

THE NEW DEVELOPMENT BANK

Independent Auditor's Report and
Financial Statements
For the year ended December 31, 2025
(Prepared in accordance with IFRS
Accounting Standards)

THE NEW DEVELOPMENT BANK

Annual Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

To the Board of Governors of the New Development Bank

Opinion

We have audited the financial statements of the New Development Bank (the Bank), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank 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 as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report - continued

Key Audit Matter - continued

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Loss (ECL) of loans and advances	
<p>We identified the measurement of ECL for the Bank's loans and advances as a key audit matter due to the significance of these assets to the Bank's financial statements and the significant management judgement and estimation required in the measurement.</p> <p>As disclosed in Note 4 to the financial statements, significant management judgement and estimation is required in the measurement of ECL, which includes assessing whether the credit risk of an asset has significantly increased or become credit-impaired, using appropriate models and assumptions, determining the key inputs including probability of default (PD) and loss given default (LGD), selecting forward-looking scenarios and their probability weighting.</p> <p>As at 31 December 2025, the Bank held loans and advances to customers of USD 21,769 million, less impairment allowance of USD 192 million as disclosed in Note 19 to the financial statements.</p>	<p>Our procedures in relation to Management's measurement of ECL for loans and advances included:</p> <ul style="list-style-type: none"> • Understanding and evaluating key controls of the management over the measurement of ECL; • Evaluating the appropriateness of the ECL model, and the critical assumptions and parameters used in the model, including PD, LGD, macroeconomic scenarios and their weightings selected for forward-looking information; • Evaluating the determination of the criteria for significant increase in credit risk by Management and, on a sample basis, testing its application; • Recalculating the ECL outputs on a sample basis independently.

Other Information

Management of the Bank is responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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, 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.

Independent Auditor's Report - continued

Responsibilities of Management and the Board of Governors for the Financial Statements

Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as the Management determines 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 Management is responsible for assessing the Bank'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 Management either intends to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for overseeing the Bank'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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of the Bank.

Independent Auditor's Report - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank 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 Board of Governors 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 the Board of Governors 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, actions taken to eliminate threats or safeguards applied.

From the matter communicated with the Board of Governors, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe the matter 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.

Deloitte Touche Tohmatsu CPA LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, People's Republic of China

May 15, 2026

THE NEW DEVELOPMENT BANK

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

Expressed in millions of U.S. dollars

	<u>Notes</u>	Year ended December <u>31, 2025</u>	Year ended December <u>31, 2024</u>
Interest income	7	1,485	1,591
Interest expense	7	<u>(738)</u>	<u>(663)</u>
Net interest income	7	<u>747</u>	<u>928</u>
Net fee income	8	11	7
Net losses on financial instruments at fair value through profit or loss (FVTPL) and foreign exchange	9	<u>(54)</u>	<u>(180)</u>
Staff costs	10	(73)	(66)
Other operating expenses	11	(35)	(33)
Impairment losses under expected credit loss (ECL) model, net of reversal	12	(48)	(65)
Other expense		<u>(8)</u>	<u>(6)</u>
Operating profit for the year		<u>540</u>	<u>585</u>
Unwinding of interest on paid-in capital receivables		<u>11</u>	<u>10</u>
Profit for the year		<u>551</u>	<u>595</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on debt instruments at fair value through other comprehensive income (FVTOCI)		12	3
Impairment loss for debt instruments at FVTOCI included in profit or loss, net of reversal		<u>-.*</u>	<u>(1)</u>
Other comprehensive income for the year		<u>12</u>	<u>2</u>
Total comprehensive income for the year		<u>563</u>	<u>597</u>

* Less than United States Dollar (USD) half of a million

THE NEW DEVELOPMENT BANK

Statement of Financial Position

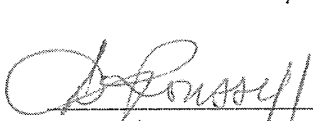
As at December 31, 2025

Expressed in millions of U.S. dollars


	<u>Notes</u>	As at December <u>31, 2025</u>	As at December <u>31, 2024</u>
Assets			
Cash and cash equivalents	13	1,547	609
Due from banks other than cash and cash equivalents	14	6,315	5,282
Derivative financial assets	15	266	315
Financial assets at FVTPL	16	148	623
Debt instruments at FVTOCI	17	1,028	702
Debt instruments measured at amortised cost	18	4,163	4,091
Loans and advances	19	21,577	19,518
Paid-in capital receivables	20	426	386
Right-of-use assets		1	1
Property and equipment		1	1
Intangible assets		_*	_*
Other assets	21	126	8
Total assets		<u>35,598</u>	<u>31,536</u>
Liabilities			
Derivative financial liabilities	15	294	210
Financial liabilities designated at FVTPL	22	13,807	12,557
Bank borrowings	23	6,256	4,756
Note payables	24	348	-
Bond payables	25	1,788	1,560
Lease liabilities		_*	_*
Contract liabilities	26	62	57
Other liabilities	27	134	157
Total liabilities		<u>22,689</u>	<u>19,297</u>
Equity			
Paid-in capital	28	10,661	10,538
Reserves	29	(16)	(23)
Retained earnings		2,264	1,724
Total equity		<u>12,909</u>	<u>12,239</u>
Total equity and liabilities		<u>35,598</u>	<u>31,536</u>

* Less than USD half of a million


The annual financial statements on pages 5 to 77 were approved and authorised for issue by the Board of Governors on May 15, 2026 and signed on their behalf by:



 Dilma Vana Rousseff
 President



 Monale Ratsoma
 Chief Financial Officer



 Halima Nazeer
 Director General,
 Finance, Budget and Accounting

THE NEW DEVELOPMENT BANK

Statement of Changes in Equity
For the year ended December 31, 2025
Expressed in millions of U.S. dollars

	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2025	10,538	-*	-*	(23)	1,724	12,239
Operating profit for the year	-	-	-	-	540	540
Other comprehensive income for the year	-	-	12	-	-	12
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	11	11
Total comprehensive income for the year	-	-	12	-	551	563
Capital subscriptions	123	-	-	-	-	123
Impact on discounting of paid-in capital receivables	-	-	-	(16)	-	(16)
Impact of early payment on paid-in capital receivables	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	11	(11)	-
As at December 31, 2025	<u>10,661</u>	<u>-*</u>	<u>12</u>	<u>(28)</u>	<u>2,264</u>	<u>12,909</u>
	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2024	10,538	-*	(2)	(33)	1,139	11,642
Operating profit for the year	-	-	-	-	585	585
Other comprehensive income for the year	-	-	2	-	-	2
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	10	10
Total comprehensive income for the year	-	-	2	-	595	597
Impact of early payment on paid-in capital receivables	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	10	(10)	-
As at December 31, 2024	<u>10,538</u>	<u>-*</u>	<u>-*</u>	<u>(23)</u>	<u>1,724</u>	<u>12,239</u>

* Less than USD half of a million

THE NEW DEVELOPMENT BANK

Statement of Cash Flows

For the year ended December 31, 2025

Expressed in millions of U.S. dollars

	Year ended December <u>31, 2025</u>	Year ended December <u>31, 2024</u>
OPERATING ACTIVITIES		
Profit for the year	551	595
Adjustments for:		
Interest expense	738	663
Interest income from debt instruments measured at amortised cost	(159)	(134)
Interest income from debt instruments at FVTOCI	(39)	(83)
Depreciation and amortisation	1	1
Losses on disposal of property and equipment	-*	-*
Unrealised losses/(gains) on financial instruments	661	(226)
Realised losses on derivatives	127	246
Realised gains from financial liabilities designated at FVTPL	(125)	(84)
Realised gains from private equity funds included in financial assets at FVTPL	(1)	-
Unwinding of interest on paid-in capital receivables	(11)	(10)
Impairment losses under ECL model, net of reversal	48	65
Unwinding of discount on the ECL included in interest income	3	2
Exchange (gains)/losses on debt instruments measured at amortised cost	(4)	6
Exchange losses/(gains) on bond payables	30	(4)
Exchange gains on note payables	-*	(1)
Exchange gains on lease liabilities	-*	-*
Other exchange losses	8	5
Debt issuance cost	8	6
Fee expense	-*	2
Operating cash flows before changes in operating assets and liabilities	<u>1,836</u>	<u>1,049</u>
Net (increase)/ decrease in due from banks	(1,033)	1,053
Net increase in loans and advances	(2,098)	(1,800)
Net decrease/(increase) in money market funds included in financial assets at FVTPL	500	(500)
Net (increase)/ decrease in other assets	(118)	20
Net (decrease)/ increase in other liabilities and contract liabilities	(34)	100
Cash used in operations	<u>(947)</u>	<u>(78)</u>
Proceeds from settlement on derivatives	1,735	1,383
Payment of settlement on derivatives	<u>(1,683)</u>	<u>(1,313)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(895)</u>	<u>(8)</u>

* Less than USD half of a million

THE NEW DEVELOPMENT BANK

Statement of Cash Flows - continued
For the year ended December 31, 2025
Expressed in millions of U.S. dollars

	Year ended December <u>31, 2025</u>	Year ended December <u>31, 2024</u>
INVESTING ACTIVITIES		
Interest received on debt instruments measured at amortised cost	51	31
Interest received on debt instruments at FVTOCI	33	21
Dividends from private equity funds included in financial assets at FVTPL	1	-
Purchase of debt instruments measured at amortised cost	(4,810)	(5,542)
Proceeds from redemption of debt instruments measured at amortised cost	4,850	2,753
Purchase of debt instruments at FVTOCI	(404)	(722)
Proceeds from redemption of debt instruments at FVTOCI	96	2,085
Purchase of financial assets at FVTPL	(21)	(42)
Proceeds from settlement on derivatives	131	1,138
Payment of settlement on derivatives	(124)	(1,133)
Purchase of property and equipment and intangible assets	-*	(1)
NET CASH USED IN INVESTING ACTIVITIES	<u>(197)</u>	<u>(1,412)</u>
FINANCING ACTIVITIES		
Interest paid on bonds	(435)	(409)
Interest paid on bank borrowings	(253)	(134)
Interest paid on note payables	-*	(106)
Interest paid on lease liabilities	-*	-*
Paid-in capital received	78	51
Proceeds from issuance of bonds	5,128	3,988
Repayment from bonds	(4,133)	(4,278)
Proceeds from withdrawal of bank borrowings	1,500	4,700
Proceeds from issuance of note payables	424	929
Repayments from note payables	(77)	(3,140)
Payment of issuance cost of bond and note payables	(8)	(6)
Payment of fee expense of bank borrowings	-*	(2)
Proceeds from settlement on derivatives	355	54
Payment of settlement on derivatives	(549)	(380)
Repayments of lease liabilities	-*	-*
NET CASH FROM FINANCING ACTIVITIES	<u>2,030</u>	<u>1,267</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	938	(153)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>609</u>	<u>762</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>1,547</u>	<u>609</u>
Interest received in operating activities	<u>1,311</u>	<u>1,356</u>
Interest paid in operating activities	<u>3</u>	<u>2</u>

* Less than USD half of a million

1. General Information

The New Development Bank (the Bank) was established on the signing of the Agreement on the New Development Bank (the Agreement) on July 15, 2014 by the Government of the Federative Republic of Brazil (Brazil), the Russian Federation (Russia), the Republic of India (India), the People's Republic of China (China) and the Republic of South Africa (South Africa), collectively known as the "BRICS" countries or founding members. The Agreement took effect on July 3, 2015 according to the notification endorsed by Brazil in its capacity as depositary. On September 16, 2021, October 4, 2021, February 20, 2023 and May 19, 2025, the People's Republic of Bangladesh (Bangladesh), the United Arab Emirates (UAE), the Arab Republic of Egypt (Egypt) and the People's Democratic Republic of Algeria (Algeria), respectively, became new members of the Bank. The headquarters of the Bank is located in Shanghai, China. The Bank has established Africa Regional Center in Johannesburg, Americas Regional Office in Sao Paulo with a sub-office in Brasilia, Eurasian Regional Centre (ERC) in Moscow and Indian Regional Office (IRO) in Gujarat International Finance Tec-City.

As at December 31, 2025, the Bank had nine member countries. More details of member countries' paid-in capital are disclosed in Note 28. Additionally, the Bank's Board of Governors admitted four prospective members that will officially become member countries once they deposit their instruments of accession.

The purpose of the Bank is to mobilise resources for infrastructure and sustainable development projects within BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions, for global growth and development.

2. Application of IFRS Accounting Standards

The annual financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards.

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

The application of the following amendments to an IFRS Accounting Standard in the current year has had no material impact on the Bank's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Amendments to IAS 21

Lack of Exchangeability

2. Application of IFRS Accounting Standards - continued

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Bank has not early adopted the following new and amendments to IFRS Accounting Standards that have been issued and are relevant to the Bank but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Bank is in the process of assessing the detailed impact of IFRS 18 on the financial statements.

The Bank anticipates that the application of above new and amendments to IFRS Accounting Standards other than IFRS 18 will have no material impact on the financial statements in the foreseeable future.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information

Basis of preparation of financial statements

The annual financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, and in accordance with the IFRS Accounting Standards. These policies have been consistently applied throughout the year. For the purpose of preparation of the annual financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The Management of the Bank has, at the time of approving the annual financial statements, a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

More details about fair value hierarchy are provided in Note 6.

