BRAC MYANMAR MICROFINANCE COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

KHIN SU HTAY & ASSOCIATES LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

General information

DIRECTORS

The directors in office at the date of this report are as follows:

Mr. Shameran Abed	-	Director (Appointed in August 2021)
Mr. Johannes Maria Antonius	-	Director
Ms.Bridget Lee Dougherty	-	Director (Appointed in April 2022)
Mr. Md Sazaduzzaman	-	Director

ADMINISTRATORS

Mr. Sazaduzzaman	-	Managing Director

PRINCIPAL PLACE OF BUSINESS

Old University Avenue Road, No.(69-A)
Shwe Taung Kyar (1) Quarter
Bahan Township
Bahan
Myanmar

AUDITORS

Khin Su Htay & Associates Limited

Certified Public Accountants
Building No. C 1, Room No. 005 (Ground Floor), Hninnsi Street
Yuzana Highway Complex, Kamayut Township
Yangon, Myanmar

BANKERS

KBZ BANK
No.33 to 49, Corner of Bank St &
Mahabandoola Garden St
Kyauktada Township
Yangon
Myanmar

AYA Bank
No(12),Thanthumar St,
Thanthumar Housing ,Thingankunn
Yangon, Myanmar

YOMA Bank
No-05/B,Ground Floor,Myanmar Plaza,
Corner of Kabaraye Road & Sattmu 1 Rd,
Bahan township,Yangon

Myanma Economic Bank
Branch (1) 43-45 Pansodan St.
Kyauktada Township, Yangon

CB Bank
No(4/6),Thanthumar St,Thingangkuun
Yangon, Myanmar

UAB Bank
Building (41) Room(01/02)
Yankin Palm Village Housing
Yan Shin Road
(5) Quarter, Yankin Township,
Yangon Division

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2025, which disclose the state of affairs of BRAC Myanmar Microfinance Company Limited.

a) Registration

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary company of BRAC International Holdings B.V., a limited liability company registered under the laws of the Netherlands, with its registered office in The Hague.

BRAC Myanmar Microfinance Company Limited was incorporated as a limited liability company under the company Act on 15 October 2013 with its registration number 559 FC/13-14 and re-registered under the Myanmar Companies Law 2017 on 29 October 2018 with its new registration number 108090278 and registered office in Yangon, Myanmar.

The objective of the Company is to operate microfinance programme in Myanmar with a mandate to contribute towards alleviating poverty and attaining Sustainable Development Goals (SDGs) through promoting employment and income generating activities for the poor women.

b) Vision

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

c) Mission

The Company's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

d) Our values

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

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

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

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

e) Principal activities

The Company provides Microfinance services to improve the livelihood of poor people in over 30 townships in Myanmar including extending loan facilities.

f) Financial performance

The Company's performance during the year ended 31 December 2025 is as follows:

- Interest income on loans increased by 28% from MMK 16,929 million in 2024 to MMK 21,617 million in 2025.

- Loans and advances to customers increased by 42% from MMK 68,209 million in 2024 to MMK 96,897 million in 2025. Loan disbursement increased by 41% from MMK 124,175 million in 2024 to MMK 175,141 million in 2025. Loan realization increased by 32% from MMK 109,839 million in 2024 to MMK million 145,184 in 2025.

- Operating expenses decreased by 1% from MMK 8,396 million in 2024 to MMK 8,307 million in 2025.

- Total Assets increased by 46% from MMK 75,262 million in 2024 to MMK 110,121 million in 2025.

- During the year, the Company had a net profit of MMK 8,252 million (2024 – Net Profit of MMK 1,974 million).

g) Results from operation

The results for the Company's operation for the year ended 31 December 2025 are set out on page 9.

h) Composition of Directors

The directors who served during the year and up to the date of this report are set out on page I.

i) Directors' benefits

No director has received or entitled to receive any benefits during the financial year.

j) Corporate governance

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

• The Board of Directors met regularly throughout the year;
• They retain full and effective control over the Company;
• The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
• They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2025 the Company had four directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

k) Risk management

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

l) Management structure

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Managing Director who is assisted by the heads of divisions, departments and units. The organization structure of the Company comprises of the following divisions:

- Micro Finance Program (MF)
- Finance & Accounts;
- Administration
- Internal audit;
- Monitoring Unit;
- IT and MIS;
- Human resources and training;
- Communications.
- Public Relations

m) Related party transactions

Related party transactions are disclosed in *Note 23* and 27 to the financial statements.

n) Future development plans

Microfinance Program

• Number of borrowers will be increased and increasing rural client numbers will be focused.

• Digital field application solution will be piloted for 9 branches for paper less and efficient front line operation.

• International standard Client Protection certification by SPTF will be achieved.

• Continue digital innovation like Mobile money services expansion for different loan product client.

• Agriculture and PWD loan product expansion in new branches will be continuing.

o) Key achievement in 2025

The following are the Company's key achievements for the year:

Strong outreach and client growth
•Continued serving ~240,000 clients, with over 95–96% women
•Voluntary savings growth 75%. Voluntary savings net balance increase around MMK 10 billion
•Maintained position as one of the largest MFIs in Myanmar (top 6) with nationwide presence
•Expanded financial inclusion for underserved and rural populations

Achievement: Sustained scale and outreach despite economic and political challenges
Successfully awarded funding for operational growth and business continuity
•Secured funding MMK 25 billion from local banks though local funding is dried out
•Mainly supported for business expansion and portfolio growth and fulfilled client expectations of raising loan ceiling as per regulatory directives
Achievement: Secured local funding and built-up strong relationships with local banks though

p) Solvency

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

q) Gender parity

In 2025, the company had a total staff of 520. The female staff are 462 and male are 58.

r) Employees' welfare

Management/employee relationship

There were continued good relation between employees and management for the year 2025. There were no unresolved complaints received by management from the employees during the year. New performance incentive schemes were introduced in 2016 which is helping to identify staffs who needs more care and capacity development.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the Company. This year all the Branch Accountants received hands-on training on their day to day responsibilities. All the program staffs from received training as prescheduled. The Company will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

Medical assistance

The Company reimburses medical expenses incurred by employees for medical treatment.

Social security contribution

All eligible employees are required to contribute National Social Security Scheme managed by Social Security Board at the rate 5% of salary maximum of MMK 15,000. As a employer BRAC pays 3% of this social security contribution on behalf of the employees.

As a result of contribution to this security fund, employees get sickness benefits, maternity benefits and grant, paternity benefits and grant, medical benefits, funeral grant, and many more.

s) Auditors

The auditors, Khin Su Htay & Associates Limited, have indicated their willingness to accept re-appointment.

t) Approval of the financial statements

The financial statements were approved by the directors at a meeting held on .... 2026.

By order of the Board

Head of Finance

Date-8.04.2026

Managing Director

Date-8.04.2026

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
STATEMENT OF MANAGEMENT' RESPONSIBILITIES

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2025, the statement of profit or loss, the statement of other comprehensive income, the 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, in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibilities include: 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. They are also responsible for safe guarding the assets of the company.

The directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors to ensure the Company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company.

