

**ISLAMIC CORPORATION FOR THE DEVELOPMENT
OF THE PRIVATE SECTOR**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT

Your Excellencies the Chairman and Members of the General Assembly
Islamic Corporation for the Development of Private Sector
Jeddah
Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Islamic Corporation for the Development of Private Sector (the "Corporation") and its subsidiaries (collectively referred to as "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of income, other comprehensive income, changes in members' equity, cash flows and changes in off-balance sheet assets under management for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2025, and its results of operations, changes in members' equity, cash flows, changes in off-balance sheet assets under management for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Group has also complied with the Islamic Shari'ah Principles and Rules as determined by the Shari'ah Board of the Islamic Development Bank Group ("IsDBG") during the year ended 31 December 2025.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("AAOIFI Code"), International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements as endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of Public Interest Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the AAOIFI and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance against project assets As at 31 December 2025, the Group's project assets amounted to USD 1.3 billion (2024: USD 1 billion). The Expected Credit Loss ("ECL") allowance was USD 89.3 million (2024: USD 86.3 million) as at this date. The audit of the expected credit loss against project assets is a key area of focus because of its size and due to the significance of the estimates and judgments used in classifying project assets into various stages, determining related allowance requirements, and the complexity of the judgements, assumptions and estimates used in the ECL models. The Group recognizes allowances for ECL at an amount equal to 12-month ECL (stage 1) or full lifetime ECL (stage 2). A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective profit rate. The Group employs statistical models for ECL calculations, and the key variables used in these calculations are probability of default (PD), loss given default (LGD), and exposure at default (EAD), which are defined in note 3 to the consolidated financial statements. The material portion of the project assets is assessed for the significant increase in credit risk (SICR) and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging override in accordance with the Group's policies, if required.	1. We obtained an understanding of the project assets business process, the credit risk management process, the policy for impairment and credit losses and the estimation process of determining impairment allowances for project assets and the ECL methodology. 2. We assessed the controls over the following areas to determine if they has been appropriately designed and implemented: • approval, accuracy and completeness of ECL allowances and governance controls over the monitoring of the model and post model adjustments, through key management and committee meetings that form part of the approval process for project asset impairment allowances; • model outputs; and • recognition and measurement of ECL allowances 3. On a sample basis, we selected project assets and assessed and evaluated: • the Group's identification of SICR (stage 2), the assessment of the credit-impaired classification (stage 3) and whether relevant impairment events had been identified in a timely manner and classification of project assets into various stages and the determination of defaults/individually impaired exposures. • the forward-looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and related weighting applied. • the calculation methodology to determine if it complied with the requirements of FAS 30. • the post model adjustments and management overlays, if-any and the qualitative factors which were considered by the Group to recognize any post model adjustments, in case of data or model limitations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
The measurement of ECL amounts for project assets are carried out by ECL models with limited manual intervention, However, it is important the key variables in these models being PD, LGD, EAD and macroeconomic adjustments are valid throughout the reporting period and are subject to a periodic review process by an independent third-party expert. This was considered as a key audit matter and the audit was focused on this matter due to the materiality of the project assets and the complexity of the judgements, assumptions and estimates used in the ECL models. Refer to note 3 to the Consolidated financial statements for the accounting policy for the impairment of financial assets, note 26 for the disclosure of impairment and note 31 for credit risk disclosure and the key assumptions and factors considered in determination of ECL.	4. We tested models and the IT applications, used in the credit impairment process and verified the integrity of data used as input to the impairment models 5. The Group performed an external validation of the ECL model and LGD models including macro-economic model during the current period. We considered the process of this external validation of the models and its impact on the results of the impairment estimate. we assessed the methodology and framework designed and implemented by the Group as to whether the impairment models outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Group to determine future economic conditions at the reporting date. 6. Where relevant, we utilized our internal specialists to assist us in reviewing model calculations, evaluating related inputs and assessing assumptions used in the ECL model particularly around probability of default, loss given default, exposure at default. macroeconomic variables, forecasted macroeconomic scenarios and probability weights and of assumptions used in post model adjustments, where applicable. 7. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of the Financial Accounting Standards issued by AAOIFI.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**Other Information**

Management is responsible for the other information. Other information comprises the Group's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Group's 2025 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The management is responsible for the Group's undertaking to operate in accordance with Islamic Shari'ah Principles and Rules as determined by the IsDBG's Shari'ah Board.

The management is also responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ASIFIs, issued by AAOIFI, and 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 consolidated financial statements.

As part of an audit in accordance with ASIFIs, issued by AAOIFI, and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of managements' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group's audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte and Touche & Co
Chartered Accountants


Waleed Bin Moha'd Sobahi
Certified Public Accountant
License No. 378



21 April 2026
4 Dhul Qadah 1447 AH

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

(Expressed in Thousands of US Dollars unless otherwise stated)

	Note	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	5	170,213	144,333
Commodity Murabaha and Wakala placements	6	79,808	366,292
Investments in Sukuk, shares and other securities	7	1,338,641	1,479,091
Murabaha receivables	8	823,907	461,436
Instalment sale receivables	9	139,361	334,540
Ijarah Muntahia Bittamleek	10	330,577	241,065
Istisna'a receivable	11	8,215	8,717
Investment in associates	13	182,024	162,316
Investment in real estate properties	14	78,852	78,282
Other assets	15	33,964	37,152
		3,185,562	3,313,224
Assets held for sale	36	64,049	311,429
Total Assets		3,249,611	3,624,653
LIABILITIES			
Sukuk issued	16	1,111,552	1,313,233
Commodity Murabaha liabilities	17	779,552	805,518
Accrued and other liabilities	18	75,967	30,381
Employee benefit liabilities	19	4,500	5,190
Amounts due to ICD Solidarity Fund	20	1,987	1,807
		1,973,558	2,156,129
Liabilities directly associated with assets classified as held for sale	36	3,790	268,388
Total Liabilities		1,977,348	2,424,517
Members' Equity			
Paid-up capital	21	1,589,512	1,589,512
Accumulated losses	22	(398,231)	(432,517)
Fair value reserve		23,699	4,345
Actuarial reserve		11,308	10,927
Cashflow hedge reserve		(1,898)	(2,285)
Other reserve		7,673	3,507
Foreign currency translation reserve		(332)	(18,544)
Equity attributable to the shareholders of the parent		1,231,731	1,154,945
Non-controlling interest		40,532	45,191
Total Members' Equity		1,272,263	1,200,136
Total Liabilities and Members' Equity		3,249,611	3,624,653
Commitments	33		

Notes to the financial statements from 1 to 38 form an integral part of the financial statements.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Thousands of US Dollars unless otherwise stated)

	Note	31 December 2025	31 December 2024
Continuing operations			
NET INCOME			
Income from commodity Murabaha and Wakala placement		15,579	29,574
Income from sukuk investments	7.1	46,420	40,613
Income from financing assets	12	81,099	81,874
Equity investment income, net	13.2	19,135	20,803
Other income	23	18,626	9,975
Total income from continuing operations		180,859	182,839
Financing costs		(83,577)	(94,444)
Net income from continuing operations		97,282	88,395
OPERATING EXPENSES			
Staff costs		(44,849)	(41,798)
Other administrative expenses		(13,156)	(11,835)
Depreciation		(523)	(364)
Total operating expenses		(58,528)	(53,997)
Net operating income before impairment charges from continuing operations		38,754	34,398
Impairment charge	26	(13,220)	(10,122)
Net income for the year from continuing operations		25,534	24,276
Non-Shari'ah compliant income	20	180	619
Transferred to ICD Solidarity Fund	20	(180)	(619)
Net income for the year before taxation from continuing operations		25,534	24,276
Income tax		(11)	(76)
Net income for the year after taxation from continuing operations		25,523	24,200
Discontinued operations			
Net income/(loss) for the year after taxation from discontinued operations	36	9,417	(700)
Net income for the year		34,940	23,500
Attributable to:			
Equity-holders of the parent		34,286	23,605
Non-controlling interest		654	(105)
		34,940	23,500

Notes to the financial statements from 1 to 38 form an integral part of the financial statements.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Thousands of US Dollars unless otherwise stated)

	Note	31 December 2025	31 December 2024
Net Income for the year		34,940	23,500
Other Comprehensive Income:			
<u>Items that will not be reclassified to Statement of Income:</u>			
Actuarial losses on employee benefit liabilities	19.3	381	11,326
<u>Items that may subsequently be reclassified to the Statement of Income:</u>			
Fair value changes on Investments carried at fair value through OCI		19,065	17,560
Changes in cashflow hedge reserve		387	1,584
Changes in other reserve		4,166	(860)
Fair value changes on real estate properties		550	(719)
Exchange difference arising on translation of foreign Operations		18,475	(6,888)
		42,643	10,677
Total Other Comprehensive Income for the year		43,024	22,003
Attributable to:			
Equity-holders of the parent		42,500	23,278
Non-controlling interest		524	(1,275)
Total Comprehensive Income for the year		77,964	45,503
Attributable to:			
Equity-holders of the parent		76,786	46,883
Non-controlling interest		1,178	(1,380)

Notes to the financial statements from 1 to 38 form an integral part of the financial statements.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Thousands of US Dollars unless otherwise stated)

	Paid-up capital	Accumulated losses	Net income	Fair Value reserve	Actuarial losses	Cashflow hedge reserve	Other Reserves	Foreign currency translation reserve	Equity attributable to the shareholders of the parent	Non-controlling interest	Total
Balance at 1 January 2024	1,587,553	(456,122)	-	(12,838)	(399)	(3,869)	3,633	(11,855)	1,106,103	47,295	1,153,398
Net income/ (loss) for the year	-	-	23,605	-	-	-	-	-	23,605	(105)	23,500
Other comprehensive income	-	-	-	17,183	11,326	1,584	(126)	(6,689)	23,278	(1,275)	22,003
Total comprehensive income	-	-	23,605	17,183	11,326	1,584	(126)	(6,689)	46,883	(1,380)	45,503
Increase in paid-up capital	1,959	-	-	-	-	-	-	-	1,959	-	1,959
Transfer to accumulated losses	-	23,605	(23,605)	-	-	-	-	-	-	-	-
Disposal of a subsidiary (note 36)	-	-	-	-	-	-	-	-	-	-	-
Cash distribution	-	-	-	-	-	-	-	-	-	(724)	(724)
Balance at 31 December 2024	1,589,512	(432,517)	-	4,345	10,927	(2,285)	3,507	(18,544)	1,154,945	45,191	1,200,136
Net income for the year	-	-	34,286	-	-	-	-	-	34,286	654	34,940
Other comprehensive income	-	-	-	19,354	381	387	4,166	18,212	42,500	524	43,024
Total comprehensive income	-	-	34,286	19,354	381	387	4,166	18,212	76,786	1,178	77,964
Transfer to accumulated losses	-	34,286	(34,286)	-	-	-	-	-	-	-	-
Disposal of subsidiaries (note 36)	-	-	-	-	-	-	-	-	-	(4,412)	(4,412)
Cash distribution	-	-	-	-	-	-	-	-	-	(1,425)	(1,425)
Balance at 31 December 2025	1,589,512	(398,231)	-	23,699	11,308	(1,898)	7,673	(332)	1,231,731	40,532	1,272,263

Notes to the financial statements from 1 to 38 form an integral part of the financial statements.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Thousands of US Dollars unless otherwise stated)

	Note	31 December 2025	31 December 2024
OPERATING ACTIVITIES			
Income before tax for the year		25,534	24,276
Income before tax – discontinued operations		12,834	108
Adjustments for:			
Income attributable to non-controlling interest		(654)	105
Depreciation and amortization		40,734	27,013
Impairment charge for financial assets	26	20,937	17,992
Financing costs		83,577	94,444
Provision for Employee benefit liabilities	19	4,348	5,279
(Gain)/ loss on disposal of discontinued operations		(5,275)	1,540
Share of income from investments in associates		(22,885)	(21,142)
Gain on Islamic hedging and derivatives net of currency losses		(4,468)	(2,290)
		154,682	147,325
Changes in operating assets and liabilities:			
Commodity Murabaha and Wakala placements		286,483	(341,229)
Investments in Sukuk, shares and other securities		151,750	101,743
Murabaha receivables		(371,104)	(71,831)
Instalment sale receivables		147,917	(44,541)
Ijarah Muntahia Bittamleek		(134,260)	(39,949)
Istisna'a receivable		513	3,132
Investment in associates		(9,918)	(7,805)
Other assets		51,142	(62,919)
Accrued and other liabilities		394,075	44,656
Amounts due to ICD Solidarity Fund		180	618
Cash from operations		671,460	(270,800)
Financing cost paid		(79,003)	(85,890)
Employee benefits liabilities paid		(4,657)	(4,452)
Tax paid		(3,481)	(1,752)
Net cash generated from/ (used in) operating activities		584,319	(362,894)
INVESTING ACTIVITIES			
Investment in real estate		(281)	1,180
Dividends received from associates		6,340	-
Cash outflow on disposal of discontinued operations		(385,769)	1,417
Net cash (used in)/ generated from investing activities		(379,710)	2,597
FINANCING ACTIVITIES			
Proceeds from Sukuk issued		500,000	500,000
Repayment of Sukuk Issued		(700,896)	(998)
Proceeds from Commodity Murabaha liabilities		426,847	415,699
Repayments of Commodity Murabaha liabilities		(485,267)	(597,479)
Share capital contribution		-	1,959
Non-controlling interest		(247)	(2,104)
Net cash (used in)/ generated from financing activities		(259,563)	317,077
NET DECREASE IN CASH AND CASH EQUIVALENT			
		(54,954)	(43,220)
Cash and cash equivalents at the beginning of the year		207,131	257,040
Foreign currency translation reserve		18,212	(6,689)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	170,389	207,131

Notes to the financial statements from 1 to 38 form an integral part of the financial statements.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE-SHEET ASSETS UNDER MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Thousands of US Dollars unless otherwise stated)

	January 1, 2024	Additions	Net disposals/ withdrawals	Mudarib's share	December 31, 2024
Net assets managed on behalf of a financial institution	-	102,000	(102,000)	-	-
Total	-	102,000	(102,000)	-	-

	January 1, 2025	Additions	Net disposals/ withdrawals	Mudarib's Share	December 31, 2025
Net assets managed on behalf of a financial institution	-	137,200	68,200	-	69,000
Total	-	137,200	68,200	-	69,000

The Group has Wakala based arrangement with a financial institution in which it provides investment management services to the financial institution and acts as its agent. The Group is not exposed to any variable returns on the investment of these funds and accordingly does not control these funds. Therefore, the Group does not recognize these funds on its Consolidated statement of financial position. During the year, the Group earned USD 81,018 (2024: USD 314,917) as agent's remuneration. The remuneration is agreed upon through the Framework Agreement between the Group and the financial Institution.

