BRAC Microfinance (SL) Limited

Financial Statements
for the year ended 31 December 2025

This report contains 37 pages
Ref: L10/sl/bow

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General Information

Directors	: Mr. Johannes Maria Antonius Eskes	-	Chairperson
	Mr. Tapan Kumar Karmaker	-	Director
	Mr Abhjit Gupta	-	Director
	Ms. Anne Mutta	-	Director (Appointed on 8 May 2025)

Acting Chief Executive Officer: Mr. Muhammad Faruq Hossain

Registered Office : No. 13 Bath Street
Brookfields
Freetown
Sierra Leone

Bankers : Standard Chartered Bank
Vista Bank (SL) Ltd
Access Bank (SL) Ltd
United Bank for Africa
Union Trust Bank Limited
Rokel Commercial Bank
Zenith Bank (SL) Limited
Yoni Community Bank
Segbwema Community Bank
Pendembu Community Bank Limited
Kamakwie Community Bank Limited
Sewafe Community Bank Limited
Mattru Jong Community Bank Limited
Mongo Town Community Bank Limited
Gbinti Community Bank Limited

Auditor : Baker Tilly SL
Chartered Accountants
Baker Tilly House
37 Siaka Stevens Street
Freetown.

Report of the Directors

The Directors have pleasure in submitting their report and financial statements on the affairs of the Company for the year ended 31 December 2025.

Principal activity

The Company is engaged in micro credit financing activities.

Directors' responsibility statement

The Company's Directors are responsible for the preparation and presentation of the financial statements, comprising the financial position as at 31 December 2025 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the Directors in accordance with note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Capital adequacy

The Bank of Sierra Leone is required to prescribe a minimum capital adequacy ratio for financial institutions, but this is yet to be determined for micro financing institutions.

Result for the year

The Company made a profit of SLE 7.37 million for the year ended 31 December 2025 (2024: profit of SLL 19.98 million).

Directors and their interest

The names of the Directors are detailed on page 1. None of the Directors had any interest in the share capital of the Company and no Director has or had during the period, a material interest in any contract or arrangement of significance to which the Company was or is a party.

Property and equipment

Details of the Company's property and equipment are shown in notes 17 and 18 to the financial statements

Employment of disabled people

BRAC Microfinance (SL) Limited is an equal opportunity employer and adheres strictly to the principle of meritocracy and fairness in all making. Discrimination of any individual employee or group of employees on the basis of sex, nationality or religion by another employee of group of employee, if proven, will be regarded as a sanctionable offence. There were no disabled people in employment of the Company as at 31 December 2025.

Report of the Directors *(continued)*

Health, safety and welfare at work

BRAC Microfinance (SL) Limited supports the physical and emotional wellbeing of its employees, and provides paid sick leave to all personnel.

Employee involvement and training

BRAC Microfinance (SL) Limited is committed to the smooth progression of its employees to meet current and future needs of the Company and career aspirations of employees. The Company has a career track to ensure that progression of appropriately skilled and experienced employees meet current and future needs of the Company and its employees.

Training and development in BRAC Microfinance (SL) Limited is a continuous, formal process of improving individual performance and competency. Training serves as a vehicle for the transfer and development of requisite skills and aims at building up an empowered workforce. Annual training plans are developed to align with the Company strategy and design to support specific performance objectives for each year.

The Board Members

The following members served during the year:

Mr. Johannes Maria Antonius Eskes	-	Chairperson
Mr. Tapan Kumar Karmaker	-	Director
Mr Abhjit Gupta	-	Director
Ms. Anne Mutta	-	Director (Appointed on 8 May 2025)
Mr. Muhammad Faruq Hossain	-	Acting Chief Executive Officer

Auditor

The Auditor has indicated their willingness to continue in office, and in accordance with Section 308 of the Sierra Leone Companies Act 2009, a resolution for the re-appointment of Baker Tilly SL as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The Board of Directors approved the financial statements on 25/03/ **2026.**

25/03/2026

Board Member
BRAC Microfinance (SL) Limited

Acting Chief Executive Officer (CEO)
Mr. Muhammad Faruq Hossain
BRAC Microfinance (SL) Limited

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Baker Tilly SL
Baker Tilly House
37 Siaka Stevens Street
P.O Bo 100
Freetown
Sierra Leone
Telephone +(232) 30-444-100

Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited

Opinion

We have audited the financial statements of BRAC Microfinance (SL) Limited which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 37.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Microfinance (SL) Limited as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with the significant accounting policies adopted by the Company as stated in note 3 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and presentation of these financial statements in accordance with the significant accounting policies stated in note 3 of the financial statements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility for the financial statements

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

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Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited *(continued)*

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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 organisation to cease to continue as a going concern.

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

Auditors' responsibility for the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation's audit. We remain solely responsible for our audit opinion.

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 deficiencies in internal control that we identify during our audit.

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

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Independent Auditor's Report to the Board of Directors of BRAC Microfinance (SL) Limited *(continued)*

Other matter

The financial statements have been prepared in accordance with the basis of accounting described in note 3 of the financial statements, for the purpose of determining the financial position of BRAC Microfinance (SL) Limited for use by its management and BRAC International, and the financial statements and related auditor's report may not be suitable for another purpose. Our report is intended solely for the management of BRAC Microfinance (SL) Limited and BRAC International and should not be distributed to or used by parties other than the management of BRAC Microfinance (SL) Limited and BRAC International.

The Engagement Partner on the audit resulting in this independent auditor's report is Derrick Kawaley.