The preparation of the annual financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting years. It also requires Management to exercise its judgement in the process of applying the Bank's policies. The areas involving a higher degree of judgement or complexity, or areas where judgements and estimates are significant to the financial statements, are disclosed in Note 4.

The material accounting policies adopted are set out below and have been applied consistently to each year presented.

Revenue

Interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments at FVTOCI.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Revenue - continued

Interest income - continued

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Front-end fee

Front-end fees received or receivable relating to services provided under contracts with borrowers are recognised in the "Contract liabilities" until the services have been provided to borrowers. They are subsequently amortised over the period of the contract when they satisfy the performance obligation.

Commitment fee

Commitment fees relating to the undrawn loan commitment are recognised over the commitment period.

Borrowing costs

All borrowing costs of the Bank are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Bank's financial instruments mainly consist of cash and cash equivalents, due from banks other than cash and cash equivalents, financial assets at FVTPL, debt instruments at FVTOCI, debt instruments measured at amortised cost, loans and advances, paid-in capital receivables, certain other assets, financial liabilities designated at FVTPL, bank borrowings, note payables, bond payables, certain other liabilities, and derivative financial assets/liabilities.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Initial recognition and measurement - continued

Financial assets and financial liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial instruments

Financial assets

The Bank classifies its financial assets under IFRS 9 *Financial Instruments* depending on the Bank's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets measured at amortised cost

The Bank classifies an asset measured at amortised cost when the following conditions have been met:

- The financial asset is held within a business model whose objective is to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Classification and subsequent measurement of financial instruments - continued

Financial assets - continued

Financial assets measured at amortised cost - continued

The Bank applies the effective interest method to the amortised costs of a financial asset.

Financial assets classified as at FVTOCI

The Bank classifies debt instruments at FVTOCI if they are held within a business model whose objective is achieved by both selling the financial assets and collecting contractual cash flows and the contractual terms of financial asset give rise on specified dates to cash flows that are SPPI.

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets at FVTPL

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Bank may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Classification and subsequent measurement of financial instruments - continued

Financial assets - continued

Financial assets at FVTPL - continued

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Net losses on financial instruments at FVTPL and foreign exchange" line item.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 *Business Combinations* applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a designated and effective hedging instrument or a financial guarantee contract.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Classification and subsequent measurement of financial instruments - continued

Financial liabilities and equity - continued

Financial liabilities at FVTPL - continued

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL; or
- It forms part of a group of financial liabilities, which is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Bank's key management personnel.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

The Bank applies the fair value measurement option to the bonds issued during 2019 to 2025 to reduce the measurement or recognition inconsistency resulting from the economically related interest rate swap and cross currency swap.

Financial liabilities measured at amortised cost

Other financial liabilities such as bank borrowings, note payables and bond payables are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and currency risk, including interest rate swaps, cross currency swaps and forwards. Further details of derivative financial instruments are disclosed in Note 15.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Derivative financial instruments - continued

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Impairment

The Bank performs impairment assessment under ECL model on financial assets and items which are subject to impairment assessment under IFRS 9, such as loans and advances, debt instruments measured at amortised cost, debt instruments at FVTOCI, due from banks other than cash and cash equivalents, paid-in capital receivables, loan commitments and certain other assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

ECL of a financial instrument should be measured in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies a three-stage approach to measuring ECL on financial assets measured at amortised cost, debt instruments at FVTOCI and loan commitments. Financial assets and loan commitments migrate through the following three stages based on the change in credit quality since initial recognition:

(i) *Stage 1: 12-month ECL*

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events, occurring within the next 12 months, is recognised.

(ii) *Stage 2: Lifetime ECL - not credit-impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL is recognised.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Impairment - continued

(iii) *Stage 3: Lifetime ECL - credit-impaired*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. For financial assets that are credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of impairment allowance) rather than the gross carrying amount.

More details about credit risk analysis are provided in Note 5.

The disclosure regarding significant increases in credit risk, definition of default and credit-impaired financial assets are detailed in Note 5.

Measurement of ECL

The measurement of ECL is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the loan commitments draws down the loan, and the cash flows that the Bank expects to receive if the loan is drawn down.

Except for investments in debt instruments that are measured at FVTOCI and loan commitments, the Bank recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their net carrying amount through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the revaluation reserve in relation to accumulated loss allowance. The expected credit losses of loan commitment are recognised as a provision and presented in other liabilities.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Write-off policy

The Bank writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of assets other than sovereign loans, when the amounts are over 90 days past due or the amounts of sovereign loans are over 180 days past due. Financial assets written off may still be subject to enforcement activities under the Bank's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets and liabilities that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets and liabilities measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Foreign exchange gains/(losses)";
- For financial assets and liabilities measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Net losses on financial instruments at FVTPL and foreign exchange".

Derecognition of financial instruments

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Financial instruments - continued

Derecognition of financial instruments - continued

When the contractual terms of a financial asset are modified, the Bank assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Bank considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Bank has a legally enforcement right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

Net gains/losses on financial instruments at FVTPL

Net gains/losses on financial instruments at FVTPL represents non-trading derivatives held for risk management purposes used in economic hedge relationship but not under hedge accounting, financial liabilities designated as at FVTPL and also non-trading assets measured at FVTPL, as required by or elected under IFRS 9 *Financial Instruments*. The line item includes fair value changes, settlement of net interest payments, dividends and foreign exchange differences.

Employee benefits

In the accounting period in which employees provide services, the Bank recognises the salary and welfare costs incurred and estimated employee benefits, as a liability at the undiscounted amount of the benefits expected to be paid, with a corresponding charge to the profit or loss for the current period.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Employee benefits - continued

The amounts payable arising on the Bank's defined contribution scheme are recognised in the financial statements in the period in which the related service is provided. The Bank has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to pay any employee the benefits relating to services rendered in any current and prior period. A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Paid-in capital

In accordance with the Agreement, the Bank has authorised capital and subscribed capital that is further divided into paid-in shares and callable shares. The Bank's paid-in capital is denominated in USD.

Where shares have been issued on terms that provide the Bank with the rights to receive cash or another financial asset, on a specified future date, the Bank recognises the financial asset at the fair value of the amount of receivable.

Taxation

The Bank enjoys tax exemption within the territory of mainland China according to Article 9 of the Headquarters Agreement between the New Development Bank and the Government of the People's Republic of China regarding the Headquarters of the New Development Bank in Shanghai, the People's Republic of China.

The Bank shall be also immune from all taxation, restrictions and customs duties for the transfers, operations and transactions it carries out pursuant to the Agreement entered into force on July 3, 2015.

Cash and cash equivalents

Cash comprises of cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Bank's short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. Basis of Preparation of Financial Statements and Material Accounting Policy Information
- continued

Foreign currencies

The financial statements of the Bank are presented in the currency of the primary economic environment in which the Bank operates, its functional currency, which is USD. In preparing the annual financial statements of the Bank, transactions in currencies other than the Bank's functional currency (USD) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated after initial recognition.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. Critical Accounting Estimates and Judgements Applied by Management

In the application of the Bank's accounting policies, the Bank is required to make estimates and judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

Measurement of the ECL allowance for the financial assets measured at amortised cost, fair value through other comprehensive income and loan commitments

The following significant judgement is required in applying the accounting requirements for measuring the ECL:

- Determining criteria for significant increase in credit risk and credit-impaired.

As disclosed in Note 5, the Bank considers both qualitative and quantitative criteria in assessing whether a financial instrument has experienced a significant increase in credit risk or become credit-impaired.

4. Critical Accounting Estimates and Judgements Applied by Management - continued

Key sources of estimation uncertainty

Measurement of the ECL allowance for loans and advances and loan commitments

The measurement of the ECL allowance for the Bank's loans and advances and loan commitments requires the use of a model and certain assumptions. This involves:

- Choosing an appropriate model and determining appropriate assumptions for the measurement of ECL; and
- Establishing the number and weighting of forward-looking scenarios for each type of product.

Details of the model and certain assumptions used in measuring ECL are further disclosed in Note 5, which also presents sensitivities of the ECL.

Valuation of bonds designated at FVTPL

Certain financial liabilities are measured at FVTPL. The Bank is required to use valuation techniques to determine the fair value. The Bank made judgements about the appropriate discount rate to apply which was calculated on the basis of zero-coupon yield curve and adjusted spread. The valuation models of the bonds designated at FVTPL are also based on underlying observable market data and market accepted valuation techniques.

The Bank's analysis and method for determining the fair value of financial liabilities designated at fair value are provided in Note 6.

Discounting of paid-in capital receivables

The discounted cash flow model is used by the Bank to calculate the present value of paid-in capital receivables at initial recognition. In determining the discount rate of paid-in capital receivables, the Bank took into account various factors including the funding cost of similar instruments issued by similar institutions, instrument-specific risk profile. It was concluded by Management of the Bank that USD LIBOR and SOFR yield curve was the most appropriate discount rate that reflected the time value and the credit risk of the receivables in question at initial recognition.

5. Financial Risk Management

Overview

The Bank's operating activities expose it to a variety of financial risks. As a multilateral development bank, the Bank aims to safeguard its capital base by taking prudent approaches and following international practices in identifying, measuring, monitoring and mitigating financial risks.

5. Financial Risk Management - continued

Overview - continued

The Bank has established various risk management policies approved by the Board of Directors in line with its Agreement which are designed to identify and analyse risks of particular categories, and to set up appropriate risk limits and controls. The Board of Directors sets out the risk management strategy and the risk tolerance level in different risk management policies.

The primary responsibility for risk management at an operational level rests with the Management of the Bank. Management and various specialist committees are tasked with integrating the management of risk into the day-to-day activities of the Bank, by monitoring related risk parameters and tolerance through policies and procedures under the strategy approved by designated committees.

The Bank is exposed to a variety of financial risks namely: credit risk, liquidity risk and market risk which comprises exchange rate risk, interest rate risk.

Credit risk

The Bank is committed to mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries. The Bank provides financial support through loans, guarantees, equity investment and other financial activities to fulfill this purpose. Any potential inability or unwillingness of borrowers or obligors to meet their financial obligation with the Bank stands as credit risk.

According to the nature of the Bank's business, the principal sources of credit risks are:

- (i) credit risk in its sovereign operations;
- (ii) credit risk in its non-sovereign operations; and
- (iii) obligors credit risk in its treasury business.

A prudential credit risk limit structure facilitates the management of risks associated to the Bank's portfolio. Credit risk concentration limits are applied to exposures to single jurisdiction, sector, obligor and product.

The Bank mainly relies on external credit rating results from major international rating agencies (e.g. Moody's, S&P Global Rating and Fitch) to provide an initial assessment of the credit quality of sovereign and non-sovereign borrowers and treasury counterparties. In case where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed based on the guarantor. In case a loan is not rated by any of the external credit ratings mentioned previously, the Bank uses either an alternative agency approved by the Finance Committee or an internal credit assessment taking into account specific project, borrower, sector, macro and country credit risks. The Risk Management Department of the Bank continuously monitors the overall credit risk of the Bank on a periodic basis.

5. Financial Risk Management - continued

Credit risk - continued

A summary of rating grade that is being used by the Bank is as below:

- Senior investment grade: broadly corresponds with AAA to A- under the S&P Global Rating scale;
- Investment grade: broadly corresponds with BBB+ to BBB- under the S&P Global Rating scale;
- Sub-investment grade: broadly corresponds with BB+ to D under the S&P Global Rating scale.

All ratings are derived from global rating agencies or the Bank's internal credit rating criteria.

ECL measurement

The Bank adopts a three-stage model for impairment based on changes in credit quality since initial recognition. The ECL calculation tool designed by Moody's is used for the years ended December 31, 2025 and 2024.

Significant increases in credit risk

In assessing whether a financial instrument has experienced a significant increase in credit risk, the Bank considers both qualitative and quantitative criteria including forward looking information available without undue cost or effort. In particular, the following information is considered in assessing whether there has been a significant increase in credit risk.

Quantitative criteria:

- Delay in interest or principal or other contractual payment exceeds 30 days;
- Credit rating downgrade by three notches compared to the credit rating at initial recognition.

Qualitative criteria:

- History of arrears within 12 months;
- Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligations;
- Material regulatory action against the borrower or counterparty that is expected to cause a significant change in the borrower's ability to meet its obligations.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a material detrimental impact on the estimated future cash flows of that financial asset have occurred. The following criteria is applied in assessing credit-impaired financial asset for the Bank's portfolio.

5. Financial Risk Management - continued

Credit risk - continued

Credit-impaired financial assets - continued

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Delay in interest or principal or other contractual payment exceeds 90 days or in the case of sovereign lending by more than 180 days;
- Any breach of contract other than payment overdue, such as covenant breach;
- Significant financial difficulty of the issuer or the borrower;
- Borrower or counterparty is no longer considered a going concern;
- Failure to pay a final judgement or court order;
- Bankruptcy, liquidation or the appointment of a receiver or any similar official.

Definition of default

For internal credit risk management, the Bank considers occurrence of an event of default when internally and externally obtained information indicates that the debtor is unlikely to discharge its obligations, including to the Bank, in full (without taking into account any collaterals held by the Bank).