The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2025. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on …………………2026 and were signed on its behalf by:

Head of Finance

Date- 8.04.2026

Managing Director

Date- 8.04.2026

KHIN SU HTAY & ASSOCIATES LIMITED
Certified Public Accountants
(Company Registration Number: 100124548)
 # C1 / 005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,
Narnat Taw Road, Kamayut Township, Yangon, Myanmar
Email: thantint@kshal.com
Tel: (95-09) 422953862, 422953863

Independent Auditor's Report

To the members of BRAC Myanmar Microfinance Company Limited

Opinion

We have audited the financial statements of BRAC Myanmar Microfinance Company Limited ("BRAC" or also referred as "the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2025 and the results, changes in equity and cash flows of the Company for the year then ended. The accounting records required by the Company have been properly kept.

Basis for opinion

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

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard (IFRSs) and for such control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude 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 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 Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company 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.

Khin Su Htay & Associates Limited
KSHAL

U Than Tint
CPA (PAPP. 103)
Managing Director
Khin Su Htay & Associates Limited
Certified Public Accountants

Yangon,
Date: 09 April 2026

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Service charge on loan	4	21,617,068,868	16,929,236,446	10,293,842	8,061,541
Interest and other financial expenses	5	(6,706,144,663)	(4,589,808,076)	(3,193,402)	(2,185,623)
Net income from service charge		**14,910,924,205**	**12,339,428,370**	**7,100,440**	**5,875,918**
Membership and other fees	6	3,234,592,341	1,592,819,318	1,540,282	758,485
Other income	7	311,968,154	299,852,763	148,556	142,787
Grant income	8	-	-	-	-
		3,546,560,495	1,892,672,081	1,688,838	901,272
Total operating income		**18,457,484,700**	**14,232,100,451**	**8,789,278**	**6,777,191**
Impairment loss on loan	17.2	(1,898,555,340)	(3,889,720,600)	(904,074)	(1,852,248)
Operating income after impairment charge		**16,558,929,360**	**10,342,379,851**	**7,885,204**	**4,924,943**
Staff costs	9	(4,771,495,101)	(5,094,671,708)	(2,272,141)	(2,426,034)
Other operating expenses	10	(3,452,155,554)	(3,206,295,950)	(1,643,884)	(1,526,808)
Depreciation and amortization	11	(83,964,699)	(95,556,096)	(39,983)	(45,503)
Total operating cost		**(8,307,615,354)**	**(8,396,523,754)**	**(3,956,007)**	**(3,998,345)**
Profit/ (loss) before tax		**8,251,314,006**	**1,945,856,097**	**3,929,197**	**926,598**
Income tax expenses		-	28,463,992	-	13,554
Profit/(Loss) for the year		**8,251,314,006**	**1,974,320,089**	**3,929,197**	**940,152**

Authenticated by:

Head of Finance
BRAC Myanmar Microfinance
Company Limited

Date- 8.04.2026

Managing Director
BRAC Myanmar Microfinance
Company Limited

Date- 8.04.2026

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Profit/(Loss) for the year	12	8,251,314,006	1,974,320,089	3,929,197	940,152
Other comprehensive income					
Unrealized exchange gain/ (loss)		-	-	-	-
Total comprehensive Profit for the year, net of tax		**8,251,314,006**	**1,974,320,089**	**3,929,197**	**940,152**

Authenticated by:

Head of Finance
BRAC Myanmar Microfinance
Company Limited

Date- 8.04.2026

Managing Director
BRAC Myanmar Microfinance
Company Limited

Date- 8.04.2026

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Assets					
Property and equipment	13	90,741,485	104,578,549	43,210	49,799
ROU Asset	14	-	13,000,000	-	6,190
Intangible assets	15	182,149,673	224,252,777	86,738	106,787
Other assets	16	987,698,965	946,065,523	470,333	450,507
Loans to customer	17	96,896,725,515	68,209,269,563	46,141,298	32,480,605
Cash and cash equivalents	18	11,963,258,864	5,765,380,691	5,696,790	2,745,419
Total assets		**110,120,574,502**	**75,262,547,103**	**52,438,369**	**35,839,308**
Equity					
Share capital	19	23,280,770,000	23,280,770,000	16,950,000	16,950,000
Share Money Deposit	20	2,293,670,000	1,053,420,000	641,499	299,924
Retained earnings	21	(372,853,488)	(8,624,167,494)	(177,549)	(4,106,746)
Currency translation		-	-	(5,413,194)	(5,662,214)
Total equity		**25,201,586,512**	**15,710,022,506**	**12,000,755**	**7,480,963**
Liabilities					
Donor grants	22	23	8,310,424	0	3,957.34
Loans and borrowings	23	42,602,411,853	33,173,606,375	20,286,863	15,796,955.31
Related party payables	24	2,311,442,204	1,444,688,517	1,100,687	687,946.91
Member savings payable	25	31,446,781,675	18,931,512,905	14,974,658	9,015,006.15
Other liabilitjes	26	8,558,352,236	5,994,406,377	4,075,406	2,854,479.23
Total liabilities		**84,918,987,990**	**59,552,524,597**	**40,437,613**	**28,358,345**
Total equity and liabilities		**110,120,574,502**	**75,262,547,103**	**52,438,369**	**35,839,308**

Authenticated by:

Head of Finance
BRAC Myanmar Microfinance
Company Limited

Date- 8.04.2026

Managing Director
BRAC Myanmar Microfinance
Company Limited

Date- 8.04.2026

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share Capital	Share money deposit	Retained earnings	Donor Grant	Total equity	Total equity
	Kyats	Kyats	Kyats	Kyats	Kyats	USD
At 1 January 2024	23,280,770,000	-	(10,598,487,583)	-	12,682,282,417	6,039,182
Share Capital	-	1,053,420,000	-	-	1,053,420,000	501,629
Previous Year Adjusment	-	-	-	-	-	-
Loss for the year	-	-	1,974,320,089	-	1,974,320,089	940,152
Other comprehensive income	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-
At 31 December 2024	**23,280,770,000**	**1,053,420,000**	**(8,624,167,494)**	**-**	**15,710,022,506**	**7,480,963**
At 1 January 2025	23,280,770,000	1,053,420,000	(8,624,167,494)	-	15,710,022,506	7,480,963
Share Capital	-	1,240,250,000	-	-	1,240,250,000	590,595
Previous Year Adjusment	-	-	-	-	-	-
Profit for the year	-	-	8,251,314,006	-	8,251,314,006	3,929,197
Other comprehensive income	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-
At 31 December 2025	**23,280,770,000**	**2,293,670,000**	**(372,853,488)**	**-**	**25,201,586,512**	**12,000,755**