Baker Tilly

Freetown **Chartered Accountants**

Date: 25 MARCH 2026

Statement of financial position

as at 31 December 2025

In (New) Leones/ USD		SLE		USD	
	Notes	**2025**	2024	**2025**	2024
Assets					
Cash and cash equivalents	*13*	**47,659,997**	16,235,534	**2,092,278**	715,537
Loans and advances to customers	*15*	**325,027,105**	300,659,704	**14,268,717**	13,250,758
Short term deposit	*14*	**98,530,834**	63,688,057	**4,325,510**	2,806,878
Other assets	*16*	**4,668,356**	4,835,461	**204,942**	213,110
Intangible assets	*17*	**132,116**	660,579	**5,800**	29,113
Property and equipment	*18*	**7,022,000**	8,024,681	**308,266**	353,666
Right of use asset	*19*	**25,981**	202,215	**1,141**	8,912
Deferred tax asset	*12.c*	**19,726,342**	11,827,905	**865,988**	521,283
Total Assets		**502,792,731**	406,134,136	**22,072,642**	17,899,257
Liabilities and Capital Fund					
Liabilities					
Loan security fund	*21*	**60,735,137**	52,778,457	**2,666,278**	2,326,067
Related party payables	*22*	**13,089,140**	15,717,837	**574,614**	692,721
Borrowing from Kiva	*23.1*	**8,815,753**	8,963,011	**387,012**	395,020
Borrowing from BIFBV	*23.3*	**113,166,072**	99,845,076	**4,968,000**	4,400,400
Borrowing from other banks	*23.4*	**143,851,560**	74,222,683	**6,315,095**	3,271,163
Other liabilities	*24*	**18,050,101**	15,561,737	**792,401**	685,841
Donor funds	*25*	**6,666,789**	6,936,583	**292,672**	305,711
Current tax liability	*12.b*	**2,491,557**	3,548,015	**109,380**	156,369
Total Liabilities		**366,866,109**	277,573,399	**16,105,452**	12,233,292
Equity					
Share capital	*26.a*	**12,244,890**	12,244,890	**3,061,223**	3,061,223
Share Premium	*26.b*	**31,953,720**	31,953,720	**3,813,063**	3,813,063
Retained earnings	*27*	**91,728,012**	84,362,127	**6,969,221**	6,644,126
Convenience translation reserve		-	-	**(7,876,317)**	(7,852,447)
Total Equity		**135,926,622**	128,560,737	**5,967,190**	5,665,965
Total liabilities and capital fund		**502,792,731**	406,134,136	**22,072,642**	17,899,257

These financial statements were approved by the Board of Directors on...............25/03/.......... 2026.

25/03/2026

Acting Head of Finance
Md. Faridudzzaman
BRAC Microfinance (SL) Limited

Acting Chief Executive Officer (CEO)
Mr. Muhammad Faruq Hossain
BRAC Microfinance (SL) Limited

Board Member
BRAC Microfinance (SL) Limited

The notes on pages 12 to 37 are an integral part of these financial statements

Statement of comprehensive income

for the year ended 31 December 2025

In (New) Leones/ USD		SLL		USD	
	Notes	**2025**	2024	**2025**	2024
Income					
Service charge on loans	*5*	**171,463,387**	144,866,354	**7,567,593**	6,416,404
Net income from service charge		**171,463,387**	144,866,354	**7,567,593**	6,416,404
Membership and other fees	*6*	**8,332,678**	8,055,866	**367,766**	356,809
Other income	*7*	**6,981,917**	2,099,824	**308,149**	93,005
Grant income	*8*	**10,324,534**	13,130,297	**455,677**	581,566
Total operating income		**25,639,129**	23,285,987	**1,131,592**	1,031,380
Impairment losses on loans and advances to customers	*9*	**(27,272,932)**	(10,160,701)	**(1,203,700)**	(450,037)
Operating income after impairment loss		**169,829,584**	157,991,640	**7,495,485**	6,997,747
Expenses					
Staff costs	*10*	**(59,728,632)**	(52,580,910)	**(2,636,143)**	(2,328,908)
Other operating expenses	*11*	**(96,691,702)**	(76,266,732)	**(4,267,521)**	(3,377,997)
Depreciation and amortization	*17&18*	**(3,274,011)**	(2,266,802)	**(144,500)**	(100,401)
Depreciation on right of use asset	*20*	**(176,234)**	(94,557)	**(7,778)**	(4,188)
Total operating expenses		**(159,870,579)**	(131,209,001)	**(7,055,942)**	(5,811,494)
Profit before tax		**9,959,005**	26,782,639	**439,543**	1,186,253
Income tax expense	*12.a*	**(2,593,120)**	(6,802,636)	**(114,448)**	(301,302)
Net profit for the year		**7,365,885**	19,980,003	**325,095**	884,951

The notes on pages 12 to 37 are an integral part of these financial statements

Statement of comprehensive income *(continued)*
for the year ended 31 December 2025

In (New) Leones/ USD	SLL		USD	
	2025	2024	**2025**	2024
Other comprehensive income:	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive profit for the year	**7,365,885**	19,980,003	**325,095**	884,951

These financial statements were approved by the Board of Directors on 2026

25/03/2026

Acting Head of Finance
Md. Faridudzzaman
BRAC Microfinance (SL) Limited

Acting Chief Executive Officer (CEO)
Mr. Muhammad Faruq Hossain
BRAC Microfinance (SL) Limited

Board Member
BRAC Microfinance (SL) Limited

The notes on pages 12 to 37 are an integral part of these financial statement

Statement of changes in equity

for the year ended 31 December 2025

	Share capital	Share premium	Retained earnings	Total	Total capital fund
	SLE	SLE	SLE	SLE	USD
At 1 January 2025	12,244,890	31,953,720	84,362,127	128,560,737	5,665,965
Profit for the year	-	-	7,365,885	7,365,885	325,095
Translation adjustment	-	-	-	-	(23,870)
				-	
At 31 December 2025	**12,244,890**	**31,953,720**	**91,728,012**	**135,926,622**	**5,967,190**
At 1 January 2024	12,244,890	31,953,720	64,382,127	108,580,737	4,762,311
Profit for the year	-	-	19,980,003	19,980,003	884,951
Currency Redenomination	-	-	(3)	(3)	-
Translation adjustment	-	-	-	-	18,703
As at 31 December 2024	12,244,890	31,953,720	84,362,127	128,560,737	5,665,965