The Management of the Bank considers that payment default has occurred when the financial asset is more than 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. For the sovereign loans, the Management of the Bank considers that the payment default occurs when it is more than 180 days past due. It aligns with the definition of payment default for sovereign exposures used by major international rating agencies and other Multilateral Development Banks.

12-month ECL measurement

Estimation of 12-month ECL is calculated using the following formula for a given scenario:

$$12m\ ECL = \sum_{t=1}^{12} PD_t \times LGD_t \times EAD_t \times DF_t$$

- Unconditional Point-in-time Probability of Default (PIT-PD) is derived based on Moody's model considering specific rating, country and industry information for sovereign and non-sovereign exposures, due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI. It is then conditioned on three future macro-economic scenarios (baseline, optimistic and pessimistic);
- LGD for the sovereign loans is set at a range of 10% - 45% and LGD is set at 45% for non-sovereign loans with senior unsecured claims and 75% for the non-sovereign loans with subordinated claim. The bank may apply a higher LGD to credit-impaired financial assets as applicable. LGD of 45% is adopted for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI;

5. Financial Risk Management - continued

Credit risk - continued

12-month ECL measurement - continued

- EAD for stage 1 loan includes the sum of loans disbursed, interest receivable while EAD for stage 1 loan commitment includes net projected disbursement schedule over the next 12 months which is a part of loan commitments. The EAD includes the sum of principal and interest receivable over the next 12 months for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI; and
- Discount rate is equal to the effective interest rate.

Lifetime ECL measurement

Estimation of lifetime ECL is calculated using the following formula for a given scenario:

$$Lifetime\ ECL = \sum_{t=1}^{Lifetime} PD_t \times LGD_t \times EAD_t \times DF_t$$

- The process to determine the PIT-PD term structure is the same as 12-month ECL calculation for the first 5 years and PIT-PD is assumed to revert back to the long-run PD for the remaining years;
- LGD is the same as those used for the 12-month ECL calculation;
- EAD for any given year is based on the sum of loan disbursed, interest receivable and net projected disbursement schedule over the remaining loan contract period for sovereign and non-sovereign loans and/or loan commitments. The EAD is based on the sum of principal and interest receivable throughout the remaining life for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI;
- Discount rate is equal to the effective interest rate; and
- Lifetime of the loan is the remaining loan contract period.

Forward-looking information incorporated in ECL

Macro scenario development

- (i) Three macro scenarios: baseline, optimistic and pessimistic. Each scenario is forecasted for five years.
- (ii) Based on each member country's development and conditions, a range of forward-looking macro-economic information is considered.
- (iii) Choice of macro scenarios and probability weightings of each scenario is approved by the Management.

$$Weighted\ Average\ ECL = \sum_{Scenarios} Weight_{Scenario} \times ECL_{Scenario}$$

5. Financial Risk Management - continued

Credit risk - continued

Macro scenario development - continued

The baseline, optimistic and pessimistic scenarios were given weightings of 50%, 25% and 25% respectively. The estimation is based on the best representative management judgement and going forward the current path of macro-economic projections is judged to have an equal chance of being worse (pessimistic scenario) or better (optimistic scenario).

Sensitivity Analysis

The sensitivity of provisions for loans and loan commitments to the key variables used in determining the impairment is provided below.

	As at December 31,2025 <u>Recalculated ECL</u> USD million	As at December 31, 2025 <u>Change in ECL</u> USD million
Rating		
All upgraded 1 notch	193	(43)
All downgraded 1 notch	250	14
Staging		
All in Stage 1	115	(121)
All in Stage 2	294	58
LGD		
All increased by 10 percentage points	329	93
Weights of the scenarios		
The baseline, optimistic and pessimistic scenarios were given weightings of 45%, 25% and 30% respectively	240	4

THE NEW DEVELOPMENT BANK

5. Financial Risk Management - continued

Credit risk - continued

Sensitivity Analysis - continued

	As at December 31,2024 <u>Recalculated ECL</u> USD million	As at December 31, 2024 <u>Change in ECL</u> USD million
Rating		
All upgraded 1 notch	153	(32)
All downgraded 1 notch	199	14
Staging		
All in Stage 1	87	(98)
All in Stage 2	242	57
LGD		
All increased by 10 percentage points	254	69
Weights of the scenarios		
The baseline, optimistic and pessimistic scenarios were given weightings of 45%, 25% and 30% respectively	187	2

5. Financial Risk Management - continued

Credit risk - continued

Credit quality analysis

The following table sets out the loans and loan commitments for sovereign loans, non-sovereign loans and bond investments, with their respective ECL allowance balances.

	As at December 31, 2025		
	Gross carrying amount of <u>loans/bonds</u> USD million	Unutilised loan <u>commitments</u> USD million	<u>ECL</u> USD million
Loans and Loan commitments:			
-Sovereign operations	19,614	6,657	(62)
-Non-sovereign operations	2,155	669	(174)
Subtotal	21,769	7,326	(236)
Treasury:			
-Debt instruments measured at amortised cost	4,165	N/A	(2)
-Debt instruments at FVTOCI	1,028	N/A	_*
Subtotal	5,193	N/A	(2)
Total	26,962	7,326	(238)

	As at December 31, 2024		
	Gross carrying amount of <u>loans/bonds</u> USD million	Unutilised loan <u>commitments</u> USD million	<u>ECL</u> USD million
Loans and Loan commitments:			
-Sovereign operations	17,661	6,831	(47)
-Non-sovereign operations	2,004	496	(138)
Subtotal	19,665	7,327	(185)
Treasury:			
-Debt instruments measured at amortised cost	4,093	N/A	(2)
-Debt instruments at FVTOCI	702	N/A	_*
Subtotal	4,795	N/A	(2)
Total	24,460	7,327	(187)

* Less than USD half of a million

5. Financial Risk Management - continued

Credit risk - continued

Credit exposure on loan facilities

The table below represents an analysis of the credit quality of loan facilities, based on the external rating of the counterparties:

<u>As at December 31, 2025</u>	Effective facility USD million	<u>Utilised</u> USD million	Unutilised loan <u>commitments</u> USD million
Senior investment grade	8,285	6,982	1,303
Investment grade	7,393	5,172	2,221
Sub-investment grade	13,172	9,370	3,802
Total	<u>28,850</u>	<u>21,524</u>	<u>7,326</u>
Interest receivable		245	
Less: ECL allowance		(192)	
Net carrying amount as at December 31, 2025		<u>21,577</u>	
<u>As at December 31, 2024</u>	Effective facility USD million	<u>Utilised</u> USD million	Unutilised loan <u>commitments</u> USD million
Senior investment grade	7,390	6,036	1,354
Investment grade	7,913	4,934	2,979
Sub-investment grade	11,425	8,431	2,994
Total	<u>26,728</u>	<u>19,401</u>	<u>7,327</u>
Interest receivable		264	
Less: ECL allowance		(147)	
Net carrying amount as at December 31, 2024		<u>19,518</u>	

Additional disclosures on the stage classification and ECL allowance of loans and advances and loan commitments are set out in Note 19 and Note 27 respectively.

5. Financial Risk Management - continued

Credit risk - continued

Concentration risk

The following table breaks down the credit risk exposures relating to loans and commitments, in their carrying amounts, by country.

<u>As at December 31, 2025</u>	Effective <u>facility</u> USD million	<u>Utilised</u> USD million	Unutilised loan <u>commitments</u> USD million
Brazil	4,783	3,343	1,440
Russia	3,257	2,053	1,204
India	7,420	5,240	2,180
China	8,477	7,081	1,396
South Africa	4,568	3,807	761
Bangladesh	345	-	345
Total	<u>28,850</u>	<u>21,524</u>	<u>7,326</u>
Interest receivable		245	
Less: ECL allowance		(192)	
Net carrying amount as at December 31, 2025		<u>21,577</u>	
<u>As at December 31, 2024</u>	Effective <u>facility</u> USD million	<u>Utilised</u> USD million	Unutilised loan <u>commitments</u> USD million
Brazil	4,784	3,274	1,510
Russia	3,158	1,981	1,177
India	7,464	4,486	2,978
China	7,439	6,085	1,354
South Africa	3,883	3,575	308
Total	<u>26,728</u>	<u>19,401</u>	<u>7,327</u>
Interest receivable		264	
Less: ECL allowance		(147)	
Net carrying amount as at December 31, 2024		<u>19,518</u>	

5. Financial Risk Management - continued

Credit risk - continued

Credit exposure on deposits

The Bank had deposits with commercial banks that are subject to credit risk. These deposits are mainly placed with highly rated banks in Hong Kong, Singapore, the United Kingdom and mainland China. The credit ratings of banks are analysed as below:

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Cash and cash equivalents		
Senior investment grade	1,294	609
Investment grade	252	-*
Sub-investment grade	1	-*
Due from banks other than cash and cash equivalents		
Senior investment grade	5,754	4,776
Investment grade	564	509
Total	<u>7,865</u>	<u>5,894</u>
Less: ECL allowance	(3)	(3)
Net carrying amount	<u>7,862</u>	<u>5,891</u>

* Less than USD half of a million

Credit exposure on debt instruments measured at amortised cost

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Senior investment grade	4,079	3,955
Investment grade	86	138
Total	<u>4,165</u>	<u>4,093</u>
Less: ECL allowance	(2)	(2)
Net carrying amount	<u>4,163</u>	<u>4,091</u>

5. Financial Risk Management - continued

Credit risk - continued

Credit exposure on debt instruments at FVTOCI

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Senior investment grade	1,028	702
Total	<u>1,028</u>	<u>702</u>

ECL allowance of due from banks, debt instruments at FVTOCI and debt Instruments measured at amortised cost are measured on the basis of 12-month ECL up to December 31, 2025 and 2024. The credit exposure on cash and cash equivalents exclude cash on hand.

Credit risk on derivatives

The Bank has entered into derivative contracts for the purpose of achieving an economic hedge of currency and interest rate risk associated with the bonds issued, time deposits, loans and advances, debt instruments measured at amortised cost and debt instruments at FVTOCI. The Bank operates with counterparties with high credit rating and enters into derivative contracts with them mainly through master agreements.

Liquidity risk

The Bank's liquidity risk arises mainly from the following two circumstances:

- (i) Insufficient liquidity to settle obligations or to meet cash flow needs including, but not limited to, the inability to maintain normal lending operations and to support public or private projects in a timely manner.
- (ii) Inability to liquidate an investment at a reasonable price within the required period of time.

The Bank utilises a set of risk measurement tools for identifying, monitoring, managing and controlling liquidity risk. The Bank maintains an appropriate mix of liquid assets as a source of liquidity for day-to-day operational needs, as well as for meeting emergency funding needs. The Bank also has the channel to borrow funds and issue debt securities or note payables in order to achieve its development mission and optimise liquidity. In addition, the Bank monitors liquidity risk through the liquidity risk ratios and indicators, as prescribed in the liquidity risk management policy of the Bank.

The following table presents the cash flows associated with the main financial assets and financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The balances in the tables will not necessarily agree to the amounts presented on the statement of financial position as amounts incorporate cash flows on an undiscounted basis, therefore, the figures include both principal and associated future interest payments.

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5. Financial Risk Management - continued

Liquidity risk - continued

As at December 31, 2025

Non-derivatives

	On demand/ Overdue	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity undefined	Total
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Cash and cash equivalents	178	472	904	-	-	-	-	1,554
Due from banks other than cash and cash equivalents	-	924	1,207	4,291	-	-	-	6,422
Financial assets at FVTPL	-	-	-	-	-	-	148	148
Debt instruments measured at FVTOCI	-	7	61	231	798	-	-	1,097
Debt instruments measured at amortised cost	-	411	1,018	1,592	1,337	-	-	4,358
Loans and advances	24	4	646	1,186	8,891	22,174	-	32,925
Paid-in capital receivables	36	-	28	67	302	21	-	454
Other financial assets	-*	-	1	-	-	-	123	124
Financial liabilities designated at FVTPL	-	(14)	(78)	(5,116)	(8,942)	(319)	-	(14,469)
Bank borrowings	-	(48)	(14)	(234)	(6,528)	-	-	(6,824)
Note payables	-	-	-	(360)	-	-	-	(360)
Bond payables	-	(2)	(18)	(853)	(1,055)	-	-	(1,928)
Lease liabilities	-	-*	-*	-*	-*	-	-	-*
Other financial liabilities	(5)	-	-	-	-	-	(79)	(84)
Sub-total	233	1,754	3,755	804	(5,197)	21,876	192	23,417

Derivatives

Net settled derivatives

Interest rate swap - cash inflow

Interest rate swap - cash outflow

Gross settled derivatives

Cross currency swap - cash inflow

Cross currency swap - cash outflow

Foreign exchange forward - cash inflow

Foreign exchange forward - cash outflow

Sub-total

Net

	-	2	54	146	262	-	-	464
	-	(12)	(28)	(102)	(161)	-	-	(303)
	-	14	61	1,615	2,950	837	-	5,477
	-	(21)	(43)	(1,690)	(3,113)	(801)	-	(5,668)
	-	57	5	201	-	-	-	263
	-	(57)	(5)	(202)	-	-	-	(264)
	-	(17)	44	(32)	(62)	36	-	(31)
	233	1,737	3,799	772	(5,259)	21,912	192	23,386

* Less than USD half of a million

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5. Financial Risk Management - continued