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	**2025 Kyats**	**2024 Kyats**	**2025 USD**	**2024 USD**
Cash flows from operating activities					
Net cash flow from operations	**12**	13,007,201,125	10,221,313,958	6,193,905	4,867,292
Loan disbursements		(175,141,198,962)	(124,174,550,000)	(83,400,571)	(59,130,738)
Loan collection		145,184,055,262	109,838,516,040	69,135,264	52,304,363
Prior year adjustments		-	-	-	-
Net cash used in operating activities		**(16,949,942,575)**	**(4,114,720,002)**	**(8,071,401)**	**(1,959,083)**
Cash flows from investing activities					
Acquisition of property and equipment		(29,421,099)	(11,854,000)	(14,010)	(5,645)
Proceeds of Sale of Fixed asset		1,228,000	9,060,158	585	4,314
Acquisition of intangible asset		-	-	-	-
ROU (Right of use) asset		-	-	-	-
Net cash used in investing activities		**(28,193,099)**	**(2,793,842)**	**(13,425)**	**(1,330)**
Cash flows from financing activities					
Members savings		12,515,268,770	7,548,998,349	5,959,652	3,594,761
Proceeds from issue of share capital		-	-	-	-
Grant received in advance		(8,310,401)	(1,540,445,292)	(3,957)	- 733,545
Term loan		9,428,805,478	(9,853,450,236)	4,489,907	- 4,692,119
Share money deposit		1,240,250,000	1,053,420,000	590,595	501,629
Net cash from financing activities		**23,176,013,847**	**(2,791,477,179)**	**11,036,197**	**(1,329,275)**
Net increase/(decrease) in cash and cash equivalents		**6,197,878,173**	**(6,908,991,023)**	**2,951,371**	**(3,289,688)**
Cash and cash equivalents at 1 January		5,765,380,691	12,674,371,714	2,745,419	6,035,415
Effect of exchange rate fluctuation on		-	-	-	(308)
Cash and cash equivalents at 31 December	**18**	**11,963,258,864**	**5,765,380,691**	**5,696,790**	**2,745,419**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary of BRAC International Holdings B. V., a limited liability company registered under the laws of Netherlands, with its registered office in The Hague.

BRAC Myanmar Microfinance Company Limited was incorporated as a limited liability company under the company Act on 15 October 2013 with its registration number 559 FC/13-14 and re-registered under Myanmar Companies Law 2017 on 29 October 2018 with its new registration number 108090278 and registered office in Yangon, Myanmar.

The objectives of the Company is to operate microfinance business in Myanmar with a mandate to contribute towards alleviating poverty and attaining Millennium Development Goals through promoting employment and income generating activities for the poor women .

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were issued by the Board of Directors on …………………2025.

b. Basis of measurement

The financial statements are prepared under the historical cost convention except for the financial instruments at fair value through profit and loss which are measured at fair value when required.

c. Functional and presentation currency

The financial statements are presented in Myanmar Kyats, which is the Company's functional currency.

Memorandum figures

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

The exchange rates used to translate the MMK figures to USD memorandum were as follows:

• Assets and liabilities were translated at the closing rate at 31 December 2025 which of MMK 2,100.00 (2024:MMK 2,100.00);

• Income and expenses were translated using an average exchange rate for the period of MMK 2,100.00 (2024: MMK 2,100);

2. Basis of preparation (continued)

d. Use of estimation and judgments

The preparation of Company's financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period. Actual results ultimately may differ from these estimates.

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

3. Significant accounting policies

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

b. Revenue recognition

Revenue is recognized on accrual basis.

(i) Interest income on loans and advances

Interest income and expenses are recognized on accrual basis taking into account the effective interest rate.

Interest income includes the amortization of any discount at premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

The requirements of IFRS 9 require the suspension of recognition of interest on the impaired part of the loan and interest on the impaired part of the loan.

3. Significant accounting policies (continued)

b. Revenue recognition (continued)

(ii) Membership fees and other charges

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

(iii) Other income

Other income comprises of house rent received from local staff for using the office residence and gain on foreign currency translation.

c. Grants income

Grants and contributions from donor organisations or individuals constitute an important part of BRAC Myanmar Microfinance Company Limited's resources as some its MFI operation/ projects are partially financed by grants and contributions provided by donors. Grants are assistance in the form of transfers of resources to the company, in return for past or future compliance with certain terms and conditions relating to the operating activities of the Company. Grants or contributions from donor can be of 4 categories-

i. Unrestricted
ii. Restricted
iii. Grants investment in Fixed asset
iv. Contribution in kind

The Company received grants from donors of different projects are all restricted grants. Restricted grants refer to grants that must be spent in the exact way the donor agreement describes.

All restricted grants received are initially recorded in the grant received in advance account as liabilities for the period in accordance with IAS 20. Periodically, a portion of the grant is recognised as revenue, based on the expenses incurred for the period. This method follows the proposition that the Company earns its revenue based on its activities or performance, as expressed in its expenses. The revenue is always equal to expenses; unspent portion of the grant remains as a liability.

The portion of the grants utilized to disburse group loans, are transferred as deferred income in loans to group members.

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

d. Income tax

Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. During the year 2025 the Company paid MMK 80 million as advance tax to the tax authorities.

3. Significant accounting policies (continued)

e. Financial assets and liabilities

(i) *IFRS 9 Financial Instruments*

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 IFRS 9 have been applied retrospectively.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(1) Classification and measurement of financial assets and financial liabilities

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 entity'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.

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. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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.

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

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

On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the entity 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 amortised 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 using the effective interest method. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at Fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit and loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVTPL	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the entity's financial assets as at 31 December 2025.

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

(i) IFRS 9 Financial Instruments (continued)

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost	11,963,258,864	11,963,258,864
Loans to customer	Loans and receivables	Amortised cost	96,896,725,515	96,896,725,515
Other assets	Loans and receivables	Amortised cost	987,698,965	987,698,965
Total financial assets			**109,847,683,344**	**109,847,683,344**

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

(2) Impairment of financial assets

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 entity 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 a financial asset has increased significantly since initial recognition and when estimating ECLs, the entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and assessment and including forward-looking information.

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

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

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

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

- the borrower is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any is held); 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 entity 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 entity in accordance with the contract and the cash flows that the entity expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the entity assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 and OCI under "Net movement in impairment losses on loans and advances"

Impact of the IFRS 9 impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The entity has determined that the application of IFRS 9's impairment requirements at 1 January 2022 results in an additional impairment allowance as follows;

	MMK
Impairment allowance at 31 December 2024	5,281,029,504
Impairment allowance decreased at 1 January 2024 on:	
Loans and advances to customers as at 31 December 2025 (net)	(696,934,856)
Other assets	-
Cash and cash equivalents	-
Impairment allowance as at 31 December 2025 using IFRS 9	**4,584,094,648**

3. Significant accounting policies (continued)

e. Financial assets and liabilities (continued)

(ii) ***IFRS 15 Revenue from contracts with customers***

IFRS 15, revenue from contracts with customers, which replaced IAS 18, revenue and IAS 11, construction contracts, has been applied effective from 1 January 2019. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard 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 entity 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 entity recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the entity 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.