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Thousands of US Dollars unless otherwise stated)

1. ORGANISATION AND OPERATIONS

Islamic Corporation for the Development of the Private Sector (the “Corporation”, “the Parent”) is an international specialized institution established pursuant to the Articles of Agreement (“the Agreement”) signed and ratified by its members’. The Parent Company commenced its operations following the inaugural meeting of the General Assembly held on 6 Rabi Thani, 1421H, corresponding to July 8, 2000.

According to the Agreement, the objective of the Parent Company is to promote, in accordance with the principles of Shari’ah, the economic development of its member countries by encouraging the establishment, expansion, and modernization of private enterprises producing goods and services in such a way as to supplement the activities of Islamic Development Bank (“IsDB”).

The Parent Company, as a multilateral financial institution, is not subject to any external regulatory authority. It operates in accordance with the Agreement and the approved internal rules and regulations.

The Parent Company carries out its business activities through its headquarters in Jeddah, Saudi Arabia.

The principal activities of the Parent and its subsidiaries (collectively the “Group”) are a wide range of financial services, including retail, commercial, investment banking, private banking, and real estate development.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Shari’ah rules and principles as determined by the Shari’ah Board of the IsDB Group. For matters, which are not covered by AAOIFI standards, the Corporation seeks guidance from the relevant International Financial Reporting Standards (IFRSs) issued or adopted by the International Accounting Standards Board (IASB) and the relevant interpretation issued by the International Financial Reporting Interpretations Committee of IASB provided they do not contradict the rules and principles of Shari’ah as determined by the Shari’ah Board of IsDB Group.

The Group’s consolidated financial statements comprise the financial statements of the Corporation and the following subsidiaries (collectively “the Group”) in which the Parent Company exercises control and therefore have been consolidated in these consolidated financial statements on a line by line basis combining similar items of assets, liabilities, income and expenses of the Corporation and its subsidiaries, except where the subsidiary is classified as held for sale.

Name of the entity	Country of incorporation	Nature of business	Effective ownership %	
			2025	2024
Azerbaijan Leasing Company Limited (note 36)	Azerbaijan	Leasing	-	100
ICD Asset Management Limited	Malaysia	Asset management	100	100
Islamic Banking Growth Fund	Malaysia	Private equity fund	100	100
ICD Fixed Income Limited	Malaysia	Asset management	100	100
ICD Unit Investment Fund (Labuan) LLP	Malaysia	Asset management	66.6	66.6
Taiba Leasing	Uzbekistan	Leasing	100	100
Tamweel Africa Holding	Senegal	Banking	100	100
Ijara Management Company	Saudi Arabia	Leasing	100	100
Tahfeez United Company Limited (Formerly Capitas Group)	Saudi Arabia	Advisory	100	100
Banque Islamique de Guinee (note 36)	Guinee	Banking	-	68.4
ASR Leasing LLC (note 36)	Tajikistan	Leasing	-	67
Al Majmoua Al Mauritania	Mauritania	Real estate	53	53
Ewaan Al Fareeda Residential Co.	Saudi Arabia	Real estate	50	50
Taha Alam Sdn Bhd (note 36)	Malaysia	Hajj & Umra Services	-	50

ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Thousands of US Dollars unless otherwise stated)

ICD Asset Management Limited includes ICD Unit Investment Fund LLP (UIF) in which PwC was appointed as a liquidator. The liquidation of UIF will run through two phases, Phase 1 is for monetizing the assets and phase 2 is for full dissolution of the Fund.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, income, expenses, profits, and losses are eliminated in full on consolidation. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and continue to be consolidated until the date that control ceases or the subsidiary is classified as held for sale, in which case the assets and liabilities respectively are removed line by line and presented as assets and liabilities held for sale as a single line item on the statement of financial position. Control is achieved when it has substantially all risks and rewards incidental to ownership of the business, duly meeting both of the following conditions: a) it is directly exposed to, and has rights to, variable returns (negative and positive, respectively) from its involvement with such business; and b) it has the ability to affect those returns through its power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

Non-controlling interest in a subsidiary's net assets is reported as a separate item in the Group's members' equity. In the consolidated statement of income, non-controlling interest is included in net income, and shown separately from that of the shareholders.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in members' equity since the date of combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest in a subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Transactions with non-controlling interests are managed in the same way as transactions with external parties. Sale of participations to non-controlling interests result in a gain or loss that is recognised in the consolidated statement of income. Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements are prepared under the historical cost convention except for the following items in the consolidated statement of financial position:

- Investments in associates are measured using equity method of accounting;
- Other investments measured at fair value through other comprehensive income;
- Profit rate and cross-currency swaps measured at fair value;
- Investments in Sukuk which are measured at fair value through other comprehensive income and;
- Post-employment benefit plan is measured using actuarial present value calculation based on projected unit credit method.

These consolidated financial statements are presented in United States Dollars ("USD") which is also the functional and presentation currency of the Group.

The following is a summary of the Group's significant accounting policies:

Transactions and balances

Monetary and non-monetary transactions denominated or requiring settlement in a foreign currency are translated into United States Dollars ("USD") at the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the reporting date. Foreign currency differences resulting from retranslation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income as foreign exchange gains/losses.

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value (including Equity investments) are retranslated at the spot exchange rate at the date that the fair value was determined. Foreign currency differences resulting from translation of such investments are recognized in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income. Translation differences on non-monetary items carried at their fair value, such as certain investments carried at fair value through other comprehensive income are included in investments fair value reserve.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of financing and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. Translation losses arising in the case of severe devaluation or depreciation (other than temporary) of the currency of the net investment in a foreign operation when the latter is translated at the spot exchange rate at the date of consolidated statement of financial position, are recognised in the first place as a charge in other comprehensive income against any credit balance on the separate component of the members' equity and any remaining amount is recognised as a loss in the consolidated statement of income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of income as part of the gain or loss on sale.

Goodwill, and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, commodity murabaha placements and wakala placements through banks having a maturity of three months or less from the date of placement that are subject to an insignificant risk of changes in their fair value. Cash and cash equivalents are carried at amortised cost less allowance for credit losses in the statement of financial position.

Commodity Murabaha and Wakala placements

Commodity Murabaha placements are made through financial institutions and are utilized in the purchase and sale of commodities at a fixed profit. The buying and selling of commodities are limited by the terms of agreement between the Group and other financial institutions. Commodity placements are initially recorded at cost including acquisition charges associated with the placements and subsequently measured at amortized cost less allowance for credit losses.

Wakala placement is an agreement whereby one party (the "Muwakkil" / "Principal") appoints an investment agent (the "Wakeel" / "Agent") to invest the Muwakkil's funds (the "Wakala Capital") on the basis of an agency contract (the "Wakala") in return for a specified fee. The agency fee can be a lump sum or an expected fixed percentage of the Wakala Capital. The agent decides in respect to the investments to be made from the Wakala Capital, subject to the terms of the Wakala agreement. However, the Wakeel bears the loss in cases of misconduct, negligence or violation of any of the terms of the Wakala agreements.

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Project assets

Project assets include Murabaha, Istisna'a receivable, instalment sales, and Ijarah Muntahia Bittamleek.

Murabaha receivables

Murabaha receivables are agreements whereby the Group sells to a customer, on a cost plus profit basis, a commodity or an asset, which the Group has purchased and acquired based on a promise received from the customer to buy.

Installment sale receivables

Installment sale is a sale agreement where repayments are made on an installment basis over a pre-agreed period. The selling price comprises the cost plus an agreed profit margin without requirement of disclosing the actual cost.

Ijarah Muntahia Bittamleek

These consist of assets purchased by the Group either individually or as part of syndication with other entities and leased to beneficiaries for their use in Ijarah Muntahia Bittamleek agreements whereby the ownership of the leased assets is transferred to the beneficiaries at the end of the lease term after the completion of all payments under the agreement. The transfer of asset's ownership may take place through transfer of control (entailing risks and rewards incidental to ownership of such assets) under a separate form of contract as follows:

- Contract of Sale: after the end of the Ijarah term; or
- Contract of gift" after the end of the contract term; or
- Contract of sale of proportionate ownership during the Ijarah term.

Istisna'a receivable

Istisna'a is an agreement between the Group and a customer whereby the Group sells to the customer an asset which is either manufactured or acquired by the purchaser on behalf of the Group according to agreed-upon specifications, for an agreed-upon price. After completion of the project, the Istisna'a asset is transferred to the Istisna'a receivable account.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in statement of income as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognized in statement of income.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to statement of income, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Investments

The Group investments are categorised as follows:

i) Subsidiaries

An entity is classified as a subsidiary if the Group can exercise control over the entity. A Group controls an asset or business, when it has substantially all risks and rewards incidental to ownership of such asset or business, duly meeting both of the following conditions:

- a) It is directly exposed to, or has rights to, variable returns (negative or positive, respectively) from its involvement with such assets or business; and
- b) It has the ability to affect those returns through its power over the assets or business.

ii) Associates

An entity is classified as an associate of the Group if the Group can exercise significant influence on the entity. Significant influence is presumed to exist if the Group holds, directly or indirectly through its subsidiaries, 20 per cent or more of the voting rights in the entity, unless it can be clearly demonstrated otherwise. Conversely, significant influence may also exist through agreement with the entity's other members or the entity itself regardless of the level of shareholding that the Group has in the entity. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in associate). The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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iii) Other equity investments

Entities where the Group does not have significant influence or control are categorised as other equity investments. Equity investments are intended for long-term holding and may be sold in response to liquidity needs, changes in market prices or within the overall context of the Group's developmental activities. Accordingly, the Group has opted to designate all of its equity investments at fair value through other comprehensive income.

Listed investments measured at fair value through other comprehensive income

Initially and subsequently such investments are measured at fair market value, and any unrealized gains or losses arising from the change in their fair values are recognized directly in the fair value reserve under other comprehensive income until the investment is derecognized or considered impaired, at which time the cumulative gain or loss previously recorded in the other comprehensive income is recognized in the consolidated statement of income.

Unlisted investments in equities and funds measured at fair value through other comprehensive income

Unlisted investments in equities carried at fair values determined by independent valuers. Fair value gains/losses are reported in other comprehensive income. If there is objective evidence that an impairment loss has been incurred, the amount of impairment is measured as the difference between the carrying amount of investment and its expected recoverable amount. Impairment losses recognized in consolidated statement of income are reversed through statement of other comprehensive income. After the initial designation, the Group shall not reclassify investments in equity-type securities into or out of the fair value through its statement of other comprehensive income category.

All other investments (excluding investments carried at fair value through consolidated statement of income) are assessed for impairment in accordance with the impairment approach.

iv) Sukuk investments

Sukuk are certificates of equal value representing undivided share in ownership of tangible assets, usufructs, services or (in the ownership) of assets of a particular project, measured at amortised costs or fair value through other comprehensive income.

Sukuk Investments carried at fair value through other comprehensive income

An investment will be measured at fair value through other comprehensive income if both the following conditions are met:

- the investment is held within a business model whose objective is achieved by both collecting the expected cashflows and selling the investments; and
- the investment represents a non monetary debt type instrument or other investment instrument having reasonably determinable effective yield.

Sukuk Investments carried at amortised cost

An Investment instruments shall be measured at amortised cost if both the following conditions are met:

- the investment is held within a business model whose objective is to hold such investments in order to collect expected cashflows till maturity of the instrument; and
- the investment represents either a debt type instrument or other investment instrument having reasonably determinable effective yield.

These investments are measured using effective profit method at initial recognition minus capital/redemption payments and minus any reduction for impairment.

Any other investment instruments not classified as per amortised cost or fair value through other comprehensive income, are classified as fair value through consolidated statement of income.

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On initial recognition, the Group makes an irrevocable election to designate certain equity instruments that are not designated at fair value through consolidated statement of income to be classified as investments at fair value through other comprehensive income.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVIS. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Impairment of investments held at fair value through other comprehensive income

The Group exercises judgment to consider impairment on the financial assets including equity investments held at fair value through other comprehensive income, at each reporting date. This includes determination of a significant or prolonged decline in the fair value of equity investments below cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share prices. In addition, the Group considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Group considers 30% or more, as a reasonable measure for significant decline below its cost, irrespective of the duration of the decline. Prolonged decline represents decline below cost that persists for 1 year or longer irrespective of the amount.

Impairment of goodwill

Goodwill acquired through business combinations have been allocated to the cash-generating units of the acquired entities for impairment testing purposes. The Group tests whether goodwill has suffered any impairment in accordance with the impairment accounting policy.

Impairment of financial assets other than equity instrument

The Group applies the credit loss approach to financial instruments measured at amortized cost. To assess the extent of credit risk, the financial assets are divided into three (3) categories:

- i. Stage 1 – No significant increase in credit risk;
- ii. Stage 2 – Significant increase in credit risk (SICR); and
- iii. Stage 3 – Credit impaired financial assets.

Allocation to different stages is based on the degree of deterioration in the credit quality of the financial asset. At each reporting date, the Group assesses whether there has been a significant increase in credit risk. The Group monitors all financial assets, and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

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Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the countries and industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing, Given that macro-economic scenario data and models for certain countries are not readily available, in such cases proxy scenarios and models have been used.

The PDs used are forward-looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

All financial assets are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with initial recognition, then the asset is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit-impaired and allocated to stage 3.

With the exception of Purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2).
- As for instruments classified in stage 3, loss allowance is quantified as the difference between the carrying amount of the instrument and the net present value of expected future cash flows discounted at the instrument's original effective profit rate (EPR) where applicable.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events

- Company files for bankruptcy
- Cancellation of Operating License
- Clear evidence that the company will not be able to make the future repayments

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortized cost are credit-impaired at each reporting date.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in statement of income. A favourable change for such assets creates an impairment gain.

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Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

A financing forbearance is granted in cases where although the financed party made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the financed party is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the financial asset, changes to the timing of the cash flows of the financial asset (principal and profit repayment), reduction in the amount of cash flows due (principal and profit forgiveness).