Liquidity risk - continued

As at December 31, 2024	On demand/ Overdue USD million	Less than 1 month USD million	1-3 months USD million	3-12 months USD million	1-5 years USD million	Over 5 years USD million	Maturity undefined USD million	Total USD million
Non-derivatives								
Cash and cash equivalents	95	242	275	-	-	-	-	612
Due from banks other than cash and cash equivalents	-	820	809	3,766	6	-	-	5,401
Financial assets at FVTPL	-	-	-	-	-	-	623	623
Debt instruments measured at FVTOCI	-	3	8	113	636	-	-	760
Debt instruments measured at amortised cost	-	555	627	1,836	1,221	-	-	4,239
Loans and advances	14	1	419	906	6,681	21,166	-	29,187
Paid-in capital receivables	24	-	-	81	304	-	-	409
Other financial assets	-*	-	1	-	-	-	5	6
Financial liabilities designated at FVTPL	-	(421)	(22)	(3,950)	(20,920)	-	-	(25,313)
Bank borrowings	-	(57)	(15)	(167)	(5,109)	-	-	(5,348)
Bond payables	-	(3)	(20)	(119)	(1,634)	-	-	(1,776)
Lease liabilities	-	-*	-*	-*	-*	-	-	-*
Other financial liabilities	(5)	-	-	-	-	-	(109)	(114)
Sub-total	128	1,140	2,082	2,466	(18,815)	21,166	519	8,686
Derivatives								
<i>Net settled derivatives</i>								
Interest rate swap - cash inflow	-	10	20	98	254	-	-	382
Interest rate swap - cash outflow	-	(8)	(31)	(171)	(133)	-	-	(343)
<i>Gross settled derivatives</i>								
Gross currency swap - cash inflow	-	-	539	779	1,680	594	-	3,592
Gross currency swap - cash outflow	-	(8)	(496)	(710)	(1,535)	(755)	-	(3,504)
Foreign exchange forward - cash inflow	-	-	84	432	-	-	-	516
Foreign exchange forward - cash outflow	-	-	(78)	(422)	-	-	-	(500)
Sub-total	-	(6)	38	6	266	(161)	-	143
Net	128	1,134	2,120	2,472	(18,549)	21,005	519	8,829

* Less than USD half of a million

5. Financial Risk Management - continued

Market risk

Market risk is the risk that market rates and prices on assets, liabilities and off-balance sheet positions change which result in fluctuation in fair value or future cash flows of financial instruments. The Bank's market risk mainly consists of interest rate risk and exchange rate risk arising from the current portfolio. The Treasury and Portfolio Management Department of the Bank makes investment and hedging decisions within the guidelines set in Board-approved policies.

Interest rate risk

Interest rate risk is defined as the risk of adverse impact on the Bank's financial position, including its net interest income and economic value, due to interest rate movements. The Bank's lending and investment activities may expose the Bank to interest rate risk. In addition, changes in the macroeconomic environment have a significant impact on the movement of interest rate curves for different currencies.

The Bank has limited tolerance towards interest rate risk. The primary strategy for interest rate risk management is to match the interest rate sensitivity of individual currencies on both sides of the statement of financial position. The tenor (for which the interest is fixed) indicates the extent to which a financial instrument is exposed to interest rate risk. Interest rate risk results from interest rate variations that affect the value of the Bank's assets, liabilities and off-balance sheet items. Interest rate risk also arises from the 1) sensitivity associated with the net spread between the rate the Bank earns on its assets and the cost of borrowings which funds those assets, and 2) the sensitivity of the income earned from funding a portion of the Bank's assets with equity.

Accordingly, interest rate risk management aims to minimise mismatches of structure and maturities (repricing) of interest rate sensitive assets and liabilities by adopting a match-funding principle complemented by duration gap analysis, value at risk analysis, interest rate repricing gap analysis, economic value of equity analysis and scenario analysis. The Bank aims to maintain duration within the approved limits by generating a stable overall economic value of equity and net interest margin that is not overly sensitive to sharp changes in market interest rates, while remaining adequately responsive to general market trends. An adequate match-funding refers to the principles of funding that have broadly the same characteristics as the corresponding loans in terms of interest rate and currency. Such minimisation of mismatches protects the Bank's economic value of equity and net interest margin from fluctuations in market interest rates. The Bank also undertakes derivative transactions to hedge interest rate risk.

5. Financial Risk Management - continued

Interest rate risk - continued

The Bank measures its interest rate exposure by estimating the interest rate repricing profile which is used to analyse the impact of interest rate changes on the economic value of its equity and net interest income due to the repricing mismatch between assets, liabilities and off-balance sheet positions over a range of repricing buckets. Interest-bearing assets and liabilities including off-balance sheet positions are slotted into their respective repricing time bands according to their earliest interest repricing dates.

Interest rate sensitivity analysis

The objective of Net Interest Income (NII) sensitivity analysis is to utilise projected earnings simulations to forecast, measure and manage interest rate risk. NII analysis measures the sensitivity of net interest income earnings to changes in interest rates.

The sensitivity analysis is prepared assuming the interest-bearing financial assets and liabilities outstanding at the end of each respective reporting periods were outstanding for the whole year.

When reporting to the Management on the interest rate risk, in order to consider the possible change in interest rates, a 100 basis points increase or decrease in the relevant interest rates is adopted for sensitivity analysis. The impact of a change in interest rates on the last date of the reporting period is shown below.

	Impact on profit	
	Year ended <u>December 31, 2025</u> USD million	Year ended <u>December 31, 2024</u> USD million
+ 100 basis points	127	101
- 100 basis points	(127)	(101)

Exchange rate risk

The Bank's exchange rate risk arises from the impact of exchange rate movements on net open positions. Accordingly, movements in currencies in which the Bank transacts, relative to its functional currency (USD), can affect the Bank's financial results. The Bank's main exposure to the exchange rate risk is associated with Renminbi (RMB) for the year ended December 31, 2025 (December 31, 2024: RMB and European Monetary Unit (EUR)). The main exposures are mainly hedged through swaps or forwards.

The Bank aims at reducing or limiting exposure to the exchange rate risk arising from its normal course of business, while maximising its capacity to assume the risks of extending credit to clients (or borrowers) within its approved risk limits. The Bank uses the net open position limit to evaluate the exchange rate risk exposure.

The Bank seeks to match the currency of its assets with the currency of the corresponding funding source. The Bank uses currency derivative contracts to align the currency composition of its liabilities to its assets.

5. Financial Risk Management - continued

Exchange rate risk - continued

Exchange rate sensitivity analysis

The following table shows the impact of the appreciation or depreciation of USD against foreign currencies as at December 31, 2025 and 2024, assuming all other variables remain constant. The sensitivity analysis includes outstanding foreign currency denominated monetary items in their net carrying amounts as at December 31, 2025 and 2024.

	Impact on Profit	
	<u>Year ended</u> <u>December 31, 2025</u> USD million	<u>Year ended</u> <u>December 31, 2024</u> USD million
10% appreciation	29	19
10% depreciation	(29)	(19)

Capital management

The Bank monitors its capital adequacy level within a Capital Management Policy (CMP), which seeks to ensure that the Bank's capital is sufficient to cover the risks associated with its business. The CMP consists of the following pillars: Limitation on Operations, Equity-to-Loan Ratio, Equity-to-Asset Ratio and Capital Utilisation Ratio.

The Bank sets early warning indicators for the pillars (95% for Limitation on Operations, 30% for Equity-to-Loan Ratio, 30% for Equity-to-Asset Ratio and 85% for Capital Utilisation Ratio) and monitors the capital adequacy level on an ongoing basis. Once any of the early warning indicators are reached, contingency actions are triggered to bring the capital adequacy level within the Bank's comfort levels.

The Bank has a capital structure in order to meet the capital management objective in a capital efficient manner. The initial subscribed capital has been equally distributed amongst the founding members and the payment of the amount initially subscribed to the paid-in capital stock of the Bank has been paid in full.

5. Financial Risk Management - continued

Capital management - continued

According to Article 7d of the Agreement, an increase of the authorised and subscribed capital stock of the Bank, as well as the proportion between the paid-in shares and the callable shares may be decided by the Board of Governors at such time and under such terms and conditions as it may deem advisable, by a special majority of the Board of Governors. In such case, each member shall have a reasonable opportunity to subscribe, under the conditions established in Article 8 and under such other conditions as the Board of Governors shall decide. However, no member shall be obligated to subscribe to any part of such increased capital. The Board of Governors shall, at intervals of not more than 5 years, review the capital stock of the Bank as per Article 7e of the Agreement.

6. Fair Value of Financial Assets and Liabilities

The Bank's financial instruments that are measured subsequent to initial recognition at fair value mainly included financial liabilities designated at FVTPL, derivatives, financial assets at FVTPL, and debt instruments at FVTOCI as at December 31, 2025.

The Risk Management Department of the Bank is responsible for the fair value measurement. Analysis of fair value disclosures uses a hierarchy that reflects the significant inputs used in measuring the fair value. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values are based on relevant information available at the reporting date and involve judgement.

Fair value of the Bank's financial instruments that are measured at fair value on a recurring basis

The Bank is of the opinion that there is no active market related to its bonds issued (December 31, 2024: bonds issued and certain debt instruments at FVTOCI) in view of the low trading volume and frequency.

6. Fair Value of Financial Assets and Liabilities - continued

Fair value of the Bank's financial instruments that are measured at fair value on a recurring basis
- continued

The fair value estimates are based on the following methodologies and assumptions:

- The fair values of derivative assets and liabilities, including foreign exchange forwards, interest rate swaps and cross currency swaps are obtained from discounted cash flow models that are commonly used by market participants using observable key inputs as appropriate in the market and published by reputable agencies like Bloomberg such as interest rates and foreign exchange rates.
- The fair value of the financial liabilities designated at FVTPL is measured at discounted cash flow using key observable inputs such as interest rates and foreign exchange rates.
- The fair value of money market fund is based on the net asset value provided by fund manager.
- The fair value of private equity fund is based on the shares of the net asset values of the fund, determined with reference to fair value of the underlying investments by using valuation techniques, such as discounted cash flow model.
- The fair value of debt instruments at FVTOCI is based on quoted price in an active or inactive market.

The following table presents the valuation techniques and inputs used for the financial instrument in Level 3.

Financial instruments	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Private equity fund	Shares of the net asset value of the fund, determined with reference to the fair value of the underlying investments, calculated based on valuation techniques, such as discounted cash flow model.	Net asset value	The higher the net asset value, the higher the fair value.

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6. Fair Value of Financial Assets and Liabilities - continued

Fair value of the Bank's financial instruments that are measured at fair value on a recurring basis
- continued

	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
As at December 31, 2025				
Financial assets				
Financial assets at FVTPL	-	-	148	148
Debt instruments at FVTOCI	1,028	-	-	1,028
Derivative financial assets	-	266	-	266
Total financial assets measured at fair value	<u>1,028</u>	<u>266</u>	<u>148</u>	<u>1,442</u>
Financial liabilities				
Derivative financial liabilities	-	294	-	294
Financial liabilities designated at FVTPL	-	13,807	-	13,807
Total financial liabilities measured at fair value	<u>-</u>	<u>14,101</u>	<u>-</u>	<u>14,101</u>
	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
As at December 31, 2024				
Financial assets				
Financial assets at FVTPL	-	500	123	623
Debt instruments at FVTOCI	692	10	-	702
Derivative financial assets	-	315	-	315
Total financial assets measured at fair value	<u>692</u>	<u>825</u>	<u>123</u>	<u>1,640</u>
Financial liabilities				
Derivative financial liabilities	-	210	-	210
Financial liabilities designated at FVTPL	-	12,557	-	12,557
Total financial liabilities measured at fair value	<u>-</u>	<u>12,767</u>	<u>-</u>	<u>12,767</u>

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2025 and 2024.

6. Fair Value of Financial Assets and Liabilities - continued

Fair value of the Bank's financial instruments that are measured at fair value on a recurring basis
- continued

Reconciliation of Level 3 fair value measurements of financial assets at FVTPL

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
As at beginning of the year	123	84
Purchased	21	42
Unrealised changes in fair value recognised in profit or loss	4	(3)
As at end of the year	<u>148</u>	<u>123</u>

Fair value of the Bank's financial instruments that are not measured at fair value on a recurring basis

The table below shows the carrying amount and fair value of loans and advances and debt instruments measured at amortised cost, which is not presented on the Bank's statement of financial position at their fair values. The fair value of the debt instruments measured at amortised cost is obtained from active market quotes, pricing service quotes or using the discounted cash flow methodology. The fair value of loans and advances is determined in accordance with discounted cash flow method. The main parameters used in discounted cash flow method for financial instruments held by the Bank that are not measured on a recurring basis include loan interest rates, foreign exchange rates and counterparty credit spreads.