(iii) ***IFRS 16 Lease***

IFRS 16, the International Financial Reporting Standard on Leases, requires lessees to recognize all leases on their balance sheet as assets and liabilities, with the exception of short-term leases and leases of low-value assets. This standard aims to provide a more transparent and consistent approach to lease accounting, enabling users of financial statements to better understand the impact of leased assets and liabilities on the financial position and performance of the company. It is important for microfinance companies to ensure compliance with IFRS 16, as it can significantly affect their financial statements and key financial ratios.

f. Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs comprises its purchase price and any cost directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and impairment losses. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Major improvements that increase the life of the asset are capitalized.

ii. Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property and equipment are recognised in the statement of comprehensive income as incurred.

iii. Depreciation

All property and equipment are depreciated on a straight line basis to write off the costs of the assets over the expected useful lives. Depreciation is recognised as an expense in profit or loss of each component of an item of property and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3. Significant accounting policies (continued)

f. Property and equipment (continued)

iii. Depreciation (continued)

Furniture & Fixtures	10%
Computer/Laptop	33.33%
Equipments	20%
Vehicles	20%

Management reviews the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of profit or loss.

g. Intangible asset

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortization and any impairment losses.

The Company has accounting software Sbi Cloud acquired during the year and it is amortised on a straight line basis over its finite useful life of 4 years.

h. Operating lease

BRAC is involved in operating leases as the lessee for rental property serving as office space. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease, which is typically twelve (12) months.

i. Provisions

A provision is recognised if, as a result of a past event, BRAC Myanmar Microfinance Company Limited has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The loan loss provision is calculated based on the ageing of default loans in the portfolio on the following basis:

Name	Period of default	Provision % on default loans*
Current	Performing loans	1%
Sub-standard	30 days past due	10%
Watch	31- 60 days past due	50%
Doubtful	61-90 days past due	75%
Loan loss	over 90 days past due	100%

1. Regarding the loan classification and provision of loan loss Ref No.NaKaSa/Ka Ka-6 (658/2023) and Ref No.Ka Ka-1/6 (124/2024), MFIs are to follow the below identification.
(a) To make the provision of loan classification and loan loss as (1%) of the loan outstanding volume from January to March 2023.
(b) To make the provision of loan classification and loan loss as (3%) of the loan outstanding volume from the date of April 2023.
(c) To make the provision of loan classification and loan loss as the above calculation based on the ageing of default loans of the loan outstanding volume from the date of April 2024.

j. Related party transactions

Related parties comprise directors, subsidiaries of Stichting BRAC International and key management personnel of the company and companies with common ownership and/or directors.

3. Significant accounting policies (continued)

k. Adoption of new and revised standards

i) New and amended standards and interpretations

Amendments and interpretations listed below apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Company. All new standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Company.

ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2023

New standards or amendments	**Effective for annual period beginning or after**
IAS 1 *Classification of liabilities as current or non-current* - Amendments which aim to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	1-Jan-23
IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies* - The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the four-step materiality process' described in IFRS Practice Statement 2.	1-Jan-23
IAS 8 *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* - The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.	1-Jan-23
IAS 12 Income taxes - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction:* Amendments aim at clarifying how companies account for deferred tax on leases; when a lessee recognizes an asset and a liability at the lease commencement.	1-Jan-23

	2025 Kyats	2024 Kyats	2025 USD	2024 USD

4. Service charge on loan

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Group loans (Microfinance)	10,445,115,444	8,225,771,006	4,973,864	3,917,034
Small Enterprises Program (SEP)	3,606,162,099	2,644,426,855	1,717,220	1,259,251
Woman Enterprise Programme (WEP)	3,737,288,018	2,576,225,593	1,779,661	1,226,774
Digital Agriculture Loan	3,647,859,232	3,428,327,306	1,737,076	1,632,537
Covid 19 Economic recovery	-	-	-	-
Inclusive finance to disable person	180,644,075	54,485,686	86,021	25,946
	21,617,068,868	**16,929,236,446**	**10,293,842**	**8,061,541**

5. Interest and other financial expenses

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Interest on member savings	2,571,292,097	1,581,813,720	1,224,425	753,245
Interest on long term loan	3,954,852,566	2,810,661,481	1,883,263	1,338,410
Interest on short term loan	-	-	-	-
Other financial expenses- Fund management fees	180,000,000	197,332,875	85,714	93,968
	6,706,144,663	**4,589,808,076**	**3,193,402**	**2,185,623**

6. Membership and other fees

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Interest income on employee loan	1,402,406	7,925,670	668	3,774
Fees on Loan	3,233,189,935	1,584,893,648	1,539,614	754,711
	3,234,592,341	**1,592,819,318**	**1,540,282**	**758,485**

7. Other income

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Non-operational	261,969,820	51,217,921	124,748	24,389
Income from Write-Off Recovery	49,998,334	248,634,842	23,809	118,398
Realized exchange gain/(loss)	-	-	-	-
	311,968,154	**299,852,763**	**148,556**	**142,787**

8. Grants income

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Transferred to statement of income and expenses	-	-	-	-
Transferred from deferred grant (depreciation)	-	-	-	-
	-	**-**	**-**	**-**

9. Staff Costs

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Salaries	3,935,537,285	3,947,642,807	1,874,065	1,879,830
Realized exchange gain/(loss)	424,720,205	662,687,500	202,248	315,565
Per diem	-	4,242,000	-	2,020
Leave salaries	4,067,760	64,588,239	1,937	30,756
Social Security benefit expense	66,678,374	84,368,408	31,752	40,175
Staff bonus	285,449,695	287,303,751	135,928	136,811
Incentive	55,041,782	43,839,003	26,210	20,876
	4,771,495,101	**5,094,671,708**	**2,272,141**	**2,426,034**

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
10. Other operating expenses				
Occupancy expenses (N-10.1)	542,371,959	543,162,520	258,272	258,649
Travel & transportation expenses (N-10.2)	711,782,101	675,567,220	338,944	321,699
Maintenance and general expenses (N-10.3)	716,087,546	708,319,504	340,994	337,295
Software maintenance expense***	470,005,922	511,799,379	223,812	243,714
Stationary expenses	255,907,958	169,302,308	121,861	80,620
Staff training cost	71,353,509	28,210,267	33,978	13,433
HO logistics expenses	629,741,217	493,756,207	299,877	235,122
Audit and professional fee (N-10.4)	54,905,342	76,178,545	26,145	36,275
	3,452,155,554	**3,206,295,950**	**1,643,884**	**1,526,808**

***** Previous year ERP expenses amounted MMK 118,424,292 (equivlent USD 56,392.52) were recorded in this financial year.**

10.1 Occupancy expenses

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Rent	492,599,178	498,384,922	234,571	237,326
Utilities	49,772,781	44,777,598	23,701	21,323
	542,371,959	**543,162,520**	**258,272**	**258,649**

10.2 Travel & transportation expenses

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Travel and transportation	612,140,766	554,476,425	291,496	264,036
Air tickets & VISA cost	99,641,335	121,090,795	47,448	57,662
	711,782,101	**675,567,220**	**338,944**	**321,699**