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective profit rate. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group considers the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

In the case where the financial asset is derecognized the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new financial asset is considered to be originated- credit impaired. This applies only in the case where the fair value of the new financial asset is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the client is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioral indicators, including the financed party's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. If a forborne financing is credit impaired due to the existence of evidence of credit impairment (see above), the Group performs an ongoing assessment to ascertain if the problems of the exposure are cured, to determine if the financing is no longer credit impaired. The loss allowance on forborne financing will generally only be measured based on 12-month ECL when there is evidence of the financed party's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

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Where a modification does not lead to derecognition the Group calculates the modification loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Modification losses, if any, for financial assets are included in the consolidated statement of income in 'Losses on modification of financial assets'. Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized funding for the proceeds received.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- All contracts or obligors rated 21 in the Group's internal scale (equivalent to C in Moody's scale and D in both S&P's and Fitch Ratings' scale); or
- Moreover, the Group also uses a rebuttable presumption based on days past due (DPD). This rule is applied if the contractual payments are due for more than 180 days for sovereign contracts and 90 days for non-sovereign ones, unless there is reasonable and supportable information indicating that the contract is not credit-impaired.

This definition of default is used by the Group for accounting purposes as well as for internal credit risk management purposes. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Write-off

When the exposure is deemed uncollectible, it is written-off against the related impairment provision and any excess loss is recognized in the consolidated statement of income. Such assets are written-off only after all necessary procedures have been completed and the amount of loss has been determined. Subsequent recoveries of amounts previously written-off are credited to the Group's consolidated statement of income.

Financial liabilities

The Group derecognizes financial liabilities when, and only when, its contractual obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in consolidated statement of income.

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Other amortised cost assets

An assessment is made at each reporting date to determine whether there is objective evidence that an amortised cost asset or a group of such assets may be impaired. The amount of the impairment losses for other assets is calculated as the difference between the asset's carrying amount and its estimated recoverable amount. Adjustments to the provision are recorded as a charge or credit in the Group's consolidated statement of income.

Financial liabilities

All Sukuk issued, Commodity Murabaha financing and other liabilities issued are initially recognized at cost, net of transaction charges, being the fair value of the consideration received. Subsequently, all yield bearing financial liabilities, are measured at amortised cost by taking into account any discount or premium. Premiums are amortised, and discounts are accreted on an effective yield basis to maturity and taken to "financing cost" in the consolidated statement of income.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset only when there is a legal enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under Financial Accounting Standards ("FAS") issued by AAOIFI, or for gains and losses arising from a group of similar transactions.

Islamic hedging and derivative financial instruments

Islamic hedging and derivatives financial instruments represent Islamic foreign currency forward contracts, Islamic profit rate swaps and Islamic cross currency profit rate swaps. They are based on International Islamic Financial Market (IIFM) and International Swaps Derivatives Association, Inc. (ISDA) templates. These are used by the Group for hedging strategy only to mitigate the risk of fluctuation in foreign currency and financing cost for placements with financial institutions, financing assets and Sukuk issued. Islamic hedging and derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting date. The resulting gains or losses on re-measurement are recognised in the consolidated statement of income. Islamic hedging and derivatives with positive fair values or negative fair values are reported under the 'other assets' or 'accrued and other liabilities', respectively, in the statement of financial position.

Hedge (Tahawwut) accounting

The Group designates profit-rate swap and cross currency swaps in respect of foreign currency risk and profit rate risk, as cash flow hedges or fair value Hedges.

At the inception of the hedge relationship (Tahawwut), the Group documents the relationship between the hedging instrument/wa'ad and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions (Tahawwut). Furthermore, at the inception of the hedge, the Group documents whether the hedging instrument/wa'ad is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of swaps or wa'ad that are designated and qualify as cash flow hedges is recognized in statement of other comprehensive income and accumulated under the heading of cash flow hedge reserves. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income.

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The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments or wa'ad entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments or wa'ad that are recognized and accumulated under the heading of cash flow hedge reserves are reclassified to statement of income only when the hedged transaction affects the statement of income.

Amounts previously recognized in the statement of changes in other comprehensive income are reclassified to statement of income in the periods when the hedged item affects the statement of income, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship (Tahawwut), when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Fair value hedges

The fair value changes in the fair value of swaps or wa'ad that are designated and qualify as fair value hedges is recognized in statement of income. The carrying amount of a hedged item is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in statement of income. Where hedging gains or losses are recognised in statement of income, they are recognised in the same line as the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship (Tahawwut), when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group, and accordingly, are not included in the consolidated financial statements.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

- | | |
|--------------------------|------------|
| • Furniture and fixtures | 10% to 25% |
| • Computers | 10% to 33% |
| • Motor vehicles | 15% to 25% |
| • Other equipment | 10% to 20% |

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Real estate investments

Investment in real estate is initially recognised at cost and subsequently re-measured at fair value in accordance with the fair value model with the resulting unrealised gains being recognised in the consolidated statement of other comprehensive income.

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Any unrealised losses resulting from re-measurement at fair value of investment in real estate carried at fair value are adjusted in equity against the investment in real estate fair value reserve, to the extent of the available credit balance of this reserve. In case such losses exceed the available balance, the unrealised losses are recognised in the consolidated statement of income. In case there are unrealised losses relating to investment in real estate that have been recognised in the consolidated statement of income in a previous financial period, the unrealised gains relating to the current financial period are recognised to the extent of crediting back such previous losses in the consolidated statement of income.

The realised profits or losses resulting from the sale of any investment in real estate are measured as the difference between the book value (or carrying amount) and the net cash or cash equivalent proceeds from the sale for each investment separately. The resulting statement of income together with the available balance on the investment in real estate fair value reserve account is recognised in the consolidated statement of income for the current financial period.

All properties where the decision is made to sell, and the sale is expected to occur within 12 months of the reporting date (subject to availability of identified willing buyer) are classified as Investment in real estate Held-for-sale. Investment in real estate Held-for-sale is measured at fair value in accordance with the fair value model.

Goodwill

Goodwill acquired at the time of acquisitions of subsidiaries is reported in the consolidated statement of the financial position as an asset. Goodwill is initially measured at cost being the excess of the cost of acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Subsequently, the goodwill is tested for an impairment on an annual basis. At the end of the financial period, the goodwill is reported in the consolidated statement of financial position at cost less any accumulated impairment losses.

Negative goodwill resulting from the acquisition of a business or entity is recognised in the consolidated statement of income.

Acquisition of minority interests is accounted using the Economic Entity Method. Under the Economic Entity Method, the purchase of a minority interest is a transaction with a shareholder. As such, any excess consideration over the Group's share of net assets is recorded in members' equity.

Sukuk issued

The Sukuk assets have been recognised in the ICD consolidated financial statements, as ICD is the Service Agent, whilst noting that ICD has sold these assets at a price to the Sukuk holders through the SPV by a valid sale contract transferring ownership thereof to the Sukuk holders, however, ICD continues to be exposed to substantial risks and rewards of ownership of the assets sold.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale. When the group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

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Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the activities of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or abandonment or when the operation meets the criteria to be classified as held-for-sale, if earlier.

Once classified as held for sale, assets are not depreciated or amortized.

When an operation is classified as a discontinued operation, the comparative consolidated statement of income and other comprehensive income are restated as if the operation had been discontinued from the start of the comparative year.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as income/(loss) after zakat from discontinued operations in the consolidated statement of income.

Employee benefit liabilities

The Group operates three defined post-employment benefit plans for its employees, the Staff Retirement Pension Plan ("SRPP"), the Staff Retirement Medical Plan ("SRMP") and the Retirement Medical Solidarity Plan ("RMSP"). All of these plans require contributions to be made to separately administered funds. A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and percentage of final gross salary. Independent actuaries calculate the defined benefit obligation on an annual basis by using the Projected Unit Credit Method to determine the present value of the defined benefit plan and the related service costs. The underlying actuarial assumptions are used to determine the projected benefit obligations.

A full actuarial valuation is performed every three years by engaging independent actuaries. For intermediate years, the defined benefit obligation is estimated by the independent actuaries using approximate actuarial roll-forward techniques that allow for additional benefit accrual, actual cash flows and changes in the underlying actuarial assumptions, mainly the change in discount rate based on the market condition as at valuation date.

The present value of the defined benefit obligation due until the retirement date is determined by discounting the estimated future cash outflows (relating to service accrued to the reporting date) using the yields available on US AA rated corporate bonds. The bonds have terms to maturity closely matching the terms of the actual defined benefit obligation.

The current service cost of the defined benefit plan recognized in the consolidated statement of income reflects the increase in the defined benefit obligation resulting from employee service in the current year. The cost on defined benefit obligation represents increase in liability due to passage of time.

Retrospective modifications to benefits or curtailment gain or loss are accounted for as past service costs or income in the consolidated statement of income in the period of plan amendment.

Actuarial gains or losses, if material, are recognized immediately in other comprehensive income in the year they occur. The benefit liability is recognized as part of other liabilities in the consolidated statement of financial position. The liability represents the present value of the Group's defined benefit obligations, net of the fair value of plan assets.

The pension committee, with advice from the Group's actuaries, determines the Group's contributions to the defined benefit scheme and the contributions are transferred to the scheme's independent custodians.

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Revenue recognition

i) Commodity Murabaha and Wakala placements

Income from Commodity Murabaha and Wakala placements is recognized on an effective yield basis over the period of the contract based on the principal amounts outstanding.

ii) Investment in Sukuk

Income from investments in Sukuk is accrued on an effective yield basis and is recognized in the consolidated statement of income. For the Sukuk designated at fair value through consolidated statement of income, gains and losses resulting from the re-measurement of the fair values at the reporting date are also recognized in the consolidated statement of income. For the Sukuk Investments carried at fair value through other comprehensive income, gains and losses resulting from the re-measurement of the fair values at the reporting date are also recognized in the consolidated other comprehensive income.

iii) Murabaha financing income, Istisna'a income, income from installment sales

Murabaha financing income, Istisna'a income and income from installment sale financing are recognized using the effective yield over the period of respective transactions.

iv) Ijarah Muntahia Bittamleek

Income from Ijarah assets is recognized using the effective yield basis (which represents the Ijarah rental net of depreciation against the Ijarah assets) starting from the date the right to use the asset is transferred to the lessee.

v) Dividend income

Dividend income is recognized when the right to receive the dividend is established i.e. according to its declaration date.

vi) Management fee

ICD has several funds under management where it provides portfolio management services for which it charges management fees. Management fee is recognized on an accrual basis when the services have been performed.

vii) Administrative fee and advisory fee

ICD offers advisory services which includes Sukuk issuance, conversion to an Islamic Bank, establishment of Islamic Banking windows, restructuring, developing regulatory frameworks, capacity building etc. It also charges fees to cover costs incurred during the appraisal of financing applications. Income from administrative and advisory services is recognized based on the rendering of services as per contractual arrangements.

Zakat and tax

The Group, being a multilateral financial institution, is not subject to Zakat in the member countries. Group is subject to taxation in the member countries. Taxation applicable on Subsidiaries have been computed based on local tax regulations.

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Segment reporting

Management has determined the chief operating decision maker to be the Board of Directors as this body is responsible for overall decisions about resource allocation to development initiatives within its member countries. Development initiatives are undertaken through a number of Islamic finance products as disclosed on the face of the Consolidated Statement of Financial Position, which are financed centrally through the Group's equity capital and financing. Management has not identified separate operating segments within the definition of FAS 22 "Segment Reporting" since the Board of Directors monitor the performance and financial position of the Group as a whole.

4. ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with FAS issued by AAOIFI, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. The most significant judgements and estimates are summarized below:

i) Impairment allowance for financing assets

The measurement of credit losses under FAS 30 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- i) The Groups internal credit grading model, which assigns PDs to the individual grades;
- ii) The Group's criteria for assessing if there has been a significant increase in credit risk necessitating the loss allowance to be measured on a 12 month or lifetime ECL basis and the applicable qualitative assessment;
- iii) Development of ECL models, including the various formulas and the choice of inputs
- iv) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- v) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The Group exercises judgment in the estimation of impairment allowance for financial assets. The methodology for the estimation of impairment of financing assets is set out in note 3 under "impairment of financial assets".

ii) Fair value determination

The fair values of investment securities that are not quoted in active markets is measured by using valuation techniques and external valuations, which require a certain degree of judgement and estimation. Nonetheless, the actual amounts that are realised in future transactions may differ from the current estimates at fair value and may still be outside management estimates, given the inherent uncertainty surrounding valuation of unquoted investments.

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(iii) Classification of investments

Management decides on acquisition of an investment whether it should be classified as equity- type instrument at fair value through statement on income, equity-type instrument at fair value through other comprehensive income, debt-type instrument at fair value through statement of income or debt-type instrument at amortised cost.

(iv) Employee benefit liabilities

The Group uses the projected unit credit method to determine the present value of its defined benefit plans and the related service costs. In this regard, the Bank uses certain assumptions of discount rates, expected return on plan assets and rate of salary increases, which may differ from actual experiences. These estimates are updated on an annual basis.

(v) Hedge (Tahawwut)

The application of hedge accounting involves significant management judgement and estimation in the designation, documentation, and ongoing assessment of hedging relationships, as detailed in Note 3 under the heading of "Hedge (Tahawwut) accounting"

(vi) Going concern

The Group management assessed the Group's ability to continue as a going concern and is satisfied that they are not aware of any material uncertainties that may cast doubt on the Group's ability to continue as a going concern. In arriving at this conclusion, management considered many factors amongst which are; the Group's liquidity ratio, the forecast trend in profitability, the performance of the existing portfolio, the capital adequacy ratio and the Group's ability to raise funds from both shareholders and the capital market. Consequently, the consolidated financial statements have been prepared on a going concern basis.

5. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at banks	87,851	45,135
Cash in hand	-	-
Commodity Murabaha and Wakala placements (note 6)	80,000	97,158
Accrued income on Commodity Murabaha and Wakala placement	269	247
Less: allowance for credit losses (note 26)	(7)	(6)
	168,113	142,534
Bank balance relating to ICD Solidarity Fund	2,100	1,799
	170,213	144,333

For the purpose of statement of cashflows, cash and cash equivalents comprise of the following at 31 December:

	31 December 2025	31 December 2024
Cash and Cash Equivalents from Continuing Operation	170,213	144,333
Cash and Cash Equivalents from Discontinued Operation (note 36)	176	62,798
	170,389	207,131

Certain bank accounts with balance of USD 30,581 (31 December 2024: USD 433,367) are in the name of Islamic Development Bank (IsDB). However, these bank accounts are beneficially owned and managed/operated by the Group.

Commodity Murabaha placements and Wakala placements included within cash and cash equivalents are those placements which have original maturity of equal to or less than three months. Placements with original maturity of above three months are disclosed in note 6.