The notes on pages 12 to 37 are an integral part of these financial statements

Statement of cash flows

for the year ended 31 December 2025

In (New) Leones/ USD	*Note*	SLL **2025**	SLL 2024	USD **2025**	USD 2024
Cash generated from Operations	*28*	**25,643,521**	37,176,520	**1,131,785**	1,646,617
Loan disbursements		**(764,210,200)**	(693,441,800)	**(33,728,672)**	(30,713,843)
Loan collection		**715,911,051**	609,229,839	**31,596,973**	26,983,937
Net cash from operating activities		**(22,655,628)**	(47,035,441)	**(999,914)**	(2,083,289)
Cash flow from investing activities					
Acquisition of fixed assets		**(1,742,867)**	(4,570,202)	**(76,922)**	(202,423)
Changes in ROU Asset		**176,234**	(146,519)	**7,778**	(6,457)
Write-off of property and equipment		**-**	97,704	**-**	4,306
Net cash used in investing activities		**(1,566,633)**	(4,619,017)	**(69,144)**	(204,574)
Cash flow from financing activates					
Borrowings		**82,802,615**	71,316,701	**3,654,521**	3,158,751
Loan security fund		**7,956,680**	14,462,896	**351,171**	640,589
Donor fund increase/(decrease)		**(269,794)**	2,870,191	**(11,907)**	127,126
Short term deposit		**(34,842,777)**	(45,496,057)	**(1,537,798)**	(2,015,106)
Currency redenomination			(3)	**-**	-
Net cash from financing activities		**55,646,724**	43,153,727	**2,455,987**	1,911,360
Net increase/(decrease) in cash and cash equivalents		**31,424,463**	(8,500,731)	**1,386,929**	(376,503)
Cash and cash equivalents at 1 January		**16,235,534**	24,736,265	**715,537**	1,084,924
Translation adjustment	-	**-**	**(10,189)**	**7,126**	**7,126**
Cash and cash equivalents at 31 December	*13*	**47,659,997**	16,235,534	**2,092,278**	**715,537**

The notes on pages 12 to 37 are an integral part of these financial statements

Notes to the Financial Statements

1. Reporting entity

BRAC Microfinance (SL) Limited was incorporated in Sierra Leone on 23rd January 2009. Its principal activity is the provision of micro finance loans. It commenced full operation in June 2009. The address of its head office is No.13 Bath Street, Brookfields, Freetown.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with note 3 of these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis using the accruals concept.

(c) Fundamental and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Sierra Leones (SLL) and United States dollars (USD) which are the organisation's functional and presentation currencies.

(d) Use of estimates and judgments

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 15.2: Impairment allowance for loan losses.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions and conversions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss as other comprehensive income.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(b) Service charge on loan

Service charge on loan is recognised on an accrual basis. The recognition ceases when a loan is transferred to Non - Interest Bearing Loan (NIBL). Service charge is recognised thereafter only when it is received.

(c) Other income

Other income comprises foreign exchange currency gain and bank interest. All realised foreign exchange gain and losses are recognized in the profit and loss for the year, whilst all unrealised foreign exchange gains and losses are shown as other comprehensive income, after arriving at the profit or loss for the year. Unrealised foreign exchange gains and losses are not included in the computation of the tax expense for the year.

(d) Fees and commission income

Membership fees and other charges are recognised on an accrual basis when the service has been provided.

(e) Administrative expenses

Administrative expenses comprise expenses relating to administrative staff and management, including office expenses, salaries and depreciation as well as other indirect costs.

(f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with other banks and unpledged fixed deposits with original maturities of less than three months, which are subject to insignificant risk of changes in their value and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the balance sheet.

(g) Property and equipment (operating assets)

(i) Recognition and measurement

Items of operating assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

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

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current are as follows:

	Rates	Useful life
Motor vehicles/Cycles	20%	5 years
Computer equipment	33.33%	3 years
Furniture and fittings	10%	10 years
Equipment	20%	5 years

Assets residual value and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

(iv) Disposals

Gains or losses on the disposal or scrapping of property and equipment are determined as the difference between the sales price less the cost of dismantling selling and re-assembly of the assets and the carrying amount. Any gains or losses are recognised in the income statement as other operating income or other expenses respectively.

(h) Intangible (operating assets)

Accounting software

Accounting Software is shown at historic cost. Software has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight line method to allocate the cost of the licenses over their useful lives. The expected useful life of the Software is four years or 25%.

(i) IFRS 9 Financial Instrument

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.
Changes in accounting policies resulting from adoption of IFRS9 have been applied retrospectively.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.
The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial assets and financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(i). IFRS 9 Financial Instruments *(continued)*

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(i). IFRS 9 Financial Instruments *(continued)*

Loans and advances to customers that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of Loans and advances to customers, cash and cash equivalents, short term deposits and trade receivables.

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

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of financial assets have increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing loan fund security; or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

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 Company in accordance with the contract and the cash flows that the Company expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. Financial assets are 'credit-impaired' when one or more events that have detrimental impacts on the estimated future cash flows of the financial assets have occurred.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(i) *IFRS 9 Financial Instruments (continued)*

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans and advances to customers are presented in the statement of profit or loss under "Net movement in impairment losses on loans and advances". For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

(j). *Revenue from contracts with Customers*

IFRS 15, revenue from contracts with customers establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. the five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC continues to recognize fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on requirements of IFRS 9.