10.3 Maintenance and general expenses

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Wi-Fi and Mobile SIM & Bill	63,407,091	60,482,158	30,194	28,801
Maintenance and general expenses	153,593,845	114,630,237	73,140	54,586
Meals	75,311,561	67,683,569	35,863	32,230
Accommodation (hotel fare)	40,931,186	51,662,597	19,491	24,601
Meeting expenses	51,896,717	57,701,669	24,713	27,477
Advertisement	-	4,321,493	-	2,058
Office supplies	31,141,950	18,350,083	14,830	8,738
Other Office Expenses	29,616,720	22,250,903	14,103	10,596
Covid 19 Expense	-	316,000	-	150
Bank charge	26,580,532	20,626,792	12,657	9,822
Medical expenses	17,826,973	10,950,611	8,489	5,215
Business license & registration	28,961,806	28,834,344	13,791	13,731
Visibility & communication expense	5,151,850	6,672,412	2,453	3,177
Vehicle maintenance & fuel	123,299,809	127,920,261	58,714	60,914
Digitalization expense(ongo)	40,480	-	19	-
Event and workshop expense	67,453,458	114,314,155	32,121	54,435
Cash and bank write off	445,000	165,000	212	79
Fixed asset write-off	428,568	1,437,220	204	684
	716,087,546	**708,319,504**	**340,994**	**337,295**

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
10.4 Audit and professional fee				
Professional & consultancy fee	33,905,339	52,803,545	16,145	25,145
Audit fee	21,000,003	23,375,000	10,000	11,131
	54,905,342	**76,178,545**	**26,145**	**36,275**
11. Depreciation & amortization				
Depreciation	41,861,595	53,452,992	19,934	25,454
Amortization	42,103,104	42,103,104	20,049	20,049
	83,964,699	**95,556,096**	**39,983**	**45,503**
12. Cash generated from operations				
Net profit/(loss) for the year	8,251,314,006	1,974,320,089	3,929,197	940,152
Other comprehensive income/(expenses)	-	-	-	-
Depreciation & amortization	83,964,699	95,556,096	39,983	45,503
Adjustments for fixed assets	-	-	-	-
Loan loss provision	1,898,555,340	3,889,720,600	904,074	1,852,248
Gain/Loss on Disposal of fixed assets	(381,094)	(1,103,219)	(181)	(525)
Gain/Loss on Write off of fixed assets	549,662	1,345,448	262	641
Cash flow before changes in working capital	**10,234,002,613**	**5,959,839,014**	**4,873,335**	**2,838,019**
Changes in working capital				
Decrease/(increase) of receivables and other current assets	(71,520,642)	(400,893,128)	(34,057)	(190,901)
Decrease/(increase) in interest receivable	(628,867,592)	(432,868,965)	(299,461)	(206,128)
ROU Asset	13,000,000	1,460,750	6,190	696
Increase/(decrease) of related party payables	896,640,887	425,954,712	426,972	202,836
Increase/(decrease) of current liabilities	2,563,945,859	4,667,821,575	1,220,927	2,222,772
Net cash generated from operations	**13,007,201,125**	**10,221,313,958**	**6,193,905**	**4,867,292**

13. Property and equipment

	Furniture & Fixtures	Computer	Equipment	Motor vehicles	Total	Total
Cost	**Kyats**	**Kyats**	**Kyats**	**Kyats**	**Kyats**	**USD**
As at 1 January 2024	184,279,989	230,071,473	72,431,353	149,949,650	636,732,465	303,206
Additions	3,165,000	1,024,000	7,665,000		11,854,000	5,645
Previous Year Adjustment					-	-
Asset transfer to NMF					-	-
Disposal adjustment	(14,723,270)		(2,741,857)	(5,347,000)	(22,812,127)	(10,863)
Write Off Adjust	(2,171,780)	(22,511,825)	(3,041,150)		(27,724,755)	(13,202)
Translation adjustment	-	-	-	-	-	-
As at 31 December 2024	**170,549,939**	**208,583,648**	**74,313,346**	**144,602,650**	**598,049,583**	**284,786**
As at 1 January 2025	170,549,939	208,583,648	74,313,346	144,602,650	598,049,583	284,786
Additions	1,847,000		35,884,500		37,731,500	17,967
Asset transfer from NMF	(4,411,140)	(178,669)	(759,628)	(2,960,964)	(8,310,401)	(3,957.33)
Disposal adjustment	(2,580,280)		(82,500)		(2,662,780)	(1,267.99)
Write Off Adjust	(2,972,000)	(11,759,464)	(2,294,579)		(17,026,043)	(8,107.64)
Translation adjustment	-	-	-	-	-	-
As at 31 December 2025	**162,433,519**	**196,645,515**	**107,061,139**	**141,641,686**	**607,781,859**	**289,420**
Accumulated depreciation						
At 1 January 2025	100,783,563	204,201,931	57,416,639	119,497,048	481,899,181	229,476
Charge for the year	16,628,563	16,087,398	7,368,839	13,368,192	53,452,992	25,454
Asset transfer to NMF					-	-
Previous Year Adjustment					-	-
Current Year Adjustment					-	-
Write Off Adjust	(1,708,168)	(22,369,463)	(2,301,676)		(26,379,307)	(12,562)
Disposal adjustment	(9,931,169)		(2,416,178)	(3,154,485)	(15,501,832)	(7,382)
Translation adjustment		-	-	-	-	-
	-	-	-	-	-	-
At 31 December 2025	**105,772,789**	**197,919,866**	**60,067,624**	**129,710,755**	**493,471,034**	**234,986**
As at 1 January 2025	105,772,789	197,919,866	60,067,624	129,710,755	493,471,034	234,986
Charge for the year	14,271,814	7,841,972	7,816,908	11,930,901	41,861,595	19,934
Asset transfer from NMF					-	-
Previous Year Adjustment					-	-
Current Year Adjustment					-	-
Write Off Adjust	(2,422,338)	(11,759,464)	(2,294,579)		(16,476,381)	(7,846)
Disposal adjustment	(1,733,374)		(82,500)		(1,815,874)	(865)
Translation adjustment						-
As at 31 December 2025	**115,888,892**	**194,002,374**	**65,507,453**	**141,641,656**	**517,040,374**	**246,210**
Carrying amount						
At 1 January 2024	83,496,426	25,869,542	15,014,714	30,452,603	154,833,284	73,730
At 31 December 2024	64,777,150	10,663,782	14,245,722	14,891,896	104,578,549	49,799
At 31 December 2025	46,544,627	2,643,141	41,553,686	31	90,741,485	43,210

Fully depreciated items of Property, Plant and Equipment were retained in the Statement of Financial Position.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

