BRAC TANZANIA FINANCE LIMITED

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

"Small is beautiful, but scale is necessary".

Sir Fazle Hasan Abed - Founder of BRAC

BRAC TANZANIA FINANCE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2025

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GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Board of directors

Name	Position	Gender	Nationality	Age	Date of Appointment	Qualification	Status
Shameran Abed	Chairperson	Male	Bangladeshi	45	18 August 2021	Bachelor of Arts in Economics	Active
Johannes Maria Antonius Eskes	Member	Male	Dutch	72	20 June 2018	Master's degree in accounting	Active
Bahati Ibrahim Geuzye	Member	Female	Tanzanian	49	22 July 2020	Master's degree in business administration	Resigned ***
Dr Evelyn Mweta Richard	Member	Female	Tanzanian	54	22 July 2020	PhD in Business Administration	Active
Bridget Dougherty	Member	Female	American	42	16 February 2023	Bachelor of Arts in Economics	Active
Marie Marcelle Saint Gilles Gerard	Member	Female	Haitian	53	03 April 2023	Bachelor's degree in economics & business administration	Active

*** Bahati Ibrahim Geuzye resigned on September 15, 2025, however, her tenure was extended to December 31, 2025.

Senior Management Team	Title
Marie Marcelle Saint Gilles Gerard	Chief Executive Officer / Board Member
Nur Alam Siddiki	Head of Operations
Thabit Ndilahomba	Head of Finance
Alex Kibiki	Head of Internal Audit
Ladislaus Mganga	Head of Administration and Procurement
Florentina Bernard	Head of Human Resources and Training
Prisila Clemence	Head of Legal and Company Secretary
Amini Amani	Head of Information Technology

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

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

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

Bankers
NBC Limited
Sokoine Drive and Azikiwe Street
P. O. Box1863
Dar es Salaam, Tanzania

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

CRDB Bank Plc
Ali Hassan Mwinyi/Barack Obama Road
Postal Address 268, Dar es Salaam
Dar es Salaam, Tanzania.

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

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

BRAC TANZANIA FINANCE LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025

Those charged with governance hereby submit their report together with the audited financial statements of BRAC Tanzania Finance Limited ("BTFL") for the year ended 31 December 2025. This report has been prepared in compliance with Tanzania Financial Reporting Standard No. 1 (TFRS 1) and should be read in conjunction with the accompanying financial statements.

The year was marked by continued growth in outreach, stronger funding mobilization, deeper client impact, and targeted investments in people and digital capability. During October and November 2025, operations were temporarily suspended for 12 days due to a nationwide directive that affected all financial institutions. This interruption, together with elevated impairment charges, contributed to profit falling short of budgeted projections. Despite these challenges, BTFL closed the year with resilient portfolio quality and solid profitability.

1. REGISTRATION

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

2. PRINCIPAL ACTIVITIES

BRAC Tanzania Finance Limited is a Tier 2 non-deposit taking microfinance service provider dedicated to delivering responsible financial services to underserved communities across Tanzania's twenty-six regions. Through a network of 197 branches as at 31 December 2025, BTFL offered three core products - Microfinance, Agri-finance, and Small Enterprise Program (SEP) loans - designed to improve livelihoods, support enterprise growth, and strengthen household resilience.

Empowering women and expanding access for low income and rural households remained central to BTFL's mission. During the year, the Company served 438,363 borrowers, of whom 96.37% were women and 59.31% were rural clients. BTFL also completed a client protection pre assessment, resolved 99% of complaints within the required timeframe, delivered financial literacy training to 113,095 clients, including 45,574 youth and continued strengthening staff capability, customer experience, and digital service delivery.

3. VISION

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

4. MISSION

BRAC Tanzania Finance Limited's mission is to empower people and communities in situations of poverty, illiteracy, disease, and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programs that enable men and women to realize their potential.

5. OUR VALUES

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

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

Inclusiveness- BRAC Tanzania Finance Limited is committed to engaging, supporting, and 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- BRAC Tanzania Finance Limited values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed program targets, and to improve and deepen the impact of our interventions.

6. VALUE CREATION TO MICROFINANCE CLIENTS

BTFL creates value by combining disciplined capital allocation, frontline delivery, responsible finance, and technology-enabled operations to broaden inclusion while sustaining institutional resilience.

Digital Transformation:

BTFL strengthened its digital backbone during 2025 through Core Banking System (CBS) stabilization, cybersecurity remediation, Digital Field Application (DFA) rollout, and mobile collections. CBS uptime reached 97%, transaction success rate 99%, the DFA pilot covered 13 branches with more than 49,000 client registrations, and printing costs reduced by 55% while admissions and disbursement turnaround improved to 1-3 days.

Economic Empowerment:

BTFL ended the year with 197 branches, 438,363 borrowers, and TZS 593.6 billion in disbursements. Principal outstanding closed at TZS 302.7 billion, PAR>30 remained at 2.45%, and operating self-sufficiency reached 125%, reflecting a balanced model of outreach, portfolio discipline, and financial resilience.

Promoting Financial Inclusion:

Responsible inclusion remained central to our model. Financial literacy training reached 113,095 clients, including 45,574 youth. The 2025 60 Decibels survey showed that 44% of clients live below USD 3.65 per day, 55% are rural, and 29% are youth; 98% reported improved quality of life and BTFL recorded a Net Promoter Score of 78.

Social Impact and Sustainability:

BTFL completed a client protection principles pre-assessment and resolved 99% of complaints on time. The 2025 Social Outcomes Index improved to 76%, supported by stronger household welfare outcomes. ESG considerations remain embedded in governance, product design, people practices, and climate-sensitive agriculture finance.

6. VALUE CREATION TO MICROFINANCE CLIENTS (CONTINUED)

Resources	2025 Input	2025 Output	2025 Outcomes	2024 Input	2024 Output	2024 Outcomes
Financial Resources	The pool of funds supporting business operations, including equity finance and debt. - TZS 107.7 billion equity - TZS 297.7 billion debt - TZS 3.9 billion grants and donor funding supporting growth and digital initiatives	Revenue: TZS 148.9 billion Profit after tax: TZS 20.2 billion Operational expenditure: TZS 78.1 billion Financial expenses: TZS 32.2 billion Total assets: TZS 472. billion	Access to finance alternatives - company was able to reach 438,363 borrowers according to the loan data published for 2025. Women borrowers remained at 96.37%. Rural outreach stood at 59.31%. PAR>30 stood at 2.45%.	The pool of funds supporting business operations, including equity finance and debt - TZS 96 billion equity, TZS 206.5 billion debt, TZS 8.3 billion grants	TZS 116.4 billion revenue, TZS 13.3 billion profit, TZS 6.9 billion dividends, TZS 71 billion expenses, 108,089 trained with financial literacy	Access to finance alternatives - company was able to reach 391,890 clients. According to the lean data published for 2024. Increase in first time customers who took loans to 87%
Human Resources	2,533 skilled staff, enhanced digital training	TZS 41.7 billion salaries, TZS 1.17 billion training and development	89.9% female staff, 96.37% women borrowers. Women remained strongly represented, with 60% of the Board and 71% of manager roles held by women. Key-position retention kept at 90%.	2,634 skilled staff, enhanced digital training	TZS 35.9B salaries, TZS 2.3B training	86% female staff, 97% female clients, Staff Turnover reduced from 14% to 10.4%
Intellectual / Technological	TZS 2.9 billion maintenance cost of banking software, IT systems, digitization and mobile capability	Support digital integration into mobile repayments, DFA visibility and stronger transaction controls	Better saving through digital platforms. Improve disbursement time and track client behavior. Stronger controls, reduce printing costs and improved field-level data visibility.	TZS 4.4 billion maintenance cost core banking software, IT systems	Support digital integration into mobile repayments	Better saving through digital platforms. Improve disbursement time and track client behavior. Established call center to resolve customer complaints.
Social / Relationship	TZS 2.5 billion on financial literacy training, mobile solutions, client protection, complaints resolution and youth outreach	44% (clients) below \$3.65/day, 96.37% women (clients), 59.31% rural, 45,574 youth, 113,095 trained clients, 99% complaints resolved on time	Increased savings, financial management and repayment sentiment remained strong. NPS stood at 78, Social Outcomes Index at 76% and improved quality of life at 98%. Strong access for first-time borrowers continued.	TZS 2.2 billion on client financial literacy training, mobile solutions	36% (clients) below \$3.2/day, 97% women (client), 55% rural, 32% youth.	Increased savings, financial management and repayment stood at 98%. home improvement 38%.

7. OPERATIONAL AND FINANCIAL PERFORMANCE

BRAC Tanzania Finance Limited delivered sturdy growth in 2025, combining scale, portfolio discipline, and improved profitability. Key operational and financial indicators are summarized below:

	Definition	Target 2025	Actual 2025	Target 2024	Actual 2024
Number of branches		197	197	177	179
Number of active borrowers		436,228	438,363	400,976	391,890
Loan disbursement (TZS'000)		572,084,658	593,627,954	520,313,061	486,629,563
Loans and advances to customers (TZS'000)		267,362,161	296,335,849	230,494,097	246,923,217
Portfolio at risk (PAR) >30 days	Principal outstanding >30 days / total principal outstanding	3.00%	2.45%	3.10%	1.22%
Total service charge / interest income (TZS'000)		130,058,412	141,056,505	114,774,741	107,083,644
Operating expenses (TZS'000)		88,190,110	78,072,455	64,984,590	71,026,111
Finance costs (TZS'000)		22,783,019	32,164,675	23,968,179	23,463,871
Profit after tax (TZS'000)		22,365,449	20,234,812	24,822,416	13,297,909
Borrowings (TZS'000)		212,258,958	297,728,564	67,844,921	206,553,670
Total assets (TZS'000)		385,373,271	472,027,122	321,355,497	357,834,055
Debt/Equity ratio	Borrowings/Total capital fund	1.75	2.77	1.76	2.15
Operation self-sufficiency (OSS)	Total Income/Total cost	128%	137%	120%	127%
Return on Performing Assets	Net profit after tax/average total assets	6.01%	4.88%	8.57%	4.04%

- Loan disbursements rose to TZS 593.6 billion in 2025, representing a 22% increase from 2024. This growth was driven by strong demand across Microfinance, SEP, and Agri-finance segments, supported by improved field execution.
- Total revenue grew to TZS 148.9 billion in 2025, up from TZS 116.4 billion in 2024. This increase reflects stronger revenue generation driven by the expansion of the loan book.
- Operating expenses increased to TZS 78.1 billion in 2025, reflecting BTFL’s continued investments in staff capacity, branch operations, and digital enablement, while maintaining strong cost discipline.
- Finance costs rose to TZS 32.2 billion in 2025, driven by higher borrowings required to support portfolio growth and meet liquidity needs.
- Profit after tax increased to TZS 20.2 billion in 2025, up from TZS 13.3 billion in 2024, despite higher funding costs and impairment pressures during the year.
- Borrowings rose to TZS 297.7 billion, while total assets expanded to TZS 472 billion, providing the balance sheet strength needed to support scale.

8. COMPOSITION OF DIRECTORS

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

9. DIRECTORS' BENEFITS AND DIVIDEND TO SHAREHOLDERS

Directors' seating allowances for board meetings of TZS 15 million were paid, and a dividend of TZS 8.8 billion was declared and paid to shareholders during the year.

10. CORPORATE GOVERNANCE

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

The attendance of the board members in the meeting during the year is as follows:

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

The board, in its capacity, performed the following activities,

- Reviewed and approved the 2024 audited annual report and key statutory disclosures.
- Reviewed the external auditors' report and monitored follow-up on key audit and control matters.
- Monitored financial, operational, social, and portfolio performance against approved plans and risk appetite.
- Oversaw major strategic investments, funding transactions, covenant compliance, and foreign exchange risk matters.
- Reviewed regulatory, legal, tax, and compliance matters, including progress on key remediation actions.
- Provided guidance on strategic priorities, including AIM scale-up, digital transformation, and the emerging 2027 - 2030 framework.

Company Secretary

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

Audit and Risk Committee

The Committee supports the Board in ensuring the integrity of BTFL's financial statements, financial reporting processes, accounting systems, financial controls, and annual external audit of financial statements. It oversees the performance of Internal Audit, Risk, and Compliance functions, ensuring adherence to the legal and regulatory requirements set by the Bank of Tanzania, as well as compliance with IFRS Accounting Standards and applicable laws, rules, and regulations. Additionally, the Committee plays a key role in driving sustainability initiatives, as detailed in the ESG section. The committee met 4 times during the year 2025.

The members of the committee are:

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

11. CAPITAL STRUCTURE

The company capital structure and the total number of shareholders share during the year under review.

	No	2025 TZS'000	No	2024 TZS'000
BRAC International Holdings BV	4,999,999	14,999,997	4,999,999	14,999,997
Shameran Abed	1	3	1	3
	5,000,000	15,000,000	5,000,000	15,000,000

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

Component	2025 Actual (TZS'000)	2024 Actual (TZS'000)
Equity	107,661,026	96,266,914
Debt	297,728,564	206,556,670
Debt + Equity	405,389,590	302,823,584
Debt-to-Equity Ratio	2.77	2.15

12. RISK MANAGEMENT

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

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

While no internal control framework can provide absolute assurance against error or loss, BTFL's control environment is designed to give the Board reasonable assurance over financial reporting, operations, compliance, cybersecurity, business continuity, and responsible conduct. During 2025 management strengthened credit controls, fraud monitoring, digital safeguards, and regulatory remediation processes.

The Board oversees internal risk management through the Board Audit and Risk Committee. Following an assessment of the internal control systems throughout the financial year ending 31 December 2025, the Board concluded that the systems met the required standards.