(k) Leases

The Company leases some branch and office premises. The Company previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

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

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

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(l) Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Other Liability also includes Self Insurance Fund for local staffs of BRAC Microfinance (SL) Ltd. The Company sets aside a monthly amounts equivalent to 1% of the basic salary of local employees, to constitute this self-insurance fund. This fund is to cover liabilities arising out of death and other permanent injuries suffered by all the local employees. The payment in the event of death or permanent injury is ranging from 12 months' equivalent of basic salary in the first year of employment, up to 50 months' equivalent of basic salary for 10th year of employment onwards.

(m) Loan security deposit

BRAC accepts 10% of the loan disbursed amount to customers as collateral. This amount is being refunded to customers when they retire or are terminated from membership. It is interest free.

(n) Inventories

Inventories are stated at cost based on selling price less average mark-up, and other inventories are stated at cost. Cost is determined using the weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Provision is made for obsolete or slow moving items, to reduce their carrying amounts to net realizable value.

(o) Employee benefit

(i) Pension obligations

The Company's operates a defined contribution scheme. A defined contribution plan is a pension plan under which the Company's pays fixed contributions into a separate entity. The scheme is generally funded through payments to the National Social Security and Insurance Trust on a mandatory basis. The Company's has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.
Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Notes to the financial statements *(continued)*

3. Significant accounting policies *(continued)*

(o) Employee benefit *(continued)*

(iii) Short-term benefits

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

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

(iv) Medical benefits

The Company provides medical cost reimbursement to all its staff.

(p) Share capital

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

(q) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it's recognised in equity or other comprehensive income.

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

Income tax payable on profits, based on the applicable tax law in Sierra Leone is recognised as an expense in the period in which the profits arise. The tax effects of income tax losses available for carrying forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilizes. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements *(continued)*

4. Financial risk factors

The Company's activities expose it to a variety of financial risks, including:

(a) Credit risk

The Company's takes on exposures to credit risk, which is the risk that a client may be unable to pay amounts in full when due. Credit risk is managed by obtaining moral guarantee from group members to bear responsibility for repayment of both principal and interest amount when they are due. All repayments are made in groups and not individually. Impairment provisions are provided for losses that may have been incurred at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

All clients depending on the type of loan makes cash collateral savings and this can also be used to offset outstanding loan amounts due. A ten percent savings is made for all loans.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Company's manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

(c) Market risks

Market risk is the risk that changes in market price, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(d) Currency risk

Currency exchange risks comprise transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level

Notes to the financial statements *(continued)*

5. Service charge on loans

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Group loans (Microfinance)	**97,034,030**	87,605,202	**4,282,629**	3,880,199
Small Enterprises program	**59,446,776**	47,011,072	**2,623,704**	2,082,209
Without Collateral Loan	**7,785,821**	5,630,925	**343,630**	249,404
Job Holder Loan	**3,958,050**	3,606,299	**174,690**	159,730
Argo finance	**3,238,710**	1,012,856	**142,940**	44,861
	171,463,387	144,866,354	**7,567,593**	6,416,404

6. Membership and other fees

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Loan appraisal fee	**7,641,702**	6,934,418	**337,269**	307,138
Membership fee	**507,778**	633,116	**22,411**	28,042
Loan application fee	**185,820**	175,792	**8,202**	7,786
Sales of passbook	**(2,622)**	312,540	**(116)**	13,843
	8,332,678	8,055,866	**367,766**	356,809

7. Other income

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Gain due to early repayment	**29,454**	21,964	**1,300**	973
Other income	**-**	4,242	**-**	188
Income from write-off recovery	**11,908**	38,621	**526**	1,711
Interest income from short term deposits	**1,416,965**	196,057	**62,537**	8,684
Foreign currency gain (realised)	**3,900,744**	1,838,940	**172,161**	81,450
Gain on derivatives	**1,622,846**	-	**71,625**	-
	6,981,917	2,099,824	**308,149**	93,005

The exchange gains arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to SLE. Financial assets and liabilities denominated in foreign currencies are translated to SLL at rate ruling at balance sheet date.

Notes to the financial statements *(continued)*

8. Grant income

In (New) Leones/ USD	SLL		USD	
	2025	2024	**2025**	2024
Transferred to statement of income and expenses	**8,851,760**	12,556,441	**390,675**	556,148
Transferred from deferred grant (depreciation)	**1,472,774**	573,856	**65,002**	25,417
	10,324,534	13,130,297	**455,677**	581,566

9. Impairment losses on loans

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
General provision	**27,272,932**	10,160,701	**1,203,700**	450,037
	27,272,932	10,160,701	**1,203,700**	450,037

10. Staff costs

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Salaries & benefits	**50,971,460**	45,124,018	**2,249,642**	1,998,628
Bonus Cost	**3,297,590**	2,958,905	**145,540**	131,055
Severance Allowances Cost	**2,625,747**	2,151,065	**115,888**	95,275
NASSIT Cost	**1,483,915**	1,212,323	**65,493**	53,696
Insurance costs	**149,163**	127,193	**6,584**	5,634
Medical expenses	**1,200,757**	1,007,406	**52,996**	44,620
	59,728,632	52,580,910	**2,636,143**	2,328,908