		2025 Kyats	2024 Kyats	2025 USD	2024 USD
14.	**ROU Asset**				
	ROU (Right of use) asset	-	13,000,000	-	6,190
		-	**13,000,000**	**-**	**6,190**
15.	**Intangible assets**				
	Cost				
	At 1 January	506,632,564	506,632,564	241,254	241,254
	Additions	-	-	-	-
	Asset Cost transfer to Tanzania,Liberia and Rwa	-	-	-	-
	Currency translation adjustment	-	-	-	-
	At 31 December	**506,632,564**	**506,632,564**	**241,254**	**241,254**
	Accumulated amortization				
	At 1 January	282,379,787	240,276,683	134,467	114,417
	Additions	42,103,104	42,103,104	20,049	20,049
	Previous Year Adjustment	-	-	-	-
	Currency translation adjustment	-	-	-	-
	At 31 December	**324,482,891**	**282,379,787**	**154,516**	**134,467**
	Carrying amount				
	At 31 December	**182,149,673**	**224,252,777**	**86,738**	**106,787**
16.	**Other assets**				
	Advance office rent	212,057,824	165,740,271	100,980	78,924
	Receivable from BRAC Myanmar	67,802,810	67,672,410	32,287	32,225
	Receivables from Stichting BRAC International	-	4,200,000	-	2,000
	Advance corporate income tax	608,463,992	528,463,992	289,745	251,650
	Receivable from donor	7,352,100	105,000,000	3,501	50,000
	Employee motor cycle Loan	92,022,239	74,988,850	43,820	35,709
		987,698,965	**946,065,523**	**470,333**	**450,507**
17.	**Loan to customers**				
	Group loans (Microfinance)	48,515,443,401	40,008,026,331	23,102,592	19,051,441
	Small Enterprises Program (SEP)	15,630,093,210	11,430,008,912	7,442,902	5,442,861
	Woman Enterprise Programme (WEP)	16,797,692,323	11,308,670,191	7,998,901	5,385,081
	Digital Agriculture Loan	19,459,249,268	14,624,496,701	9,266,309	6,964,046
	Inclusive Finance (Disability)	900,969,073	221,132,075	429,033	105,301
	COVID19 Economic Recover	-	-	-	-
	Loans write off	(1,302,118,385)	(6,246,030,635)	(620,056)	(2,974,300)
	Principal outstanding	**100,001,328,890**	**71,346,303,575**	**47,619,680**	**33,974,430**
	Add: Interest receivable	2,772,863,084	4,310,343,968	1,320,411	2,052,545
	Loans write off - Interest	(241,549,084)	(2,166,348,476)	(115,023)	- 1,031,595
	Less: Impairment loss on loans	(5,635,917,375)	(5,281,029,504)	(2,683,770)	(2,514,776)
		96,896,725,515	**68,209,269,563**	**46,141,298**	**32,480,605**
17.1	The movement of loans is shown below:				
	Opening balance	71,346,303,575	63,256,946,894	33,974,430	30,122,356
	Add: Loans disbursement	175,141,198,962	124,174,550,000	83,400,571	59,130,738
	Less: Loan realization	(145,184,055,262)	(109,839,162,684)	(69,135,264)	(52,304,363)
	Loans write off	(1,302,118,385)	(6,246,030,635)	(620,056)	(2,974,300)
	Translation adjustment	-	-	-	-
	Principal outstanding	**100,001,328,890**	**71,346,303,575**	**47,619,680**	**33,974,430**
	Add: Interest receivable	2,772,863,084	4,310,343,968	1,320,411	2,052,545
	Loans write off - Interest	(241,549,084)	(2,166,348,476)	- 115,023	- 1,031,595
	Less: Impairment loss on loans	(5,635,917,375)	(5,281,029,504)	(2,683,770)	(2,514,776)
		96,896,725,515	**68,209,269,563**	**46,141,298**	**32,480,605**

17 Loan to customers (continued)

17.2 Movement of impairment loss on loans

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
At 1 January	5,281,029,504	9,803,688,015	2,514,776	4,668,423
Impact of IFRS 9	1,051,822,727	3,684,822,463	500,868	1,754,677
Charge for the year	846,732,613	204,898,137	403,206	97,571
Loan write off	(1,302,118,385)	(6,246,030,635)	(620,056)	(2,974,300)
Interest Receivable Write off	(241,549,084)	(2,166,348,476)	(115,023)	(1,031,595)
Currency translation adjustment	-	-	-	-
	5,635,917,375	**5,281,029,504**	**2,683,770**	**2,514,776**

Loan loss reserve is recognized as per Expected Credit Loss provisioning model according to IFRS-9. As per Microfinance Supervisory Committee notification no (658/ 2023) issued on 08 Jun 2023, loan loss reserve balance shall be as follows up to Dec 2025.

	Principal Outstanding MMK	Provision rate	Provision required MMK
Mar'23 Balance	741,294,921	1%	7,412,949
1-30 Days (April'23 to Mar'24)	3,468,936	1%	34,689
31 Above (April'23 to Mar'24)	401,198,010	3%	12,035,940
For specific provision (1 Apr 2024 to till now)			-
No past due	98,072,690,341	1%	980,726,903
1-30 days	65,310,586	10%	6,531,059
31-60 days	41,650,098	50%	20,825,049
61-90 days	75,917,464	75%	56,938,098
91-over	599,800,028	100%	599,800,028
	100,001,330,384		**1,684,304,716**

18 Cash and cash equivalents

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Cash in hand	112,993,725	100,888,273	53,807	48,042
Cash at bank	11,850,265,139	5,664,492,418	5,642,983	2,697,377
	11,963,258,864	**5,765,380,691**	**5,696,790**	**2,745,419**

As at 31 December 2025 the company has cash balance in its account with following banks-

	MMK	USD	Total MMK
KBZ Bank	2,197,629,537	51,279	2,305,314,639
CB Bank	43,313,267	5,733	55,353,092
AYA Bank	80,054,143	-	80,054,143
A Bank	6,442,924,401	-	6,442,924,401
UAB Bank	3,390,264	1,354,665	2,848,187,604
MEB Bank	8,174,363	-	8,174,363
YOMA Bank	4,560,901	50,331	110,256,904
	8,780,046,876	**1,462,009**	**11,850,265,146**
			11,850,265,146
			-

19 Share capital

The Company's share capital includes 2,328,077 ordinary shares of Kyats 10,000 each, issued and fully paid as detailed below:

At 31 December 2025	No. of Shares	Kyats	USD
BRAC International Holdings B.V.	2,328,075	23,280,750,000	16,949,985
Mr. Sameran Abed	2	20,000	15
	2,328,077	**23,280,770,000**	**16,950,000**

The holders of the ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions. As at 31 December 2023, the company had share capital of MMK 23,280,770,000.

20 Share Money Deposit

Apply for share capital	1,053,420,000		299,924	
Apply for share capital (2025)	1,240,250,000		341,575	
	2,293,670,000	**-**	**641,499**	**-**

Regarding the share money deposit, the Company has submitted the FRD for capital injection but still waiting the approval.