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

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

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

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

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

12. RISK MANAGEMENT (CONTINUED)

Principal Risks and Uncertainties (Continued)

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

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

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

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

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

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

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

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

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

- Operations (Micro finance program/Small Enterprise Program and Agri finance)
- Accounts and Finance
- Internal audit
- Risk and compliance
- Information Technology (IT) and Management Information System (MIS)
- Legal and Company Secretary
- Innovation and Customer Experience
- Human resources and Learning Development
- Procurement, Administration and logistics
- Communication

13. RELATED PARTY TRANSACTIONS

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

14. KEY HIGHLIGHTS

In 2025, BRAC Tanzania Finance Limited achieved significant milestones that reinforced its mission to empower underserved communities while sustaining financial and operational resilience.

14. KEY HIGHLIGHTS (CONTINUED)

Business Growth and Performance

- Under the 2025 Annual Strategic Plan, BTFL closed the year with 197 branches, and 438,363 borrowers which increased by 12% from last year. Disbursements reached TZS 593.6 billion while loans and advances to customers ended at TZS 296.3 billion. Funding mobilization reached approximately TZS 181.5 billion against a TZS 115.2 billion target.
- Portfolio quality remained within appetite at PAR>30 of 2.45%. Management responded to rising impairment pressure through tighter appraisal, strengthened collections discipline, credit reference checks for larger loans, and enhanced field supervision.
- Profit after tax increased to TZS 20.2 billion despite higher financing costs, elevated credit provisions, and 12-day disruptions in Q4 2025 that deferred part of revenue into 2026.

Responsible Inclusive Finance and AIM

- BTFL delivered financial literacy training to 113,095 clients, including 45,574 youth, and completed a client protection principles pre-assessment. The 2025 60 Decibels study reported a Net Promoter Score of 78, a Social Outcomes Index of 76%, and improved quality of life for 98% of surveyed clients.
- Young girls transitioning to Microfinance after the receipt of the livelihood support from NGO totaled to 1078 clients.

Innovation and Accessibility:

- BTFL stabilized its core system environment, completed 100% cybersecurity remediation, and pilot-tested the Digital Field Application in 13 branches. The pilot registered more than 49,000 clients, achieved 61% disbursement adoption, reduced printing costs by 55%, and improved turnaround time to 1-3 days. Mobile repayments averaged TZS 3 billion per month with 8% uptake by year-end.
- During the year, BTFL continued extending services to hard-to-reach areas through sub-branches and field presence, supporting deeper rural outreach and improved client convenience.

15. FUTURE DEVELOPMENT PLANS

BRAC Tanzania Finance Limited remains committed to strengthening financial inclusion, operational efficiency, and institutional resilience through the following priorities for 2026 and beyond:

- Expanding Impact and Outreach
  Deepen service to women, youth, and rural clients through disciplined expansion, stronger retention, and closer integration with the AIM program.

- Digital Transformation and Operational Efficiency
  Drive growth by scaling DFA across 40% of branches and accelerating DFS adoption, while strengthening collections efficiency. Harness enhanced data visibility to enable stronger credit risk management, service excellence, and productivity gains, delivering sharper execution and measurable business impact.

- Portfolio Quality and Funding Resilience
  Strengthening underwriting, collections, funding diversification, liquidity planning, and foreign exchange management to protect profitability and support sustainable growth.

- Strategy 2027-2030
  BTFL will develop its 2027–2030 strategy and KPI framework under continued Board oversight, with a focus on scalable impact, technology effectiveness, and sustained investment in people.

- Climate-Resilient Agri-finance
  Advance climate-sensitive Agri-finance and targeted product refinements that strengthen resilience for rural clients and agricultural value chains.
- People and Culture
  Advancing leadership development, safeguarding, succession planning, and staff wellbeing with a decisive focus on frontline capability and accountability. These initiatives strengthen resilience, build a pipeline of future leaders, and embed a culture of responsibility and care across BTFL.

- Sustainability, Compliance and Cybersecurity
  Strengthen regulatory engagement, embed ESG principles more deeply, and fortify digital defences as automation and data reliance expand. These measures safeguard trust, ensure resilience, and position BTFL to thrive in a rapidly evolving environment.

16. SOLVENCY

The Board of Directors affirms adherence to all applicable accounting standards and confirms that the financial statements have been prepared on a going concern basis. The Board has reasonable assurance that BRAC Tanzania Finance Limited possesses sufficient resources to sustain operational continuity in the near future. Furthermore, the institution has consistently met all Bank of Tanzania liquidity requirements and remains in full compliance with the key covenant ratios established by its lenders.

17. STAKEHOLDERS RELATIONSHIP

a) Clients

Enhanced access to financial services is provided through a network of 197 branch offices and supporting field presence, tailored to client needs through information, financial advice, and responsible finance practices. BTFL remains committed to being a safe and trusted financial services provider.

b) Employees

BRAC Tanzania ensures that employees benefit from:

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

c) Creditors and lenders

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

d) Regulators and Policy makers

BRAC Tanzania actively engages with BRELA, the Bank of Tanzania, the Tanzania Revenue Authority, and other government stakeholders to ensure:

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

e) Society

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

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

f) Investors and Shareholders

BRAC Tanzania Finance Limited engages Shareholders and Investors as partners in advancing inclusive finance by:

- Expanding access to diverse financial services that empower individuals, families, and enterprises.
- Delivering sustainable returns that reinforce long-term resilience and growth.
- Maintaining transparent engagement to enable informed and responsible investment decisions.

18. EMPLOYEE WELFARE

BTFL continued investing in staff through training, flexible work arrangements, social security contributions, safeguarding, and leadership development. During 2025 management strengthened succession planning, mid-management development, frontline technical refreshers, and wellbeing initiatives to support retention and productivity.

Employee wellbeing is supported through medical insurance, workers' compensation, and pension benefits. BTFL also supports relevant professional certification memberships, including ACCA, CPA, and Tanzania Law School, reinforcing its commitment to long-term staff development.

Through the Learning and Development function, BTFL facilitates technical, digital, customer service, safeguarding, cybersecurity, and leadership training to improve service quality, operational effectiveness, and accountability.

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

Gender parity: In 2025, women remained a defining strength of BTFL in 2025, with women continuing to represent the majority of the workforce and 60% of the Board.

19. SERIOUS PREJUDICIAL MATTERS

In the opinion of the Directors, there are no serious unfavourable matters that can affect BRAC Tanzania Finance Limited (2024: None).

20. POLITICAL AND CHARITABLE DONATIONS

No political donations.

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

BRAC Tanzania Finance Limited is committed to purposeful leadership and continues to embed environmental, social, and governance principles into its strategy, operations, and decision-making to create long-term value for stakeholders.

- **Climate Impact Mitigation**: Agri-finance remains an important product line for rural livelihoods and climate resilience. BTFL continued assessing climate-sensitive product design, strengthening field awareness, and integrating sustainability considerations into agricultural finance and operational planning.

- **Social Impact**
  Client Empowerment: BTFL advanced financial inclusion and women's economic participation, with 96.41% of borrowers being women and outreach remaining rural. Financial literacy training reached 113,095 clients, while the 2025 60 Decibels study reported strong results: a Net Promoter Score of 78, a Social Outcomes Index of 76, and improved quality of life for 98% of surveyed clients.
  Key Household Well-Being Achievements:
  96% of clients (up from 90% in 2024) reported improved ability to cover household expenses.
  92% reported greater capacity to meet education costs.
  91% reported improvements in meal quantity and quality.
  98% reported enhanced overall quality of life.
  84% indicated BTFL was their first-ever loan access.

i) **Employee Wellbeing**: BTFL supported its predominantly female workforce through leadership development, safeguarding, health coverage, and feedback channels that strengthened wellbeing and accountability.

- Diversity and Inclusion: women represented 60% of the Board and remained strongly represented across management and frontline roles.
- Health and Wellness: employee medical cover, statutory benefits, and wellbeing measures continued to support staff resilience and productivity.

ii) **Recognition and Rewards**: leadership development, training, and recognition initiatives supported a culture of performance, learning, and service to communities.

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

iii) Governance

- Board Oversight: Our Board, composed of four women and two men, continued to oversee strategy, risk, governance, and major decisions, including ESG-related matters, during 2025.
- Risk Management: BTFL strengthened governance through Board and Audit and Risk Committee oversight, 100% cybersecurity remediation and license compliance, and continued regulatory engagement, including remediation actions arising from the Bank of Tanzania targeted examination.

22. AUDITOR

PricewaterhouseCoopers (PwC) will not be proposed for reappointment as the Company's auditor, in compliance with the regulatory requirement for auditor rotation after three years. Accordingly, the external audit role is now open, and the appointment of a new external auditor will be presented for approval at the Annual General Meeting.

23. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

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

BY ORDER OF THE BOARD

....	....
Shameran Abed	Marie Marcelle Saint Gilles Gerard
Chairperson	**Director/Chief Executive Officer**
Date: 29/04/2026	Date: 28.04.2026

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

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

Signed on behalf of the Board of Directors by:

....	29/04/2026 ....
Shameran Abed **Chairperson**	Date

BRAC TANZANIA FINANCE LIMITED

DECLARATION OF HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

I **Thabit Ndilahomba** being the Head of Finance of BRAC Tanzania Finance Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2025, have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: ....

Position: Head of Finance

NBAA Membership No.: ACPA 02477

Date: 28.04.2026

Independent auditor's report

To the Shareholders of BRAC Tanzania Finance Limited

Report on the audit of the financial statements.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Tanzania Finance Limited (the Company) as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The financial statements of BRAC Tanzania Finance Limited as set out on pages 19 to 64 comprise:

- statement of profit or loss and other comprehensive income for the year then ended.
- statement of financial position as at 31 December 2025.
- statement of changes in equity for the year then ended.
- statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers Management exercises judgement when determining both when and how much to record as loan impairment provisions. Judgement is applied to determine the appropriate parameters and assumptions used to estimate the provisions in the following areas: • Quantitative and qualitative criteria for classification of loans and advances based on assessment of factors contributing to significant increase in credit risk and default. • Determination of the probability of defaults. • Determination of the forward-looking parameters to be incorporated in the estimation of expected credit losses; and • Estimation of the expected cash flows used in the determination of the loss given default. These judgements together with the value of gross loans and advances to customers amounting to TZS 310,540 million (2024: TZS 254,711 million) and impairment provision of TZS 11,786 million (2024: TZS 6,259 million) make this a key audit matter. Further details on loans and advances have been disclosed in Note 3 (g)(vii, ix), Note 4 (a) and Note 17 of the financial statements.	• We tested the reasonableness of the quantitative and qualitative criteria used in the classification of loans and advances. • As the quantitative basis of classification of loans and advances is reliant on information systems, we understood and tested key information technology general and application controls including the accurate calculation of the number of days past due. • We tested management's application of the qualitative criteria in classification of loans and advances. • We tested the reliability of information used for estimating probability of default and loss given default. • We tested the reasonability of the forward-looking parameters considered by management. • We challenged management's basis for establishing the correlation between forward looking parameters and the Company's non-performing loan trends. • We reviewed the historical collection experience and trends in default rates to validate the adequacy of the impairment provision. • We tested the adequacy of financial statements disclosures.

Other information

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

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

Report on the audit of the financial statements (continued)

Other information (continued)

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

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

Responsibilities of the directors for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

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

Independent auditor's report (continued)

To the Shareholders of BRAC Tanzania Finance Limited

Report on the audit of the financial statements (continued)

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Zainab Salome Msimbe, FCPA 1708

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date 30-April-2026

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 TZS '000	2024 TZS '000 Restated
Income			
Interest income	6	141,056,505	107,083,644
Interest expense	7	(32,164,675)	(23,463,871)
Net interest income		**108,891,830**	**83,619,773**
Fee and commission income	8	111,231	446,473
Other income	9	2,465,986	2,243,726
Net loss on fair value of derivatives	11	(1,064,359)	(1,358,645)
Grant income utilized	27(a) & (b)	5,216,544	6,647,432
Total operating income		**115,621,232**	**91,598,759**
Impairment charge on loans to customers	17(b)	(8,353,467)	(1,711,677)
Operating Income after Impairment Charges		**107,267,765**	**89,887,082**
Staff costs and other benefits	10	(41,689,298)	(35,864,408)
Occupancy expenses	12	(563,035)	(478,672)
Operating expenses	13	(31,510,011)	(30,662,861)
Depreciation of property and equipment and right of use assets	19,29	(3,068,825)	(2,881,098)
Amortization of intangible assets	20	(1,241,286)	(1,139,072)
Total operating expenses		**(78,072,455)**	**(71,026,111)**
Profit before tax		**29,195,310**	**18,860,971**
Income tax expense	14(a)	(8,960,498)	(5,563,062)
Profit for the year		**20,234,812**	**13,297,909**
Other comprehensive income		-	-
Total comprehensive income for the year		**20,234,812**	**13,297,909**

Notes and related statements forming part of the financial statements appear on pages 23 to 64.

Report of the auditor is on page 15 to 18.

