929	(7,633,088)
Total operating expenses	**(132,366,077)**	**(7,500,375)**	**(24,981,053)**	**6,984,929**	**(157,862,576)**
Result before tax (carried forward)	**17,293,045**	**3,268,252**	**19,781,705**	**(14,801,190)**	**25,541,812**

	Africa	Asia	The Netherlands	Elimination	Total
	USD	USD	USD	USD	USD
Brought forward	**17,293,045**	**3,268,252**	**19,781,705**	**(14,801,190)**	**25,541,812**
Net Loss on Monetary Assets	(306,143)	-	-	-	(306,143)
Tax on result from ordinary activities	(4,237,984)	-	(1,401,164)	-	(5,639,148)
Result after tax	**12,748,918**	**3,268,252**	**18,380,541**	**(14,801,190)**	**19,596,521**
Minority interests	(346,637)	-	-	-	(346,637)
Net result	**12,402,281**	**3,268,252**	**18,380,541**	**(14,801,190)**	**19,249,884**

Stand-alone balance sheet as at 31 December 2025
(before appropriation of result)

		2025		2024	
		USD	**USD**	USD	USD
Fixed assets					
Tangible fixed assets	*29*	2,129,622		1,672,163	
Intangible Assets	*30*	68,850		99,702	
Financial fixed assets	*31*	128,578,884		108,460,836	
			130,777,356		110,232,701
Current assets					
Trade and other receivables	*32*	3,713,124		4,854,785	
Cash	*33*	39,299,424		59,963,326	
			43,012,548		64,818,111
			173,789,904		**175,050,811**
Reserves					
General reserves	*34*	135,600,391		131,689,956	
Foreign currency translation reserve	*34*	(14,755,820)		(16,523,065)	
Unappropriated result	*34*	19,271,017		3,910,435	
			140,115,588		119,077,326
Current liabilities	*35*				
Donor funds		29,442,806		52,536,580	
Other current liabilities		4,231,510		3,436,905	
			33,674,316		55,973,485
			173,789,904		175,050,811

The notes on pages 95 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 2025

	Note	**2025 USD**	2024 USD
Share of result of participating interests, after tax	*37*	16,941,908	5,062,424
Other income and expenses, after tax		2,329,109	(1,151,989)
Net result		**19,271,017**	**3,910,435**

The notes on pages 95 to 106 are an integral part of these stand-alone financial statements.

Notes to the 2025 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.

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.

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 2025:						
— 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**
Changes in carrying amount:						
— Investments	184,361	512,813	204,551	158,512	-	1,060,237
— Disposals	-	(153,113)	(44,409)	(34,766)	(15,949)	(248,237)
— Depreciation	(23,639)	(379,789)	(145,883)	(52,244)	-	(601,555)
— Adjustment on depreciation for disposal	-	146,921	42,276	31,397	-	220,594
— Exchange rate differences purchase price	7,067	19,887	(21,626)	10,008	-	15,336
— Exchange rate differences accumulated depreciation	(2,457)	(10,688)	28,306	(4,078)	-	11,083
— **Changes in carrying amount**	165,332	136,031	63,215	108,829	(15,949)	457,458
Balance as at 31 December 2025:						
— Purchase price	500,751	1,846,970	1,036,243	584,902	-	3,968,866
— Accumulated depreciation and impairment	(118,281)	(995,882)	(585,100)	(139,981)	-	(1,839,244)
— **Carrying amount**	**382,470**	**851,088**	**451,143**	**444,921**	**-**	**2,129,622**

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 2025:			
— Purchase price	105,725	4,420	110,145
— Accumulated amortisation and impairment	(10,443)	-	(10,443)
— Carrying amount	**95,282**	**4,420**	**99,702**
Changes in carrying amount:			
— Investments	-	-	-
— Amortisation	(26,432)	-	(26,432)
— Disposal purchase price	-	(4,420)	(4,420)
— Exchange rate differences purchase price	-	-	-
— Exchange rate differences accumulated depreciation	-	-	-
— Change in carrying amount	(26,432)	(4,420)	(30,852)
Balance as at 31 December 2025:			
— Purchase price	105,725	-	105,725
— Accumulated amortisation and impairment	(36,875)	-	(36,875)
— Carrying amount	**68,850**	**-**	**68,850**

The intangible fixed assets consist of expenditure of Monitoring tools.