	<u>As at December 31, 2025</u>		<u>As at December 31, 2024</u>	
	<u>Carrying amount</u> USD million	<u>Fair value</u> USD million	<u>Carrying amount</u> USD million	<u>Fair value</u> USD million
Financial assets				
Debt instruments measured at amortised cost	4,163	4,158	4,091	4,047
Loans and advances	<u>21,577</u>	<u>23,105</u>	<u>19,518</u>	<u>21,238</u>

As at December 31, 2025

	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
	Financial assets			
Debt instruments measured at amortised cost	1,804	2,058	296	4,158
Loans and advances	<u>-</u>	<u>-</u>	<u>23,105</u>	<u>23,105</u>

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6. Fair Value of Financial Assets and Liabilities - continued

Fair value of the Bank's financial instruments that are not measured at fair value on a recurring basis - continued

As at December 31, 2024

	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
Financial assets				
Debt instruments measured at amortised cost	1,345	2,242	460	4,047
Loans and advances	<u>-</u>	<u>-</u>	<u>21,238</u>	<u>21,238</u>

Except for the above, the Bank considered that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the Bank's statement of financial position, approximate their fair values.

7. Net Interest Income

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Interest income calculated using the effective interest rate method		
- Banks	322	340
- Loans and advances	962	1,033
- Debt instruments measured at amortised cost	159	134
- Financial assets held under resale agreements	1	-*
- Swap related collateral	2	1
- Debt instruments at FVTOCI	39	83
Total interest income	<u>1,485</u>	<u>1,591</u>
Interest expense calculated using the effective interest rate method		
- Note payables	(1)	(70)
- Bond payables	(94)	(115)
- Bank borrowings	(253)	(190)
- Interest expense on financial liabilities designated at FVTPL	(387)	(286)
- Financial assets sold under repurchase agreements	-*	-
- Swap related collateral	(3)	(2)
Interest expense on lease liabilities	-*	-*
Total interest expense	<u>(738)</u>	<u>(663)</u>
Net interest income	<u>747</u>	<u>928</u>

* Less than USD half of a million

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8. Net Fee Income

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Front-end fee recognised	5	3
Commitment fee	6	6
Co-financing service fee	-*	-
Total fee income	<u>11</u>	<u>9</u>
Upfront fee expense	-	(1)
Commitment fee expense	-*	(1)
Agency fee	-*	-*
Total fee expense	<u>-*</u>	<u>(2)</u>
Net fee income	<u>11</u>	<u>7</u>

* Less than USD half of a million

9. Net Losses on Financial Instruments at FVTPL and Foreign Exchange

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Derivatives	(260)	163
Bonds issued	(407)	(96)
Money market funds	4	2
Others (Note 1 below)	5	(3)
Net (losses)/gains on financial instruments at FVTPL	<u>(658)</u>	<u>66</u>
Foreign exchange gains/(losses)	<u>604</u>	<u>(246)</u>
Net Losses on Financial Instruments at FVTPL and Foreign Exchange (Note 2 below)	<u>(54)</u>	<u>(180)</u>

Note 1: Others mainly represent investments in private equity fund.

Note 2: The Bank uses certain derivative instruments to hedge its net foreign currency exposures. Net foreign exchange gains or losses arising from non-USD monetary items are partially offset by corresponding gains or losses derived from these derivative instruments. Accordingly, the presentation of "Net (losses)/gains on financial instruments at FVTPL" and "Foreign exchange gains/(losses)" have been combined in the Statement of Profit or Loss and Other Comprehensive Income to reflect the net impact of these activities and the comparative information has been reclassified to conform with current year's presentation.

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10. Staff Costs

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Salaries and allowances	56	50
Other benefits	17	16
Total	<u>73</u>	<u>66</u>

The Bank provides other benefits, based on their eligibility and applicability, to its staff members during their employment with the Bank. These include medical insurance, life insurance, accidental death and dismemberment insurance, Staff Retirement Plan (SRP) and Post Retirement Plan (PRP).

The charge recognised for the year ended December 31, 2025 for the SRP and PRP was USD 11 million (year ended December 31, 2024: USD 10 million) and USD 1 million (year ended December 31, 2024: USD 1 million) respectively and is included in "Other benefits". There are two retirement plans in operation. Both SRP and PRP are defined contribution schemes and are operated through trust funds. For SRP, both the Bank and staff contribute. For PRP, only the Bank contributes.

The Bank did not incur any salary expenses and other employee benefits for members of the Board of Governors and the Board of Directors except the President of the Bank for the year ended December 31, 2025 and 2024. According to Article 11 of the Agreement, the Board of Governors shall determine the salary and terms of the service contract of the President of the Bank.

11. Other Operating Expenses

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Office expenses	9	9
IT expenses	11	10
Professional fees	7	6
Travel expenses	6	6
Auditor's remuneration	1	1
Hospitality expenses	-*	-*
Depreciation and amortisation	1	1
Others	-*	-*
Total	<u>35</u>	<u>33</u>

* Less than USD half of a million

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12. Impairment Losses Under ECL Model, Net of Reversal

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Impairment losses recognised on:		
- Due from banks other than cash and cash equivalents	-*	-*
- Debt instruments at FVTOCI	-*	(1)
- Debt instruments measured at amortised cost	-*	1
- Loans and advances	42	51
- Loan commitments	6	14
Total	<u>48</u>	<u>65</u>

* Less than USD half of a million

13. Cash and Cash Equivalents

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Cash on hand	-*	-*
Demand deposits	178	95
Time deposits with original maturity within three months	1,369	514
Total	<u>1,547</u>	<u>609</u>

* Less than USD half of a million

14. Due from Banks Other than Cash and Cash Equivalents

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Commercial banks	7,687	5,799
Less: ECL allowance	(3)	(3)
	<u>7,684</u>	<u>5,796</u>
Less: Time deposits with original maturity within three months	(1,369)	(514)
Total	<u>6,315</u>	<u>5,282</u>

14. Due from Banks Other than Cash and Cash Equivalents - continued

Reconciliation of provision for due from banks:

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
ECL allowance of due from banks as at beginning of the year	3	3
Additions	3	3
Derecognition	(3)	(3)
Change in risk parameters	-*	-
ECL allowance of due from banks as at end of the year	<u>3</u>	<u>3</u>

* Less than USD half of a million

For the year ended December 31, 2025, the additions to the ECL allowance of USD 3 million (December 31, 2024: USD 3 million) was due to increase or origination of due from banks with gross carrying amount of USD 7,681 million (December 31, 2024: USD 5,799 million).

For the year ended December 31, 2025, the derecognition to the ECL allowance of USD 3 million (December 31, 2024: USD 3 million) was due to decrease of due from banks with gross carrying amount of USD 5,793 million (December 31, 2024: USD 6,467 million).

15. Derivative Financial Assets/Liabilities

During the year ended December 31, 2025, the Bank entered into derivative contracts in relation to the USD denominated notes and the RMB bond and EUR denominated notes, that were paired with swaps to convert the issuance proceeds into the interest rate structure sought by the Bank.

Besides, the Bank has mainly entered into derivative contracts in connection with loans and advances and financial liabilities designated at FVTPL to convert the notional amounts into the cross currency swap structure sought by the Bank during the year ended December 31, 2025. The Bank has mainly entered into forward contracts for loans and advances and due from banks other than cash and cash equivalents to convert the notional amounts into the currency structure sought by the Bank.

Notwithstanding the purpose for achieving an economic hedge, the Bank opted not to apply hedge accounting to any derivative contracts entered into for the year ended December 31, 2025 and 2024.

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15. Derivative Financial Assets/Liabilities - continued

<u>As at December 31, 2025</u>	<u>Notional USD</u> USD million	<u>Fair Value Asset</u> USD million	<u>Fair Value Liability</u> USD million
Interest Rate Swap	11,861	173	21
Cross Currency Swap	4,761	92	272
Forward Contract	263	1	1
Total	16,885	266	294

<u>As at December 31, 2024</u>	<u>Notional USD</u> USD million	<u>Fair Value Asset</u> USD million	<u>Fair Value Liability</u> USD million
Interest Rate Swap	11,986	165	169
Cross Currency Swap	3,192	134	41
Forward Contract	1,291	16	-*
Total	16,469	315	210

* Less than USD half of a million

Major terms of the Interest Rate Swap are as follows:

<u>As at December 31, 2025</u>	<u>Notional USD</u> USD million	<u>Received Rate</u>	<u>Paid Rate</u>
Receive fixed pay floating	11,796	0.9789% to 5.7%	3-month SHIBOR, Fallback Rate (6-month USD LIBOR), SOFR or EURIBOR
Pay fixed receive floating	65	Fallback Rate (3-month USD LIBOR) or SOFR	0.857% to 5%
Total	11,861		

<u>As at December 31, 2024</u>	<u>Notional USD</u> USD million	<u>Received Rate</u>	<u>Paid Rate</u>
Receive fixed pay floating	11,911	0.424% to 5.7%	3-month SHIBOR, Fallback Rate (6-month USD LIBOR), SOFR or EURIBOR
Pay fixed receive floating	75	Fallback Rate (3-month USD LIBOR)	0.384% to 0.857%
Total	11,986		

15. Derivative Financial Assets/Liabilities - continued

Major terms of the Cross Currency Swap are as follows:

As at December 31, 2025	Notional USD USD million	Received Rate	Paid Rate
Floating to floating	3,052	Fallback Rate (6-month USD LIBOR) or SOFR	3-month ZAR JIBAR 6-month EUR Euribor 3-month SHIBOR or SARON
Receive fixed pay floating	1,709	1.00% to 4.904%	3-month ZAR JIBAR Fallback Rate (6-month USD LIBOR) or SOFR
Total	4,761		

As at December 31, 2024	Notional USD USD million	Received Rate	Paid Rate
Floating to floating	2,613	Fallback Rate (6-month USD LIBOR), Fallback Rate (3-month USD LIBOR) or SOFR	3-month ZAR JIBAR 6-month EUR Euribor 3-month SHIBOR or SARON
Receive fixed pay floating	579	1.00% to 4.904%	Fallback Rate (6-month USD LIBOR) or SOFR
Total	3,192		

Major terms of the Forward Contract are as follows:

As at December 31, 2025	Notional USD USD million	Deal rate
Exchange of RMB to USD	57	USD 1: RMB 7.0545
Exchange of HKD to USD	154	USD 1: HKD 7.7293
Exchange of EUR to USD	52	USD 1.11014: EUR 1 to USD 1.184858: EUR 1
Total	263	

As at December 31, 2024	Notional USD USD million	Deal rate
Exchange of RMB to USD	1,013	USD 1: RMB 6.8484 to USD 1: RMB 7.0298
Exchange of HKD to USD	108	USD 1: HKD 7.7543
Exchange of EUR to USD	104	USD 1.04442: EUR 1 to USD 1.12607: EUR 1
Exchange of AUD to USD	66	USD 1: AUD 1.5139816
Total	1,291	

15. Derivative Financial Assets/Liabilities - continued

The Bank has entered certain derivative transactions that are covered by the ISDA Master Agreement signed with various banks. These derivative instruments are not offset in the statement of financial position as the ISDA Master Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Bank currently has no legally enforcement right to set off the recognised amounts.

The Bank or counterparties require collateral in the form of cash and security against the exposures to derivative counterparties. The Bank records collateral in respect of the interest rate swaps, cross currency swaps and forward contracts based on the margin paid or received with reference to the fair value of the derivative contracts. The collateral would only be applied against amounts due in the event that some or all the corresponding derivative contracts are terminated early, including but not limited to, as a result of a default by the relevant counterparty. As at December 31, 2025, the Bank has cash collateral of USD 123 million (Note 21) (December 31, 2024: USD 5 million) paid to the counterparties, and has cash collateral of USD 79 million (Note 27) (December 31, 2024: USD 109 million) received from the counterparties.

16. Financial Assets at FVTPL

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Mandatorily measured at FVTPL:		
- Private equity fund	148	123
- Money market fund	-	500
Total	<u>148</u>	<u>623</u>

17. Debt Instruments at FVTOCI

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Government bonds	200	97
Bank bonds	803	581
Corporate bonds	25	24
Total	<u>1,028</u>	<u>702</u>

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17. Debt Instruments at FVTOCI - continued

Reconciliation of provision for debt instruments at FVTOCI:

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
ECL allowance of debt instruments at FVTOCI as at beginning of the year	-*	1
Additions	-*	-*
Derecognition	-*	(1)
Change in risk parameters	-*	-*
ECL allowance of debt instruments at FVTOCI as at end of the year	<u>-*</u>	<u>-*</u>

* Less than USD half of a million

For the year ended December 31, 2025, the additions to the ECL allowance of USD less than half of a million (December 31, 2024: USD less than half of a million) was due to increase or purchase of debt instruments at FVTOCI with gross carrying amount of USD 411 million (December 31, 2024: USD 627 million).

For the year ended December 31, 2025, the derecognition to the ECL allowance of USD less than half of a million (December 31, 2024: USD 1 million) was due to redemption of debt instruments at FVTOCI with gross carrying amount of USD 97 million (December 31, 2024: USD 1,929 million).

18. Debt Instruments Measured at Amortised Cost

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Government bonds	246	394
Bank bonds	3,844	3,624
Corporate bonds	75	75
Less: ECL allowance	(2)	(2)
Net carrying amount	<u>4,163</u>	<u>4,091</u>

18. Debt Instruments Measured at Amortised Cost - continued

Reconciliation of provision for debt instruments measured at amortised cost:

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
ECL allowance of debt instruments measured at amortised cost as at beginning of the year	2	1
Additions	1	1
Derecognition	(1)	-*
Change in risk parameters	-*	-*
ECL allowance of debt instruments measured at amortised cost as at end of the year	<u>2</u>	<u>2</u>

* Less than USD half of a million

For the year ended December 31, 2025, the additions to the ECL allowance of USD 1 million (December 31, 2024: USD 1 million) was due to increase or purchase of debt instruments measured at amortised cost with gross carrying amount of USD 3,010 million (December 31, 2024: USD 3,481 million).