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 TZS '000	2024 TZS '000 Restated	2023 TZS '000 Restated
ASSETS				
Cash and bank balances	15	98,796,844	52,213,317	72,959,908
Fixed deposits	16	50,085,543	37,304,430	15,469,951
Loans to customers	17 (a)	296,335,849	246,923,217	190,736,000
Related party receivables	18 (b)	15,827	72	1,147,268
Rights of use (ROU) on leases	29 (a)	5,505,337	2,591,304	2,620,384
Other assets	18 (a)	4,823,969	5,052,092	2,424,559
Derivative financial instruments	32	220,389	986,235	2,344,880
Investment in subsidiary	31	1,499,998	1,499,998	1,499,998
Property and equipment	19	5,679,950	4,406,919	3,866,771
Intangible assets	20	2,857,376	3,509,269	4,647,823
Deferred income tax asset	21	4,215,361	2,062,358	1,727,887
Corporate income tax receivable	14(b)	1,990,679	1,284,844	763,312
Total assets		**472,027,122**	**357,834,055**	**300,208,741**
LIABILITIES AND EQUITY				
Liabilities				
Other liabilities	22	6,400,102	5,612,908	5,452,265
Derivative financial instruments	32	1,563,427	-	2,839,443
Lease liabilities	29 (b)	4,318,143	2,903,053	130,063
Related party payables	23	408,433	1,249,404	-
Loan security fund	25	51,472,880	41,457,330	34,428,458
Borrowings - term loans	26	297,728,564	206,553,670	165,326,743
Deferred revenue grants	27(a)&(b)	2,474,547	3,790,776	2,146,514
Total liabilities		**364,366,096**	**261,567,141**	**210,323,486**
Equity				
Ordinary share capital		15,000,000	15,000,000	15,000,000
Retained earnings		92,661,026	81,266,914	74,885,255
Total equity		**107,661,026**	**96,266,914**	**89,885,255**
Total equity and liabilities		**472,027,122**	**357,834,055**	**300,208,741**

The financial statements on pages 19 to 64 were approved for issue by the Board of Directors on ……28th April 2026……and signed on its behalf by:

Shameran Abed
Chairperson

Marie Marcelle Saint Gilles Gerard
Director/Chief Executive Officer

Notes and related statements forming part of the financial statements appear on pages 23 to 64.
Report of the auditors is on page 15 to 18.

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Ordinary Share Capital TZS'000	Retained Earnings TZS'000	Total Capital Fund TZS'000
Balance at 1 January 2025		15,000,000	81,266,914	96,266,914
Profit for the year			20,234,812	20,234,812
Transactions with owners of the company				
Dividends paid	30		(8,840,700)	(8,840,700)
Balance as at 31 December 2025		**15,000,000**	**92,661,026**	**107,661,026**
Balance at 1 January 2024		15,000,000	74,885,255	89,885,255
Profit for the year		-	13,297,909	13,297,909
Transactions with owners of the company				
Dividends paid	30	-	(6,916,250)	(6,916,250)
Balance as at 31 December 2024		**15,000,000**	**81,266,914**	**96,266,914**

BRAC TANZANIA FINANCE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 TZS '000	2024 TZS '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		29,195,310	18,860,971
Adjustment for non-cash items			
Depreciation charge and amortization	19&29	3,068,825	2,881,098
Amortization charges on intangible assets	20	1,241,286	1,139,072
Amortization of deferred grants	27 (a) &(b)	(5,216,544)	(6,647,432)
Loss/gain) on disposal of assets		22,904	(26,703)
Interest expense and other fees	7	32,164,675	23,463,871
Impairment charge on loans to customers	17(b)	8,353,467	1,711,677
Fair valuation gains on financial instruments	11	1,064,359	1,358,644
		69,894,282	**42,741,198**
Changes in:			
- Other assets and related party receivables		212,368	(121,691)
- Fixed Deposits		(12,781,113)	(21,834,479)
- Changes on derivatives instruments		1,264,914	-
- Other liabilities and related party payables		(53,777)	2,551,770
- Loans to customers		(61,306,989)	(67,293,741)
Cash flow from operating activities		**(2,770,315)**	**(43,956,943)**
Tax paid	14(b)	(11,819,336)	(6,419,065)
Interest paid on borrowings	26	(25,079,617)	(17,537,639)
Net cash used in operating activities		**(39,669,268)**	**(67,913,647)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	19	(3,198,374)	(1,910,633)
Acquisition of Intangible	20	(589,135)	-
Proceeds from disposal of assets		-	26,703
Net cash used in investing activities		**(3,787,509)**	**(1,883,930)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the year	30	(8,840,700)	(6,916,250)
Term loans acquired during the year	26	181,460,592	113,028,029
Repayment of the term loans – principal	26	(94,929,765)	(70,595,482)
Payment of lease liability – principal and interest	29	(1,565,688)	(1,785,878)
Loan security funds received during the year	25	21,521,693	25,600,468
Loan security funds paid during the year	25	(11,506,143)	(18,571,596)
Grant received during the year	27	3,900,315	8,291,695
Net cash generated from financing activities		**90,040,304**	**49,050,986**
Net Increase/(decrease) in cash and cash equivalents		**46,583,527**	**(20,746,591)**
Cash and cash equivalents at the beginning of the year		52,213,317	72,959,908
Cash and cash equivalents at the end of the year	15	**98,796,844**	**52,213,317**

Notes and related statements forming part of the financial statements appear on pages 23 to 64.
Report of the auditor's is on page 15 to 18.

1. REPORTING ENTITY

BRAC Tanzania Finance Limited was incorporated as a company limited by guarantee on 9 September 2008 and subsequently converted to a company limited by shares on 2 October 2019 and assigned registration number 67364. The Company is situated at Plot 17, Natai Plaza, and Coca cola Road, Dar es Salaam, Tanzania. Refer note 11 of the directors' report and note 24 to the financial statements for more details on number of shares and shareholders.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

Memorandum figures

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

(d) Use of estimates and judgements

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

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

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

3. MATERIAL ACCOUNTING POLICIES

(a) Foreign currency transactions

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

(b) Interest income and expense

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

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

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

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

(c) Fee and commission income

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

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

(d) Grants

i. Deferred grants

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Grants (Continued)

i. Deferred grants (Continued)

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

ii. Grant income

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

(e) Interest from deposits with banks

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

(f) Income tax expense

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

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

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

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

(g) Financial assets and liabilities

(i) Recognition

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(ii) Classification

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

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

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

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

Business model assessment.

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(iii) De-recognition

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

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

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

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

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

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

(iv) Off setting

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

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

(v) Amortised cost measurement

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

(vi) Fair value measurement

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(vi) Fair value measurement (continued)

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

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

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

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

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

(vii) Identification and measurement of impairment

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

(vii) Identification and measurement of impairment (Continued)

Measurement of ECLs

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

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

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

(viii) Cash and cash equivalents

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

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

(ix) Loans and advances

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

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

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

Recognition and Initial Measurement

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and liabilities (Continued)

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

Subsequent Measurement

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

(xi) Modification of contractual cashflows

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

(h) Property and equipment

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

The estimated useful lives are as stated:

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

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

(i) Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

(j) Intangible assets

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

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on straight-line basis over the estimated useful life of the software, from the date that is available for use. The estimated useful life of software is four years (25% per year).

(k) Loan security fund and Term loans

i. The Company maintains a loan security fund, which is a 10% portion of the loan disbursed, to cover the potential risk of default. This fund includes loan security funds from customers which are classified as financial liabilities in accordance with the substance of their contractual terms. Loan security funds from customers are initially measured at fair value.

ii. Term loans are initially recognized at fair value, net of transaction costs. They are subsequently measured at amortized cost. Any difference between the net proceeds and the redemption value is recognized in profit or loss over the borrowing period using the effective interest method. Fees paid to establish loan facilities are recognized as transaction costs if a drawdown is probable, with the fee deferred until the drawdown occurs. If a drawdown is not probable, the fee is capitalized as a prepayment for liquidity services and amortized over the term of the facility. Valuation gains and losses on borrowings are recognized as foreign exchange income within the statement of profit and loss.

(l) Provisions

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

(m) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term benefits

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

(o) Write offs

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Share Capital

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

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

(q) New standards, amendments and interpretations

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

During the year ended 31 December 2025, the Company adopted the new standard/amendment effective for annual periods beginning on or after 1 January 2025 (date of initial application: 1 January 2025). The adoption of the new and revised requirement has not resulted in material changes to the Company's accounting policies.

The new requirement effective from 1 January 2025 adopted by BTFL during the year was:

Relevant standard/amendments	Summary
IAS 21 Amendments – Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Impact	Management assessed BTFL's foreign currency transactions and exposures (including any foreign currency borrowings, remittances or vendor payments) and concluded that there were no exchange-ability constraints affecting BTFL's reporting. Accordingly, no material impact arose; however, relevant disclosures and the internal assessment process were updated where applicable.
Effective date	Effective for annual periods beginning on or after 1 January 2025 (date of initial application: 1 January 2025).

ii) New standards, amendments and interpretations issued but not yet effective

At the date of authorization of these financial statements, the following new standards and amendments to existing standards had been issued by the IASB but are not yet effective for the year ended 31 December 2025. BTFL has not early adopted these requirements. Unless otherwise stated, BTFL does not expect these changes to have a material impact on its financial position or performance upon adoption; however, additional presentation and/or disclosures may be required.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

ii) New standards, amendments and interpretations issued but not yet effective (continued)

Relevant standard/amendments	Summary
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
Impact	BTFL expects limited impact because its loan portfolio is largely measured at amortized cost and its funding liabilities are predominantly straightforward borrowings. BTFL will assess any relevant liability settlement processes and update disclosures where relevant.
Effective date	Annual periods beginning on or after 1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: • IFRS 1 First-time Adoption of International Financial Reporting Standards. • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7. • IFRS 9 Financial Instruments. • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows.
Impact	IFRS 1: Changes - the hedge-accounting exception to retrospective application (Appendix B, paragraphs B5–B6) and refreshes cross-references to IFRS 9 hedge accounting requirements to improve consistency. The changes are not expected to apply because BTFL is not a first-time adopter. No impact is expected. IFRS 7: Changes - Targeted clarifications to certain disclosure requirements to improve consistency and understandability (including clarifications that may affect the way certain financial instruments disclosures are drafted, depending on an entity's facts and circumstances). Changes are not expected to be material; BTFL will review and refine relevant financial instruments disclosures where necessary. IFRS 9: Changes - Targeted clarifications and transition guidance to improve consistent application of IFRS 9 in specific areas (including interactions with certain settlement mechanisms, where applicable). BTFL does not expect a material impact on classification and measurement. BTFL will assess any relevant settlement features in its processes and update disclosures where applicable.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

ii) New standards, amendments and interpretations issued but not yet effective (continued)

Relevant standard/amendments	Summary
	IFRS 10: Changes - Minor clarifications intended to support consistent application of consolidation requirements in limited scenarios. No impact expected because BTFL prepares standalone financial statements and does not consolidate subsidiaries. IAS 7: Changes - Targeted clarifications intended to support consistent presentation and disclosure in the statement of cash flows in specific circumstances. Changes are not expected to be material; any impact is expected to relate to presentation and/or disclosure refinements.
Effective date	Annual periods beginning on or after 1 January 2026.
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.
Impact	BTFL does not enter such contracts as part of its core microfinance operations. Accordingly, BTFL does not expect an impact on recognition and measurement; no incremental disclosures are expected.
Effective date	Annual periods beginning on or after 1 January 2026.
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements	These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.
IFRS 18, 'Presentation and Disclosure in Financial Statements'	This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss, • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

ii) New standards, amendments and interpretations issued but not yet effective (continued)

Relevant standard/amendments	Summary
IFRS 18, 'Presentation and Disclosure in Financial Statements'	For the year ending December 2025, disclosures should include: • the nature of the changes, • the fact that IFRS 18 application is required for annual periods beginning on or after 1 January 2027, • the planned adoption date, and • either: o known or reasonably estimable information relevant to assessing the possible impact that application of IFRS 18 will have on the entity's financial statements in the period of initial application; or o if that impact is not known or reasonably estimable, a statement to that effect. In order to comply with Paragraphs 30-31 of IAS 8, entities should consider the following principles when preparing disclosures related to the adoption of IFRS 18: a) **Disclosures are expected to become increasingly detailed as entities implementation process progresses toward 2027.** The level of detail that an entity includes in its disclosures will depend on the progress of its implementation activities, including those related to internal controls. For the year ending December 2025, entities that have yet to make significant progress in implementation might only disclose that they are actively assessing the impact of IFRS 18 and that more comprehensive disclosures cannot reasonably be provided. b) **Where appropriate and reliable, consider including quantitative information.** It may be appropriate to disclose preliminary figures, when the company has an appropriate and reliable basis for making such disclosures and provides clear explanations regarding their provisional nature. For example, an entity might quantify the effects on profit and loss subtotals. If the quantitative impact is not reasonably estimable, a statement to that effect should be included. An entity may disclose known and reasonably quantifiable impacts, but it is not expected to early provide IFRS 18 disclosures, such as an MPM reconciliation, before the application date. c) **Consider alignment with other public communications.** If management has publicly detailed anticipated impacts, such as in an investor presentation, the IAS 8 financial statement disclosures should be consistent with these communications. d) **Disclosures should be based on the information available through the date of issuance of the financial statements,** not only the end of the reporting period.
Impact	IFRS 18 is expected to affect the presentation of BTFL's financial performance and related disclosures. BTFL is assessing reporting process and system changes needed to support the new categories, subtotals and MPM disclosures. Comparative information will be restated on adoption.
Effective date	Annual periods beginning or after 1 January 2027.

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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

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

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

(a) Credit risk

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

Management of credit risk

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

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

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

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

Impaired loans

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

Past due but not impaired loans

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

Allowances for impairment

Under IFRS 9, loss allowances are measured on either of the following bases:
12-month ECLs: these are a portion of the lifetime expected credit losses and represent the amount of expected credit losses that result from default events that are possible within 12 months after the reporting date.