31 Financial fixed assets

	2025	2024
	USD	USD
Shareholding in BRAC International Holdings B.V.	**128,578,884**	**108,460,836**
Shareholding in BRAC International Enterprises B.V.	-	-
	128,578,884	**108,460,836**

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

	2025	2024
	USD	USD
Balance as at 1 January	108,460,836	99,596,973
Hyperinflation adjustment in BRAC Microfinance (SL) Limited	-	1,101,671
Adjusted Balance as at 1 January	**108,460,836**	**100,698,644**
Investment in BIHBV	341,605	300,000
Share in result of subsidiary	17,995,347	5,908,328
Foreign currency translation difference	1,781,096	1,553,864
Balance as at 31 December 2025	**128,578,884**	**108,460,836**

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

	2025	2024
	USD	USD
Opening balance	-	-
Investment in BIEBV	850,608	781,393
Negative participation in BIEBV	209,445	45,043
Share in result of subsidiary	(1,053,442)	(845,903)
Foreign currency translation difference	(6,611)	19,467
Balance as at 31 December 2025	**-**	**-**

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	**2025 share of interest %**	2024 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 Kenya Company Ltd	Nairobi, Kenya	100	100
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**	**2025 share of interest %**	**2024 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 increase 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 2014.

BRAC Enterprise Liberia Limited operation was discontinued in December 2024.
BRAC Myanmar operation was terminated on 31 December 2024.
In September 2025, management decided to discontinue operations in BRAC Afghanistan, citing insufficient donor funding and political instability.

32 Trade and other receivables

	2025 **USD**	2024 USD
Grant receivables	238,836	944,806
Advances to third parties	908,813	53,691
Receivables related parties	2,349,989	3,594,265
Other assets	215,486	262,023
	3,713,124	**4,854,785**

The receivables from related parties include USD 1,374,866 (2024: USD 2,594,265) 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.

Related party receivables also include a deposit receivable USD 1,000,000 (2024: USD 1,000,000) from BRAC USA which will be received upon the repayment of Development Finance Corporation (DFC) loan by BRAC Myanmar Microfinance Company Ltd. The amount is kept in an escrow account held by BRAC USA.

33 Cash

	2025 **USD**	2024 USD
Cash in hand	84,204	100,115
Cash at banks	21,126,809	41,737,372
Short term deposits	18,266,493	18,266,493
ECL on cash at bank	(178,082)	(140,654)
	39,299,424	**59,963,326**

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 USD	Foreign currency translation reserve USD	Unappropriated result USD	Total USD
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**
As at 1 January 2025	**131,689,956**	**(16,523,065)**	**3,910,435**	**119,077,326**
Appropriation of prior year result	3,910,435	-	(3,910,435)	-
Unappropriated result for the year	-	-	19,271,017	19,271,017
Foreign currency translation differences	-	1,767,245	-	1,767,245
As at 31 December 2025	**135,600,391**	**(14,755,820)**	**19,271,017**	**140,115,588**

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

	2025	2024
	USD	USD
Reserves according to the consolidated balance sheet	140,611,567	119,587,471
Less:		
— Reserve of affiliated Foundations and companies without participating interest (note 30):		
BRAC Uganda	722,579	493,798
BRAC Afghanistan	(327,315)	489,363
BRAC Maendeleo Tanzania	10,839	82,993
BRAC Ghana LBG	89,876	-
BRAC South Sudan	-	(556,007)
	495,979	510,146
— Reversal of impairment	-	-
Reserves according to the stand-alone balance sheet	140,115,588	119,077,326

	2025	2024
	USD	USD
Net result according to the consolidated statement of income and expenses	19,249,884	1,280,478
Less:		
— Surplus of affiliated Foundations, without participating interest:		
BRAC Uganda	222,798	(2,141,520)
BRAC Afghanistan	(807,067)	(926,403)
BRAC Maendeleo Tanzania	(68,912)	77,810
BRAC Ghana LBG	76,041	-
BRAC South Sudan	556,007	360,158
	(21,133)	(2,629,956)
— Reversal of impairment	-	-
Net result according to the stand-alone statement of income and expenses	19,271,017	3,910,435

35 Current liabilities

	2025 USD	2024 USD
Donor funds	29,442,806	52,536,580
Other current liabilities	4,231,510	3,436,905
	33,674,316	**55,973,485**

Donor funds

	2025 USD	2024 USD
Donor funds received in advance	27,833,380	51,189,391
Donor funds utilised in fixed assets	1,609,426	1,347,189
	29,442,806	**52,536,580**

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

	2025 USD	2024 USD
Opening balance	51,189,392	61,612,906
Received during the year	47,552,458	51,853,447
Transfer to donor funds in fixed assets	(669,705)	(292,704)
Released to statement of income and expenses	(41,156,524)	(29,753,775)
Released to others (Released to subsidiaries & refunded to donors)	(29,245,549)	(32,867,363)
Receivable from donor	(238,293)	566,225
Translation difference	401,601	70,656
Closing balance	**27,833,380**	**51,189,391**

Donor funds utilised in fixed assets

	2025 **USD**	2024 USD
Opening balance	1,347,189	1,275,502
Transfer from grant received in advance	669,705	292,704
Released to statement of income and expenses	(399,093)	(263,412)
Translation difference	(8,375)	42,395
Closing balance	**1,609,426**	**1,347,189**

During the year, USD 0.4 million of donor funds related to fixed assets was recognised in profit or loss. Although a similar amount is expected to be recognised in the next financial year and the rest USD 1.20 million to be amortised within the next 1-5 years, based on the depreciation pattern of the related assets, the full balance has been presented as current.