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6. COMMODITY MURABAHA AND WAKALA PLACEMENTS

	31 December 2025	31 December 2024
Wakala placements	120,050	392,638
Commodity Murabaha	63,000	90,158
Accrued income on Commodity Murabaha and Wakala placements	4,537	8,788
	187,587	491,584
Less: Commodity Murabaha and Wakala placements with an original maturity of three months or less (note 5)	(80,000)	(97,158)
Less: allowance for credit losses (note 26)	(27,779)	(28,134)
	79,808	366,292

a) All the above Commodity Murabaha and Wakala placements are with international financial institutions and denominated in US Dollars.

b) Commodity Murabaha and Wakala placements include an amount of USD Nil (2024: USD 356,164) provided to a related party of the Group, over which the Group earned profit of USD nil (31 December 2024: USD nil).

7. INVESTMENTS IN SUKUK, SHARES AND OTHER SECURITIES

	31 December 2025	31 December 2024
Investment in sukuk (note 7.1)	1,259,092	1,399,556
Investments in shares and other securities (note 7.2)	79,549	79,535
	1,338,641	1,479,091

7.1 INVESTMENT IN SUKUK

	31 December 2025		
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss
Listed Sukuk	817,433	430,797	-
Un-listed Sukuk	10,000	13,973	-
Less:	827,433	444,770	-
Unrealised fair value losses	-	(350)	-
allowance for credit losses			
(note 26)	(12,761)	-	-
	814,672	444,420	-
	1,259,092	1,259,092	1,259,092

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	31 December 2024			
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Listed Sukuk	861,235	540,294	-	1,401,529
Un-listed Sukuk	10,440	18,394	-	28,834
Less:	871,675	558,688	-	1,430,363
Unrealised fair value losses allowance for credit losses (note 26)	-	(19,108)	-	(19,108)
	(11,699)	-	-	(11,699)
	859,976	539,580	-	1,399,556

	31 December 2025	31 December 2024
Opening balance	1,399,556	1,441,356
Movement during the year:		
Additions	379,965	225,000
Redemptions	(534,896)	(276,165)
Exchange gain/ (loss)	2,561	(1,265)
Unrealised fair value gain through other comprehensive income	12,816	7,511
Amortised premium	152	(1,446)
(Charge)/ reversal for credit losses against sukuk investments (note 26)	(1,062)	4,565
	1,259,092	1,399,556

In 2024, a fair value reserve charge of USD 5.942 million was recognised in the statement of income. Consequently, as of 31 December 2024, the fair value reserve in other comprehensive income, after deducting the charge of USD 5.942 million, was amounted to USD 13.166 million.

	31 December 2025	31 December 2024
Financial institutions	809,855	978,358
Governments	260,968	287,004
Others	188,269	134,194
	1,259,092	1,399,556

	31 December 2025	31 December 2024
AAA	87,955	115,107
AA + to AA-	71,515	96,465
A + to A-	696,672	672,842
BBB + or lower	402,950	515,142
	1,259,092	1,399,556

Sukuk investments include an amount of USD 87,955 thousand (31 December 2024: USD 115,107 thousand) invested in Sukuk issued by IsDB, over which the Group earned profit of USD 2,015 thousand (31 December 2024: USD 2,042 thousand)

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Income from sukuk investments recognised during the year in consolidated statement of income are as follows:

	31 December 2025	31 December 2024
Coupon income	46,192	43,451
Realized gain/(loss)	76	(1,392)
Premium/ (discount) amortization - net	152	(1,446)
Total income	46,420	40,613

7.2 INVESTMENT IN SHARES AND OTHER SECURITIES

Investment in shares and other securities are being carried at fair value through other comprehensive income.

	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	(Percentage holding)			
Un-quoted companies				
Zaman Bank	5%	5%	653	646
Al Hadha Silo and Mills for Investment Company (ASMIC)	16%	16%	-	1,173
Al-Muttahed	3%	3%	4,305	9,078
Berber Cement Co.	10%	10%	630	1,261
Byblos Bank Africa -Sudan	9%	9%	-	193
Caspian International Investment Company	18%	18%	555	1,052
Ibdar Bank (Elaf)	2%	2%	1,703	1,826
Al Baraka Bank	12%	12%	7,722	7,516
International Islamic Liquidity Management Corporation (“IILMC”)	10%	10%	31,616	25,716
Bidaya Home Finance – KSA	11%	11%	25,696	24,638
Ijmal Limited	15%	15%	539	979
Euro Mediterranean Investment Company	34%	34%	1,219	661
Liquidity Management Center (LMC)	10%	10%	4,911	4,796
South European Investment (SEIC)	20%	20%	-	-
			79,549	79,535

During the year, ASMIC and Byblos Bank Africa have been fully impaired.

8. MURABAHA RECEIVABLES

	31 December 2025	31 December 2024
Gross amount receivable	982,089	556,551
Deferred profit	(121,284)	(66,850)
Net amount receivable	860,805	489,701
Allowance for credit losses (note 26)	(36,898)	(28,265)
	823,907	461,436

All goods purchased for resale under Murabaha are made on the basis of specific purchase for subsequent resale to the customer. The promise of the customer is considered to be binding.

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Consequently, any loss suffered by the Group as a result of default by the customer prior to the sale of goods is charged to the customer.

9. INSTALLMENT SALE RECEIVABLES

	31 December 2025	31 December 2024
Gross amounts receivable	165,406	396,983
Deferred profit	(9,954)	(33,601)
Net amount receivable	155,452	363,382
Allowance for credit losses (note 26)	(16,091)	(28,842)
	139,361	334,540

All goods purchased for resale under installment sales are made on the basis of specific purchase for subsequent resale to the customers. The promise of the customer is considered to be binding. Consequently, any loss suffered by the Group as a result of default by the customer prior to the sale of goods is charged to the customer.

Installment sale receivables included amount of USD 5,566 thousand (31 December 2024: USD 5,566 thousand) provided to related parties of the Group, over which the Group earned profit of USD nil (31 December 2024: nil)

10. IJARAH MUNTAHIA BITTAMLEEK

	31 December 2025	31 December 2024
Cost:		
<i>Assets not yet in use:</i>		
At the beginning of the year	16,469	-
Additions	114,372	62,276
Transferred to assets in use	(49,135)	(45,807)
	81,706	16,469
<i>Assets in use:</i>		
At the beginning of the year	358,672	334,815
Transferred from assets acquired	49,135	45,807
Assets transferred to beneficiaries	-	(18,000)
Forex revaluation	10,365	(3,950)
	418,172	358,672
Total cost	499,878	375,141

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	31 December 2025	31 December 2024
Accumulated depreciation:		
At the beginning of the year	126,847	121,202
Charge for the year	37,662	23,891
Adjustment	811	(246)
Depreciation on assets transferred to beneficiaries	-	(18,000)
Total depreciation	165,320	126,847
Accrued income	32,278	21,944
Ijarah Muntahia Bittamleek, gross	366,836	270,238
Allowance for credit losses (note 26)	(36,259)	(29,173)
Ijarah Muntahia Bittamleek, net	330,577	241,065

Ijarah Muntahia Bittamleek includes amount of USD 13,697 thousand (31 December 2024: USD 16,104 thousand) provided to related parties of the Group over which the Group earned profit of USD 2,678 thousand (31 December 2024: USD 2,386 thousand). Certain assets referred above represent the Group's share in joint Ijarah Muntahia Bittamleek agreements.

Future rentals receivable relating to Ijarah Muntahia Bittamleek as at 31 December 2025 are estimated to be USD 497.7 million (2024: USD 367.7 million). The precise amount at the end of each period is only known prior to the commencement of the period, as some of the rentals are determined based on floating rates. Detail of the receivables is shown below:

	31 December 2025	31 December 2024
Expected within 12 months	101,016	40,787
Expected after 12 months but less than 5 years	281,409	136,711
Expected after 5 years	115,261	190,229
	497,686	367,727

Future commitments related to Ijarah contracts are summarized in note 33 and these are expected to be paid within 12 months.

11. ISTISNA'A RECEIVABLE

	31 December 2025	31 December 2024
Istisna'a receivable	9,418	10,402
Deferred profit	(1,192)	(1,663)
Net Istisna'a receivable	8,226	8,739
Allowance for credit losses (note 26)	(11)	(22)
	8,215	8,717

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12. INCOME FROM FINANCING ASSETS

	31 December 2025	31 December 2024
Murabaha	43,193	38,525
Installment sales	17,484	18,289
Ijarah Muntahia Bittamleek (IMB), net (note 25)	19,910	24,519
Istisnaa assets	512	541
Total income	81,099	81,874

13. INVESTMENT IN ASSOCIATES

	31 December 2025	31 December 2024
At the beginning of the year	162,316	168,611
Additions	-	16,687
Share of profit from associates	18,237	20,803
Impairment	(1,577)	(2,887)
Transfer to held for sale	-	(26,700)
Others	(3,161)	-
Disposals	-	(482)
Dividend received	(6,340)	(5,718)
Exchange gain/ (loss)	12,549	(7,998)
At the end of the year	182,024	162,316

13.1 Investments in associates

Effective ownership percentage in associates and their countries of incorporation at the end of the year and nature of business are as follows:

Name of the entity	Country of incorporation	Nature of business	Effective ownership %	
			2025	2024
Al-Akhdar Bank	Morocco	Banking	49	49
Enmaa Ijara Company	Egypt	Leasing	31	47
Bank Islamic Du Senegal	Senegal	Banking	45	45
Theemar Investment Fund	Tunisia	Fund	40	40
Anfaal Capital	Saudi Arabia	Investment Advisory	38	38
Kyrgyzstan Ijara Company	Kyrgyzstan	Leasing	37	37
Kazakhstan Ijara Company	Kazakhstan	Leasing	36	36
Albania Leasing (note 36)	Albania	Leasing	-	36
Maldives Islamic Bank	Maldives	Banking	33	33
Palestine Ijarah Company	Palestine	Leasing	33	33
Al Fareeda Residential Fund	Saudi Arabia	Real Estate	33	33
Wifack International Bank	Tunisia	Leasing	30	30
Saudi SME Fund (Afaq)	Saudi Arabia	Fund	25	25
Al Sharkeya Sugar	Egypt	Manufacturing	23	23
Saba Islamic Bank	Yemen	Banking	20	20
Arab Leasing Company	Sudan	Leasing	20	20
Amana Bank Plc	Srilanka	Banking	25	25

(a) There are no regulatory or contractual arrangements that restrict the associate's ability to transfer funds in the form of cash dividends or repay financing or advances made to them by the Group. The Group sometimes extends financial assistance in the form of advances to its associates.

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- (b) During the year, the Group sold its equity stake in Albania leasing, which had a carrying value of USD 0.5 million, for USD 1.435 million resulting in a gain of USD 0.935 million. (refer note 36).

The financial position and revenue of associates based on their financial statements which were considered by the Group for the end of the financial reporting period are as follows:

31 December 2025	Total assets	Total liabilities	Net income / (loss)	Share of income /(loss)
Al-Akhdar Bank	545,622	519,719	2,256	1,105
Bank Islamic Du Senegal	1,990,489	1,798,119	22,672	6,122
Enmaa Ijara Company	41,612	32,388	(1,120)	(348)
Theemar Investment Fund	9,753	305	686	274
Kyrgyzstan Ijara Company	3,505	152	42	15
Kazakhstan Ijara Company	34,991	11,642	2,527	904
Albania Leasing	-	-	-	-
Maldives Islamic Bank	1,030,796	937,107	21,851	7,211
Palestine Ijarah Company	37,869	23,695	1,110	370
Wifack International Bank	597,933	535,493	(1,905)	(572)
Al Sharkeya Sugar	201,197	118,281	2,431	554
Arab Leasing Company	32,319	4,403	2,566	-
Amana Bank Plc	655,431	575,854	10,446	2,602

31 December 2024	Total assets	Total liabilities	Net income / (loss)	Share of income /(loss)
Al-Akhdar Bank	404,618	383,419	854,	418
Bank Islamic Du Senegal	1,431,087	1,281,735	2,300,	1,035
Enmaa Ijara Company	39,041	32,648	135	64
Theemar Investment Fund	8,621	-	1,405	561
Kyrgyzstan Ijara Company	3,433	97	(54)	(20)
Kazakhstan Ijara Company	35,168	14,202	2,843	1,017
Albania Leasing	6,357	2,784	(217)	(77)
Maldives Islamic Bank	740,880	666,262	18,329	6,048
Palestine Ijarah Company	32,581	19,517	112	37
Halic Finansal Kiralama A.S.	-	-	29	10
Wifack International Bank	58,339	-	1,653	496
Al Sharkeya Sugar	181,895	128,478	34,306	7,815
Arab Leasing Company	28,513	5,074	10,853	2,171
Amana Bank Plc	597,423	520,589	4,929	1,228

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13.2 Equity investment income:

	31 December 2025	31 December 2024
Share of profit from associate	18,237	20,803
Others	898	-
	19,135	20,803

14. INVESTMENT IN REAL ESTATE PROPERTIES

	31 December 2025	31 December 2024
Balance at beginning of the year	78,282	79,462
Fair value gain/(loss) recognized in other comprehensive income	549	(719)
Foreign currency change recognized in other comprehensive income	21	(461)
Balance at end of the year	78,852	78,282

The above real estate properties are held by Al Majmoua Al Mauritania (a subsidiary) in Mauritania. Independent valuations by reputable real estate valuation firm were obtained for the real estate investments at 31 December 2025 and 31 December 2024. The evaluator used discounted cash flow approach and residual value approach in their valuations in 2025 and 2024. The carrying values of the investment was adjusted to reflect the changes in fair value.