For the year ended December 31, 2025, the derecognition to the ECL allowance of USD 1 million (December 31, 2024: USD less than half a million) was due to redemption of debt instruments measured at amortised cost with gross carrying amount of USD 2,938 million (December 31, 2024: USD 620 million).

19. Loans and Advances

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Principal	21,524	19,401
Interest receivable	245	264
Gross carrying amount	<u>21,769</u>	<u>19,665</u>
Less: ECL allowance	(192)	(147)
Net carrying amount	<u>21,577</u>	<u>19,518</u>

As at December 31, 2025, the net carrying amount of loans and advances denominated in RMB, Swiss Franc (CHF), ZAR or EUR amounted to USD 8,905 million (December 31, 2024: USD 7,052 million).

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19. Loans and Advances - continued

As at December 31, 2025, the floating reference rates of the Bank's loans and advances were SOFR, SARON, 6-month EURIBOR, 3-month SHIBOR or 3-month ZAR JIBAR (December 31, 2024: SOFR, SARON, 6-month EURIBOR, 3-month SHIBOR or 3-month ZAR JIBAR).

Reconciliation of provision for loans and advances

	<u>12 month ECL</u> USD million	Lifetime ECL - not <u>credit-impaired</u> USD million	Lifetime ECL - <u>credit-impaired</u> USD million	<u>Total</u> USD million
ECL allowance of loans as at January 1, 2025	17	86	44	147
Additions	4	1	3	8
Derecognition	(2)	(1)	-	(3)
Change in risk parameters	-*	40	-	40
ECL allowance of loans as at December 31, 2025	<u>19</u>	<u>126</u>	<u>47</u>	<u>192</u>
	<u>12 month ECL</u> USD million	Lifetime ECL - not <u>credit-impaired</u> USD million	Lifetime ECL - <u>credit-impaired</u> USD million	<u>Total</u> USD million
ECL allowance of loans as at January 1, 2024	20	55	19	94
Additions	3	1	2	6
Derecognition	(1)	(1)	-	(2)
Change in risk parameters	(5)	31	23	49
ECL allowance of loans as at December 31, 2024	<u>17</u>	<u>86</u>	<u>44</u>	<u>147</u>

* Less than USD half of a million

For the year ended December 31, 2025, the additions to the ECL allowance of USD 8 million (December 31, 2024: USD 6 million) was due to increase or origination of loans and advances with gross carrying amount of USD 2,931 million (December 31, 2024: USD 2,576 million).

For the year ended December 31, 2025, the derecognition to the ECL allowance of USD 3 million (December 31, 2024: 2 million) was due to repayment of loans and advances with gross carrying amount of USD 1,356 million (December 31, 2024: USD 536 million).

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19. Loans and Advances - continued

For the year ended December 31, 2025, the change in risk parameters led to the recognition of ECL of USD 40 million (for the year ended December 31, 2024: recognition of ECL of USD 49 million) was mainly due to change in the PD.

<u>As at December 31, 2025</u>	<u>12 month ECL</u> USD million	<u>Lifetime ECL - not</u> <u>credit-impaired</u> USD million	<u>Lifetime ECL -</u> <u>credit-impaired</u> USD million	<u>Total</u> USD million
Gross carrying amount	19,557	2,163	49	21,769
	<u>19,557</u>	<u>2,163</u>	<u>49</u>	<u>21,769</u>
<u>As at December 31, 2024</u>	<u>12 month ECL</u> USD million	<u>Lifetime ECL - not</u> <u>credit-impaired</u> USD million	<u>Lifetime ECL -</u> <u>credit-impaired</u> USD million	<u>Total</u> USD million
Gross carrying amount	17,640	1,978	47	19,665
	<u>17,640</u>	<u>1,978</u>	<u>47</u>	<u>19,665</u>

20. Paid-In Capital Receivables

	<u>As at December</u> <u>31, 2025</u> USD million	<u>As at December</u> <u>31, 2024</u> USD million
Balance as at the beginning of year (Note 1 below)	409	460
Add:		
Paid-in capital receivables originated during the year (Note 2 below)	123	-
Less:		
Installment received during the year	(78)	(51)
Total nominal amounts of receivable at the end of the year (Note 4 below)	<u>454</u>	<u>409</u>
Less:		
Interest on paid-in capital receivables to be unwound in the future year (Note 3 below)	(28)	(23)
Balance as at the end of the year	<u>426</u>	<u>386</u>

Note 1: The Bank established the rights to receive the initial subscribed paid-in capital of Bangladesh and UAE of 1,884 shares and 1,112 shares amounted to USD 188 million and USD 111 million respectively upon the date on which their instruments of accession to the Agreement are deposited. The payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments. The first, second, third and fourth installments of paid-in capital were paid by each member within 6 months and 18 months, 30 months and 42 months respectively from the dates of depositing the instruments of accession. The remaining three installments shall each become due successively one year from the date on which the preceding installment becomes due.

20. Paid-In Capital Receivables - continued

Note 1: - continued

The Bank established the rights to receive the initial subscribed paid-in capital of Egypt of 2,392 shares amounted to USD 239 million upon the date on which Egypt's instruments of accession are deposited. The payment of the amount of Egypt initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments. As of December 31, 2025, both the first and second installments of the paid-in capital for Egypt have been fully paid. The third installment of paid-in capital of Egypt shall become due 30 months from the date of depositing the instrument of accession. The remaining four installments shall each become due successively one year from the date on which the preceding installment becomes due.

Note 2: The Bank established the rights to receive the initial subscribed paid-in capital of Algeria of 1,228 shares amounted to USD 123 million upon the date on which Algeria's instruments of accession are deposited. The payment of the amount of Algeria initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments. The first installment of paid-in capital was paid within 6 months from the date of depositing the instruments of accession. The remaining six installments shall each become due successively one year from the date on which the preceding installment becomes due.

Note 3: The discounting method is applied to derive the interest to be unwound over the installment period. The balance includes an initial discount of USD 683 million (December 31, 2024: USD 667 million) less USD 619 million of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2024: USD 608 million) and USD 36 million of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of December 31, 2025 (December 31, 2024: USD 36 million).

Note 4: As at December 31, 2025, the total paid-in capital receivables that will be due within one-year amounted to an undiscounted value of USD 131 million (December 31, 2024: USD 105 million), and that will be due after one-year amounted to an undiscounted value of USD 323 million (December 31, 2024: USD 304 million).

21. Other Assets

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Swap related collateral	123	5
Others (Note 1 below)	2	2
Commitment fee receivables	1	1
Other receivables	-*	-*
Total	<u>126</u>	<u>8</u>

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21. Other Assets - continued

* Less than USD half of a million

Note 1: Others mainly include prepayment.

22. Financial Liabilities Designated at FVTPL

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Bond - Principal	13,367	12,695
- Interest payable	212	166
- Fair value adjustment	228	(304)
Total	<u>13,807</u>	<u>12,557</u>

In July 2020, the Bank issued a five-year RMB bond (series 2) with par value of RMB 2 billion (USD 284 million equivalent) with the maturity date on July 7, 2025. The interest is paid by the Bank annually with fixed coupon rate of 3%. The bond has been fully repaid on July 7, 2025.

In September 2020, the Bank issued a five-year Euro Medium Term Note (series 2) with par value of USD 2 billion at a discount with the maturity date on September 29, 2025. The interest is paid by the Bank annually with fixed coupon rate of 0.625%. The note has been fully repaid on September 29, 2025.

In April 2021, the Bank issued a five-year Euro Medium Term Note (series 4) with par value of USD 1.5 billion at a discount with the maturity date on April 27, 2026. The interest is paid by the Bank annually with fixed coupon rate of 1.125%.

In July 2021, the Bank issued a five-year note with par value of HKD 500 million (USD 64 million equivalent) under the Euro Medium Term Note Programme with the maturity date on July 2, 2026. The interest is paid by the Bank annually with fixed coupon rate of 1%.

In September 2021, the Bank issued a five-year RMB bond with par value of RMB 2 billion (USD 310 million equivalent) with the maturity date on September 17, 2026. The interest is paid by the Bank annually with fixed coupon rate of 3.02%.

In January 2022, the Bank issued a three-year RMB bond (series 1) with par value of RMB 3 billion (USD 472 million equivalent) with the maturity date on January 27, 2025. The interest is paid by the Bank annually with fixed coupon rate of 2.45%. The bond has been fully repaid on January 27, 2025.

22. Financial Liabilities Designated at FVTPL - continued

In May 2022, the Bank issued a three-year RMB bond (series 2) with par value of RMB 7 billion (USD 1,048 million equivalent) with the maturity date on May 20, 2025. The interest is paid by the Bank annually with fixed coupon rate of 2.70%. The bond has been fully repaid on May 20, 2025.

In October 2022, the Bank issued a three-year RMB bond (series 3) with par value of RMB 3 billion (USD 410 million equivalent) with the maturity date on October 26, 2025. The interest is paid by the Bank annually with fixed coupon rate of 2.53%. The bond has been fully repaid on October 26, 2025.

In April 2023, the Bank issued a three-year note with par value of USD 1.25 billion at a discount under the Euro Medium Term Note Programme with the maturity date on April 26, 2026. The interest is paid by the Bank annually with fixed coupon rate of 5.125%.

In May 2023, the Bank issued a three-year note with par value of HKD 750 million (USD 96 million equivalent) under the Euro Medium Term Note Programme with the maturity date on May 22, 2026. The interest is paid by the Bank annually with fixed coupon rate of 4.10%.

In May 2023, the Bank issued a three-year RMB bond with par value of RMB 8.5 billion (USD 1.2 billion equivalent) with the maturity date on May 30, 2026. The interest is paid by the Bank annually with fixed coupon rate of 2.86%.

In June 2023, the Bank issued a three-year note with par value of HKD 500 million (USD 64 million equivalent) under the Euro Medium Term Note Programme as private placements, with the maturity date on June 20, 2026. The interest is paid by the Bank annually with fixed coupon rate of 4.65%.

In August 2023, the Bank issued a three-year note with par value of USD 100 million under the Euro Medium Term Note Programme as private placements, with the maturity date on August 25, 2026. The interest is paid by the Bank annually with fixed coupon rate of 5.00%.

In September 2023, the Bank issued a three-year note with par value of HKD 625 million (USD 80 million equivalent) under the Euro Medium Term Note Programme as private placements, with the maturity date on September 1, 2026. The interest is paid by the Bank annually with fixed coupon rate of 4.904%.

In October 2023, the Bank issued a three-year note with par value of USD 150 million under the Euro Medium Term Note Programme as private placements, with the maturity date on October 27, 2026. The interest is paid by the Bank annually with fixed coupon rate of 5.7%.

In December 2023, the Bank issued a five-year note with par value of USD 100 million under the Euro Medium Term Note Programme as private placements, with the maturity date on December 21, 2028. The interest is paid by the Bank annually with fixed coupon rate of 4.63%.

22. Financial Liabilities Designated at FVTPL - continued

In February 2024, the Bank issued a five-year RMB bond with par value of RMB 6 billion (USD 834 million equivalent) with the maturity date on February 1, 2029. The interest is paid by the Bank annually with fixed coupon rate of 2.66%.

In June 2024, the Bank issued a three-year USD bond with par value of USD 60 million with the maturity date on June 20, 2027. The interest is paid by the Bank annually with fixed coupon rate of 5.00%.

In July 2024, the Bank issued a three-year EUR bond with par value of EUR 90 million (USD 97 million equivalent) with the maturity date on July 3, 2027. The interest is paid by the Bank annually with fixed coupon rate of 3.57%.

In July 2024, the Bank issued a three-year RMB bond with par value of RMB 8 billion (USD 1,107 million equivalent) million with the maturity date on July 25, 2027. The interest is paid by the Bank annually with fixed coupon rate of 2.03%.

In August 2024, the Bank issued a three-year USD bond with par value of USD 50 million with the maturity date on August 23, 2027. The interest is paid by the Bank annually with fixed coupon rate of 4.35%.

In August 2024, the Bank issued a three-year USD bond with par value of USD 50 million with the maturity date on August 27, 2027. The interest is paid by the Bank annually with fixed coupon rate of 4.4575%.

In September 2024, the Bank issued a three-year USD bond with par value of USD 100 million with the maturity date on September 13, 2027. The interest is paid by the Bank annually with fixed coupon rate of 4.18%.

In November 2024, the Bank issued a three-year USD bond with par value of USD 1.25 billion with the maturity date on November 07, 2027. The interest is paid by the Bank annually with fixed coupon rate of 4.677%.

In November 2024, the Bank issued a five-year USD bond with par value of USD 30 million with the maturity date on November 25, 2029. The interest is paid by the Bank annually with fixed coupon rate of 4.677%.

In January 2025, the Bank issued a five-year RMB bond with par value of RMB 6 billion (USD 818 million equivalent) with the maturity date on January 16, 2030. The interest is paid by the Bank annually with fixed coupon rate of 1.7%.