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

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

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(a) Credit risk (Continued)

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

Loans to customers

	2025	2024
	TZS'000	**TZS'000**
Standard (zero days overdue)	295,714,256	248,009,524
Watch list (1 to 30 days overdue)	5,690,931	3,064,412
Substandard (31 to 90 days overdue)	2,202,496	1,012,134
Doubtful (91 to 365 days overdue)	6,827,438	2,401,455
Loss (above 365 days overdue)	105,178	223,003
Gross loans to customers	**310,540,299**	**254,710,528**
Allowance for impairment	(11,786,748)	(6,259,388)
	298,753,551	248,451,140
Deferred loan appraisal fee	(2,417,702)	(1,527,923)
Net loans and advances	**296,335,849**	**246,923,217**

Movement in allowance for impairment

	2025	2024
	TZS'000	**TZS'000**
At 1 January	6,259,388	6,374,921
Charge for the year	8,353,467	1,711,677
Loan write-off	(2,826,107)	(2,185,268)
Charge of provision on interest receivable	-	358,058
Gross loans to customers	**11,786,748**	**6,259,388**

Write-off policy

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

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(b) Liquidity risk

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

Management of liquidity risk

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

31 December 2025	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000	1 to 2 years TZS'000	2 to 5 years TZS'000
Loan security fund	51,472,880	51,472,880	51,472,880	-	-
Term loans	297,728,564	341,258,147	124,327,363	111,634,671	105,296,114
Lease liabilities	4,318,143	4,706,815	2,295,016	2,295,016	116,783
Derivative financial instruments	1,343,127	18,846,407	9,196,473	5,324,769	4,325,165
Other liabilities*	488,404	488,404	488,404	-	-
Related Party Payables	408,433	408,433	408,433	-	-
Total	**355,759,551**	**417,181,086**	**188,188,569**	**119,254,456**	**109,738,062**

31 December 2024	Carrying amount TZS'000	Contractual cash flows TZS'000	Within 1 year TZS'000	1 to 2 years TZS'000	2 to 5 Years TZS'000
Loan security fund	41,457,330	41,457,330	41,457,330	-	-
Term loans	206,553,670	208,229,170	100,678,557	68,865,861	38,684,752
Lease liabilities	2,903,053	2,903,053	1,785,878	1,117,175	-
Other liabilities	1,776,267	1,776,267	1,776,267	-	-
Related Party Payables	1,249,404	1,249,404	1,249,404	-	-
Total	**253,939,724**	**255,615,224**	**146,947,436**	**69,983,036**	**38,684,752**

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

* Other liabilities exclude non-financial liabilities including regulatory-related taxes.

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(c) Market risk

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

(i) Currency risk

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

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

The table below summarizes the exposure to foreign currency exchange rate risk at 31 December 2025. Assets and liabilities are categorized by currency. (Equivalent Amounts in TZS'000)

31 December	2025 TZS'000	2024 TZS'000
Financial Assets		
Cash and bank balance	60,925,637	27,760,657
Fixed Deposits	50,085,543	37,304,430
Derivative financial instruments	220,389	986,235
Total assets	**111,231,569**	**66,051,322**
Financial liabilities		
Related party payables	179,315	841,186
Derivative financial instruments	1,563,427	-
Borrowings	79,263,798	69,780,778
Total liabilities	**81,006,540**	**70,621,964**
Net on balance sheet position	**30,225,029**	**(4,570,642)**

The Company uses cross-currency swap to hedge its currency risk exposure of its third and fourth Loan Tranche from International Finance B.V. denominated in USD, amounting to TZS 18.171 billion, not included in the table above. BTFL has not opted to apply hedge accounting with respect to this arrangement. At each reporting date, a fair valuation of the swap is done using a mark-to-market approach where gains or losses are recognized in the statement of profit or loss.

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

Sensitivity analysis

The rate of exchange as at 31 December 2025 was USD 1 = 2,475 (2024: TZS 2,452 strengthening of USD against TZS by 5% means that the rate of exchange will move to USD 1 = TZS 2,598.7 (2024: TZS 2,574.6)

If the exchange rate changes unfavourably by 5% the Company is likely to experience a foreign exchange loss of TZS 2,030 million (2024: TZS 433 million).

(ii) Interest rate risk

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

The table below shows interest exposure on assets and liabilities as at 31 December 2025.

BRAC TANZANIA FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (Continued)

31 December 2025	**Up to 1 month**	**From 1 to 12 months**	**From 1 year to 2 years**	**2 years and above**	**Non-interest bearing**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	
ASSETS						
Cash and bank balances	-	-	-	-	98,796,844	98,796,844
Related party receivables	-	-	-	-	15,827	15,827
Fixed deposits	-	6,306,985	14,539,451	16,864,107	12,375,000	50,085,543
Derivative financial instruments	-	-	-	-	220,389	220,389
Loans to customers	1,250,991	295,084,701	-	-	-	296,335,692
Other assets*	-	-	-	-	665,692	665,692
Total assets	**1,250,991**	**301,391,686**	**14,539,451**	**16,864,107**	**112,073,752**	**446,119,987**
LIABILITIES						
Other liabilities*	-	-	-	-	488,404	488,404
Lease liabilities	-	1,514,822	-	2,803,321	-	4,318,143
Derivative financial instruments	-	-	-	-	1,563,427	1,563,427
Loan security fund		-	-	-	51,472,880	51,472,880
Term loans	4,615,188	102,543,387	97,263,857	93,306,132	-	297,728,564
Related party liabilities	-	-	-	-	408,433	408,433
Total liabilities	**4,615,188**	**104,058,209**	**97,263,857**	**96,109,453**	**53,933,144**	**355,491,447**
Interest repricing gap	**(3,364,197)**	**197,333,477**	**(82,724,406)**	**(79,601,203)**		**31,999,528**

31 December 2024	**Up to 1 month**	**From 1 to 12 months**	**From 1 years to 2 years**	**From 2 years and above**	**Non-interest bearing**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
ASSETS						
Cash and bank balances	-	-	-	-	52,213,317	52,213,317
Related party receivables	-	-	-	-	72	72
Derivative financial instruments	-	-	-	-	986.236	986.236
Fixed deposits	-	1,197,515	9,875,169	13,971,746	12,260,000	37,304,430
Loans to customers	-	246,923,217	-	-	-	246,923,217
Other assets*	-	-	-	-	1,290,492	1,290,492
Total assets	**-**	**248,120,732**	**9,875,169**	**13,971,746**	**66,750,117**	**338,717,764**
LIABILITIES						
Other liabilities	-	-	-	-	1,776,267	1,776,267
Lease liabilities	-	1,785,878	1,117,175	-	-	2,903,053
Loan security fund	-	-	-	-	41,457,330	41,457,330
Term loans	1,363,506	97,515,858	66,420,748	41,253,558	-	206,553,670
Related party liabilities	-	-	-	-	1,249,404	1,249,404
Total liabilities	**1,363,506**	**99,301,736**	**67,537,923**	**41,253,558**	**44,483,001**	**253,939,724**
Interest repricing gap	**(1,363,506)**	**148,818,996**	**(57,662,754)**	**(27,281,812)**		**62,510,924**

*Other receivables exclude non-financial assets including prepayments and stock and other consumables

4. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

Sensitivity analysis

The average market lending rate for the year ended 31 December 2025 is 13.4% (2024: 17%). If the interest rate rises by 5% the profit before tax would be impacted by TZS 2,550 million (2024: 1,134 million).

(d) Operational risk

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

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

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

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

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

5. USE OF ESTIMATES AND JUDGEMENTS

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

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

Key sources of estimation uncertainty

(i) Allowances for credit losses

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

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

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

(i) Allowances for credit losses (Continued)

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

In arriving at the credit losses for the year ended 31 December 2025, the following assumptions were used.

- The PD model covered exposures for obligors with common drivers of risk, fundamentally comparable available to form a reasonable and effective basis for results predictions in terms of risk management, decision making and credit approval process.
- LGD estimation considered loans outstanding for over 90 days at 90% after deducting cash collateral which is 10% against the loan's disbursement of the same category are considered to establish the percentage of the loans that migrated into a loss category.
- EAD was estimated as the outstanding balances of the loans as at the reporting date.

(ii) Fair values of financial instruments

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

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

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

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

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

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

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (Continued)

(ii) Fair values of financial instruments (continued)

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

	Level 1 TZS'000	Level 2 TZS'000	Level 3 TZS'000	Total TZS'000
31 December 2025				
ASSETS				
Cash and bank balances	98,039,521	-	-	**98,039,521**
Related party receivables	-	-	15,827	**15,827**
Fixed deposits	-	50,085,543	-	**50,085,543**
Other assets	-	-	665,692	**665,692**
Loans to customers	-	-	296,335,692	**296,335,692**
Total assets	**98,039,521**	**50,085,543**	**297,017,211**	**445,142,275**
LIABILITIES				
Lease liabilities	-	-	4,318,143	**4,318,143**
Loan security fund	-	-	51,472,880	**51,472,880**
Related party payables	-	-	408,433	**408,433**
Other liabilities	-	-	1,776,267	**1,776,267**
Term loans	-	-	297,728,564	**297,728,564**
Total liabilities	-	-	**355,704,287**	**355,704,287**
31 December 2024				
ASSETS				
Cash and bank balances	52,213,317	-	-	**52,213,317**
Related party receivables	-	-	72	**72**
Fixed deposits	-	37,304,430	-	**37,304,430**
Other assets	-	-	2,992,918	**2,992,918**
Loans to customers	-	-	246,923,217	**246,923,217**
Total assets	**52,213,317**	**37,304,430**	**249,916,207**	**339,433,954**
LIABILITIES				
Loan security fund	-	-	41,457,330	**41,457,330**
Related party payables	-	-	1,249,404	**1,249,404**
Other liabilities	-	-	6,196,096	**6,196,096**
Term loans	-	-	206,553,670	**206,553,670**
Total liabilities	-	-	**255,456,500**	**255,456,500**

The financial assets and liabilities are measured at amortized cost except for the loan balance with BRAC International Finance B.V, amounting to TZS 18.6 billion hedged through a cross-currency swap in which fair valuation is done through mark to market approach with gains or losses recorded in statements of profit or loss.

(iii) Taxes

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

6. INTEREST INCOME

	2025 TZS'000	2024 TZS'000
Micro finance	117,336,011	91,196,745
Small enterprise program	7,769,826	5,952,905
Agriculture	10,095,560	7,132,151
	135,201,397	**104,281,801**
Loan appraisal fee	5,855,108	2,801,843
Total interest income	**141,056,505**	**107,083,644**

7. INTEREST EXPENSE

Interest in expense on loans from		
- Bank of Africa (BOA)	4,027,060	2,031,751
- Responsibility	6,508,622	4,840,094
- Stromme Microfinance (E.A) Ltd	-	94,657
- CRDB Bank Plc.	1,783,793	774,820
- Standard Chartered Bank	-	494,301
- Agent for Impact (AFI)	2,191,667	524,133
- Blue Orchard Microfinance Fund	4,803,058	3,897,874
- BRAC International Finance B.V (BIFBV)	2,459,480	4,354,680
- Triple Jump	3,180,040	3,004,814
- Club lenders Series 2	2,804,758	105,191
Subtotal – interest on term loans	**27,758,478**	**20,122,315**
- Fund management fees	696,721	506,293
- Technical fee BIFBV	1,037,032	599,746
- MFX translation BIFBV loan	1,802,490	1,672,095
- Interest expense on lease liabilities	542,172	345,813
- Other Interest expense (DRN and debtors' interest etc)	327,782	217,609
Total interest expense	**32,164,675**	**23,463,871**

8. FEE AND COMMISSION INCOME

Loan application fee	10,711	38,877
Membership Fee	100,520	407,596
Total fee and commission income	**111,231**	**446,473**

9. OTHER INCOME

Interest income from bank deposit	1,067,586	775,967
Sale from passbooks	26,157	105,449
Administrative fees	26,326	82,476
Other income	1,345,917	762,774
Gain from disposal of assets	-	26,703
VAT paid on other income	-	(149,095)
Foreign exchange gain	-	639,452
	2,465,986	**2,243,726**

10. STAFF COSTS AND OTHER BENEFITS

	2025 TZS'000	2024 TZS'000
Salaries and benefits	32,632,270	28,124,129
NSSF	7,076,608	6,175,609
Bonus	1,980,420	1,564,670
	41,689,298	**35,864,408**

11. NET LOSS ON FAIR VALUE OF DERIVATIVES

Gain on fair value of derivatives	3,218,432	3,229,343
Loss on fair value of derivatives	(4,282,791)	(4,587,988)
Fair value loss on cross-currency interest swaps	**(1,064,359)**	**(1,358,645)**

12. OCCUPANCY EXPENSES

Rent	3,537	-
Utilities	559,498	478,672
	563,035	**478,672**

13. OPERATING EXPENSES

Travelling and transportation costs	10,138,492	8,710,344
Training, workshop, and seminars costs	1,169,702	1,150,042
Maintenance and general expenses	480,760	566,829
Fixed assets write offs	-	-
Loss on disposal of PPE	23,059	-
Member's death benefit expenses	-	630
Office vehicle running expenses	238,154	227,552
Audit and other legal fees	157,353	184,520
Head office logistics and management expenses	2,534,637	2,994,821
Stationery expenses	1,549,211	1,370,310
Staff medical insurance	-	-
Software maintenance	2,907,903	4,370,705
Business license fees and other regulatory expenses	1,467,490	1,176,941
Bank charges	732,298	911,959
Loan recovery expenses	6,910	-
Foreign currency loss -realised	49,151	150
Professional & Consultancy Fees	469,992	570,148
Office Security expenses	2,920,733	2,440,994
Cleanliness and Hygiene expenses	750,298	652,757
Other expenses	5,913,868	5,334,159
	31,510,011	**30,662,861**

14. TAXATION

(a) Tax expense

	2025 TZS'000	2024 TZS'000
Current income tax charge – current year	11,113,501	6,349,879
Current income tax charge – prior year	-	(452,346)
Deferred income tax (credit)/charge – prior year	(15,327)	513
Deferred income tax credit – current year	(2,137,676)	(334,984)
	8,960,498	**5,563,062**

Effective tax rate reconciliation

Profit before income tax	29,195,310	18,860,971
Tax calculated at a rate of 30% (2024:30%)	8,759,548	5,658,291
Depreciation of non-qualifying assets	43,027	48,246
Interest expense - disallowable	-	157,935
Current income tax – prior year	-	(452,346)
Deferred income tax – prior year	(15,326)	513
Expenses not deductible for tax purposes	173,249	150,423
	8,960,498	**5,563,062**

b) Corporate income tax receivable

Balance at 1 January	(1,284,844)	(763,312)
Current income tax charge – current year	11,113,501	6,349,879
Tax paid	(11,819,336)	(6,419,065)
Tax paid in the year for prior year liabilities	-	-
Current income tax charge – prior year	-	(452,346)
Balance at 31 December	**(1,990,679)**	**(1,284,844)**

15. CASH AND BANK BALANCES

Cash in hand	659	1,012
Mobile Wallet	756,664	99,235
Cash at bank	98,039,521	52,113,070
	98,796,844	**52,213,317**
Current	98,796,844	52,213,317
Non current	-	-
	98,796,844	**52,213,317**

16. FIXED DEPOSITS

Principal	48,898,213	36,794,712
Interest receivable	1,187,330	509,718
	50,085,543	**37,304,430**
Current	10,427,860	1,197,515
Non current	39,657,683	36,106,915
	50,085,543	**37,304,430**

The fixed deposits amounting to TZS 50,085 million are associated with back-to-back loan arrangements intended for pure USD loans, which is a strategy implemented to mitigate potential exposure to foreign exchange fluctuations for BTFL. To ensure alignment and minimize discrepancies, the fixed deposits have been structured with matching maturity amounts and dates that correspond to the terms of the respective loans.