15. OTHER ASSETS

	31 December 2025	31 December 2024
Positive fair value of Islamic hedging and derivative financial instrument (note 15a)	222	2,979
Due from related parties (note 24.3)	1,907	2,110
Accrued income	13,091	12,458
Advances to employees	12,814	11,681
Taxes	67	120
Advances for goods and services to suppliers	86	18
Property and equipment	1,765	2,042
Other receivables	12,243	10,638
	42,195	42,046
Allowance for credit losses (note 26)	(8,231)	(4,894)
	33,964	37,152

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- (a) The Islamic hedging and derivative financial instruments represent Islamic foreign currency forwards contracts, Islamic profit rate swaps and Islamic cross currency profit rate swaps. These are used as economic hedges to mitigate the risk of currency fluctuation for placements with financial institutions, Sukuk investments, financing assets and Sukuk issued. Profit rate swaps are held to mitigate the effects of the fluctuation in the changes in the cost of financing by matching the floating rate financing with floating rate income. The Group has not designated all Islamic cross currency swaps, profit rate swaps, and forward contracts as hedging instruments and therefore does not apply hedge accounting to those instruments. However, certain profit rate swaps with a nominal value of USD 396.3 million (2024: USD 137.6 million) and cross currency swaps with a nominal value of USD 4.44 million (2024: USD 5 million) have been designated in hedging relationships in accordance with relevant accounting standards. Cash flow hedge accounting has been applied to profit rate swaps amounting to USD 146.3 million (2024: USD 137.6 million) and cross currency swaps of USD 4.44 million (2024: USD 5 million), resulting in a loss of USD 1,370 thousand (2024: gain of USD 1,378 thousand) recognised in the consolidated statement of income and a gain of USD 387 thousand (2024: gain of USD 1,584 thousand) recognised in consolidated statement of other comprehensive income. Additionally, fair value hedge accounting has been applied to profit rate swaps with a nominal value of USD 250 million (2024: nil), with a corresponding loss of USD 2,480 thousand (2024: nil) recorded in the consolidated statement of income. Included in the table below is the positive and negative fair values of Islamic hedging and derivative financial instruments, together with their notional amounts:

Islamic hedging and derivative financial instrument	Notional amount	Positive fair value	Negative fair value
Islamic cross currency swaps	6,088	171	(119)
Islamic profit rate swaps	396,346	-	(4,698)
Islamic forward contracts	148,281	51	(2,134)
31 December 2025	550,715	222	(6,951)
	<i>Notional amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>
Islamic hedging and derivative financial instrument			
Islamic cross currency swaps	188,489	904	(50)
Islamic profit rate swaps	137,675	-	(2,239)
Islamic forward contracts	95,502	2,075	-
31 December 2024	421,666	2,979	(2,289)

The gain or loss on the hedged items, representing placements with financial institutions, Sukuk investments, financing assets and Sukuk issued are disclosed in respective notes to the consolidated financial statements.

In addition to above, the Group entered into Islamic cross currency swaps and Islamic forward contracts on behalf of Arab Bank for Economic Development for Africa (BADEA) through a master agreement dated 13 June 2016. The notional value of such swaps is USD 4.2 million (31 December 2024: USD 11.1 million).

16. SUKUK ISSUED

Issue date	Maturity date	Issue currency	Amount	Rate	31 December 2025	31 December 2024
Listed						
09-10-2025	09-10-2030	USD	500,000	4.39% Fixed	503,698	-
14-02-2024	14-02-2029	USD	500,000	4.95% Fixed	508,618	509,416
15-10-2020	15-10-2025	USD	600,000	1.81% Fixed	-	602,327
Not listed						
05-03-2020	05-03-2025	SAR	100,000	SAIBOR+0.60%	-	98,365
21-06-2024	21-06-2028	KZT	4,490	2.468% Fixed	1,964	2,977
21-12-2024	21-12-2028	USD	100,000	4.195% Fixed	97,272	100,148
			1,804,490		1,111,552	1,313,233

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The Sukuk (trust certificates) Issued confer on Certificate Holders the right to receive payments (Periodic Distributions) on specified dates (Periodic Distribution Dates) out of the profit elements of Ijarah assets, Equity Investments, Sukuk Investments and receivables in respect of Murabaha contracts, Shari'ah compliant authorised investments and any replaced assets (collectively the "Portfolio") sold at each Series (issuance) by the Group to ICDPS Sukuk Limited (the Trustee).

After the sale of the Portfolio, the Group as a third party, guarantees the performance of the Portfolio to the Trustee, to the effect that if any obligor of an asset under the Portfolio is unable to pay any amount owed, the Group will make the payment. Also, the Group undertakes to purchase the Portfolio on the Maturity Date or Early Dissolution Date for an amount equivalent to the Aggregate Nominal Amount (i.e., price of the original sale of the Portfolio to ICDPS Sukuk Limited).

	31 December 2025	31 December 2024
Balance at beginning of the year	1,313,233	806,457
Issued during the year	500,000	500,000
Redemption during the year	(700,896)	(998)
Accrued finance cost	2,202	9,312
Premium/discount on and cost incurred in issuance of Sukuk (net)	(3,350)	(925)
Exchange loss/ (gain)	363	(613)
	1,111,552	1,313,233

17. COMMODITY MURABAHA LIABILITIES

The Group has entered into commodity Murabaha purchase and sale agreements with certain financial institutions. Under the terms of the agreements, the Group has purchased certain commodities from these financial institutions on deferred payment basis and has simultaneously sold these through those banks to third parties. The outstanding balance as of 31 December 2025 of USD 780 million (2024: USD 806 million) represents the purchase price under these agreements. The Group has financings with original maturities ranging from 3 to 5 years (31 December 2025: 3 to 7 years).

18. ACCRUED AND OTHER LIABILITIES

	31 December 2025	31 December 2024
Negative fair value of Islamic hedging and derivative (note 15 (a))	6,951	2,289
Due to related parties (note 24.4)	3,375	2,838
Taxes (VAT, income tax etc)	1,369	1,323
Advances against sale of equity Investment (note 36)	33,109	-
Dividend payable	4,109	4,108
Current and other similar accounts	27,054	19,823
	75,967	30,381

This includes audit and related services fees accrued amounting to USD 80.35 thousand (2024: USD 76.53 thousand) in respect of the Corporation. The related total fees of USD 220.62 thousand (2024: USD 76.53 thousand), have been recognized in the consolidated statement of income.

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19. EMPLOYEE BENEFIT LIABILITIES

IsDB Group staff retirement plan comprises of defined benefit and hybrid plan within staff pension plan ("SPP"), staff retirement medical plan ("SRMP") and retirees medical solidarity plan ("RMSP") (collectively referred to as staff retirement plans ("SRPs")). Every person employed by the Bank and its Affiliates on a full-time basis, as defined in the Bank and Affiliates employment policies, is eligible to participate in the SRP from the date joining the Bank.

IsDB Group has a multi-employer plan and includes the Corporation, Islamic Development Bank - Ordinary Capital Resources (IsDB-OCR), Special Account Resources Waqf Fund (WAQF), Islamic Corporation for Development (ICD), Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) and Islamic Solidarity Fund for Development (ISFD).

Staff Pension Plan (SPP)

SPP is a combination of both old defined benefit plan (Pillar I) and new hybrid pension plan (Pillar II) became effective on 1st Rajab 1399H (corresponding to May 27, 1979) and 17/05/1442H (01/01/2021G) respectively. Every person employed by the Bank and its Affiliates on a full-time basis except for fixed term employees, as defined in the employment policies of the Bank and its Affiliates, is eligible to participate in the SPP, from the date joining the Bank and its affiliates. Participation in the hybrid pension plan is limited to those who have less than five years of service as of December 31, 2020 on optional basis however, those who joined the Bank from January 1, 2021 are enrolled automatically.

In both Pillars, the employee contributes at a rate of 11.1% (2024-11.1%) of the basic annual salary while the Bank and its Affiliates contribute 25.9% (2024-25.9%).

The main features of the SPP are:

- (i) Normal retirement age is the 62nd anniversary of the participant's birth.
- (ii) On retirement, the eligible retired employee is entitled to 2.5% under the old staff retirement plan or 1% under the hybrid plan in the Defined Benefit ("DB") component, of the Weighted Highest Average Remuneration ("WHAR") (as defined by the pension committee) (for each year of pensionable service and limited to a maximum of 30 Hijri years).
- (iii) 10% of Bank and its Affiliates contribution of 25.9%, and employee's contribution of 11.1%, are used to fund the Defined Cost ("DC") component of the hybrid plan. The accumulated fund and its investment returns will be paid as retirement lump sum benefits to the participants in the hybrid plan.
- (iv) Benefits payment upon early retirement, disability benefits, termination benefits, pre-retirement death or post retirement death benefits are also paid as determined by the Pension Committee.

Staff Retirement Medical Plan (SRMP)

Effective 1st Muharram 1421H (corresponding to April 6, 2000), the Bank established the medical benefit scheme for retired employee via the BED resolution dated 18 Shawwal 1418H (corresponding to February 15, 1998). This was extended to eligible staff members of the Bank's Affiliates i.e. for SPP. The Bank and its Affiliates at rate 1% and the staff at a rate 0.5% of the basic salaries respectively fund the SRMP. The purpose of the SRMP is to pay a monthly amount to eligible retired employee towards their medical expenses.

The entitlements payable for each retired employee under the medical plan is computed according to the following formula:

WHAR (as defined by the pension committee) X contributory period (limited to a maximum of 30 Hijri years) X 0.18%.

Benefits payment upon early retirement, disability benefits, termination benefits, pre-retirement death or post retirement death benefits are also paid as determined by the pension committee.

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Retirees Medical Solidarity Plan (RMSP)

In February 2019, the BED approved, establishment of the Retirees Medical Solidarity Plan (RMSP) which would provide new medical coverage benefits for IsDB Group staff future retirees. Under the proposal, active staff members who have at least 10 years of service period before their normal retirement age as of January 1, 2019 will automatically fall under RMSF. Those staff members who do not meet the minimum service period threshold will be offered the option to join the new Fund.

Under RMSP, retirees will have their actual medical costs covered as per the minimum guaranteed benefit schedule. This mainly covers hospitalization and emergency care, repatriation and ambulance transport. Overseas specialist hospitalization and outpatient care is also covered but only in specified countries.

Members of RMSP started to receive benefits as from 1 April 2024 (the start date of the Plan).

RMSP contributions are funded on 4/4/4 % basis. Employees contribute 4% of their pensionable salaries and the employer matches it with 4%. Retirees also contribute 4% of their pension (before commutation withdrawals). Both Employer and Employee contributions started to accrue on January 1, 2019 and at 1 August 2024, employees started cash contributions to RMSP. These contributions cumulated before 1 April 2025 have been recognized as part of plan assets during the year.

Retirees didn't contribute up until 1 April 2024 and received benefits under the RMSP up until that point.

Administration of SRPs

The Pension Committee appointed by the President of IsDB Group, administers SRPs as separate funds on behalf of its employees. The Pension Committee is responsible for the oversight of investment and actuarial activities of the SRPs. The SRP's assets are invested in accordance with the policies set out by the Pension Committee. The Bank and its affiliates underwrite the investment and actuarial risk of the SRPs and share the administrative expenses.

Risks

Investment risk

The present value of the SRPs' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on SRPs' asset is below this rate, it will create a plan deficit. Currently the SRPs' have a relatively balanced investment in equity securities, sukuk and real estate. Due to the long-term nature of the SRPs' liabilities, the administrator of SRPs' consider it appropriate that a reasonable portion of the SRPs' assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Discount rate

A decrease in the bond return rate will increase the SRPs' liability but this will be partially offset by an increase in the return on the SRPs' debt investments.

Longevity risk

The present value of the SRPs' liability is calculated by reference to the best estimate of the mortality of SRPs' participants both during and after their employment. An increase in the life expectancy of the SRPs' participants will increase the SRPs' liability.

Salary risk

The present value of the SRPs' liability is calculated by reference to the future salaries of SRPs' participants. As such, an increase in the salary of the SRPs' participants will increase the SRP' liability.

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The breakdown of net employee pension liabilities was as follows:

2025	SPP	RMSP	SRMP	Total
	31 December 2025			
Defined benefit obligations (note 19.1)	69,483	869	984	71,336
Less: plan assets (note 19.2)	(59,772)	(6,423)	(641)	(66,836)
Net employee benefit liabilities/ (assets)	9,711	(5,554)	343	4,500
2024	SPP	RMSP	SRMP	Total
	31 December 2024			
Defined benefit obligations (note 19.1)	61,385	886	951	63,222
Less: plan assets (note 19.2)	(52,555)	(4,874)	(603)	(58,032)
Net employee benefit liabilities/ (assets)	8,830	(3,988)	348	5,190

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19.1 The movement in the present value of defined benefit obligation is as follows:

	SPP		RMSP		SRMP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Balance as at 1 January	61,385	65,461	886	1,105	951	1,083
Current service costs	3,862	4,313	238	281	10	26
Cost of defined benefit obligation	3,476	3,298	67	70	53	53
Plan participants contributions	1,692	1,614	667	641	2	5
Net actuarial (gain)/ loss	(356)	(12,210)	(970)	(1,210)	2	(175)
Disbursements from plan assets	(576)	(1,091)	(19)	(1)	(34)	(41)
	69,483	61,385	869	886	984	951

19.2 The movement in the present value of the plan assets is as follows:

	SPP		RMSP		SRMP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Balance as at 1 January	52,555	47,862	4,874	3,507	603	591
Income on plan assets	3,081	2,508	243	224	34	30
Return on plan assets less than discount rate	(1,153)	(3,435)	-	(142)	20	(6)
Plan participants contributions	1,692	1,614	667	641	2	5
Employer contribution	3,995	3,794	658	637	4	21
Disbursements from plan assets	(576)	(1,091)	(19)	(1)	(34)	(41)
Others	178	1,303	-	8	12	3
	59,772	52,555	6,423	4,874	641	603

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19.3 Based on the actuarial valuations, the pension and medical benefit expenses for the year comprised the following:

	SPP		RMSP		SRMP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Gross current service costs	3,862	4,313	238	281	10	26
Cost of defined benefit obligation	3,476	3,298	67	70	53	53
Income from plan assets	(3,081)	(2,508)	(243)	(224)	(34)	(30)
Cost recognized in consolidated statement of income	4,257	5,103	62	127	29	49
Actuarial (gain)/ loss due to change in assumption	(356)	(12,210)	(970)	(1,210)	2	(175)
Return on plan assets greater/(less) than discount rate	1,153	3,435	-	142	(20)	6
Other	(178)	(1,303)	-	(8)	(12)	(3)
Actuarial loss/(gain) recognized in statement of other comprehensive income	619	(10,078)	(970)	(1,076)	(30)	(172)

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19.4 The following table presents the plan assets by major category:

	SPP		RMSP		SRMP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Investments in Sukuk	15,921	16,472	362	332	35	29
Managed funds and Installment sales	24,158	15,353	-	-	-	-
Cash and cash equivalent and commodity placements	18,427	19,793	1,433	4,486	601	572
Land	717	650	-	-	-	-
Others	550	287	4,628	56	6	2
	59,773	52,555	6,423	4,874	642	603

19.5 The assumptions used to calculate the pension plans liabilities are as follows:

	SPP		RMSP		SRMP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Discount rate	5.50%	5.66%	5.50%	5.66%	5.50%	5.66%
Rate of expected salary increase	4.5-6.5%	4.5-6.5%	4.5-6.5%	4.5-6.5%	4.5-6.5%	4.5-6.5%

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The discount rate used in determining the benefit obligations is selected by reference to the long-term rates on AA rated Corporate Bonds. Rate of expected salaries increase for 2025 was based on age i.e., 20-35 years – 6.5%, 35-50 years – 5.0% and above 50 years – 4.5%.