Other current liabilities

	2025 **USD**	2024 USD
Related-party payables	1,511,724	870,040
Accrued expenses	155,838	115,073
Withholding and other taxes	486,255	298,213
Provision for negative participation	429,988	220,543
Social security fund	396,434	252,161
Other liabilities	1,251,271	1,680,875
	4,231,510	**3,436,905**

Other liabilities mainly include 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:

	2025 **USD**	**2024** **USD**
Within 1 year	334,489	174,365
Between 1-5 Year	445,352	95,356
Lease payments recognised in the P&L in 2025	**693,673**	**496,590**

37 Share in result of participating interests

	2025 **USD**	2024 USD
BRAC International Holdings B.V.	17,995,347	5,908,328
BRAC International Enterprises B.V.	(1,053,439)	(845,903)
	16,941,908	**5,062,424**

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 998,378 (2024: USD 560,299) for current and former Management Board Members.

Total remuneration for the supervisory board for the year is USD 6,400 (2024: USD 3,800).

39 Subsequent events

New Donor Agreement – LEGO Foundation:

In January 2026, Stichting BRAC International entered into a five-year partnership agreement with LEGO Foundation for a total grant commitment of USD 50 million covering the period from January 2026 to December 2030. The programme aims to support approximately 400,000 children aged between 0 and 18 years in Bangladesh and Uganda through initiatives focused on child development and learning outcomes. Stichting BRAC International is the primary recipient of the grant as per this agreement.

Revised Donor Agreement – Mastercard Foundation (AIM 2.0):

In January 2026, Stichting signed a new agreement with the Mastercard Foundation to redesign and continue the AIM Programme with a new branding of “AIM 2.0”.

The original agreement, signed in November 2021, covered the implementation period from December 2021 to December 2027 with a total grant commitment of USD 268 million. Under the revised arrangement, AIM 2.0 will be implemented over the period from January 2026 to December 2033. The total grant commitment for the new period is USD 782 million, in addition to the programme implemented from November 2021 to December 2025. The programme is intended to expand and continue the objectives of the existing AIM Programme in accordance with the revised design and implementation framework agreed between the parties.

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

Stichting BRAC International

The Hague, 1st July 2026

Management Board Stichting BRAC International

Mr. Shameran Abed

Mr. Gregory Cheng-Hue Chen

Mr. Tushar Bhowmik

Mr. Mahbub Mannan

Ms. Anne Mutta

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.

KPMG

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 2025 of Stichting BRAC International (or '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 2025, and of its result for the year ended 31 December 2025 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 2025;

2 the consolidated and stand-alone statement of income and expenses for the year ended 31 December 2025; 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 involved forensic specialists in our audit procedures and performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit and 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 and performed an offline visit of the Foundation's operations in 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;
- Labour and human rights law;
- 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 other, 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 the donors to meet their expectations with respect to achieving goals, as defined in the grant contract. Furthermore, the Foundation is dependent on donors. This could result in recognition of fictitious revenues (grant income) throughout the period. As the grant income matches the grant expenses in the accounting, the existence and accuracy of the expenses are also covered in this significant risk.

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. We, therefore, identified the existence of interest income at year-end as 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.

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 term 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 Management Board's going concern assessment.

Compliance with Regulatory Technical Standard of SBR, including XBRL tagging, not audited

The statutory audit includes verifying that the prepared financial statements comply with the legal requirements under Title 9 of Book 2 of the Dutch Civil Code. Our audit opinion has been issued on the prepared financial statements and will be attached to the digitally filed annual report. This means that compliance with all requirements of the Regulatory Technical Standard within the SBR domain for the Trade Register (including the applied eXtensible Business Reporting Language (XBRL) tags) was not part of the statutory audit.

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.

Report on other legal and regulatory requirements

Public disclosure report on income tax information (country-by-country reporting)

Based on the ‘Implementatiebesluit Richtlijn openbaarmaking winstbelasting’ (Decree transposing the Directive on disclosure of income tax information), Stichting BRAC International was not required to publicly disclose a report on income tax information for the preceding financial year 2024.

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. 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, 1 July 2026

KPMG Accountants N.V.

L.M.A. van Opzeeland RA