17. LOANS TO CUSTOMERS

(a) Net loans to customers

	2025 TZS'000	2024 TZS'000
Loans to customers (gross)	310,540,299	254,710,528
Provision for impairment on loans to customers	(11,786,748)	(6,259,388)
Balance at 31 December	**298,753,551**	**248,451,140**
Deferred loan appraisal fee	(2,417,702)	(1,527,923)
Net loans and advances	**296,335,849**	**246,923,217**
Expected to be recovered:		
Within 1 year - current	296,335,849	246,923,217
After 1 year - non-current	-	-
Net loans and advances	**296,335,849**	**246,923,217**

(b) Impairment charge on loans to customer

Balance as at 1 January	6,259,387	6,374,921
Charge for the year	8,353,467	1,711,677
Write offs	(2,826,106)	(2,185,268)
Charge of provision on interest receivable	-	358,058
Balance at 31 December	**11,786,748**	**6,259,388**

(c) Gross loans to customers

Micro finance	250,325,120	222,790,442
Small enterprise program	21,890,231	11,801,118
Agriculture	30,492,554	14,249,947
Interest receivable	7,832,394	5,869,021
	310,540,299	**254,710,528**

18. OTHER RECEIVABLES BALANCES

(a) Other assets

Advances and prepayments	110,852	1,702,426
Stock of consumables	1,157,579	1,114,439
Employee receivables	273,252	89,005
Receivable from supplier	357,504	66,241
Outstanding receivables	307,588	-
Fund management fees	1,672,459	1,135,246
One third objection tax deposit	944,735	944,735
	4,823,969	**5,052,092**
Current	3,984,564	5,052,092
Non-current	839,405	-
	4,823,969	**5,052,092**

During the year ended 31 December 2025, inventories(stationeries) of TZS 1,157 million (2024: TZS 1,114 million) were recognized as assets.

18. OTHER RECEIVABLES BALANCES (CONTINUED)

(b) Related party receivables

	2025 TZS'000	2024 TZS'000
BRAC Maendeleo Tanzania	-	-
BRAC International Holdings BV	-	-
BRAC Enterprise	-	-
BRAC Stichting International	-	-
BRAC Zanzibar Finance Limited	15,827	72
	15,827	**72**
Current	15,827	72
Non-current	-	-
	15,827	**72**

19. PROPERTY AND EQUIPMENT

COST	Furniture TZS'000	Equipment TZS'000	Work in Progress TZS'000	Motor Vehicles TZS'000	Leasehold Improvement TZS'000	Total TZS'000
At 1 January 2025	**2,398,336**	**4,037,639**	**342,200**	**1,123,816**	**173,991**	**8,075,982**
Additions	603,170	2,586,881	-	-	8,323	3,198,374
Transfers	-	342,200	(342,200)	-	-	-
Disposal	(107,447)	(251,149)	-	-		(358,596)
As at 31 December 2025	**2,894,059**	**6,715,571**	**-**	**1,123,816**	**182,314**	**10,915,760**
At 1 January 2024	2,071,785	3,538,565	-	1,004,298	121,728	6,736,376
Additions	454,532	697,587	342,200	364,050	52,264	1,910,633
Disposal	(127,980)	(198,512)	-	(244,533)	-	(571,025)
As at 31 December 2024	2,398,337	4,037,640	342,200	1,123,815	173,992	8,075,984
DEPRECIATION						
At 1 January 2025	973,433	2,225,362	-	446,187	24,083	3,669,065
Charge for the year	228,403	1,468,923	-	205,418	9,048	1,911,792
Disposal	(159,403)	(185,644)	-	-	-	(345,047)
At 31 December 2025	**1,042,433**	**3,508,641**	**-**	**651,605**	**33,131**	**5,235,810**
At 1 January 2024	967,955	1,360,636	-	523,004	18,010	2,869,605
Charge for the year	133,459	1,037,976	-	167,715	6,073	1,345,223
Disposal	(127,981)	(173,250)	-	(244,532)	-	(545,763)
At 31 December 2024	973,433	2,225,362	-	446,187	24,083	3,669,065
NET BOOK VALUE						
At 31 December 2025	**1,851,626**	**3,206,930**	**-**	**472,211**	**149,183**	**5,679,950**
At 31 December 2024	1,424,904	1,812,278	342,200	677,628	149,909	4,406,919

20. INTANGIBLE ASSETS

	Software	Total
	TZS'000	TZS'000
Cost		
At 1 January 2024	4,963,700	4,963,700
At 31 December 2024	4,963,700	4,963,700
At 1 January 2025	**4,963,700**	**4,963,700**
Additions	589,135	589,135
At 31 December 2025	**5,552,835**	**5,552,835**
Accumulated amortization		
At 1 January 2024	315,877	315,877
Charge for the year	1,139,072	1,139,072
Adjustment	(518)	(518)
At 31 December 2024	1,454,431	1,454,431
At 1 January 2025	**1,454,431**	1,454,431
Charge for the year	1,241,286	1,241,286
Adjustment	(258)	(258)
At 31 December 2025	**2,695,459**	**2,695,459**
Net book value (NBV)		
At 31 December 2024	3,509,269	3,509,269
At 31 December 2025	**2,857,376**	**2,857,376**

21. DEFERRED INCOME TAX ASSET

	2025 TZS'000	2024 TZS'000
The movement in the deferred income tax asset during the year is as follows:		
At 1 January	2,062,358	1,727,887
Credit to the P/L – current year	2,137,676	334,984
Credit/(charge) to P/L – prior year	15,327	(513)
At 31 December	**4,215,361**	**2,062,358**
Deferred tax arises from temporary differences on the following items:		
Property, plant and equipment	(270,490)	(298,490)
IFRS 16 adjustments	149,385	-
General provision	4,336,466	2,251,517
Revaluation gains on financial instruments	-	109,331
	4,215,361	**2,062,358**

22. OTHER LIABILITIES

Accrued expenses	101,143	90,892
Audit fees payable	62,571	71,039
Other payables	1,475,054	1,374,944
Unallocated advance loan repayments	1,627,702	1,058,580
Insurance premium and claims	345,768	317,209
Provision for tax and other legal cases	2,787,864	2,700,244
	6,400,102	**5,612,908**
Current	6,400,102	5,612,908
Non – current	-	-
	6,400,102	**5,612,908**

23. RELATED PARTY PAYABLES

Payable to BRAC Bangladesh	7,403	5,553
Payable to Stichting BRAC International	955	1,164
Payable to BRAC IT SERVICES	30,390	62,472
Payable to BRAC International Holdings BV	140,565	771,997
Payable to Zanzibar Finance Ltd	229,120	408,218
	408,433	**1,249,404**
Current	**408,433**	**1,249,404**
Non – current	**-**	**-**
	408,433	**1,249,404**

24. ORDINARY SHARE CAPITAL

		Ownership
	2025	2024
BRAC International Holding BV	99.99%	99.99%
Shameran Abed	0.01%	0.01%

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

25. LOAN SECURITY FUND

	2025	2024
	TZS'000	TZS'000
Balance as at 1 January	41,457,330	34,428,458
Collections during the year	21,521,693	25,600,468
Withdrawals during the year	(11,506,143)	(18,571,596)
Balance as at 31 December	**51,472,880**	**41,457,330**
Current	**51,472,880**	**41,457,330**
Non – current	**-**	**-**
	51,472,880	**41,457,330**

26. TERM LOANS

Long-term borrowings	**297,728,564**	**206,553,670**

The movement of term loans is as follows

Balance at 1 January	206,553,670	165,326,743
New loans received during the year	181,460,592	113,028,029
Interest charge for the year	27,758,478	20,122,315
Interest paid during the year	(25,079,617)	(17,537,639)
Principal repaid during the year	(94,929,765)	(70,595,482)
Foreign exchange loss/(gain) on loans	1,965,206	(3,790,296)
Balance at 31 December	**297,728,564**	**206,553,670**
Current	107,158,575	98,879,366
Non – current	190,569,989	107,674,304
	297,728,564	**206,553,670**

Current portion of term loans

Triple Jump	16,353,074	682,811
Bank of Africa (T)	11,209,551	19,933,819
CRDB Bank PLC	14,180,164	12,420,158
Proparco, BIO, Ceniath & GP	4,142,428	105,191
ResponsAbility Investment AG	22,714,289	20,966,321
BRAC International Finance B.V (BIFBV)	10,163,198	28,184,320
HANSAINVEST Finance I GmbH	6,882,015	2,363,419
Blue Orchard Microfinance Fund	21,513,856	14,223,327
	107,158,575	**98,879,366**

26. TERM LOANS (CONTINUED)

Non - current portion of term loans

	2025	2024
	TZS'000	TZS'000
Triple Jump	3,178,860	18,849,123
Bank of Africa (T)	35,528,139	17,561,415
ResponsAbility Investments AG	35,415,926	16,523,205
Proparco ,BIO , Ceniarth & GP	45,379,125	12,260,000
BRAC International Finance B.V (BIFBV)	1,070,790	11,579,398
BlueOrchard Microfinance Fund	38,387,882	8,618,413
HANSAINVEST Finance I GmbH & Co.	12,348,000	6,147,000
CRDB Bank PLC	19,261,267	16,135,750
	190,569,989	**107,674,304**

ResponsAbility Investments AG

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

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

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

In October 2023, BRAC Tanzania Finance Limited entered a loan agreement with Microfinance Enhancement Facility via ResponsAbility Investments AG to secure loan amounting to USD 2 million which was disbursed in a single tranche with a loan tenure of 17 months. The interest rate of the term loans is 16.20% per annum in Tanzanian Shillings. Interest repayments are made quarterly and principal repayments will be paid at the end of loan tenure. This loan was fully repaid in February 2025.

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

In April 2025, BRAC Tanzania Finance Limited entered a loan agreement with Global Gender-Smart Fund S.A., represented by ResponsAbility Investments AG to secure loans amounting to USD 7 million which was disbursed in a single tranche. The interest rate of the term loans is 17.0% per annum in Tanzanian Shillings. Interest repayments are made every six months, and principal repayments are made yearly in equal instalments for a loan tenure of 36 months.

In September 2025, BRAC Tanzania Finance Limited entered a loan agreement via ResponsAbility Investments AG to secure loans amounting to USD 8.3 million which was disbursed in a single tranche. The interest rate of the term loans is 14.7% per annum in Tanzanian Shillings. Interest repayments are made every six months, and principal repayments are made yearly in equal instalments for a loan tenure of 36 months

26. TERM LOANS (CONTINUED)

Triple Jump

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

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

Bank of Africa Tanzania

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

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

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

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

In July 2025, BRAC Tanzania Finance Limited entered a back-to-back arrangement amounting TZS 27 billion with CRDB Bank in relation to the USD 10 million received by BTFL from Belgian Investment Company For Developing Countries Nv/Sa, Ceniarth Wales Interests, L.P, Proparco and Global Partnerships in July 2025. The loan tenure is 48 months with quarterly interest repayment and principal repayment made in 3 equal yearly instalments at a fixed interest rate of 10.0% per annum after a grace period of 12months.

CRDB Bank Plc

In July 2023, BRAC Tanzania Finance Limited secured a term loan amounting to TZS 12 billion from CRDB Bank PLC for working capital. The loan duration is 24 months with interest and principal repayment will be paid yearly. The interest rate is fixed at 7% per annum. The loan was fully repaid in July 2025.

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

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

26. TERM LOANS (CONTINUED)

CRDB Bank Plc (continued)

In November 2025, BRAC Tanzania Finance Limited secured a term loan amounting to TZS 15 billion from CRDB Bank PLC for supporting its lending operations. The loan duration is 36 months with interest paid quarterly and principal payment will be paid semiannually following a grace period of 12 months. The interest rate is fixed at 9% per annum.

Blue Orchard Fund

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

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

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

In June 2025 and December 2025, BRAC Tanzania Finance Limited secured a term loans amounting USD 10 million and USD 10 million respectively from Blue Orchard Fund to finance its operations. The quoted interest rates were 15% and 10% per annum in Tanzanian Shillings respectively. Both secured term loans have a tenure of 36 months whereas the principal repayments are made in 3 equal instalments and interest repayments are made every six months.