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
21 Retained earnings				
At 1 January	(8,624,167,494)	(10,598,487,583)	(4,106,746)	(5,046,899)
Profit/(loss) for the year	8,251,314,006	1,974,320,089	3,929,197	940,152
Unrealised gain/(loss)	-	-	-	-
Prior year adjustment	-	-	-	-
Currency translation adjustment	-	-	(0)	-
	(372,853,488)	**(8,624,167,494)**	**(177,549)**	**(4,106,746)**
22 Donor grant				
Grant received in advance (N- 22.1)	-	-	-	-
Grant investment in loan (N-22.2)	-	-	-	-
Deferred grant investment in fixed asset(N-22.3)	23	8,310,424	0	3,957
	23	**8,310,424**	**0**	**3,957**
22.1 Grant received in advance				
At 1 January	0	0	0	0
Donation received during the year (21.1.1)	-	-	-	-
Transferred to Statement of Other Comprehensive Income	-	-	-	-
Translation Adjustment (prior year)	-	-	-	-
Donor fund- investment in Loan	-	-	-	-
Adjustment against donor receivable	-	-	-	-
Currency translation adjustment	-	-	-	(0)
	0	**0**	**0**	**0**
22.1.1 Donation received during the year				
WPF (Whole Planet Foundation)	-	-	-	-
UNOPS(LIFT)	-	-	-	-
	-	**-**	**-**	**-**

		2025	2024	2025	2024
		Kyats	Kyats	USD	USD
22.2	**Donor fund investment in loans**				
	At 1 January	-	-	-	-
	Donor fund investment in loan	-	-	-	-
	Disposal to Grant Income	-	-	-	-
	Currency translation adjustment	-	-	-	-
		-	**-**	**-**	**-**
22.3	**Deferred grant- investment in fixed and intangible asset**				
	Opening balance	8,310,424	8,310,424	3,957	3,957
	Asset purchased during the year			-	-
	Amortization during the year	-	-	-	-
	Assets Transfer to Donor	(8,310,401)	-	-	-
	Currency translation adjustment	-	-	(3,957)	-
		23	**8,310,424**	**0**	**3,957**
23	**Loans and borrowings**				
	Principal outstanding	38,178,000,000	29,778,000,000	18,180,000	14,180,000
	Accrued interest	4,424,411,628	3,395,606,147	2,106,863	1,616,955
		42,602,411,628	**33,173,606,147**	**20,286,863**	**15,796,955**
23.1	**Long term loans**				
	AGD Bank Loan				
	Principal outstanding	-	-	-	-
	Accrued interest	-	-	-	-
	Total AGD Bank Payable (a)	-	-	-	-
	UAB Bank Loan				
	Principal outstanding	4,800,000,000	8,400,000,000	2,285,714	4,000,000
	Accrued interest	257	-	0	-
	Total UAB Bank Payable (b)	4,800,000,257	8,400,000,000	2,285,714	4,000,000
	The above principal outstanding balance of UAB Loan will pay in February 2026.				
	MEB				
	Principal outstanding	-	-	-	-
	Accrued interest	-	-	-	-
	Total MEB Bank Payable (c)	-	-	-	-
	A Bank				
	Principal outstanding	12,000,000,000	-	5,714,286	-
	Accrued interest	2	-	0	-
	Total A Bank Payable (c)	12,000,000,002	-	5,714,286	-
	BV Loan				
	Principal outstanding	13,650,000,000	9,450,000,000	6,500,000	4,500,000
	Accrued interest	2,932,822,319	1,745,477,643	1,396,582	831,180
	Total BV Loan Payable (d)	16,582,822,319	11,195,477,643	7,896,582	5,331,180
	FMO				
	Principal outstanding	-	4,200,000,000	-	2,000,000.00
	Accrued interest	-	576,529,334	-	274,537.78
	Total FMO payable (e)	-	4,776,529,334	-	2,274,538
	DFC				
	Principal outstanding	7,728,000,000	7,728,000,000	3,680,000	3,680,000
	Accrued interest	1,491,589,050	1,073,599,170	710,281	511,237.70
	Total DFC Payable (f)	9,219,589,050	8,801,599,170	4,390,281	4,191,238
	Total term loans (a+b+c+d+e+f+g)	**42,602,411,628**	**33,173,606,147**	**20,286,863**	**15,796,955**

24 Related party payables

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
BRAC (Bangladesh)	172,198,199	151,787,751	81,999	72,280
BRAC International Holdings B.V.	1,909,849,225	1,210,474,486	909,452	576,416
Stichting BRAC International	229,394,780	82,426,280	109,236	39,251
	2,311,442,204	**1,444,688,517**	**1,100,687**	**687,947**

The amount is payable to BRAC International Holdings B.V., Stichting BRAC International and BRAC (Bangladesh) represents services rendered and expenses beared in favour of BRAC Myanmar Microfinance Company Limited.

25 Member savings

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Member savings	31,386,015,596	18,884,702,683	14,945,722	8,992,716
Interest on members savings	60,766,079	46,810,222	28,936	22,291
	31,446,781,675	**18,931,512,905**	**14,974,658**	**9,015,006**

26 Other liabilities

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
short term liabilities	7,017,906,944	4,453,961,085	3,341,860	2,120,934
Long term liabilities	1,540,445,292	1,540,445,292	733,545	733,545
	8,558,352,236	**5,994,406,377**	**4,075,406**	**2,854,479**

26.01 short term liabilities

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Provision for leave salary	254,019,293	261,459,210	120,962	124,504
BRAC IT Services Ltd. (biTS)	1,089,545,112	802,963,312	518,831	382,363
Liabilities for expenses	4,062,791,601	2,287,999,816	1,934,663	1,089,524
Withholding tax payable (employee)	13,443,650	12,817,441	6,402	6,104
Withholding tax payable (others)	-	260,714	-	124
Withholding Tax Payable (Loan)	439,119,090	331,556,250	209,104	157,884
Provision for Social Security Benefit	8,585,251	8,114,181	4,088	3,864
Bonus provision	4,177,485	1,938,197	1,989	923
Income tax Payable	-	-	-	-
Social Welfare Fund	1,126,850,459	735,726,964	536,595	350,346
Audit fee provision	19,375,003	11,125,000	9,226	5,298
	7,017,906,944	**4,453,961,085**	**3,341,860**	**2,120,934**

26.02 Long term liabilities

	2025 Kyats	2024 Kyats	2025 USD	2024 USD
Grant investment in loan	1,540,445,292	1,540,445,292	733,545	733,545
	1,540,445,292	**1,540,445,292**	**733,545**	**733,545**

27 Financial risk management policies and objectives

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

Risk management policies are established to identify and analyse the risks faced by BRAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and BRAC's activities.

BRAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the BRAC International Group Audit Committee.

27 Financial risk management policies and objectives (continued)

(a) Credit Risk

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

Management of credit risk

For risk management reporting purposes, the Company measures, monitors and manage proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Company does not have any significant exposure to any individual customer or counterparty.

The model that the Company uses to mitigate this risk is vetting from respective members of the group.

The Board of Directors has delegated responsibility for the management of credit risk to senior management. Program operations and monitoring team are responsible for oversight of the Company's credit risk.

• Formulating credit policies in consultation with business units covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

• Establishing the authorization structure for the approval and renewal of credit facilities.

• Reviewing and assessing credit risk. BRAC's Program department assesses all credit exposures in excess of designated limits prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

• Limiting concentrations of exposure to geographies and market segments for loans and advances.

• Developing and maintaining BRAC's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.

• Reviewing compliance of business units with agreed exposure limits including those for selected industries' country risk and product types. Regular reports are provided to BRAC's Program department on the credit quality of local portfolios and appropriate corrective actions to be taken.