Notes to the financial statements *(continued)*

11. Other operating expenses

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Occupancy expenses (Note-11.1)	**4,160,798**	3,995,037	**183,638**	176,948
Staff training and development	**2,817,071**	2,365,429	**124,332**	104,769
Travel and transportation	**14,839,151**	12,926,457	**654,931**	572,537
Maintenance and general expenses	**6,805,334**	7,134,524	**300,356**	316,001
Printing and office stationery	**3,080,276**	3,417,323	**135,949**	151,360
Legal & Professional fees	**718,762**	643,338	**31,723**	28,495
Audit fees	**207,000**	207,000	**9,136**	9,168
Financial Expenses	**19,601,065**	9,072,930	**865,100**	401,857
Hedging Charge	**3,319,532**	5,222,818	**146,509**	231,328
Interest Expense on loan from BIFBV	**9,794,510**	5,184,313	**432,284**	229,623
Technical Fees Expense on loan from BIFBV	**1,245,397**	687,888	**54,966**	30,468
Bank Charges	**3,455,294**	3,290,529	**152,500**	145,744
Withholding Tax Expenses	**3,113,124**	1,291,020	**137,399**	57,182
Internet expenses	**1,516,756**	1,522,917	**66,942**	67,453
Insurance claim	**175,400**	210,350	**7,741**	9,317
Software Maintenance cost (ERP)	**7,021,441**	6,874,070	**309,894**	304,465
HO logistics and management expenses	**5,502,258**	4,487,165	**242,844**	198,745
Cash and Bank write off	**308,000**	-	**13,594**	-
Fixed assets Write off	**-**	97,703	**-**	4,327
Loss on derivatives	**3,343,676**	4,405,678	**147,574**	195,136
Foreign Exchange Loss (Realised)	**5,666,857**	3,230,243	**250,109**	143,074
	96,691,702	76,266,732	**4,267,521**	3,377,997

11.1. Occupancy expenses

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Rent	**2,865,365**	2,779,389	**126,464**	123,104
Utilities	**1,295,433**	1,215,648	**57,174**	53,844
	4,160,798	3,995,037	**183,638**	176,948

Notes to the financial statements *(continued)*

12. Taxation

12(a) Tax expense

Recognised in the income statement

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Income tax expense	**10,491,557**	10,328,729	**463,048**	457,479
Deferred tax credit	**(7,898,437)**	(3,526,093)	**(348,600)**	(156,177)
	2,593,120	6,802,636	**114,448**	301,302

12(b) Income tax account

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Opening balance	**3,548,015**	481,764	**156,369**	21,130
Paid during the period	**(11,548,015)**	(7,262,478)	**(509,675)**	(321,669)
Charge for the year	**10,491,557**	10,328,729	**463,048**	457,479
Translation difference	**-**	-	**362**	571
Current tax liability	**2,491,557**	3,548,015	**(109,380)**	(156,369)

Reconciliation of effective tax rate

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Profit before income tax	**9,959,005**	26,782,639	**439,544**	1,186,253
Income tax on profit before tax	**2,489,752**	6,695,662	**109,887**	296,563
Tax impact of permanent difference:				
Employee benefit	**-**	112,050	**-**	4,963
Non-deductible expenses	**93,500**	-	**4,126**	-
Tax exempt income	**23,750**	48,176	**1,048**	2,134
Tax incentives	(13,882)	(53,252)	(613)	(2,358)
	2,593,120	6,802,636	**114,448**	301,302

Notes to the financial statements *(continued)*

12. Taxation *(continued)*

12(c) Deferred tax asset and liabilities

Recognised deferred tax asset and liabilities

	2025			2024		
In (New) Leones/ USD	**Asset**	**Liability**	**Net**	Asset	Liability	Net
Property and equipment	**(1,532,154)**	**-**	**(1,532,154)**	(869,437)	-	(869,437)
Impairment allowance	**(15,401,645)**	**-**	**(15,401,645)**	(8,583,414)	-	(8,583,414)
Staff benefit provision	**(2,515,731)**	**-**	**(2,515,731)**	(2,098,243)	-	(2,098,243)
Unrealised exchange loss	**(276,812)**	**-**	**(276,812)**	(276,812)	-	(276,812)
	(19,726,342)	**-**	**(19,726,342)**	(11,827,905)	-	(11,827,905)

Movement in temporary differences during the year – 2025

In (New) Leones/ USD	**Opening balance**	**Recognised in profit and loss**	**Recognised in equity**	**Closing balance**
Property and equipment	**(869,438)**	**(662,716)**	**-**	**(1,532,154)**
Impairment allowance	**(8,583,413)**	**(6,818,232)**	**-**	**(15,401,645)**
Staff benefit provision	**(2,098,242)**	**(417,489)**	**-**	**(2,515,731)**
Unrealised exchange loss	**(276,812)**	**-**		**(276,812)**
	(11,827,905)	**(7,898,437)**	**-**	**(19,726,342)**

Movement in temporary differences during the year – 2024

In (New) Leones/ USD	Opening balance	Recognised in profit and loss	Recognised in equity	Closing balance
Property and equipment	(258,427)	(611,011)	-	(869,438)
Impairment allowance	(6,043,238)	(2,540,175)	-	(8,583,413)
Staff benefit provision	(1,723,335)	(374,907)	-	(2,098,242)
Unrealised exchange loss	(276,812)	-		(276,812)
	(8,301,812)	(3,526,093)	-	(11,827,905)

Notes to the financial statements *(continued)*

13. Cash and cash equivalents

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Cash at bank	**46,122,762**	12,821,863	**2,024,793**	565,089
Cash in hand	**1,537,235**	3,413,671	**67,485**	150,448
Total	**47,659,997**	16,235,534	**2,092,278**	715,537

13.1. Cash at bank

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Vista Bank (SL) Ltd	**22,041,081**	7,906,908	**967,605**	348,475
Access Bank (SL) Ltd	**15,790,525**	1,643,763	**693,205**	72,444
United Bank for Africa	**37,046**	288,907	**1,626**	12,733
Marampa Masimera Community Bank	-	-	-	-
Union Trust Bank Limited	**4,731,801**	1,045,712	**207,727**	46,087
Rokel Commercial Bank	**629,370**	277,677	**27,629**	12,238
Zenith Bank (SL) Limited	**271,017**	64,461	**11,898**	2,841
Yoni Community Bank	**198,406**	64,845	**8,710**	2,858
Segbwema Community Bank	**861,963**	447,949	**37,840**	19,742
Bank of Sierra Leone	**75**	75	**3**	3
Pendembu Community Bank Limited	**204,706**	341,673	**8,987**	15,058
Kamakwie Community Bank Limited	**280,454**	387,742	**12,312**	17,089
Sewafe Community Bank Limited	**460,772**	73,356	**20,228**	3,234
Mattru Jong Community Bank Limited	**242,563**	278,796	**10,649**	12,287
Mongo Town Community Bank Limited	**202,270**	-	**8,880**	
Gbinti Community Bank Limited	**170,713**	-	**7,494**	-
	46,122,762	12,821,863	**2,024,793**	565,089