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

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

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

BRAC International Finance B.V (BIFB.V)

BRAC Tanzania Finance Limited secured a term loan amounting to USD 9 million from BRAC International Finance BV (BIFB.V) in May 2022 for a period of 40 months from the date of disbursement with grace period of 4 months on the principal facility and paying interest accruing during the grace period on a quarterly basis. The loan is quoted at the rate of 5.85% fixed US Dollar rate with no expected increase until maturity. The loan was obtained for facilitating micro-finance lending. The loan was fully repaid in September 2025.

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

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

26. TERM LOANS (CONTINUED)

BRAC International Finance B.V (BIFB.V) (continued)

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

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

Belgian Investment Company for Developing Countries Nv/Sa – BIO

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

The second tranche amounting to USD 2.1 million and third tranche amounting to USD 4.0 million from Belgian Investment Company for Developing Countries Nv/Sa was received in February 2025 and July 2025 respectively. The quoted interest stood at 8% fixed USD Dollar with similar terms and conditions as first tranche.

Ceniarth Wales Interests, L.P

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

The second tranche amounting to USD 0.3 million and third tranche amounting to USD 0.6 million from Ceniarth Wales Interests, L.P was received in February 2025 and July 2025 respectively. The quoted interest stood at 8% fixed USD Dollar with similar terms and conditions as first tranche.

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

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

The second tranche amounting to USD 1.8 million and third tranche amounting to USD 3.6 million from Proparco was received in February 2025 and July 2025 respectively. The quoted interest stood at 8% fixed USD Dollar with similar terms and conditions as first tranche.

26. TERM LOANS (CONTINUED)

Global Partnerships Impact-First Fund 10, LLC

In November 2024, BRAC Tanzania Finance Limited secured a term loan amounting to USD 0.8 million from Global Partnerships. The facility is for a tenure of 48 months from the date of disbursement with grace period of 12 months on the principal facility. Interest is accrued during the grace period and paid on a quarterly basis; principal repayments are made annually in equal instalments starting in year 2. The loan is quoted at the rate of 8% fixed US Dollar rate with no expected increase until maturity. The loan was obtained to finance lending to micro and small entrepreneurs.
The second tranche amounting to USD 0.8 million and third tranche amounting to USD 1.6 million from Global Partnerships was received in February 2025 and July 2025 respectively. The quoted interest stood at 8% fixed USD Dollar with similar terms and conditions as first tranche.

27. DEFERRED REVENUE GRANTS

a) Donor funds received in advance – Mastercard

	2025 TZS'000	2024 TZS'000
Balance at 1 January	428,585	320,485
Grants received during the year*	3,900,315	8,291,695
Grants income utilized during the year	(4,328,900)	(6,128,975)
Donor fund invested in fixed assets	-	(2,054,620)
Balance at 31 December	**-**	**428,585**

*During the year 2025, the company received donor fund from Master card foundation to support Microfinance financial literacy training, digitalization and implementation of digital field automation (DFA) system.

	2025 TZS'000	2024 TZS'000
b) Donor funds Invested in Fixed Assets		
Transferred from donor funds received in Advance	3,362,191	1,826,028
Additional Donor fund invested in Fixed asset	-	2,054,620
Depreciation charged on donor fund invested during the year	(887,644)	(518,457)
Balance at 31 December	**2,474,547**	**3,362,191**
Total Deferred grant balance	**2,474,547**	**3,790,776**

28. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

(a) Due to related parties (Payables)	**2025**	**2024**
	TZS'000	**TZS'000**
BRAC Bangladesh (Expatriate staff and travelling cost)	7,403	5,553
BRAC IT Services	30,390	62,472
BRAC International Holdings BV	140,565	771,997
BRAC Zanzibar Finance Limited- Subsidiary	229,119	408,218
Stitching BRAC International	956	1,164
	408,433	**1,249,404**
(b) Due from related parties (Receivables)		
BRAC Zanzibar Finance Limited- Subsidiary	15,825	72
	15,825	**72**
(c) Borrowings from related parties		
BRAC International Finance BV (BIFBV)	11,231,524	39,780,831
	11,231,524	39,780,831
Transactions with related parties		
Head Office logistics and management expenses	2,534,637	2,213,544
BRAC International Finance BV (BIFBV)	11,231,525	4,954,426
Transactions to BRAC IT Services (BITS) for IT costs	159,659	476,191
Settlements made on behalf of BRAC Maendeleo	-	201,149
Fund transfers to BRAC Zanzibar Finance Limited	-	408,218
Settlements made on behalf of BRAC Bangladesh	17,535	37,233
Expatriate staff and travelling cost	724,904	57,925
(d) Directors Cost		
Sitting allowances	15,000	12,097

There were no other costs incurred with respect to Directors during the year and in prior year.

(e) Key management personnel costs		
Salaries	1,337,765	1,599,614
Other Benefits (including statutory)	287,328	505,141
	1,625,093	**2,104,755**

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

29. LEASES

Leases as lessee (IFRS 16)

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

(a) Right-of-Use (ROU) asset (office premises)	**2025 TZS'000**	**2024 TZS'000**
Balance at 1 January	2,591,304	2,620,384
Additions	337,320	496,839
Depreciation charge for the year	(1,157,033)	(1,535,875)
Impact of remeasurement	2,887,470	1,009,956
Disposal	846,276	-
Balance at 31 December	**5,505,337**	**2,591,304**

(b) Lease liability (office premises)

Balance at 1 January	2,903,053	2,839,443
Impact of remeasurement	2,107,928	1,009,956
Additions	337,320	496,839
Interest expense	542,172	345,813
Lease payments (principal and interest)	(1,565,688)	(1,785,878)
Disposal	(6,642)	(3,120)
Balance at 31 December	**4,318,143**	**2,903,053**
Current portion of lease liability	1,514,822	1,785,878
Non-current portion of lease liability	2,803,321	1,117,175
	4,318,143	**2,903,053**
Non-cancellable operating lease commitments		
Less than one year	1,514,822	1,785,878
Between one and five years	2,803,321	1,117,175
Total undiscounted lease liabilities at 31 December	**4,318,143**	**2,903,053**

(c) Amounts recognized in profit or loss

Depreciation on right-of-use asset	1,157,033	1,535,875
Short-term leases (note 12)	-	-
Interest on lease liability	542,172	345,813
	1,699,205	**1,881,688**

(d) Amounts recognized in statement of cash flows

Payment of interest	542,173	345,813
Payment of principal	1,023,515	1,440,065
Total payment	**1,565,688**	**1,785,878**

29. LEASES (CONTINUED)

Leases as lessee (IFRS 16) (continued)

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

2025

	Within 1 year TZS'000	**1 to 2 years TZS'000**	**2 to 5 years TZS'000**	**Total contractual cash flows TZS'000**
Lease liabilities	2,295,016	2,295,016	116,783	4,706,815

2024	**Within 1 year TZS'000**	**1 to 2 years TZS'000**	**2 to 5 years TZS'000**	**Total contractual cash flows TZS'000**
Lease liabilities	1,785,878	1,117,175	-	2,903,053

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

30. DIVIDEND PAYABLE

	2025 TZS'000	**2024 TZS'000**
Balance at 1 January	-	-
Dividend declared and approved during the year	8,840,700	6,916,250
Withholding tax paid to Tanzania Revenue Authority (TRA)	(884,070)	(691,625)
Paid to shareholders	(7,956,630)	(6,224,625)
Balance at 31 December	**-**	**-**

31. INVESTMENT IN SUBSIDIARY

Investment in subsidiary- BRAC Zanzibar Finance Limited	1,499,998	1,499,998

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

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

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

The Company assesses the investment for impairment annually. No impairment losses were recognized during the year ended 31 December 2025.

32. DERIVATIVE FINANCIAL INSTRUMENTS

BRAC Tanzania Finance Limited (BTFL) entered into a non-deliverable cross-currency interest rate swap (CCIRS) portfolio with MFX, to reduce exposure to foreign currency risk on both principal and interest of three loans from BRAC International Holdings BV denominated in United States Dollar. The tables below summarize the mark to market valuation of the CCIRS at each reporting date. The CCIRS are measured at fair value through profit or loss; year-end valuations are derived using discounted cash flow techniques.

	Maturity date	Carrying value assets	Carrying value liabilities	Notional Payment amount (USD)	Notional Receiving amount (TZS)
		TZS'000	TZS'000	TZS'000	TZS'000
Balance as at 31 December 2025					
Derivatives used as fair value hedges					
CCIRS	12/15/2026	(115,022)	-	5,000,000	10,608,356
CCIRS	06/15/2027	(105,367)	-	1,295,337	2,996,711
CCIRS**	03/29/2029	-	1,563,427	5,000,000	12,972,900
CCIRS***	06/16/2025	-	-	4,585,493	7,737,800
Total derivative financial instruments		**(220,389)**	**1,563,427**	**15,880,830**	**34,315,767**
Balance as at 31 December 2024					
Derivatives used as fair value hedges					
CCIRS	12/15/2026	(176,032)	-	5,000,000	10,608,356
CCIRS	06/15/2027	(485,415)	-	1,295,337	2,996,711
CCIRS	06/16/2025	(324,788)	-	4,585,493	7,737,800
Total derivative financial instruments		**(986,235)**	**-**	**10,880,830**	**21,342,867**

CCIRS* - Cross Currency Interest Rate Swap
CCIRS** - New Cross Currency interest rate swap contract
CCIRS*** - Cross Currency interest rate swap contract matured during the year

Movement in fair value (2025 vs 2024): net movement of TZS 2,329 million (shift from a receivable position of (TZS 986 million) at 31 December 2024 to a payable position of TZS1,343 million at 31 December 2025). The movement reflects changes in forward FX curves, discount rates and projected cash flows used in the discounted cash flow valuation, as well as the passage of time as the swaps move closer to their respective maturities. Receivable balances are presented in brackets; payable balances are presented without brackets

Maturity analysis Cross Currency Interest Rate Swap (TZS'000)

Instrument	Less than a year	Between 1–2 years	Above 2 years	Total
CCIRS	11,600,900	2,996,711	12,972,900	**27,570,511**

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

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant Unobservable input
CCIRS	2	Discounted cash flow model	Currency rates and cash flow forecasts	Discount rate and cash flow forecasts

33. PRIOR YEAR ADJUSTMENTS

During the year, Management reviewed the presentation and classification of certain balances in the financial statements to ensure consistency with the Company's accounting policies and the requirements of IFRS Accounting Standards, particularly in relation to the application of the Effective Interest Rate (EIR) method and the appropriate classification of assets and liabilities.

As a result of this review, certain amounts previously presented in the financial statements have been reclassified. These reclassifications relate solely to the presentation and classification of balances and do not have any impact on profit or loss, total equity, or cash flows for the periods presented.

Accordingly, the comparative figures have been restated for consistent presentation. The restatements relate to the following items:

a) Reclassification of fees and commissions directly attributable to loans

Fees and commissions that are directly attributable to the origination of loans that were previously presented under Fees and Commission Income have been reclassified to Interest Income.

b) Reclassification of deferred fees and commissions

Deferred fees and commissions relating to loan origination were previously presented under Other Liabilities have been reclassified to Loans and Advances in the statement of financial position.

c) Reclassification of tax deposit

One-third of the tax deposit previously classified under Other Liabilities relates to amounts refundable to the Company and therefore meets the definition of a receivable.

STATEMENT OF PROFIT OR LOSS – RECLASSIFICATION IMPACT

for the year ended 31 December 2024

Line item (Figures in TZS'000)	As previously reported	Reclassification	As restated
Interest income	104,281,801	2,801,843	107,083,644
Fees and commission income	3,248,316	(2,801,843)	446,473
Total operating income	**91,598,759**	**-**	**91,598,759**
Profit for the year	**13,297,909**	**-**	**13,297,909**

STATEMENT OF FINANCIAL POSITION – RECLASSIFICATION IMPACT

as at 31 December 2024

Line item (Figures in TZS'000)	As previously reported	Reclassification	As restated
Loans to customers	248,451,140	(1,527,923)	246,923,217
Other assets	4,107,357	944,735	5,052,092
Other liabilities	(6,196,096)	583,188	(5,612,908)
Total assets	**358,417,243**	**(583,188)**	**357,834,055**
Total liabilities	**(262,150,329)**	**583,188**	**(261,567,141)**
Total equity	**(96,266,914)**	**-**	**(96,266,914)**

STATEMENT OF FINANCIAL POSITION – RECLASSIFICATION IMPACT

as at 1 January 2024

Line item (Figures in TZS'000)	As previously reported	Reclassification	As restated
Loans to customers	190,987,619	(251,619)	190,736,000
Other assets	1,479,824	944,735	2,424,559
Other liabilities	(4,759,149)	(693,116)	(5,452,265)
Total assets	**299,515,625**	**693,116**	**300,208,741**
Total liabilities	**(209,630,370)**	**(693,116)**	**(210,323,486)**
Total equity	**(89,885,255)**	**-**	**(89,885,255)**

34. CAPITAL COMMITMENTS

The Company does not have capital commitments as at 31 December 2025.

35. SUBSEQUENT EVENTS

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

36. ULTIMATE PARENT

The ultimate parent organization of BRAC Tanzania Finance Limited is Stitching BRAC International, a Dutch non-profit foundation registered in The Hague Netherlands.

BRAC TANZANIA FINANCE LIMITED

MEMORANDUM OF FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

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BRAC TANZANIA FINANCE LIMITED

MEMORANDUM OF FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

General Information on Functional and presentation currency

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

Memorandum figures

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

- Assets and liabilities were translated at the closing rate at 31 December 2025 of TZS 2475.00 (2024: TZS 2,452.00) to USD 1 except for additions and disposal of property and equipment which were translated at closing rate for the period of TZS 2,475 (2024: TZS 2,452) to USD 1.
- Income and expenses were translated using an average exchange rate for the period of TZS 2,560.04 (2024: TZS 2,452.00) to USD 1.
- Equity is not translated; and
- All resulting exchange differences are being recognised in other comprehensive income.