In March 2025, the Bank issued a three-year USD note with par value of USD 1.25 billion at a discount with the maturity date on March 31, 2028. The interest is paid by the Bank annually with fixed coupon rate of 4.375%.

22. Financial Liabilities Designated at FVTPL - continued

In April 2025, the Bank issued a three-year RMB bond with par value of RMB 7 billion (USD 952 million equivalent) with the maturity date on April 10, 2028. The interest is paid by the Bank annually with fixed coupon rate of 1.82%.

In July 2025, the Bank issued a four-year EUR note with par value of EUR 150 million (USD 175 million equivalent) with the maturity date on July 15, 2029. The interest is paid by the Bank annually with fixed coupon rate of 2.31%.

In August 2025, the Bank issued a three-year RMB bond with par value of RMB 7 billion (USD 978 million equivalent) with the maturity date on August 27, 2028. The interest is paid by the Bank annually with fixed coupon rate of 1.88%.

In December 2025, the Bank issued a three-year RMB bond with par value of RMB 3 billion (USD 425 million equivalent) with the maturity date on December 4, 2028. The interest is paid by the Bank annually with fixed coupon rate of 1.88%.

In December 2025, the Bank issued a ten-year RMB bond with par value of RMB 2 billion (USD 283 million equivalent) with the maturity date on December 11, 2035. The interest is paid by the Bank annually with fixed coupon rate of 2.26%.

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the year ended December 31, 2025 and 2024. The contractual principal amount to be paid at maturity in original currency are RMB 49.5 billion (December 31, 2024: RMB 39.5 billion) for RMB denominated bonds, USD 5.89 billion, HKD 2.38 billion and EUR 240 million (December 31, 2024: USD 6.64 billion, HKD 2.38 billion and EUR 90 million) for USD, HKD and EUR denominated notes respectively.

23. Bank borrowings

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Bank borrowings	<u>6,256</u>	<u>4,756</u>
Total	<u><u>6,256</u></u>	<u><u>4,756</u></u>

On January 25, 2024, the Bank utilised the bank borrowing facility and withdrew an amount of USD 2 billion with the maturity of January 25, 2027. The interest is paid by the Bank semi-annually with the rate of SOFR plus 0.70% margin.

On March 29, 2024, the Bank utilised the bank borrowing facility and withdrew an amount of USD 1.2 billion with maturity of March 29, 2027. The interest is paid by the Bank quarterly with the rate of SOFR plus 0.83% margin.

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23. Bank borrowings - continued

On October 15, 2024, the Bank utilised the bank borrowing facility and withdrew an amount of USD 1.5 billion with maturity of October 15, 2027. The interest is paid by the Bank semi-annually with the rate of SOFR plus 0.70% margin.

On December 3, 2025, the Bank utilised the bank borrowing facility and withdrew an amount of USD 1.5 billion with maturity of December 1, 2028. The interest is paid by the Bank semi-annually with the rate of SOFR plus 0.58% margin.

All bank borrowings are unsecured and unsubordinated.

24. Note Payables

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Note payables	348	-
Total	<u>348</u>	<u>-</u>

As at December 31, 2025, notes payables include various zero-coupon note issuances with maturity within 1 year (2024: Nil).

25. Bond Payables

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Bond payables	1,788	1,560
Total	<u>1,788</u>	<u>1,560</u>

In October 2022, the Bank issued a three-year note with par value of USD 50 million at a discount under the Euro Medium Term Note Programme with the maturity date on October 18, 2025. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 90 basis points. The note has been fully repaid on October 18, 2025.

In May 2023, the Bank issued a five-year note with par value of USD 200 million under the Euro Medium Term Note Programme with the maturity date on May 18, 2028. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 115 basis points.

25. Bond payables - continued

In May 2023, the Bank issued a three-year note with par value of USD 110 million under the Euro Medium Term Note Programme with the maturity date on May 22, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 100 basis points.

In July 2023, the Bank issued a three-year note with par value of USD 50 million under the Euro Medium Term Note Programme with the maturity date on July 19, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 95 basis points.

In July 2023, the Bank issued a three-year note with par value of USD 100 million under the Euro Medium Term Note Programme with the maturity date on July 24, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 95 basis points.

In August 2023, the Bank issued a three-year note with par value of USD 200 million under the Euro Medium Term Note Programme with the maturity date on August 3, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 95 basis points.

In August 2023, the Bank issued a three-year note with par value of USD 125 million under the Euro Medium Term Note Programme with the maturity date on August 15, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 90 basis points.

In August 2023, the Bank issued a five-year note with par value of ZAR 1,000 million (USD 53 million equivalent) under the ZAR Note Programme with the maturity date on August 21, 2028. The interest is paid by the Bank quarterly with a floating rate of Johannesburg Interbank Agreed Rate (JIBAR) compounded index plus 105 basis points.

In August 2023, the Bank issued a three-year note with par value of ZAR 500 million (USD 26 million equivalent) under the ZAR Note Programme with the maturity date on August 21, 2026. The interest is paid by the Bank quarterly with a floating rate of JIBAR compounded index plus 95 basis points.

In September 2023, the Bank issued a three-year note with par value of USD 80 million under the Euro Medium Term Note Programme with the maturity date on September 1, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 90 basis points.

In December 2023, the Bank issued a three-year note with par value of ZAR 500 million (USD 26 million equivalent) under the ZAR Note Programme with the maturity date on December 8, 2026. The interest is paid by the Bank quarterly with a floating rate of JIBAR compounded index plus 90 basis points.

In December 2023, the Bank issued a five-year note with par value of ZAR 831 million (USD 44 million equivalent) under the ZAR Note Programme with the maturity date on December 8, 2028. The interest is paid by the Bank quarterly with a floating rate of JIBAR compounded index plus 110 basis points.

25. Bond payables - continued

In December 2023, the Bank issued a three-year note with par value of USD 79 million under the Euro Medium Term Note Programme with the maturity date on December 28, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 85 basis points.

In June 2024, the Bank issued a three-year note with par value of USD 160 million under the Euro Medium Term Note Programme with the maturity date on June 11, 2027. The interest is paid by the Bank quarterly with a floating rate of SOFR compound index plus 80 basis points.

In August 2024, the Bank issued a three-year note with par value of USD 30 million under the Euro Medium Term Note Programme with the maturity date on August 2, 2027. The interest is paid by the Bank quarterly with a floating rate of SOFR compound index plus 75 basis points.

In August 2024, the Bank issued a three-year note with par value of USD 100 million under the Euro Medium Term Note Programme with the maturity date on August 12, 2027. The interest is paid by the Bank quarterly with a floating rate of SOFR compound index plus 80 basis points.

In August 2024, the Bank issued a three-year note with par value of USD 64 million under the Euro Medium Term Note Programme with the maturity date on August 22, 2027. The interest is paid by the Bank quarterly with a floating rate of SOFR compound index plus 75 basis points.

In September 2024, the Bank issued a three-year note with par value of ZAR 500 million (USD 28 million equivalent) under the ZAR Note Programme with the maturity date on September 10, 2027. The interest is paid by the Bank quarterly with a floating rate of 3 month JIBAR plus 90 basis points.

In September 2024, the Bank issued a five-year note with par value of ZAR 500 million (USD 28 million equivalent) under the ZAR Note Programme with the maturity date on September 10, 2029. The interest is paid by the Bank quarterly with a floating rate of 3 month JIBAR plus 105 basis points.

In July 2025, the Bank issued a three-year note with par value of USD 148 million under the Euro Medium Term Note Programme with the maturity date on July 28, 2028. The interest is paid by the Bank quarterly with a floating rate of SOFR compound index plus 60 basis points.

In August 2025, the Bank issued a three-year note with par value of USD 100 million under the Euro Medium Term Note Programme with the maturity date on August 4, 2028. The interest is paid by the Bank quarterly with a floating rate of SOFR compound index plus 60 basis points.

The Bank presents its issued floating-rate debt securities within the line item "Bond Payables".

26. Contract Liabilities

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Deferred income (Note 1 below)	62	57
Total	<u>62</u>	<u>57</u>

Note 1: As at 1 January 2024, contract liabilities amounted to USD 51 million.

The deferred income disclosed above relates to the unsatisfied performance obligations of front end fees as at December 31, 2025 and 2024. Revenue recognised for the year ended December 31, 2025 that was included in the contract liabilities balance at beginning of the year is USD 5 million (year ended December 31, 2024: USD 3 million).

Front end fees are recognised over time throughout the contractual period of the loans and advances on a straight-line basis. The Bank elected to apply the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

27. Other Liabilities

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Impairment provision of loan commitments	44	38
Swap related collateral	79	109
Annual leave provision	5	4
Accrued expenses	5	5
Employee benefits payable	1	1
Others	-*	-*
Total	<u>134</u>	<u>157</u>

27. Other Liabilities - continued

Reconciliation of provision for loan commitments

	<u>12 month ECL</u> USD million	Lifetime ECL - not <u>credit-impaired</u> USD million	<u>Total</u> USD million
ECL allowance of loan commitments as at January 1, 2025	3	35	38
Additions	1	-	1
Derecognition	-*	-	-*
Change in risk parameters	(1)	6	5
Transfer to lifetime ECL - not credit- impaired	-*	-*	-
ECL allowance of loan commitments as at December 31, 2025	<u>3</u>	<u>41</u>	<u>44</u>

	<u>12 month ECL</u> USD million	Lifetime ECL - not <u>credit-impaired</u> USD million	<u>Total</u> USD million
ECL allowance of loan commitments as at January 1, 2024	3	21	24
Additions	1	-	1
Derecognition	-*	-	-*
Change in risk parameters	(1)	14	13
ECL allowance of loan commitments as at December 31, 2024	<u>3</u>	<u>35</u>	<u>38</u>

* Less than USD half of a million

For the year ended December 31, 2025, the additions to the ECL allowance of USD 1 million (December 31, 2024: USD 1 million) was due to origination of loan commitments that is expected to be drawn down within 12 months from December 31, 2025 and/or over the remaining loan contract period of USD 520 million (December 31, 2024: USD 1,456 million).

For the year ended December 31, 2025, the derecognition to the ECL allowance of less than USD half a million (December 31, 2024: less than USD half a million) was due to expiry, cancellation or full utilisation of loan commitments of USD 410 million (December 31, 2024: USD 398 million).

For the year ended December 31, 2025, the change in risk parameters led to the recognition of ECL of USD 5 million (for the year ended December 31, 2024: recognition of ECL of USD 13 million) was mainly due to change in the PD.

28. Paid-in Capital

A statement of capital subscriptions showing the amount of paid-in and callable shares subscribed to by each member according to the Agreement and the Resolution, is set out in the following table. There is no amendment to the terms of subscription payment in the Agreement and the Resolution as at December 31, 2025.

	As at December 31, 2025		As at December 31, 2024	
	Number of shares	Amount in USD million	Number of shares	Amount in USD million
Authorised shared capital	1,000,000	100,000	1,000,000	100,000
Less: unsubscribed by members	(466,920)	(46,692)	(473,060)	(47,306)
Total subscribed capital	533,080	53,308	526,940	52,694
Less: callable capital	(426,464)	(42,647)	(421,552)	(42,156)
Total paid in capital	<u>106,616</u>	<u>10,661</u>	<u>105,388</u>	<u>10,538</u>

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28. Paid-in Capital - continued

A statement of capital subscriptions showing the amount of paid-in and callable shares subscribed to by each member is set out in the following table:

<u>As at December 31, 2025</u>	Total shares Numbers	Total capital USD million	Callable capital USD million	Paid-in capital USD million	Paid-in capital received USD million	Paid-in capital outstanding USD million
Brazil	100,000	10,000	8,000	2,000	2,000	-
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	2,000	-
Bangladesh	9,420	942	754	188	94	94
UAE	5,560	556	445	111	56	55
Egypt	11,960	1,196	957	239	48	191
Algeria	6,140	614	491	123	9	114
Total	533,080	53,308	42,647	10,661	10,207	454

<u>As at December 31, 2024</u>	Total shares Numbers	Total capital USD million	Callable capital USD million	Paid-in capital USD million	Paid-in capital received USD million	Paid-in capital outstanding USD million
Brazil	100,000	10,000	8,000	2,000	2,000	-
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	2,000	-
Bangladesh	9,420	942	754	188	66	122
UAE	5,560	556	445	111	39	72
Egypt	11,960	1,196	957	239	24	215
Total	526,940	52,694	42,156	10,538	10,129	409

1. Pursuant to Article 9 and attachment 2 of the Agreement each founding members' paid in capital stock is received in seven installments. Further, the paid in capital stock for newly admitted members shall be received in seven installments according to annexure of the respective Board Resolutions.
2. As at December 31, 2025, the paid-in capital due relating to the third installment of USD 35.88 million of a member country was overdue (December 31, 2024: USD 23.9 million).

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29. Reserves

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Capital reserve (Note 1 below)	-*	-*
Revaluation reserve	12	-*
Other reserves (Note 2 below)	<u>(28)</u>	<u>(23)</u>
Total	<u>(16)</u>	<u>(23)</u>

* Less than USD half of a million

Note 1: As at December 31, 2025, the Bank has received cash contributions amounting to USD 0.30 million (December 31, 2024: USD 0.30 million) from Russian Federation for the reimbursement of relevant payments for the ERC. The Bank recognises such cash contributions from Russian Federation as capital reserve on the basis that the contribution agreement does not include a contractual obligation of the Bank to repay cash or another financial asset, and there are no other features that would meet the definition of a financial liability.