19.6 The quantitative sensitivity analysis for change in discount rate on the employee benefit liabilities are as follows:

2025	SPP		RMSP		SRMP	
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(5,550)	6,283	(179)	222	(49)	54
2024	SPP		RMSP		SRMP	
	+0.5%	-0.5%	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	(4,988)	5,652	(161)	200	(48)	53

The following table summarizes the expected funding status for the next year:

	SPP	RMSP	SRMP
Present value of defined benefit obligation	76,836	1,857	987
Fair value of plan assets	(66,586)	(8,168)	(616)
Plan deficit/ (surplus)	10,250	(6,311)	371

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SPP

The expected employer contribution for the year ended 31 December 2025 is USD 4 million and expected costs to be recognized in consolidated statement of income is USD 4 million.

SRMP

The expected employer contribution for the year ended 31 December 2025 is USD 4 k and expected costs to be recognized in consolidated statement of income is USD 29 k.

RMSP

The expected employer contribution for the year ended 31 December 2025 is USD 650.3 k and expected costs to be recognized in consolidated statement of income is USD 62 k.

The amounts recognized in the pension and medical obligations reserve are as follows:

	SPP		RMSP		SRMP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
January 1	(7,007)	3,071	(4,576)	(3,500)	656	828
Effect of changes in demographic assumptions	-	183	(107)	-	-	6
Effect of changes in financial assumptions	1,850	(7,620)	266	(273)	16	(71)
Effect of experience adjustments	(2,206)	(4,773)	(1,129)	(937)	(14)	(110)
Return on plan assets greater than discount rate	1,153	3,435	-	142	(20)	6
Others	(178)	(1,303)	-	(8)	(12)	(3)
	(6,388)	(7,007)	(5,546)	(4,576)	626	656

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The expected maturity analysis is below:

	SPP 2025	RMSP 2025	SRMP 2025
Year 1	2,108	(7)	60
Year 2	742	(3)	59
Year 3	1,899	(1)	73
Year 4	2,145	(4)	74
Year 5	1,645	(4)	74
Next five years	10,787	(53)	365
	SPP 2024	RMSP 2024	SRMP 2024
Year 1	1,506	5	28
Year 2	1,215	5	75
Year 3	737	5	76
Year 4	1,841	6	91
Year 5	2,067	7	95
Next five years	10,120	26	632

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20. AMOUNTS DUE TO ICD SOLIDARITY FUND

This represents net accumulated income up to 31 December 2025 generated from income which were not considered in compliance with the Shari'ah principles. As per the recommendation of the Shari'ah Board of IsDB Group, this income needs to be utilized for charitable purposes and, therefore, has been classified as a liability. The disposition of this liability is the responsibility of the Charity Committee formed within the Group. The sources and uses of ICD Solidarity Fund during the year are as follows:

Description	Sources & Uses of Shari'ah non-compliant income			
	31 December 2025		31 December 2024	
	No. of events	Amount	No. of events	Amount
At the beginning of the year		1,807		1,188
<i>Income during the year:</i>				
Income from Solidarity Fund		-		-
Transfer from UIF	-	-	1	611
Penalty to customers on default	8	180	2	8
		<u>180</u>		<u>619</u>
<i>Paid during the year:</i>				
Support for orphanage		-		-
		-		-
At the end of the year		<u>1,987</u>		<u>1,807</u>

21. PAID-UP CAPITAL

The share capital of the Group at year end comprises of the following:

	31 December 2025	31 December 2024
Authorized share capital: 400,000 shares of USD 10,000 each	<u>4,000,000</u>	<u>4,000,000</u>
Subscribed capital share:		
Available for subscription: 200,000 shares of USD 10,000 each	2,000,000	2,000,000
Share capital not yet subscribed	<u>(279,665)</u>	<u>(279,665)</u>
	1,720,335	1,720,335
Installments due not yet paid	<u>(130,823)</u>	<u>(130,823)</u>
Paid-up capital	<u>1,589,512</u>	<u>1,589,512</u>

In 2025, no funds were received from the shareholders (2025: 1.95 million). The paid-up capital of the Group represents amounts received from the following members:

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	31 December 2025	31 December 2024
Islamic Development Bank (IsDB)	659,682	659,682
Saudi Public Investment Fund	124,940	124,940
Member countries	755,890	755,890
Iran Foreign Investment Company	40,000	40,000
Bank Keshavarzi	6,000	6,000
Bank Melli	2,000	2,000
Bank Nationale D'Algerie	1,000	1,000
Paid-up capital	1,589,512	1,589,512

22. RESERVE AND DIVIDEND

In accordance with Section 1 of Article No. 33 of the Articles of Agreement of the Corporation, the General Assembly shall determine the part of the Group's net income and surplus after making provision for reserves to be distributed as dividend. In any event, no dividend shall be distributed before reserve reach 12.5% of the subscribed capital. No dividend was paid or declared in 2025 and 2024.

23. OTHER INCOME

	31 December 2025	31 December 2024
Fair value gain on Islamic derivatives net of exchange loss	4,468	2,290
Management and advisory fees	8,834	4,951
Gain/ (loss) on disposal of discontinued operation (note 36)	1,077	(1,540)
Others	4,247	4,274
	18,626	9,975

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent subsidiaries, associated companies, members, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

24.1 The following are the details of major related party transactions entered during the year:

Related parties	Nature of Transactions	Relationship	31 December 2025	31 December 2024
Islamic Development Bank Group	Rent & pension	Shareholder	6,854	1,031

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24.2 Certain related party transactions and balances have been disclosed in notes 5 to 10.

24.3 Due from related parties comprised the following:

	31 December 2025	31 December 2024
Wifack International Bank	501	501
International Islamic Trade Finance Corporation (ITFC)	-	152
Others	1,406	1,457
	1,907	2,110

24.4 Due to related parties comprised the following:

	31 December 2025	31 December 2024
Islamic Development Bank (IsDB)	2,734	1,472
IsDB Staff Retirement Pension Plan	468	645
Others	173	721
	3,375	2,838

24.5 The compensation paid or payable to key management personnel is as follows:

	31 December 2025	31 December 2024
Salaries and other short-term benefits	4,751	3,604
Post-employment benefits	713	487
	5,464	4,091

25. IJARAH MUNTAHIA BITTAMLEEK

	31 December 2025	31 December 2024
Income from Ijarah Muntahia Bittamleek	57,572	48,411
Depreciation	(37,662)	(23,892)
	19,910	24,519

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26. IMPAIRMENT ALLOWANCE

2025	Credit loss charged/ (reversal) Credit loss as at 1 January 2025	Reclassified for Discontinued Operations/Others to held for sale	Credit loss charged/ (reversal) for the year	written off/collected during the year	Credit loss as at 31 December 2025
Cash and cash equivalents	6	-	-	1	-
Commodity Murabaha and Wakala placements	28,134	-	-	1	(356)
Investments in sukuk	11,699	-	-	1,062	-
Murabaha receivables	28,265	-	-	8,633	-
Instalment sales receivable	28,842	-	-	(12,751)	-
Ijarah Muntahia Bittamleek	29,173	-	-	7,086	-
Istisna'a receivable	22	-	-	(11)	-
Other assets	4,894	2,418		919	-
	131,035	2,418	-	4,940	(356)
Equity investments	32,028	-	-	8,280	-
Total	163,063	2,418		13,220	(356)
					178,345

2024	Credit loss (reversal)/ charged Credit loss as at 1 January 2024	Reclassified for Discontinued Operations/Others to held for sale	Credit loss charged/ (reversal) for the year	written off during the year	Credit loss as at 31 December 2024	
Cash and cash equivalents	163	-	(163)	6	-	6
Commodity Murabaha and Wakala placements	21,193	-	-	6,941	-	28,134
Investments in sukuk	15,247	-	-	(3,548)	-	11,699
Murabaha financing	44,338	-	-	(11,935)	(4,138)	28,265
Instalment sales receivable	28,525	-	-	317	-	28,842
Ijarah Muntahia Bittamleek	23,955	-	-	5,218	-	29,173
Istisna'a receivable	33	-	-	(11)	-	22
Other assets	7,588	(206)	(1,266)	(1,222)	-	4,894
	141,042	(206)	(1,429)	(4,234)	(4,138)	131,035
Equity investments	22,597	-	-	9,431	-	32,028
Sukuk Investments	1,017	-	-	(1,017)	-	-
Reclassification of fair value loss of sukuk	-	-	-	5,942	-	-
Total	164,656	(206)	(1,429)	10,122	(4,138)	163,063

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27. NET ASSETS IN FOREIGN CURRENCIES

The currency wise breakdown of net assets in foreign currencies at the end of the year is as follows:

	31 December 2025	31 December 2024
Azerbaijani Manat	555	960
CFA Franc (XOF)	139,113	106,200
Egyptian Pound	16,326	15,061
Euro	140,376	77,998
Indonesian Rupiah	41	48
Islamic Dinar	589	229
Albania LEK	-	574
Malaysian Ringgit	(76)	(67)
Morocco Dirham	15,546	12,955
Mauritania Ouguiya	38,537	38,815
Pakistani Rupee	7,722	7,516
Pound Sterling	(50)	193
Maldives Rufiyaa	33,683	30,022
Saudi Riyal	36,417	(157,786)
Kyrgyzstani Som	813	1,152
Tajikistani Somoni	-	433
Algerian Dinar	131	-
Sri Lanka Rupee	19,502	17,090
Sudanese Pound	1,551	3,292
Kazakhstani Tenge	14,483	13,319
Turkish Lira	(17)	(20)
Tunisian Dinar	28,547	26,873
UAE Dirham	22	22
Uzbekistan Sum	4,634	4,043
	498,445	198,922

28. CONCENTRATION OF ASSETS

28.1 Concentration of assets by geographical areas at the end of the year is as follows:

31 December 2025	Africa	Asia	Australia	Europe	Total
Cash and cash equivalents	33,102	110,198	-	26,913	170,213
Commodity Murabaha and Wakala placements	-	79,808	-	-	79,808
Investments in Sukuk, shares and other securities	13,937	1,324,704	-	-	1,338,641
Murabaha receivables	267,742	556,165	-	-	823,907
Instalment sale receivables	73,859	65,502	-	-	139,361
Ijarah Muntahia Bittamleek	32,589	297,988	-	-	330,577
Istisna'a receivable	-	8,215	-	-	8,215
Investment in associates	114,667	67,357	-	-	182,024
Investment in real estate properties	78,852	-	-	-	78,852
Other assets	6,011	27,953	-	-	33,964
Assets held for sale	64,049	-	-	-	64,049
	684,808	2,537,890		26,913	3,249,611

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31 December 2024	Africa	Asia	Australia	Europe	Total
Cash and cash equivalents	12,350	95,125	-	36,858	144,333
Commodity Murabaha and Wakala placements	-	366,292	-	-	366,292
Investments in Sukuk, shares and other securities	98,334	1,380,757	-	-	1,479,091
Murabaha receivables	167,003	294,433	-	-	461,436
Instalment sale receivables	185,760	148,780	-	-	334,540
Ijarah Muntahia Bittamleek	66,222	174,843	-	-	241,065
Istisna'a receivable	-	8,717	-	-	8,717
Investment in associates	118,191	44,125	-	-	162,316
Investment in real estate properties	78,282	-	-	-	78,282
Other assets	32,034	5,118	-	-	37,152
Assets held for sale	311,429	-	-	-	311,429
	1,069,605	2,518,190	-	36,858	3,624,653

28.2 Concentration of assets by economic sector at the end of the year is analysed as under:

31 December 2025	Financial Services	Industry & Mining	Social Services	Others	Total
Cash and cash equivalents	170,213	-	-	-	170,213
Commodity Murabaha and Wakala placements	79,808	-	-	-	79,808
Investments in Sukuk, shares and other securities	889,403	84,052	260,968	104,218	1,338,641
Murabaha receivables	641,215	101,026	43,086	38,580	823,907
Instalment sale receivables	139,128	233	-	-	139,361
Ijarah Muntahia Bittamleek	-	330,577	-	-	330,577
Istisna'a receivable	-	-	8,215	-	8,215
Investment in associates	182,024	-	-	-	182,024
Investment in real estate properties	-	-	-	78,852	78,852
Other assets	13,091	-	-	20,873	33,964
Assets held for sale	64,049	-	-	-	64,049
	2,178,931	515,888	312,269	242,523	3,249,611

31 December 2024	Financial Services	Industry & Mining	Social Services	Others	Total
Cash and cash equivalents	144,333	-	-	-	144,333
Commodity Murabaha and Wakala placements	366,292	-	-	-	366,292
Investments in Sukuk, shares and other securities	1,115,749	-	290,022	73,320	1,479,091
Murabaha receivables	351,850	109,586	-	-	461,436
Instalment sale receivables	334,540	-	-	-	334,540
Ijarah Muntahia Bittamleek	-	241,065	-	-	241,065
Istisna'a receivable	-	-	8,717	-	8,717
Investment in associates	162,316	-	-	-	162,316
Investment in real estate properties	-	-	-	78,282	78,282
Other assets	37,134	18	-	-	37,152
Assets held for sale	311,429	-	-	-	311,429
	2,823,643	350,669	298,739	151,602	3,624,653

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29. CONTRACTUAL MATURITIES OF ASSETS AND LIABILITIES

The contractual maturities of the Group's assets and liabilities according to their respective periods to maturity or expected period to cash conversion at the end of the year are as follows:

31 December 2025	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	No fixed maturity	Total
Assets:						
Cash and cash equivalents	170,213	-	-	-	-	170,213
Commodity Murabaha and Wakala placements	79,808	-	-	-	-	79,808
Investments in Sukuk, shares and other securities	72,436	341,659	773,296	71,702	79,548	1,338,641
Murabaha receivables	46,741	238,277	501,183	37,706	-	823,907
Instalment sale receivables	34,213	45,435	56,808	2,905	-	139,361
Ijarah Muntahia Bittamleek	7,840	34,873	194,827	93,037	-	330,577
Istisna'a receivable	374	955	6,886	-	-	8,215
Investment in associates	-	-	-	-	182,024	182,024
Investment in real estate properties	-	-	-	-	78,852	78,852
Other assets	-	33,964	-	-	-	33,964
Assets held for sale	-	64,049	-	-	-	64,049
	411,625	759,212	1,533,000	205,350	340,424	3,249,611
Liabilities:						
Sukuk issued	4,135	6,101	1,101,316	-	-	1,111,552
Commodity Murabaha liabilities	47,660	-	731,892	-	-	779,552
Accrued and other liabilities	-	71,129	4,838	-	-	75,967
Employee benefit liabilities	-	-	-	-	4,500	4,500
Amounts due to ICD Solidarity Fund	1,987	-	-	-	-	1,987
Liabilities directly associated with assets classified as held for sale	-	3,790	-	-	-	3,790
	53,782	81,020	1,838,046	-	4,500	1,977,348

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31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	No fixed maturity	Total
Assets:						
Cash and cash equivalents	132,175	12,158	-	-	-	144,333
Commodity Murabaha and Wakala placements	366,292	-	-	-	-	366,292
Investments in Sukuk, shares and other securities	45,697	198,218	1,113,098	48,000	74,078	1,479,091
Murabaha receivables	94,188	125,116	233,745	8,387	-	461,436
Instalment sale receivables	16,603	172,436	142,209	3,292	-	334,540
Ijarah Muntahia Bittamleek	26,297	14,490	136,711	63,567	-	241,065
Istisna'a receivable	-	-	-	8,717	-	8,717
Investment in associates	-	-	-	-	162,316	162,316
Investment in real estate properties	-	-	-	-	78,282	78,282
Other assets	-	37,152	-	-	-	37,152
Assets held for sale	-	311,429	-	-	-	311,429
	681,252	870,999	1,625,763	131,963	314,676	3,624,653
Liabilities:						
Sukuk issued	-	-	1,313,233	-	-	1,313,233
Commodity Murabaha liabilities	10,143	124,970	670,405	-	-	805,518
Accrued and other liabilities	-	25,480	4,901	-	-	30,381
Employee benefit liabilities	-	-	-	-	5,190	5,190
Amounts due to ICD Solidarity Fund	1,807	-	-	-	-	1,807
Liabilities directly associated with assets classified as held for sale	-	267,328	-	-	1,060	268,388
	11,950	417,778	1,988,539	-	6,250	2,424,517

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30. SHARI'AH SUPERVISION

According to Article 29 (1) of the Articles of Agreement of the Corporation, the Group shall have a Shari'ah Board. As a member of the IsDB group, the Group utilizes the IsDB Group Shari'ah Board. The Group Shari'ah Board was established pursuant to a Resolution of the Board of Executive Directors of IsDB. The members of the Board are appointed for 3 years and may be reappointed.

The Group Shari'ah Board has the following functions:

- to consider all products introduced by the IsDB, its affiliates and trust funds for use for the first time and rule on their conformity with the principles of the Islamic Shari'ah, and lay down basic principles for drafting of related contracts and other documents;
- to give its opinion on the Shari'ah alternatives to conventional products which the IsDB, its affiliates and trust funds intend to use, and to lay down basic principles for drafting of related contracts and other documents and contribute to their development with a view to enhancing the IsDB's, its affiliates' and trust funds' experience in this regard;
- to respond to the Shari'ah related questions, enquiries and explications referred to it by the Board of Executive Directors or the management of the IsDB, its affiliates and trust funds;
- to contribute to the IsDB, its affiliates and trust funds programme for enhancing the awareness of its staff members of Islamic banking and deepen their understanding of the fundamentals, principles, rules and values relative to Islamic financial transactions; and
- to submit to the Board of Executive Directors of the IsDB, its affiliates and trust funds a comprehensive report showing the measure of the IsDB's, its affiliates' and trust funds' commitment to principles of Shari'ah in the light of the opinions and directions given and the transactions reviewed.

31. RISK MANAGEMENT

The Group's activities expose it to various risks (credit risk, market risk and liquidity risk) associated with the use of financial instruments. Senior management, under the supervision of the Board, oversees and manages the risks associated with the financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to credit risk in both its financing operations and its treasury activities. Credit risk arises because beneficiaries and treasury counterparties could default on their contractual obligations or the Group's financial assets could decline in value.

For all classes of financial assets held by the Group, the maximum credit risk exposure is their carrying value as disclosed in the consolidated statement of financial position. The assets which subject the Group to credit risk principally consist of bank balances, Commodity Murabaha and Wakala placements, Sukuk investments, Murabaha financing, Installment Sale receivables, Ijarah Muntahia Bittamleek, Istisna'a receivable and other assets. This risk is mitigated as follows:

- Commodity Murabaha and Wakala placements and Sukuk investments are managed by the Group's treasury department. The Group has made placements with financial institutions under the arrangement of Murabaha financing. Adequate due diligence is exercised prior to investments and as at the period end, management considers that there are no material credit risks posed by these investments.
- The Group evaluates Murabaha financing, installment sales, Ijarah Muntahia Bittamleek and Istisna'a financing (financing assets). Credit evaluation is performed internally, and external expertise is used where required. The Executive Committee of the Board of Directors of the Group approves all the financing. Such financing is generally secured against adequate security for financing. Under Ijarah Muntahia Bittamleek contracts, the Group is the owner of the related asset which is only transferred to the beneficiary upon payment of all the installments due at the end of the lease term. The net book value of Ijarah Muntahia Bittamleek assets after taking allowance for impairment as disclosed in the consolidated statement of financial position was considered fully recoverable by the management of the Group.

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The Group applies a three-stage approach to measuring expected credit losses (ECLs).

i. Determining the stage for impairment

The Group's staging model relies on a relative assessment of credit risk, because it reflects the significance increase in credit risk (SICR) since initial recognition of an asset. The staging assessment is made at the contract level rather than counterparty level, since the quantum of change in credit risk may be different for different contracts belonging to the same obligor. Also, different contracts of the same counterparty may have different credit risk at initial recognition.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition and has not suffered a significant downgrade.

Stage 2 *includes* financial assets that experience an SICR. When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit risk assessment, including forward looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on its sovereign and non-sovereign exposures has increased significantly since initial recognition when contractual payments are more than 90 days past due for sovereign financings and more than 30 days past due for non-sovereign financings on a material repayment amount. When a stage 2 instrument shows a significant enhancement in credit quality at the assessment date, it can move back to stage 1.

Where there is objective evidence that an identified financial asset is impaired, specific provisions for impairment are recognized in the consolidated statement of income, and under FAS 30, the asset is classified in Stage 3. The Group presumes that assets are credit-impaired when contractual payments are more than 180 days past due for sovereign financings and more than 90 days past due for non-sovereign financings on a material repayment amount. Besides, the Group may consider an asset as impaired if it assesses that the obligor is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realizing security.

A financial asset is no longer considered impaired when all past due amounts have been recovered, and it is determined that the outstanding amounts with future expected income are fully collectable in accordance with the original contractual terms or revised terms of the financial instrument with all criteria for the impaired classification having been remedied. The financial asset will be transferred back to stage 2 after a cure period.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ii. Measurement of Expected Credit Losses (ECLs)

ECL represents the average credit losses weighted by the probabilities of default (PD), whereby credit losses are defined as the present value of all cash shortfalls. The ECL is calculated for both Stage 1 and Stage 2 instruments by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), and discounting the resulting provision using the instrument's effective profit rate (EPR).

These ECL parameters are generally derived from internally developed models and other historical data. They are adjusted to reflect forward-looking information as described below.

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PD represents the likelihood of a counterpart defaulting on its financial obligation over different time horizon (e.g., 1 year or lifetime). The estimates the PDs using internal rating tools tailored to the various categories of counterparties and exposures. These internal rating models are based on internally and externally compiled data comprising both quantitative and qualitative factors. They produce a relative credit risk grading, which is in turn are associated with a likelihood of default (PD) over a one-year horizon, that is calibrated to reflect the Group's long run average default rate estimates (through-the-cycle (TTC) PD). The Group uses a specific model based on country and industry parametrization to convert its TTC PDs into point-in time (PIT) PDs and derives a PIT PD term structure.

LGD is the magnitude of the potential loss in the event of a default. This is generally estimated as value lost plus costs net of recovery (if any) as percentage of outstanding amount. The Group uses internal LGD estimation models that consider the structure, collateral, and seniority of the claim and the counterparty rating and jurisdiction. LGD estimates are calibrated to reflect the recovery experience of the Group as well as the Multilateral Development Banks' consortium data.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial instrument is its gross carrying amount. For contract under disbursement and financial commitments such as guarantees, letter of credit, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract.

FAS 30 requires ECLs to be forward-looking. The Group uses a statistical model that links its counterparties' future performance to the current and future state of the macroeconomic environment. The model links macroeconomic scenarios to counterparty's default risk. Macroeconomic factors taken into consideration include, but are not limited to, gross domestic product, equity market prices, unemployment rates, and commodity prices and these require an evaluation of both the current and forecast direction of the macro-economic cycle. The Group estimates its ECLs by calculating the weighted average ECL of its exposures across three (3) set of forward-looking macroeconomic scenarios.

iii. Exposure Amounts and ECL coverage

The Group recognizes 12-month ECL for stage 1 instruments and lifetime ECL for stage 2 instruments. For stage 3 instruments, it calculates a loss allowance amount based on the difference between the carrying amount of the instrument and the net present value of expected future cash flows discounted at the instrument's original effective profit rate (EPR) where applicable.

Tables below present the breakdown of gross exposure amount and ECL by mode of finance, for financial instruments measured at amortized cost as at 31 December 2025 and 2024.

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An analysis of changes in the financial assets before ECL allowance and the corresponding ECL allowance is as follows:

Description	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount before ECL:				
Cash and cash equivalents	137,282	32,938	-	170,220
Commodity Murabaha and Wakala placements	79,809	-	27,778	107,587
Sukuk investments	1,245,593	15,675	10,585	1,271,853
Murabaha receivables	836,310	593	23,902	860,805
Installment sale receivables	112,989	30,245	12,218	155,452
Ijarah Muntahia Bittamleek	257,000	77,772	32,064	366,836
Istisna'a receivable	8,226	-	-	8,226
Other assets	-	134	8,377	8,511
	2,677,209	157,357	114,924	2,949,490
Equity Investments				222,334
	2,677,209	157,357	114,924	3,171,824

Description	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
ECL:				
Cash and cash equivalents	-	7	-	7
Commodity Murabaha and Wakala placements	1	-	27,778	27,779
Sukuk investments	961	1,215	10,585	12,761
Murabaha financing	12,995	1	23,902	36,898
Instalment sale receivables	2,432	1,441	12,218	16,091
Ijarah Muntahia Bittamleek	2,361	1,834	32,064	36,259
Istisna'a receivable	11	-	-	11
Other assets	-	-	8,231	8,231
	18,761	4,498	114,778	138,037
Equity Investments	-	-	-	40,308
	18,761	4,498	114,778	178,345

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Description	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount before ECL:				
Cash and cash equivalents	141,704	2,635	-	144,339
Commodity Murabaha and Wakala placements	366,292	-	28,134	394,426
Sukuk investments	1,363,252	38,003	10,000	1,411,255
Murabaha receivables	461,558	2,858	25,285	489,701
Installment sale receivables	294,445	56,107	12,830	363,382
Ijarah Muntahia Bittamleek	150,612	101,637	17,989	270,238
Istisna'a receivable	8,739	-	-	8,739
Other assets	-	-	9,604	9,604
	2,786,602	201,240	103,842	3,091,684
Equity Investments				194,344
	2,786,602	201,240	103,842	3,286,028
Description	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
ECL:				
Cash and cash equivalents	5	1	-	6
Commodity Murabaha and Wakala placements	-	-	28,134	28,134
Sukuk investments	840	859	10,000	11,699
Murabaha financing	2,941	39	25,285	28,265
Installment sale receivables	14,103	2,427	12,312	28,842
Ijarah Muntahia Bittamleek	2,377	8,807	17,989	29,173
Istisna'a receivable	22	-	-	22
Other assets	-	-	4,894	4,894
	20,288	12,133	98,614	131,035
Equity Investments	-	-	-	32,028
	20,288	12,133	98,614	163,063

An analysis of changes in ECL allowances in relation to Group's financial assets were as follows:

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Allowance as at 1 January 2025	20,288	12,133	98,614	131,035
New assets originated or purchased	763	-	-	763
Assets repaid	-	-	(1,477)	(1,477)
Write off	-	-	(356)	(356)
Transfer from stage 1 to Stage 2	(106)	106	-	-
Transfer from stage 1 to Stage 3	-	-	-	-
Transfer from stage 2 to Stage 1	848	(848)	-	-
Transfer from stage 2 to Stage 3	-	(6,238)	6,238	-
Increase/(decrease) in allowance	(3,032)	(655)	11,759	8,072
	18,761	4,498	114,778	138,037
Equity investment				40,308
Allowance as at 31 December 2025				178,345

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	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Allowance as at 1 January 2024	18,926	10,049	112,066	141,041
New assets originated or purchased	9,143	-	-	9,143
Assets repaid	(5,486)	-	(15,970)	(21,456)
Write off	-	-	(4,138)	(4,138)
Transfer from stage 1 to Stage 2	(110)	118	-	8
Transfer from stage 1 to Stage 3	-	-	-	-
Transfer from stage 2 to Stage 1	-	-	-	-
Transfer from stage 2 to Stage 3	-	-	-	-
Increase/(decrease) in allowance	(2,185)	1,966	6,656	6,437
	20,288	12,133	98,614	131,035
Equity investment				32,028
Allowance as at 31 December 2024				<u>163,063</u>

The Group obtains adequate guarantees and employs other methods of credit enhancements that will protect the value of its investments. Guarantees and securities obtained by the Group include bank guarantees, corporate guarantees, pledge of assets, possession of title to the property being financed, etc. In general, the value of guarantees or other credit enhancements held by the Group against these assets as of the reporting date were considered adequate to cover the outstanding exposures. Where the Group's management and its provisioning committee assessed that value of the receivable may not be fully recovered, an appropriate impairment is recorded. The policy of the Group in respect of securities and guarantees for term finance operations is that the sum of the securities package will be equal to or greater than 125% of the value of the assets financed.

Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risks, mark-up rate risk and equity price risks.

Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies, in case the entity does not hedge its currency exposure by means of hedging instruments.