14. Short term deposit

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
At 1 January	**63,688,057**	18,192,000	**2,806,878**	797,895
Add. Deposit during the year	**34,842,777**	45,496,057	**1,529,601**	2,005,115
Less. Withdrawn during the year	-	-	-	-
Translation difference	-	-	**(10,969)**	3,868
At 31 December	**98,530,834**	63,688,057	**4,325,510**	2,806,878

Notes to the financial statements *(continued)*

15. Loans and advances to customers

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
Group loans	**175,092,194**	170,213,836	**7,686,562**	7,501,712
Small Enterprises Program	**141,439,649**	111,376,040	**6,209,213**	4,908,596
Without Collateral Loan	**17,708,966**	14,602,392	**777,426**	643,561
Job Holder Loan	**8,320,203**	7,077,866	**365,258**	311,938
Agrofinance	**9,396,563**	5,452,466	**412,510**	240,303
Loan: Written off (P)	**(8,346,968)**	(5,064,174)	**(366,436)**	(223,192)
Interest receivable	**12,272,251**	9,552,011	**538,753**	420,979
Interest receivable: Written off	**(721,780)**	(620,944)	**(31,686)**	(27,366)
Impairment loss on loans advance	**(30,133,973)**	(11,929,789)	**(1,322,884)**	(525,773)
	325,027,105	300,659,704	**14,268,717**	13,250,758

Loans and advances to customers are carried at amortized cost. It is estimated that the fair values of loan and advances to customers are approximately the same as the carrying values. All loans and advances to customers are unsecured.

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

15.1. Movement on the loan account

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
Opening balance	**303,658,426**	224,510,639	**13,382,918**	9,846,958
Loans disbursed	**764,210,200**	693,441,800	**33,728,672**	30,713,843
Loans repayments (P)	**(715,911,051)**	(609,229,839)	**(31,596,973)**	(26,983,937)
Translation difference	**-**	-	**(63,651)**	29,244
	351,957,575	308,722,600	**15,450,967**	13,606,108
Principal -written off	**(8,346,968)**	(5,064,174)	**(366,433)**	(223,190)
Gross loans to customers	**343,610,607**	303,658,426	**15,084,534**	13,382,918
Interest receivable	**12,272,251**	9,552,011	**538,753**	420,979
Interest receivable: written off	**(721,780)**	(620,944)	**(31,686)**	(27,366)
Impairment loss on loans advance	**(30,133,973)**	(11,929,789)	**(1,322,884)**	(525,773)
	325,027,105	300,659,704	**14,268,717**	(13,250,758)

Notes to the financial statements *(continued)*

15.2. Movement on the impairment on loans

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
At 1 January	**11,929,789**	7,454,205	**525,773**	326,939
Add: Charge for the year	**27,272,932**	10,160,701	**1,203,700**	450,037
Less: Loan Written off	**(8,346,968)**	(5,064,174)	**(366,433)**	(223,190)
Less: Interest receivable written off	**(721,780)**	(620,944)	**(31,686)**	(27,503)
Translation difference	**-**	-	**(8,470)**	(647)
At 31 December	**30,133,973**	11,929,789	**1,322,884**	525,773

16. Other assets

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Advance to third party	**1,449,930**	746,537	**63,652**	32,902
Other receivables	**5,878,196**	5,468,933	**258,054**	241,028
Impairment provision	**(5,674,640)**	(5,366,640)	**(249,117)**	(236,520)
Inventory - Passbook	**1,108,785**	359,717	**48,676**	15,854
Fair value of derivatives	**1,906,085**	3,626,914	**83,677**	159,846
	4,668,356	4,835,461	**204,942**	213,110

17. Intangible assets

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Cost software development and purchase (ERP)				
At 1 January	**2,581,792**	2,581,792	**113,785**	113,236
Addition during the year	**-**	-	**-**	-
Translation difference	**-**	-	**(445)**	549
Total	**2,581,792**	2,581,792	**113,340**	**113,785**
Accumulated amortisation:				
At 1 January	**1,921,213**	1,392,750	**84,672**	61,086
Amortisation (25%) charge for the year	**528,463**	528,463	**23,324**	23,406
Translation difference	**-**	-	**(455)**	180
Total	**2,449,676**	1,921,213	**107,540**	84,672
Net book value	**132,116**	660,579	**5,800**	29,113