• Providing advice, guidance and specialist skills to business units to promote best practice throughout BRAC in the management of credit risk.

Each branch is required to implement BRAC's credit policies and procedures with credit approval authorities delegated from management. Each branch has a Branch Manager who reports on all credit related matters to senior management. Each branch is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios including those subject to central approval.

BRAC does not hold collateral against loans. The lending portfolio consists of non-securitized microfinance loans mutually guaranteed by group members. Customers are clustered into solidarity groups which collectively secure the loans. Regular audits of branches and credit processes are undertaken by Internal Audit.

27 Financial risk management policies and objectives (continued)

(a) Credit risk (continued)

Impaired loans

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

Past due but not impaired loans

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

Allowance for impairment

BRAC establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The ageing of loan to customers and the company's exposure to credit risk were:

	2025	2024
	Kyats	Kyats
Current (performing loans)	98,072,690,341	65,749,888,213
Sub-standard (30 days past due)	68,779,522	2,945,978,824
Watch (31-60 days past due)	41,650,098	3,927,503
Doubtful (61-90 days past due)	75,917,464	3,420,372
Loan loss (over 90 days past due)	1,742,292,959	2,643,088,669
Total loans to customer	**100,001,330,384**	**71,346,303,581**
Allowance for impairment	(5,635,917,375)	(5,281,029,504)
Net loans to customer	**94,365,413,009**	**66,065,274,077**
Balance as at 1 January	10,677,974,007	13,034,284,042
Impairment charge for the year	846,732,613	204,898,137
Impact of IFRS 9	1,051,822,727	3,684,822,463
Loan write off	(1,302,118,385)	(6,246,030,635)
Balance as at 31 December	**11,274,410,962**	**10,677,974,007**

BRAC reports loans at their outstanding balance net of allowance made from loan loss provisions. Adjustments in respect of surplus or deficit in the loan loss reserve are made in the income statement.

Write-off policy

BRAC writes off a loan balance (and any related allowances for impairment losses) when BRAC’s Program department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower’s financial position such that the borrower can no longer pay the obligation, or the amount is not collectible due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrowers.

27 Financial risk management policies and objectives (continued)

(b) Liquidity risk

Liquidity Risk is the risk that BRAC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity management is to ensure that BRAC has the ability to generate sufficient funds to meet all cash flow obligations as they become due, both under normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

Management of liquidity risk

BRAC monitors its risk to a shortage of funds by reviewing the cash payment plan. BRAC's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to BRAC's reputation.

Country office receives information from regional units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

The table below summarises the maturity profile of the Company's financial asset and liabilities based on contractual undiscounted receipts and payments.

	2025	2024	2025	2024
	Kyats	Kyats	USD	USD
Financial assets				
Loans to customer	96,896,725,515	68,209,269,563	46,141,298	32,480,605
Cash and cash equivalents	11,963,258,864	5,765,380,691	5,696,790	2,745,419
Other assets	987,698,965	946,065,523	470,333	450,507
Total undiscounted financial assets	109,847,683,344	74,920,715,777	52,308,421	35,676,531
Financial liabilities				
Term loan	42,602,411,853	33,173,606,375	20,286,863	15,796,955
Related party payables	2,311,442,204	1,444,688,517	1,100,687	687,947
Member savings payable	31,446,781,675	18,931,512,905	14,974,658	9,015,006
Other liabilities	8,558,352,236	5,994,406,377	4,075,406	2,854,479
Total undiscounted financial liabilities	84,918,987,968	59,544,214,174	40,437,613	28,354,388
Net undiscounted financial assets	**24,928,695,376**	**15,376,501,603**	**11,870,807**	**7,322,144**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the 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 optimising return.

Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to currency risk on payments that are denominated in a currency other than the functional currency which is MMK. The Company's Strategy of managing the currency risk is using functional currency in transaction as much as possible.

27 Financial risk management policies and objectives (continued)

Capital Management

BRAC's policy is to maintain a strong capital base so as to maintain client, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary share capital, share money deposit, and donor grant . The primary objective of capital management is to maintain a sufficient liquidity.

28 Related parties

Parent and ultimate controlling party

The Company's shares are owned by BRAC International Holdings B.V. which is a subsidiary of Stichting BRAC International.

Transactions with key management personnel

Key management personnel compensation and transactions

The directors do not get any financial or nonfinancial benefits from the Company. Only one director of the Company controls 1 of the voting shares of the Company.

Other related party transactions

	Transaction value		Outstanding balance	
	2025 Kyats	2024 Kyats	2025 Kyats	2024 Kyats
BRAC International Holdings B.V.	699,374,739	363,305,043	1,909,849,225	1,210,474,486
Other related companies	483,847,948	351,195,507	1,521,025,291	1,037,177,343

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured.

29. Use of estimates and judgements

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

Key sources of estimation uncertainty

Fair values of financial instruments

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset and liability that are not based on observable market data . This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

29 Use of estimates and judgements (*continued)*

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	Level 1 Kyats	Level 2 Kyats	Level 3 Kyats	Carrying value Kyats	Fair value Kyats
31 December 2025					
Assets					
Cash and cash equivalents	11,963,258,864	-	-	11,963,258,864	11,963,258,864
Loans to customer	-	-	96,896,725,515	96,896,725,515	96,896,725,515
Other assets	-	-	987,698,965	987,698,965	987,698,965
Total assets	**11,963,258,864**	**-**	**97,884,424,480**	**109,847,683,344**	**109,847,683,344**
Liabilities					
Loans and borrowings	-	-	42,602,411,853	42,602,411,853	42,602,411,853
Related party payables	-	-	2,311,442,204	2,311,442,204	2,311,442,204
Member savings payable	-	-	31,446,781,675	31,446,781,675	31,446,781,675
Other liabilities	-	-	8,558,352,236	8,558,352,236	8,558,352,236
Total liabilities	**-**	**-**	**84,918,987,968**	**84,918,987,968**	**84,918,987,968**
31 December 2024					
Assets					
Cash and cash equivalents	5,765,380,691	-	-	5,765,380,691	5,765,380,691
Loans to customer	-	-	68,209,269,563	68,209,269,563	68,209,269,563
Other assets	-	-	946,065,523	946,065,523	946,065,523
Total assets	**5,765,380,691**	**-**	**69,155,335,086**	**74,920,715,777**	**74,920,715,777**
Liabilities					
Loans and borrowings	-	-	33,173,606,375	33,173,606,375	33,173,606,375
Related party payables	-	-	1,444,688,517	1,444,688,517	1,444,688,517
Member savings payable	-	-	18,931,512,905	18,931,512,905	18,931,512,905
Other liabilities	-	-	5,994,406,377	5,994,406,377	5,994,406,377
Total liabilities	**-**	**-**	**59,544,214,174**	**59,544,214,174**	**59,544,214,174**

30. Contingencies

Contingent Liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

31. Subsequent events

There were no significant subsequent events occurring in periods after the report date that came to our attention with a material effect on the financial statements at 31 December 2025.

32. Authorisation of financial statement

The financial statements of the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of directors and authorise for issue on 08.04.2026.