As at December 31, 2025, the Government of India, on behalf of the Bank has paid the rent plus taxes amounting to USD 0.13 million (December 31, 2024: USD 0.13 million) as applicable of IRO for the lease period of first two years. The Bank recognises such contributions as capital reserve on the basis that the lease deed does not include a contractual obligation of the Bank to repay cash or another financial asset, and there are no other features that would meet the definition of a financial liability.

Note 2: Other reserves mainly represent the difference on the present value of paid-in receivables and the nominal amounts of subscribed paid-in capital arisen from the installment payments of the subscribed paid-in capital, which is regarded as an equity transaction. The subsequent unwinding of interest on paid-in capital receivables is reclassified from retained earnings to other reserves immediately following the unwinding treatment in the relevant accounting period.

30. Reconciliation of Assets and Liabilities arising from Financing Activities

Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank's statement of cash flows as cash flows from financing activities. The table below details changes in the Bank's assets and liabilities arising from financing activities, including both cash and non-cash changes.

	As at January <u>1, 2025</u> USD million	Net financing cash outflows <u>/(inflows)</u> USD million	Non-cash movements			Fair value changes and others ¹ USD million	As at December <u>31, 2025</u> USD million
			Unwinding of interest <u>movements</u> USD million	Impact of early payment USD million	Capital subscription USD million		
Derivative financial assets	169	44	-	-	-	35	248
Paid-in capital receivables	386	(78)	11	-	107	-	426
Total assets from Financing activities	<u>555</u>	<u>(34)</u>	<u>11</u>	<u>-</u>	<u>107</u>	<u>35</u>	<u>674</u>

	As at January <u>1, 2025</u> USD million	Net financing cash (outflows)/ inflows USD million	Non-cash movements			Debt issuance costs USD million	As at December <u>31, 2025</u> USD million
			Interest accrued <u>movements</u> USD million	Fair value changes and others ¹ USD million	Foreign exchange <u>movements</u> USD million		
Derivative financial liabilities	178	(150)	-	24	-	-	52
Financial liabilities designated at FVTPL	12,557	456	387	407	-	-	13,807
Bank Borrowings	4,756	1,247	253	-	-	-	6,256
Bond payables	1,560	104	94	-	30	-	1,788
Note payables	-	347	1	-	-*	-	348
Lease liabilities	-*	-*	-*	-*	-*	-	-*
Other liabilities	-	(8)	-	-	-	8	-
Total liabilities from financing activities	<u>19,051</u>	<u>1,996</u>	<u>735</u>	<u>431</u>	<u>30</u>	<u>8</u>	<u>22,251</u>

* Less than USD half of a million

¹ USD 35 million represents fair value changes and realised losses of derivative financial assets hedging transactions which are financing in nature economically. USD 24 million represents fair value changes and realised losses of derivative financial liabilities hedging transactions which are financing in nature economically.

	As at January <u>1, 2024</u> USD million	Net financing cash outflows <u>/(inflows)</u> USD million	Non-cash movements			Fair value changes and others ² USD million	As at December <u>31, 2024</u> USD million
			Unwinding of interest <u>movements</u> USD million	Impact of early payment USD million			
Derivative financial assets	112	11	-	-	46	169	
Paid-in capital receivables	427	(51)	10	-*	-	386	
Total assets from Financing activities	<u>539</u>	<u>(40)</u>	<u>10</u>	<u>-*</u>	<u>46</u>	<u>555</u>	

30. Reconciliation of Assets and Liabilities arising from Financing Activities - continued

	As at January 1, 2024 USD million	Net financing cash (outflows)/ inflows USD million	Non-cash movements				As at December 31, 2024 USD million
			Interest accrued movements USD million	Fair value changes and others ² USD million	Foreign exchange movements USD million	Debt issuance costs USD million	
Derivative financial liabilities	421	(315)	-	72	-	-	178
Financial liabilities designated at FVTPL	12,669	(494)	286	96	-	-	12,557
Bank Borrowings	-	4,566	190	-	-	-	4,756
Bond payables	1,654	(205)	115	-	(4)	-	1,560
Note payables	2,248	(2,317)	70	-	(1)	-	-
Lease liabilities	-*	-*	-*	-*	-*	-	-*
Other liabilities	-	(8)	-	-	-	8	-
Total liabilities from financing activities	<u>16,992</u>	<u>1,227</u>	<u>661</u>	<u>168</u>	<u>(5)</u>	<u>8</u>	<u>19,051</u>

* Less than USD half of a million

² USD 46 million represents fair value changes and realised losses of derivative financial assets hedging transactions which are financing in nature economically. USD 72 million represents fair value changes and realised losses of derivative financial liabilities hedging transactions which are financing in nature economically.

31. Financial Instruments

Categories of financial instruments

	As at December 31, 2025 USD million	As at December 31, 2024 USD million
Financial assets		
Financial assets at FVTPL	414	938
Debt instruments at FVTOCI	1,028	702
Financial assets measured at amortised cost	<u>34,152</u>	<u>29,892</u>
Total	<u>35,594</u>	<u>31,532</u>
Financial liabilities		
Financial liabilities at FVTPL	14,101	12,767
Financial liabilities measured at amortised cost	<u>8,476</u>	<u>6,430</u>
Total	<u>22,577</u>	<u>19,197</u>

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32. Commitments

1) Capital commitments

As at December 31, 2025 and 2024, the Bank had no irrevocable capital expenditures commitment.

2) Credit commitments

	As at December <u>31, 2025</u> USD million	As at December <u>31, 2024</u> USD million
Letters of effectiveness signed	<u>7,326</u>	<u>7,327</u>
Total	<u><u>7,326</u></u>	<u><u>7,327</u></u>

Credit commitments represent general facility limits granted to borrowers. These credit facilities may be drawn on demand in the form of loans and advances upon the signing of the letter of effectiveness when the conditions precedent for the first drawdown have been complied with by borrowers.

33. Related Party Disclosure

In the ordinary course of business, the Bank may grant loans to a government or through a government credit guarantee arrangement, the Bank is, in accordance with IAS 24 Related Party Disclosures, exempted from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments and debt instruments at FVTOCI, with:

- A government that has control or joint control of, or significant influence over, the Bank; and
- Another entity that is a related party because the same government has control or joint control of, or significant influence over, both the Bank and the other entity.

The name and relationship with member governments are disclosed below. As December 31, 2025 and 2024, no transactions, individually or collectively with governments are considered significant to the Bank.

33. Related Party Disclosure - continued

(1) Name and relationship

<u>Name of related parties</u>	<u>Relationship</u>
The Federative Republic of Brazil	The Bank's shareholder
The Russian Federation	The Bank's shareholder
The Republic of India	The Bank's shareholder
The People's Republic of China	The Bank's shareholder
The Republic of South Africa	The Bank's shareholder
The People's Republic of Bangladesh	The Bank's shareholder
The United Arab Emirates	The Bank's shareholder
The Arab Republic of Egypt	The Bank's shareholder
The People's Democratic Republic of Algeria	The Bank's shareholder

According to the Agreement between the Bank and the Government of the People's Republic of China, the Headquarters of the Bank, permanent premises and other relevant facilities to support the Bank's operations shall be provided by the Government of the People's Republic of China, for free.

The permanent premise of the Bank is located at 1,600 Guozhan Road, Shanghai Expo Park, Pudong New District, Shanghai.

According to the Agreement between the Government of the Russian Federation and the Bank on the Hosting of the New Development Bank ERC in the Russian Federation, the Government of the Russian Federation has agreed to transfer special purpose contribution to the Bank for reimbursement of rent payment of ERC office premises and the cost of purchasing of furniture, equipment, and other facilities for the operation of ERC. Details of the cash contribution received from the Russian Federation as at December 31, 2025 and 2024 are set out in Note 29.

According to the Agreement between the Government of the India and the Bank on the Hosting of the New Development Bank IRO in the Republic of India, the Government of India on behalf of the Bank has paid the rent plus taxes as applicable for the period of first two years. Details of the contribution from the Government of India as at December 31, 2023 are set out in Note 29.

Details of the paid-in capital receivables as at December 31, 2025 and 2024 are set out in Note 20, and unwinding of interest on paid-in capital receivables for the year ended December 31, 2025 and 2024 are set out in the statement of profit or loss and other comprehensive income.

33. Related Party Disclosure - continued

(2) Details of Key Management Personnel (KMP) of the Bank

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including the President and Vice Presidents.

The following persons were KMP of the Bank during the year ended December 31, 2025 and 2024:

For the year ended December 31, 2025

<u>Name</u>	<u>Countries</u>	<u>Positions</u>
Dilma Vana Rousseff	Brazil	President
Vladimir Kazbekov	Russia	Vice President; Chief Operating Officer (up to Sep 6, 2025)
Roman Serov	Russia	Vice President; Chief Operating Officer (with effective from Sep 7, 2025)
Anil Kishora	India	Vice President; Chief Risk Officer (up to Aug 6, 2025)
Rajiv Ranjan	India	Vice President; Chief Risk Officer (with effective from Sep 24, 2025)
Qiangwu Zhou	China	Vice President; Chief Administrative Officer
Monale Ratsoma	South Africa	Vice President; Chief Financial Officer

For the year ended December 31, 2024

<u>Name</u>	<u>Countries</u>	<u>Positions</u>
Dilma Vana Rousseff	Brazil	President
Vladimir Kazbekov	Russia	Vice President; Chief Operating Officer
Anil Kishora	India	Vice President; Chief Risk Officer
Qiangwu Zhou	China	Vice President; Chief Administrative Officer
Monale Ratsoma	South Africa	Vice President; Chief Financial Officer (with effect from July 8, 2024)
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer (up to July 7, 2024)

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33. Related Party Disclosure - continued

(3) During the year, the remuneration of KMP were as follows:

	Year ended December <u>31, 2025</u> USD million	Year ended December <u>31, 2024</u> USD million
Salary and allowance	4	4
Staff Retirement Plan	-*	-*
Post-Retirement Insurance Plan	-*	-*
Other short-term benefits	-*	-*
Total	<u>4</u>	<u>4</u>

* Less than USD half of a million

34. Segment Reporting

For the year ended December 31, 2025 and 2024, the Bank has a single reportable segment and evaluates the financial performance of the Bank as a whole.

The following table presents the Bank's loan revenue by borrowers' geographic region for the year ended December 31, 2025 and 2024.

Loan revenue comprises loan interest incomes, front-end fee recognised and commitment fee.

<u>As at December 31, 2025</u>	Sovereign <u>exposures</u> USD million	Non-Sovereign <u>exposures</u> USD million	<u>Total</u> USD million
Brazil	168	22	190
Russia	54	13	67
India	273	25	298
China	185	2	187
South Africa	196	35	231
Bangladesh	-	-*	-*
Total	<u>876</u>	<u>97</u>	<u>973</u>

34. Segment Reporting - continued

<u>As at December 31, 2024</u>	<u>Sovereign exposures</u> USD million	<u>Non-Sovereign exposures</u> USD million	<u>Total</u> USD million
Brazil	159	33	192
Russia	68	29	97
India	281	23	304
China	192	-*	192
South Africa	216	41	257
Total	<u>916</u>	<u>126</u>	<u>1,042</u>

* Less than USD half of a million

35. Unconsolidated Structured Entity

The Board of Governors approved the establishment of the NDB Project Preparation Fund (NDB-PPF) on January 20, 2017. The NDB-PPF, established and administered by the Bank based on Article 3 and Article 23 of the Agreement, is an unconsolidated structured entity for accounting purposes. The objective of the NDB-PPF is to help NDB achieve its purpose of promoting infrastructure and sustainable development by supporting the preparation of bankable projects to facilitate borrowing member countries to raise funds for such projects from NDB and other financial institutions. The Bank is entrusted with the administration of the NDB-PPF to fulfill its purpose. The NDB-PPF does not expose the Bank to any loss, nor does it generate significant variable interest to the extent that consolidation is required. Accordingly, the NDB-PPF is an unconsolidated structured entity for accounting purposes.

Consistent with Article 18c of the Agreement, the ordinary capital resources of the Bank and the resources of the NDB-PPF shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separate from each other. The NDB-PPF will be open to contributions from all its member countries. Non-member countries and international organisations/funds may also contribute to the NDB-PPF with the Board of Director's approval authorised by the Board of Governors.

As at December 31, 2025, the NDB-PPF had received contributions amounting to USD 9 million (December 31, 2024 USD 9 million). The Bank has not earned any income from NDB-PPF for the year ended December 31, 2025 and 2024.

36. Subsequent Events

On February 3, 2026, the Bank received a paid-in capital installment from one member country, amounting to USD 12 million.

On February 5, 2026, the Bank received a paid-in capital installment from one member country, amounting to USD 28 million.

On March 10, 2026, the Bank received a paid-in capital installment from one member, amounting to USD 17 million.

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36. Subsequent Events - continued

On April 2, 2026, the Bank received a paid-in capital installment from one member, amounting to USD 12 million.

37. Approval of Annual Financial Statements

The annual financial statements were approved by the Board of Governors and authorised for issuance on May 15, 2026.

* * * End of the Annual Financial Statements * * *