Notes to the financial statements *(continued)*

18. Property and equipment

In (New) Leones/ USD	Motor Vehicles SLE	Furniture SLE	Equipment SLE	Total SLE	Total USD
Cost					
At 1 January 2025	**2,859,611**	**1,471,648**	**7,152,962**	**11,484,221**	**506,136**
Additions	**-**	**632,290**	**1,110,577**	**1,742,867**	**76,512**
Translation difference	**-**	**-**	**-**	**-**	**(1,978)**
At 31 December 2025	**2,859,611**	**2,103,938**	**8,263,539**	**13,227,088**	**580,670**
At 1 January 2024	2,895,941	1,524,120	3,646,993	8,067,055	353,818
Additions	-	310,004	4,260,198	4,570,202	202,423
Disposals/Transfer	(36,330)	(362,476)	(754,230)	(1,153,036)	(50,817)
Translation difference	-	-	-	-	712
As at 31 December 2024	2,859,611	1,471,648	7,152,962	11,484,221	506,136
Accumulated Depreciation					
At 1 January 2025	**1,041,566**	**513,755**	**1,904,219**	**3,459,540**	**152,470**
Charge for the year	**495,830**	**157,989**	**2,091,729**	**2,745,548**	**121,176**
Translation difference	**-**	**-**	**-**	**-**	**(1,242)**
At 31 December 2025	**1,537,396**	**671,744**	**3,995,948**	**6,205,088**	**272,404**
At 31 December 2024	582,058	661,260	1,533,215	2,776,533	121,778
Additions	495,830	133,638	1,108,871	1,738,339	76,994
Adjustment	(36,322)	(281,143)	(737,867)	(1,055,332)	(46,511)
Translation difference	-	-	-	-	209
As at 31 December 2024	1,041,566	513,755	1,904,219	3,459,540	152,470
Net Book Value					
As at 31 December 2025	**1,322,215**	**1,432,194**	**4,267,591**	**7,022,000**	**308,266**
At 31 December 2024	1,818,045	957,893	5,248,743	8,024,681	353,666

Notes to the financial statements *(continued)*

19. Right of use asset

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
Cost				
At 1 January	**682,069**	440,993	**30,060**	16,470
Additions	-	241,076	-	10,678
Translation difference	-	-	**(117)**	2,912
At 31 December	**682,069**	682,069	**29,943**	30,060
Accumulated depreciation				
At 1 January	**479,854**	385,297	**21,148**	16,899
Depreciation charge for the year	**176,234**	94,557	**7,778**	4,167
Translation difference	-	-	**(124)**	82
At 31 December	**656,088**	479,854	**28,802**	21,148
Net book value	**25,981**	202,215	**1,141**	8,912

20. Lease expenses

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
Depreciation expense (ROU)	**176,234**	94,557	**7,778**	4,167
	176,234	94,557	**7,778**	4,167

21. Loan security fund

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
At 1 January	**52,778,457**	38,315,561	**2,326,067**	1,680,507
Received during the year	**30,811,664**	30,511,160	**1,352,635**	1,344,696
Paid off /adjusted during the year	**(22,854,984)**	(16,048,264)	**(1,003,336)**	(707,283)
Translation difference	-	-	**(9,088)**	8,147
At 31 December	**60,735,137**	52,778,457	**2,666,278**	2,326,067

The loan security fund acts as cash collateral for the customers' loan obligations to BRAC Microfinance (SL) Limited. This is computed as 10% of the customers' approved loan. In the event of any default, the clients forfeit all or part of the loan security fund to the extent of the amount at risk.

Notes to the financial statements *(continued)*

22. Related party payables

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Payable to BRAC Bangladesh	**3,976,116**	2,768,728	**174,552**	122,024
Brac International Holdings B. V	**7,807,001**	12,314,453	**342,728**	542,726
Payable to BRAC Liberia Microfinance Company Ltd.	**1,306,023**	634,656	**57,334**	27,971
Payable to BRAC Sierra Leone	-	-	-	-
	13,089,140	15,717,837	**574,614**	692,721

23. Borrowings

23.1. Borrowings from KIVA (at 0% interest)

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Opening balance	**8,963,011**	7,510,258	**395,020**	329,397
Received during the year	**1,988,481**	2,402,379	**87,294**	105,878
Paid during the year	**(2,151,032)**	(946,921)	**(94,430)**	(40,255)
Foreign exchange adjustment	**15,293**	(2,705)	**(872)**	-
	8,815,753	8,963,011	**387,012**	395,020

23.2. Borrowings from Whole Planet Foundation (Interest rate - 0%)

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Opening balance	-	2,049,022	-	89,869
Received during the year	-	-	-	-
Paid during the year	-	(2,049,022)	-	(90,305)
Foreign exchange adjustment	-	-	-	436
	-	-	-	-

Notes to the financial statements *(continued)*

23.3. Borrowings from BIFBV (Interest rate - 7.35% per annum)

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
At 1 January	**99,845,076**	63,840,000	**4,400,400**	2,800,000
Received during the year	**34,168,500**	45,380,000	**1,500,000**	2,000,000
Paid during the year	**(21,138,840)**	(9,066,924)	**(932,400)**	(399,600)
Foreign exchange adjustment	**291,336**	(308,000)	**-**	-
At 31 December	**113,166,072**	99,845,076	**4,968,000**	4,400,400

23.4 Borrowings from other banks

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
At 1 January	**74,222,683**	38,314,789	**3,271,163**	1,680,473
Add. Received during the year	**69,628,877**	35,907,894	**3,056,713**	1,582,543
Paid during the year	**-**	-	**-**	-
Foreign exchange adjustment	**-**	-	**(12,781)**	8,147
	143,851,560	74,222,683	**6,315,095**	3,271,163

During the year the Company also received loan from BRAC International Finance B.V to provide the Borrower with funds to (i) make loans in the Country; (ii) refinance maturing existing debt facilities; and (iii) pay overhead, capital expenses and similar costs directly incurred by the Borrower in conducting its Microfinance Program including.
The loans are meant for facilitating group-based lending of the organisation.