BRAC TANZANIA FINANCE LIMITED

MEMORANDUM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 USD	2024 USD Restated
Income			
Interest income	1	55,099,300	40,931,496
Interest expense	2	(12,564,122)	(8,968,798)
Net interest income		**42,535,179**	**31,962,698**
Fee and commission income	3	43,449	170,670
Other income	4	963,260	857,639
Fair value gain on derivatives	5	(415,758)	(519,326)
Grant income utilized	22(a)&b)	2,037,679	2,540,905
Total operating income		**45,163,808**	**35,012,586**
Impairment (charge)/release on loans to customers	12(b)	(3,263,020)	(654,269)
Operating Income after Impairment Charges		**41,900,788**	**34,358,317**
Staff costs and other benefits	6	(16,284,617)	(13,708,763)
Occupancy expenses	7	(219,932)	(182,967)
Operating expenses	8	(12,308,498)	(11,720,530)
Depreciation of property and equipment	14&24	(1,198,740)	(1,101,267)
Amortization of intangible assets	15	(484,869)	(435,398)
Total operating expenses		**(30,496,656)**	**(27,148,925)**
Profit before tax		**11,404,132**	**7,209,392**
Income tax expense	9(a)	(3,500,124)	(2,126,417)
Profit for the year		**7,904,008**	**5,082,975**
Other comprehensive income			
Total comprehensive income for the year		**7,904,008**	**5,082,975**

BRAC TANZANIA FINANCE LIMITED

MEMORANDUM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 USD	2024 USD Restated	2023 USD Restated
ASSETS				
Cash and bank balances	10	39,917,917	21,294,175	29,009,904
Fixed deposits	11	20,236,583	15,213,878	6,151,074
Loans to customers	12 (a)	119,731,656	100,702,780	75,839,364
Related party receivables	13 (b)	6,394	29	456,170
Rights of use (ROU) on leases	24 (a)	2,224,379	1,056,812	1,041,902
Other assets	13 (a)	1,949,078	2,060,396	964,039
Derivatives financial instruments	26	89,046	402,217	932,358
Investment in subsidiary	27	611,745	611,745	596,421
Property and equipment	14	2,294,931	1,797,275	1,537,483
Intangible assets	15	1,154,495	1,431,186	1,848,041
Deferred tax asset	16	1,703,175	841,092	687,033
Advance Tax	9(b)	777,596	523,998	303,504
Total assets		**190,696,995**	**145,935,585**	**119,367,293**
LIABILITIES AND EQUITY				
Liabilities				
Other liabilities	17	2,585,900	2,289,114	2,167,899
Derivatives financial instruments	26	631,688	-	1,129,003
Lease liabilities	24(b)	1,744,704	1,183,953	51,715
Related party payables	18	165,024	509,545	-
Loan security fund	20	20,797,124	16,907,557	13,689,248
Borrowings - term loans	21	120,294,369	84,238,854	65,736,280
Deferred revenue grants	22	999,817	1,545,994	853,485
Total liabilities		**147,218,626**	**106,675,017**	**83,627,629**
Equity				
Ordinary share capital		6,535,950	6,535,950	6,535,950
Retained earnings		37,438,798	33,143,113	29,775,449
Translation reserve		(496,379)	(418,494)	(571,735)
Total equity		**43,478,369**	**39,260,569**	**35,789,664**
Total equity and liabilities		**190,696,995**	**145,935,586**	**119,367,293**

BRAC TANZANIA FINANCE LIMITED

MEMORANDUM STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Ordinary Share Capital USD	Retained Earnings USD	Total Capital Fund USD
Balance at 1 January 2025	6,535,948	32,724,621	39,260,569
Profit for the year		7,904,008	7,904,008
Transactions with owners of the company			
Dividends paid	-	(3,300,000)	(3,300,000)
Foreign currency translation loss	-	(386,048)	(386,048)
Balance as at 31 December 2025	**6,535,948**	**36,942,581**	**43,478,529**
Balance at 1 January 2024	6,535,948	29,203,716	35,739,664
Profit for the year	-	5,082,975	5,082,975
Transactions with owners of the company			
Dividends paid	-	(2,750,000)	(2,750,000)
Foreign currency translation loss	-	1,187,930	1,187,930
Balance as at 31 December 2024	**6,535,948**	**32,724,621**	**39,260,569**

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 USD	2024 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11,404,132	7,209,392
Adjustment for non-cash items			
Depreciation charge and amortization	14&24	1,198,740	1,101,267
Amortization charges on intangible assets	15	484,869	435,398
Amortization of deferred grants	22 (a) &(b)	(2,037,679)	(2,540,905)
Loss on disposal of assets		8,947	(10,207)
Fair valuation gains on financial instruments		415,759	519,326
Interest expense and other fees	2	12,564,122	8,836,615
Impairment charge on loans to customers	12(b)	3,263,020	654,269
		27,301,910	**16,205,155**
Changes in:			
- Other assets and related party receivables		82,889	(46,515)
- Fixed Deposits		(4,992,541)	(8,345,982)
- Changes on derivatives instruments		494,107	
- Other liabilities and related party payable		(196,293)	975,385
- Loans to customers		(24,770,100)	(27,848,686)
Cash flow from operating activities		**(2,080,029)**	**(19,060,643)**
Tax paid	9(b)	(4,616,853)	(2,453,615)
Interest paid on borrowings	21	(10,133,179)	(6,703,563)
Net cash used in operating activities		**(16,830,061)**	**(28,217,821)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	14	(1,287,786)	(779,215)
Acquisition of Intangible	15	(230,127)	-
Proceeds from disposal of assets		-	10,207
Net cash used in investing activities		**(1,517,913)**	**(769,008)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the year	25	(3,300,000)	(2,750,000
Term loans acquired during the year	21	73,317,411	46,203,681
Repayment of the term loans – principal	21	(38,355,461)	(28,790,980)
Payment of lease liability – principal and interest	24	(611,587)	(682,675)
Loan security funds received during the year	20	8,406,775	10,440,648
Loan security funds paid during the year	20	(4,494,514)	(7,574,060)
Grant received during the year	22	1,516,703	3,381,605
Net cash generated from financing activities		**36,479,327**	**20,228,219**
Net increase/decrease) in cash and cash equivalents		19,120,056	(8,626,427)
Cash and cash equivalents at the beginning of the year		21,294,175	29,009,904
Foreign exchange translation reserve		(496,314)	910,698
Cash and cash equivalents at the end of the year	10	**39,917,917**	**21,294,175**

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. INTEREST INCOME

	2025 USD	2024 USD
Micro finance	45,833,633	34,858,920
Small enterprise program	3,035,039	2,275,430
Agriculture	3,943,514	2,726,184
	52,812,186	**39,860,534**
Loan appraisal fee	2,287,114	1,070,962
Total interest income	**55,099,300**	**40,931,496**

2. INTEREST EXPENSE

	2025 USD	2024 USD
Interest in expense on loans from		
- Bank of Africa (BOA)	1,573,045	776,614
- Responsibility	2,542,389	1,850,071
- Stromme Microfinance (E.A) Ltd	-	36,181
- CRDB Bank Plc.	696,783	296,166
- Standard Chartered Bank	-	188,941
- Agent for Impact (AFI)	856,106	200,344
- Blue Orchard Microfinance Fund	1,876,164	1,489,918
- BRAC International Finance B.V (BIFBV)	960,719	1,664,527
- Triple Jump	1,242,183	1,148,556
- Club lenders Series 2	1,095,591	40,208
Subtotal – interest on term loans	**10,842,980**	**8,330,665**
- Fund management fees	272,152	193,525
- Technical fee BIFBV	405,084	229,246
- MFX translation BIFBV Loan	704,086	639,139
- Interest expense on lease liabilities	211,783	132,183
- Other Interest expense (DRN and debtors' interest etc)	128,037	83,179
Total interest expense	**12,564,122**	**8,968,798**

3. FEE AND COMMISSION INCOME

	2025 USD	2024 USD
Loan application fee	4,184	14,871
Membership fee	39,265	155,799
Total fee and commission income	**43,449**	**170,670**

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

4. OTHER INCOME

	2025 USD	2024 USD
Gain due to early repayment of loans	-	-
Interest income from bank deposit	417,019	296,604
Sale from passbooks	10,216	40,307
Administrative fees	10,284	31,526
Other Income	525,741	291,562
Gain from disposal of assets	-	10,207
VAT paid on other income	-	(56,990)
Foreign exchange loss	-	244,423
	963,260	**857,639**

5. FAIR VALUE GAIN ON DERIVATIVES

Fair value gain on derivatives	1,257,180	1,234,380
Loss on derivative	(1,672,938)	(1,753,706)
Cross currency interest rate swaps	**(415,758)**	**(519,326)**

6. STAFF COSTS AND OTHER BENEFITS

Salaries and benefits	12,746,729	10,750,130
NSSF	2,764,300	2,360,556
Bonus	773,588	598,077
	16,284,617	**13,708,763**

7. OCCUPANCY EXPENSES

Rent	1,382	-
Utilities	218,550	182,967
	219,932	**182,967**

8. OPERATING EXPENSES

Travelling and transportation costs	3,960,284	3,329,430
Training, workshop, and seminars costs	456,908	439,591
Maintenance and general expenses	187,794	216,664
Loss on disposal of PPE	9,007	-
Member's death benefit expenses	-	241
Office vehicle running expenses	93,027	86,979
Audit and other legal fees	61,465	70,531
Head office logistics and management expenses	990,077	1,144,736
Stationery expenses	605,151	523,785
Software maintenance	1,135,881	1,670,652
Business license fees and other regulatory expenses	573,229	449,872
Bank charges	286,049	348,586
Loan recovery expenses	2,699	57
Professional & consultancy	183,588	217,933
Office security expenses	1,140,893	933,042
Cleanliness and hygiene expenses	293,080	249,509
Other expenses	2,329,366	2,038,922
	12,308,498	**11,720,530**

9. TAXATION

(a) Tax expense

	2025 USD	2024 USD
Current income tax charge - current year	4,341,141	2,427,169
Current income tax charge - prior year	-	(172,904)
Deferred income tax (credit)/charge - prior year (Note 16)	(5,987)	-
Deferred income tax credit - current year (Note 16)	(835,030)	(127,848)
Foreign exchange translation reserve	-	-
	3,500,124	**2,126,417**

Effective rate of income tax

Profit before income tax	11,404,232	7,209,392
Tax rate reconciliation		
Tax calculated at a rate of 30% (2024:30%)	3,421,643	2,162,818
Depreciation of non-qualifying assets	16,807	18,441
Interest expense - disallowable	-	60,369
Current income tax	-	(172,904)
Deferred income tax – prior year	(5,987)	196
Expenses not deductible for tax purposes	67,661	57,497
	3,500,124	**2,126,417**

b) Tax receivable

	2025 USD	2024 USD
Balance at 1 January	(523,999)	(303,504)
Charge during the year	4,341,141	2,427,169
Tax paid	(4,616,853)	(2,453,615)
Tax charge - prior year	-	(172,904)
Foreign exchange translation reserve	22,115	(21,145)
Balance at 31 December	**(777,596)**	**(523,999)**

10. CASH AND BANK BALANCES

Cash in hand	267	413
Mobile Wallet	305,723	40,471
Cash at bank	39,611,927	21,253,291
	39,917,979	**21,294,175**
Current	39,917,917	21,294,175
Non-current	-	-
	39,917,917	**21,294,175**

11. FIXED DEPOSITS

	2025 USD	2024 USD
Principal	19,756,854	15,006,000
Interest receivable	479,729	207,878
	20,236,583	**15,213,878**
Current	4,213,277	488,382
Non-current	16,023,306	14,725,496
	20,236,583	**15,213,878**

12. LOANS TO CUSTOMERS

(a) Net loans to customers

Loans to customers (gross)	125,470,828	103,878,682
Provision for impairment on loans to customers	(4,762,322)	(2,552,768)
Balance at 31 December	**120,708,506**	**101,325,914**
Deferred loan appraisal fee	(976,849)	(623,134)
Net Loans and Advances to customers	**119,731,656**	**100,702,780**
Expected to be recovered		
Within 1 Year Current	119,731,656	100,702,780
After 1 Year Non-Current	-	-
Net Loans and Advances	**119,731,656**	**100,702,780**

(b) Impairment charge on loans to customer

Balance as at 1 January	2,552,768	2,599,886
Charge/(release) for the year	3,263,020	654,269
Write offs	(1,141,862)	(891,219)
Charge of provision on interest receivable	-	146,049
Foreign exchange translation difference	88,396	43,783
Balance at 31 December	**4,762,322**	**2,552,768**

(c) Gross loans to customers

Micro finance	101,141,462	90,860,702
Small enterprise program	8,844,538	4,812,854
Agriculture	12,320,224	5,811,561
Interest Receivable	3,164,604	2,393,565
	125,470,828	**103,878,682**

13. OTHER RECEIVABLES BALANCES

(a) Other assets

	2025 USD	2024 USD
Advances and prepayments	44,789	694,301
Stock of consumables	467,709	454,502
Employee Receivables	110,405	36,299
Receivable from Supplier	144,446	27,015
Outstanding receivables	124,278	-
Fund Management Fees	675,741	462,988
One third objection tax deposit	381,711	385,292
	1,949,078	**2,060,397**
Current	1,609,925	1,852,581
Non-current	339,153	207,816
	1,949,078	**2,060,397**

During the year ended 31 December 2025, inventories of TZS 467,708 (2024: TZS 454,502) were recognized as assets.

(b) Related party receivables

BRAC Maendeleo Tanzania	-	-
BRAC International Holdings BV	-	-
BRAC Zanzibar Finance Limited	6,394	29
	6,394	**29**
Current	6,394	29
Non-current	-	-
	6,394	**29**

BRAC TANZANIA FINANCE LIMITED

NOTES TO MEMORANDUM OF FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

14. PROPERTY AND EQUIPMENT

	Furniture USD	Equipment USD	Work in Progress USD	Motor Vehicles USD	Leasehold Improvement USD	Total USD
COST						
At 1 January 2025	**969,025**	**1,631,369**	**142,749**	**454,067**	**70,299**	**3,267,509**
Additions	243,705	1,040,718	-	-	3,363	1,287,786
Transfer	-	142,749	(142,749)	-	-	-
Disposal	(43,413)	(101,474)	-	-	-	(144,887)
Foreign Exchange Translation reserve	-	-	-	-	-	
,As at 31 December 2025	**1,169,317**	**2,713,362**	**-**	**454,067**	**73,662**	**4,410,408**
At 1 January 2024	823,772	1,406,984	-	399,323	48,401	2,678,480
Additions	185,372	284,497	139,560	148,471	21,315	779,215
Reclassification	-	(3,244)	-			(3,244)
Disposal	(48,919)	(72,635)	-	(93,470)	-	(215,024)
Foreign Exchange Translation reserve	15,803	26,588	3,189	7,477	1,147	54,204
As at 31 December 2024	**976,028**	**1,642,190**	**142,749**	**461,801**	**70,863**	**3,293,631**
DEPRECIATION						
At 1 January 2025	**393,306**	**899,135**	**-**	**180,278**	**9,731**	**1,482,450**
Charge for the year	92,284	593,504	-	82,997	3,654	772,439
Disposal	(64,405)	(75,007)	-	-	-	(139,412)
Foreign Exchange Translation reserve	-	-	-	-	-	-
At 31 December 2025	**421,185**	**1,417,632**	**-**	**263,275**	**13,385**	**2,115,477**
At 1 January 2024	384,873	540,805	-	207,954	7,161	1,140,793
Charge for the year	51,013	396,754	-	64,107	2,322	514,196
Reclassification impact/Adjustment	-	6,607	-	-	-	6,607
Disposal	(48,919)	(72,635)	-	(93,470)	-	(215,024)
Foreign Exchange Translation reserve	13,318	29,994	-	6,146	326	49,784
At 31 December 2024	**400,285**	**901,525**	**-**	**184,737**	**9,809**	**1,496,356**
NET BOOK VALUE						
At 31 December 2025	**748,132**	**1,295,730**	**-**	**190,792**	**60,277**	**2,294,931**
At 31 December 2024	**575,743**	**740,665**	**142,749**	**277,064**	**61,054**	**1,797,275**

15. INTANGIBLE ASSETS

	Software	Total
	USD	**USD**
Cost		
At 1 January 2024	1,973,638	1,973,638
Additions		
Foreign Exchange Translation reserve	50,709	**50,709**
At 31 December 2024	2,024,347	2,024,347
At 1 January 2025	**2,024,347**	**2,024,347**
Additions	230,127	**230,127**
Foreign Exchange Translation reserve	(10,905)	**(10,905)**
At 31 December 2025	**2,243,569**	**2,243,569**
Accumulated amortization		
At 1 January 2024	297,593	297,593
Charge for the year	129,215	129,215
Reclassification/depreciation- 2024	-	-
Foreign Exchange Translation reserve	(301,211)	(301,211)
At 31 December 2024	125,597	125,597
At 1 January 2025	**125,597**	**125,597**
Charge for the year	484,869	484,869
Foreign Exchange Translation reserve	478,608	478,608
At 31 December 2025	**1,089,074**	**1,089,074**
Net book value (NBV)		
At 31 December 2024	**1,431,186**	**1,431,186**
At 31 December 2025	**1,154,495**	**1,154,495**

16. DEFERRED TAX ASSET

	2025 USD	2024 USD
The movement in the deferred tax asset during the year is as follows:		
At 1 January	841,092	686,976
Credit/(charge) for the year- Note 9 (a)	835,030	127,848
Charge to P/L prior year	5,987	-
Foreign exchange translation difference	21,066	26,268
At 31 December	**1,703,175**	**841,092**
Deferred tax arises from temporary differences on the following items:		
Property and equipment	105,660	16,616
Impairment provision – general	1,693,932	120,001
Revaluation reserve for securities investments	-	-
IFRS 16 Adjustment	60,358	
Foreign exchange translation difference	(156,775)	-
	1,703,175	**136,617**

17. OTHER LIABILITIES

	2025 USD	2024 USD
Accrued expenses	40,866	37,069
Audit Fees Payable	25,281	28,972
Other payables	595,981	560,744
Unallocated advance loan repayments	657,657	431,721
Insurance premium and claims	139,704	129,367
Provision for Tax and other legal cases	1,126,410	1,101,241
	2,585,900	**2,289,114**
Current	**2,585,900**	**2,289,114**
Non-current	**-**	**-**
	2,585,900	**2,289,114**

18. RELATED PARTY PAYABLES

Payable to BRAC Bangladesh	2,991	2,265
Payable to BRAC IT Service (BITS)	12,279	25,478
Payable to BRAC International Holding BV	56,794	314,844
Payable to Stichting BRAC International	386	475
Payable to Zanzibar Finance Ltd	92,574	166,483
	165,024	**509,545**

19. ORDINARY SHARE CAPITAL

		Ownership 2025	Ownership 2024
BRAC Bangladesh			
BRAC Foundation			
BRAC International Holding BV	99.99%	4,999,999	4,999,999
Shameran Abed	0.01%	1	1
		5,000,000	**5,000,000**

19. ORDINARY SHARE CAPITAL (CONTINUED)

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

20. LOAN SECURITY FUND

	2025 USD	2024 USD
Balance as at 1 January	16,907,557	13,689,248
Collections during the year	8,406,775	10,440,648
Withdrawals during the year	(4,494,514)	(7,574,060)
Foreign exchange translation reserve	(22,694)	351,721
Balance as at 31 December	**20,797,124**	**16,907,557**
Current	20,797,124	16,907,557
Non-current	-	-
	20,797,124	**16,907,557**

21. TERM LOANS

	2025	2024
Long term portion of term loans	43,296,394	43,912,849
Current portion of term loans	76,997,975	40,326,005
	120,294,369	**84,238,854**

The movement of term loans is as follows

	2025	2024
Balance at 1 January	84,238,854	65,736,280
New loans received during the year	73,317,411	46,096,260
Interest charge for the year	11,346,196	8,206,491
Interest paid during the year	(10,133,179)	(6,703,563)
Principal repaid during the year	(38,355,461)	(28,790,980)
Loss on valuation	-	-
Foreign exchange on loans	-	-
Foreign exchange translation reserve	(119,452)	(305,634)
Balance at 31 December	**120,294,369**	**84,238,854**
Current	43,296,394	40,326,005
Non – current	76,997,975	43,912,849
	120,294,369	**84,238,854**

Current portion of term loans

	2025	2024
Triple Jump	6,607,303	278,471
Bank of Africa (T)	4,529,112	8,129,616
CRDB Bank PLC	5,729,359	5,065,317
Proparco, BIO, Ceniarth & GP	1,673,708	42,900
ResponsAbility Investment AG	9,177,491	8,550,702
BRAC International Finance B.V(BIFBV)	4,106,343	11,494,421
HANSAINVEST Finance I GmbH	2,780,612	963,874
BlueOrchard Microfinance Fund	8,692,466	5,800,704
	43,296,394	**40,326,005**

21. TERM LOANS (CONTINUED)

Non - current portion of term loans	2025 USD	2024 USD
Triple Jump	1,284,388	7,687,244
Bank of Africa (T)	14,354,804	7,162,078
ResponsAbility Investments AG	14,309,465	6,738,664
Proparco, BIO, Ceniarth & GP	18,335,000	5,000,000
BlueOrchard Microfinance Fund	432,642	4,722,430
BRAC International Finance B.V (BIFBV)	15,510,255	3,514,850
HANSAINVEST Finance I GmbH & Co.	4,989,091	2,506,934
CRDB Bank PLC	7,782,330	6,580,649
	76,997,975	**43,912,849**

22. DEFERRED REVENUE GRANTS

a) Donor funds received in advance – Mastercard

Balance at 1 January	173,166	127,429
Grants received during the year*	1,516,703	3,381,605
Grants income utilized during the year	(1,692,102)	(2,342,731)
Donor fund invested in fixed assets	-	(785,355)
Foreign currency translation difference	2,233	(206,158)
Balance at 31 December	-	**174,790**

*During the year 2025, the company received donor fund from Master card foundation to support Microfinance in digitalization and implementation of digital field automation (DFA) system.

b) Donor funds Invested in Fixed Assets

Transferred from donor funds received in Advance	1,371,204	726,055
Additional donor fund invested in Fixed asset	-	785,355
Depreciation charged during the year	(345,577)	(198,174)
Foreign currency translation difference	(13,907)	57,968
Balance at 31 December	**999,817**	**1,371,204**
Total deferred grant balance	**999,817**	**1,545,994**

23. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

23. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Due to related parties (Payables)	2025 USD	2024 USD
BRAC Bangladesh (Expatriate staff and travelling cost)	2,991	2,265
BRAC International Holdings B. V	56,794	314,844
BRAC Zanzibar Finance Limited	92,574	166,483
BRAC IT services (BITS)	12,279	25,478
Stitching BRAC International	386	475
	165,024	**509,545**

(b) Borrowing from related parties

BRAC International Holdings B. V	4,537,990	16,223,830
	4,537,990	**16,223,830**

(c) Due from related parties (Receivables)

BRAC Maendeleo Tanzania	-	-
BRAC International Holdings BV	-	-
BRAC Zanzibar Finance Limited	6,394	29
	6,394	**29**

Transactions with related parties

Head Office logistics and management expenses	990,077	846,156
BRAC International Finance BV (BIFBV)	4,537 ,990	2,020,565
Transactions to BRAC IT Services (BITS) for IT costs	62,366	194,205
Settlements made on behalf of BRAC Maendeleo	-	82,035
Fund transfers to BRAC Zanzibar Finance Limited	-	166,484
Settlements made on behalf of BRAC Enterprise Tanzania Limited	-	-
Settlements made on behalf of BRAC Bangladesh	6,849	15,185
Expatriate staff and travelling cost	283,904	22,142
Interest charged to BRAC Zanzibar interest on borrowed funds	-	-

(d) Directors Cost

Sitting allowances	5,859	4,957

There were no other costs incurred with respect to directors during the year and in prior year.

(e) Key management personnel costs

Salaries	522,556	611,473
Other benefits (including statutory)	112,236	193,097
	634,792	**804,570**

24. LEASES

Leases as lessee (IFRS 16)

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

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

	2025 USD	2024 USD
Balanced at 1 January	1,056,992	1,041,902
Additions	136,291	202,626
Depreciation charge for the year	(426,301)	(587,071)
Impact of remeasurement	1,166,654	411,296
Disposal	341,930	-
Translation Reserve	(51,188)	(11,941)
Balance at 31 December	**2,224,378**	**1,056,812**

(b) Lease liability (office premises)

Balance at 1 January	1,183,953	1,129,003
Impact of remeasurement	851,688	411,296
Additions	136,291	202,626
Interest expense	219,060	132,192
Lease payments (principal and interest)	(632,601)	(682,675)
Disposal	(2,595)	-
Translation Reserve	(11,092)	(8,489)
Balance at 31 December	**1,744,704**	**1,183,953**

Current portion of lease liability	612,049	728,335
Non-current portion of lease liability	1,132,655	455,618
	1,744,704	**1,183,953**

Non-cancellable operating lease commitments		
Less than one year	612,049	728,335
Between one and five years	1,132,655	455,618
Total undiscounted lease liabilities at 31 December	**1,744,704**	**1,183,953**

(c) Amounts recognised in profit or loss

Depreciation on right-of-use asset	474,765	587,071
Short-term leases (note 7)	-	-
Interest on lease liability	211,783	132,183
	686,548	**719,254**

24. LEASES (CONTINUED)

Leases as lessee (IFRS 16) (continued)

	2025 USD	2024 USD
(d) Amounts recognised in statement of cash flows		
Payment of interest	211,783	132,183
Payment of principal	399,804	596,152
Total payment	**611,587**	**728,335**

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

2025	Within 1 year USD	1 to 2 years USD	2 to 5 years USD	Total contractual cash flows USD
Lease liabilities	612,049	-	1,132,655	1,744,704

2024	Within 1 year USD	1 to 2 years USD	2 to 5 years USD	Total contractual cash flows USD
Lease liabilities	728,335	728,335	-	1,183,953

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

25. DIVIDEND PAYABLE

	2025 USD	2024 USD
Balance at 1 January	-	
Dividend declared and approved during the year	3,300,000	2,750,000
Withholding tax paid to Tanzania Revenue Authority (TRA)	(330,000)	(275,000)
Paid to shareholders	(2,970,000)	(2,475,000)
Balance at 31 December	**-**	**-**

26. DERIVATIVE FINANCIAL INSTRUMENTS

Fair Value Derivatives payable/(receivable)	631,688	(402,217)

27. INVESTMENT IN SUBSIDIARY

Investment in BRAC Zanzibar Finance Ltd	606,060	596,421
Translation Reserve	5,685	15,324
Balance at 31 December	**611,745**	**611,745**

28. SUBSEQUENT EVENTS

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

29. ULTIMATE PARENT

The ultimate parent organization of BRAC Tanzania Finance Limited is Stichting BRAC International, a Dutch non-profit foundation registered in The Hague, Netherlands.