23.5. Borrowing classification

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Loans repayable in one year:				
Borrowings from BIFBV	**-**	-	**-**	-
Borrowings from other banks	**143,851,560**	74,222,683	**6,315,096**	3,271,163
Loan repayable in more than one year:				
KIVA	**8,815,753**	8,963,011	**387,012**	395,020
Borrowings from BIFBV	**113,166,072**	99,845,076	**4,968,000**	4,400,400
Total borrowings	**265,833,385**	183,030,770	**11,670,108**	8,066,583

Notes to the financial statements *(continued)*

24. Other liabilities

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Accrual for expenses	**1,029,887**	895,370	**45,212**	39,461
Provision for audit fees	**207,000**	207,000	**9,087**	9,123
Self-insurance fund	**360,330**	251,018	**15,819**	11,064
Technical fees payable on loan from BIFBV	**5,338**	46,129	**234**	2,033
Interest payable on loan from BIFBV	**42,817**	375,383	**1,880**	16,544
Interest payable on borrowings - Alterfin	**1,411,038**	-	**61,945**	-
Severance allowance provision	**10,062,927**	8,392,972	**441,763**	369,897
Nassit provision	**212,972**	171,280	**9,349**	7,549
Withholding tax	**2,710,615**	2,674,427	**118,996**	117,868
VAT/GST output	**220,752**	192,557	**9,692**	8,486
Collateral registry fees payable to the Central Bank	**623,130**	350,730	**27,355**	15,457
Payable to BRAC IT Services Limited	**1,163,295**	2,004,871	**51,069**	88,359
	18,050,101	15,561,737	**792,401**	685,841

25. Donor funds

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Donor funds received in advance (Note-25.1)	**668,648**	329,317	**29,354**	14,514
Donor funds investment in fixed assets (Note-25.2)	**4,029,141**	4,638,266	**176,880**	204,419
Donor funds investment in: Loan to group members (Note-25.3)	**1,969,000**	1,969,000	**86,438**	86,778
	6,666,789	6,936,583	**292,672**	305,711

The grants from the above donors were received for the enhancement of the Microfinance program. The grants had been provided on the basis of the Company fulfilling certain conditions, failing to comply with which, part or all of the money may have to be refunded to the donor.

Notes to the financial statements *(continued)*

25.1. Donor funds received in advance

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
At 1 January	**329,317**	231,881	**14,514**	10,170
Donations received during the year (Note-25.1.1)	**9,801,338**	15,718,800	**430,280**	692,763
Transferred to statement of income and expenses	**(8,851,760)**	(12,556,441)	**(390,675)**	(556,148)
Transferred to deferred income - investment in fixed assets during the year (Note-25.2)	**(863,650)**	(3,346,611)	**(37,914)**	(147,493)
Foreign exchange difference	**253,403**	281,688	**11,124**	12,415
Translation adjustment	-	-	**2,025**	2,807
At 31 December	**668,648**	329,317	**29,354**	14,514

25.2. Donations received during the year

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
MCF -AIM Microfinance	**9,801,338**	15,718,800	**430,280**	692,763
	9,801,338	15,718,800	**430,280**	692,763

25.3. Donor funds investment in fixed assets

In (New) Leones/ USD	**SLE**		**USD**	
	2025	2024	**2025**	2024
At 1 January	**4,638,266**	1,865,511	**204,022**	81,820
Transferred from donor funds received in advance/ purchase of fixed assets	**863,650**	3,346,611	**37,914**	147,493
Depreciation charged during the year	**(1,472,775)**	(573,856)	**(65,002)**	(25,417)
Translation adjustment	-	-	**(54)**	523
At 31 December	**4,029,141**	4,638,266	**176,880**	204,419

Notes to the financial statements *(continued)*

25.4 Donor funds investment in loans to group members

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
At 1 January	**1,969,000**	1,969,000	**86,438**	86,778
Translation adjustment				
At 31 December	**1,969,000**	1,969,000	**86,438**	86,778

26. Share capital

26(a). Name and percentage of holdings

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
Name: BRAC International Holdings B.V 100%	**12,244,890**	12,244,890	**3,061,223**	3,061,223
	12,244,890	12,244,890	**3,061,223**	3,061,223

26(b). Share premium

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
BRAC International Holdings B. V				
Opening balance	**31,953,720**	31,953,720	**3,813,063**	3,813,063
Payment received during the year	-	-	-	-
	31,953,720	31,953,720	**3,813,063**	3,813,063

27. Retained earnings

In (New) Leones/ USD	SLE		USD	
	2025	2024	**2025**	2024
At 1 January	**84,362,127**	64,382,127	**6,644,126**	5,759,175
Profit for the year	**7,365,885**	19,980,003	**325,095**	884,951
Currency redenomination	-	(3)	-	-
At 31 December	**91,728,012**	84,362,127	**6,969,221**	6,644,126

Notes to the financial statements *(continued)*

28. Cash generated from operation

	SLE		USD	
In (New) Leones/ USD	**2025**	2024	**2025**	2024
Profit for the year	**7,365,885**	19,980,003	**325,095**	884,951
Depreciation on property and equipment	**2,745,548**	1,738,339	**121,176**	76,994
Amortisation	**528,463**	528,463	**23,324**	23,406
Loan loss provision	**27,272,932**	10,160,701	**1,203,700**	450,037
Tax expense	**2,593,120**	6,802,636	**114,448**	301,302
Cash flow before changes in working capital:	**40,505,948**	39,210,142	**1,787,743**	1,736,690
Income tax paid	**(11,548,015)**	(7,262,478)	**(509,675)**	(321,669)
Changes in working capital:				
Receivables and other current assets	**167,105**	4,756,651	**7,375**	210,681
Interest receivables	**(3,341,184)**	(3,160,658)	**(147,464)**	(139,991)
Current liabilities	**2,488,362**	1,788,603	**109,825**	79,220
Related party payables	**(2,628,697)**	1,844,261	**(116,018)**	81,686
	25,643,521	37,176,520	**1,131,785**	1,646,617

Exchange rate used for the year:

	2025	2024
Closing rate: 1USD= SLL	**22.78**	22.69
Average rate: 1UDS =SLL	**22.66**	22.58

Notes to the financial statements *(continued)*

29. Contingencies

There were no contingent assets or liabilities at 31 December 2025 (2024: Nil).

30. Capital commitments

There were no capital commitments as at 31 December 2025 (2024: Nil).

31. Post balance sheet events

Events subsequent to the balance sheet date are reflected only to the extent they relate directly to the financial statements and their effect is material. There were none such events as at the date these financial statements were signed.