The Group is exposed to currency risk as a portion of its liquid fund portfolio and some of the equity investments are in currencies other than US Dollars; the reporting currency of the Group. The Group has minimized its exposure to currency risk on liquid funds by ensuring that all liquid funds transactions are in US Dollars or currencies pegged to US Dollar. For monetary assets and liabilities foreign currency risk is managed through the alignment of the Islamic foreign currency denominated assets and liabilities.

The Group is exposed to market risks arising from adverse changes in foreign exchange for Sukuk transaction denominated in a foreign currency. The Group manages these risks through a variety of strategies, including foreign currency forward contracts.

Mark-up rate risk

Mark-up rate risk arises from the possibility that changes in mark-up rates will affect the value of the financial instruments (fair value mark-up rate risk) or the future cash flows (cash flow mark-up rate risk) and the resultant reported incomes or losses. The Group is exposed to changes in mark-up rates mainly on its placements, Sukuk investments, Murabaha, Installment Sales, Ijarah Muntahia Bittamleek, Istisna'a financing, Sukuk issued and Commodity Murabaha financing due to changes in the mark-up rates prevailing in the markets.

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In order to manage cash flow mark-up rate risk, the Board approved an "Asset and Liability Management policy" which requires that the Group follow the matched-funding principle in managing its assets and liabilities as well as profit rate swaps. Thus, the Group ensures that the mark-up rate basis and currencies of all debt-funded assets match those of the underlying liabilities. Such approach ensures that the Group's investment income spread remains largely constant regardless of mark-up rate and exchange rate movements.

Majority of the Group's financial assets and liabilities are of short-term nature. However, certain financing products, Sukuk investments and Sukuk issued are with fixed rate and of long-term nature and expose the Group to fair value mark-up rate risk. Management, periodically, assess the applicable market rates and assess the carrying value of these financing products.

As of the consolidated statement of financial position date, management believe that an estimated shift of 25 basis points in the market mark-up rates would not materially expose the Group to cash flow or fair value mark-up rate risk.

Equity price risk

The Group is exposed to equity price risk on its investments held at fair value. The Group has only one investment which is listed and, accordingly, the Group is not materially exposed to significant price risk.

Liquidity risk

Liquidity risk is the non-availability of sufficient funds to meet disbursements and other financial commitments as they fall due.

To guard against this risk, the Group follows a conservative approach by maintaining high liquidity levels invested in cash and cash equivalents, Commodity Murabaha and Wakala placements and Murabaha financing with short-term maturity of three to twelve months. Please see note 30 for the maturity schedule of the assets.

Shari'ah non-compliance Risk

The Group defines Shari'ah non-compliance risk as the risk of losses resulting from non-adherence to Shari'ah rules and principles as determined by the IsDB Group Shari'ah Board. The Group attaches value in safeguarding its operations from Shari'ah non-compliance risk (SNCR). Shari'ah compliance forms an integral part of ICD's purpose in line with its Articles of Agreement. Consequently, the Group effectively manage SNCR through leveraging on the IsDB Group wide robust framework of procedures and policies. The business or risk-taking unit, as the 1st line of defence, embeds a culture of Shari'ah compliance, while the ICD advisor to the CEO on Shari'ah matters in close collaboration with the Shari'ah Compliance function of IsDB Group serves as the 2nd line of defence to strategically manage and monitor SNCR pre-execution of transactions / operations. IsDB Group's internal Shari'ah Audit function provides independent reasonable assurance as the 3rd line of defence post-execution of transactions/operations adopting a risk-based internal Shari'ah audit methodology.

32. FAIR VALUE

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. Consequently, differences can arise between carrying values and fair value estimates.

Fair valuation with respect to investments, is disclosed in note 7.

All of the Groups' Islamic derivatives are unquoted. Their fair values are estimated using a valuation technique and, accordingly, are level 3.

The carrying value of the Group's all other financial assets and liabilities approximate their fair values.

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33. COMMITMENTS

In the normal course of business, the Group is a party to financial instruments with off-statement of financial position risk. These instruments comprise commitments to make project related disbursements, equity contribution commitments and other items and are not reflected in the consolidated statement of financial position.

The Group uses the same credit control and management policies in undertaking off-statement of financial position commitments as it does for on-statement of financial position operations.

	31 December 2025	31 December 2024
Murabaha financing	85,469	77,700
Installment sale receivables	71,821	39,114
Ijarah Muntahia Bittamleek	38,959	60,742
	196,249	177,556

34. EFFECTS OF NEW AND REVISED FINANCIAL ACCOUNTING STANDARDS

The following new financial accounting standards ("FAS") of The Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these financial statements if found to be applicable.

(i) Financial Accounting Standard - 43 "Accounting for Takaful: Recognition and Measurement"

This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules.

The Group has assessed the requirements of this standard and concluded that it is not applicable to the Group as it is not a Takaful institution.

35. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new FASs have been issued. The Group intends to adopt these financial reporting standards when they become effective and is currently assessing the impact of these new FASs on its financial statements and systems.

(i) Financial Accounting Standard - 45 "Quasi-Equity (including Investment Accounts)"

This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance sheet accounting and are reported as quasi-equity.

This standard provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure of quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues.

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This standard shall be effective for the financial reporting period beginning on or after **1 January 2026** with early adoption permitted. The Group is currently evaluating the impact of this standard on its financial statements.

(ii) Financial Accounting Standard - 46 “Off-Balance-Sheet Assets Under Management”

This standard prescribes the criteria for characterization of off-balance sheet assets under management and the related principles of financial reporting in line with the “AAOIFI conceptual framework for financial reporting”.

This standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies etc relating to off balance sheet assets under management, as well as, certain specific aspects of financial reporting, e.g. impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements, particularly aligning the same with the requirements of FAS 1 “General Presentation and Disclosures in the Financial Statements” in respect of the Statement of changes in the off-balance sheet assets under management.

This standard shall be effective for the financial reporting period beginning on or after **1 January 2026** with early adoption permitted. This standard shall be adopted at the same time as adoption of FAS 45 “Quasi-Equity (including Investment Accounts)”. The Group is currently evaluating the impact of this standard on its financial statements.

(iii) Financial Accounting Standard - 47 “Transfer of Assets Between Investment Pools”

This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfer of assets between investment pools related to (and where material, between significant categories of) owners’ equity, quasi-equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Sha’riah principles and rules and describes general disclosure requirements in this respect.

This standard shall be effective for the financial reporting period beginning on or after **1 January 2026** with early adoption permitted. The Standard is not applicable to the Group as it does not have investment pools.

(iv) Financial Accounting Standard - 48 “Promotional gifts and prizes”

This standard prescribes accounting and reporting principles for recognition, measurement, presentation and disclosures applicable to promotional gifts and prizes awarded by the Islamic Financial Institutions to their customers, including quasi-equity and other investment account holders.

This standard shall be effective for the financial reporting period beginning on or after 1 January 2026 with early adoption permitted. This standard is not applicable to the Group as it does not award promotional gifts or prizes to its member countries.

(v) Financial Accounting Standard – 49 “Financial Reporting for Institutions Operating in Hyperinflationary Economies”

This standard outlines the principles governing financial reporting, including accounting treatments, presentation of financial statements and necessary disclosures for institutions applying AAOIFI Financial Accounting Standards (FASs), operating within hyperinflationary economies.

This standard shall be effective for the financial reporting period beginning on or after **1 January 2026** with early adoption permitted. The Group is currently evaluating the impact of this standard on its financial statements.

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(vi) Financial Accounting Standard - 50 “Financial reporting for Islamic Investment Institutions (Including Investment Funds)”

This standard prescribes the financial reporting principles applicable to the Islamic investment institutions. In particular it emphasizes on standardization with regard to the form and contents of the financials statements of investment institution.

This standard prescribes the overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari’ah principles and rules.

This standard shall be effective for the financial reporting period beginning on or after 1 January 2027 with early adoption permitted. The Group is not an investment institution or investment Fund.

(vii) Financial Accounting Standard - 51 “Participatory ventures”

This standard prescribes accounting and financial reporting principles for recognition, measurement, presentation and disclosures to apply in relation to the participatory ventures (including most of the common structures/products based on Mudaraba and Musharaka). This standard shall be applied in respect of accounting and financial reporting by the investor(s), the working partner(s), as well as the participatory ventures with regard to all such participatory ventures that fall within the scope of this standard, including those with fixed and variable equity/quasi-equity shares.

This standard shall be effective for the financial reporting period beginning on or after 1 January 2027 with early adoption permitted. The Group is currently evaluating the impact of this standard on its financial statements.

(viii) Financial Accounting Standard - 52 “Deferred Delivery Sales: Salam and Istisna”

This standard prescribes the accounting and financial reporting principles for recognition, measurement, presentation and disclosures related to deferred delivery sales transactions, applicable to the respective buyers and sellers. Such transactions include both, Salam and Istisna-based deferred delivery sales transactions, but do not include Istisna-based development contracts which are subject of another standard being simultaneously issued.

This standard shall be effective for the financial reporting period beginning on or after 1 January 2027 with early adoption permitted. The Group is currently evaluating the impact of this standard on its financial statements.

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36. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During 2025 and 2024, the Group decided to dispose certain entities which were classified as held for sale. Some of these entities were disposed of during the year. The results of operations of these entities have been presented as discontinued operations in the consolidated statement of income.

a) Tamweel Africa Holding ("TAH")

During 2024, the Group entered into an arrangement to dispose of its 100% investment in Tamweel Africa Holding (TAH). Accordingly, as at 31 December 2024, the Group classified its investment in TAH, including BIG (refer to Note b), as held for sale. The agreed sale price for TAH is USD 47.7 million excluding cash and bank balances in TAH as of disposal date. As at 31 December 2025, the legal formalities for the sale remain in progress for TAH.

During the year, the Group received an advance payment of USD 33.1 million in respect of the sale of TAH, which is included within Accrued and Other Liabilities. Subsequent to the year, an additional advance payment of USD 14.6 million is received.

The results of the discontinued operations of TAH (including BIG), which have been included in the profit for the year, were as follows:

	2025	2024
NET INCOME		
Commodity Murabaha and Wakala placements	358	230
Income from associate	4,648	339
Other income*	4,188	878
Net income	9,194	1,447
OPERATING EXPENSES		
Staff costs	(103)	(95)
Other administrative expenses	(655)	(551)
Depreciation	(9)	(149)
Total operating expenses	(767)	(795)
Net operating income before impairment charges	8,427	652
Reversal of impairment	141	206
Net income for the year before taxation	8,568	858
Income tax	(1,478)	(9)
Net income for the year after taxation	7,090	849
Income/ (loss) from discontinued operations (note b)	2,315	(1,549)
Net profit/ (loss) for the year	9,405	(700)

* Other income in 2025 relates to gain on the disposal of BIG (note b).

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The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 December 2025	31 December 2024
Cash and cash equivalents	176	441
Investment in associate	35,674	26,262
Assets held for sale (note b)	-	268,507
Other assets	28,199	14,332
Total assets classified as held for sale	64,049	309,542
Liabilities associated with assets classified as held for sale (note b)	-	(258,319)
Accrued and other liabilities	(3,790)	(9,314)
Total liabilities associated with assets classified as held for sale	(3,790)	(267,633)
Net assets	60,259	41,909

The cash flow from discontinued operation is as follows:

	2025	2024
Net cash used in operating activities	(62,330)	14,035

b) Banque Islamique de Guinee (BIG)

TAH owned 68.4% of Banque Islamique de Guinee (BIG), which is ultimately owned by the Group. During 2023, the Group entered into a separate arrangement to dispose its 68.4% interest in BIG. Therefore, as of December 31, 2024 and 2023, BIG was classified as held for sale. On 30 September 2025, the Group sold its entire equity stake in BIG, which had a carrying value of USD 12.6 million, for USD 16.8 million resulting in a gain of USD 4.2 million.

The results of discontinued operations relating to BIG, which have been included in the consolidated statement of income for the period to the date of disposal, were as follows:

	2025	2024
NET INCOME		
Income from financing assets	20,654	15,283
Other income	8,333	9,117
Net income	28,987	24,400
OPERATING EXPENSES		
Staff costs	(6,664)	(7,088)
Other administrative expenses	(7,670)	(7,372)
Depreciation	(2,540)	(2,609)
Total operating expenses	(16,874)	(17,069)
Net operating income before impairment charges	12,113	7,331
Impairment loss	(7,859)	(8,081)
Net income/ (loss) for the year before taxation	4,254	(750)
Income tax	(1,939)	(799)
Net income/ (loss) for the year	2,315	(1,549)

The major classes of assets and liabilities that were classified as held for sale related to BIG as at 31 December 2024 were as follows:

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	31 December 2025	31 December 2024
Cash and cash equivalents	-	62,065
Instalment sale receivables	-	103,170
Other assets	-	103,272
Total assets classified as held for sale	-	268,507
Total liabilities associated with assets classified as held for sale	-	(258,319)
Total net assets	-	10,188

The cash flow from discontinued operation is as follows:

	2025	2024
Net cash from operating activities	342,077	16,658

The net assets of BIG at the **date of disposal** were as follows:

	Amount
Cash and cash equivalents	404,142
Instalment sale receivables	155,323
Other assets	39,069
Total assets classified as held for sale	598,534
Total liabilities associated with assets classified as held for sale	(585,237)
Total net assets	13,297
Less: non-controlling interest	(4,202)
Add: other reserves	3,491
Gain on disposal	4,198
Total Consideration	16,784
Satisfied by	
Cash	16,784
Total consideration transferred	16,784
Net cash outflow arising on disposal	
Consideration received in cash and cash equivalents	16,784
Less: cash and cash equivalent disposed of	(404,142)
	(387,359)

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c) ASR Leasing LLC ("ALL")

During 2024, the Group entered into an arrangement to dispose its 66.67% investment in ASR Leasing LLC (ALL). The sale price agreed is USD 0.43 million. Therefore, as of December 31, 2024, ALL was classified as held for sale. During 2025, the Group sold its equity stake in ALL, which had a carrying value of USD 0.39 million, for USD 0.43 million resulting in a gain of USD 0.04 million.

ALL had no operational results in 2024 and 2025; therefore, no income or loss from discontinued operations has been included in the statement of income, except for the gain on disposal disclosed in Note 23.

The major classes of assets and liabilities that were classified as held for sale related to ALL as at 31 December 2024 were as follows:

	31 December 2025	31 December 2024
Cash and cash equivalents	-	286
Other assets	-	687
Total assets classified as held for sale	-	973
Total liabilities associated with assets classified as held for sale	-	(323)
Total net assets	-	650

The cash flow from discontinued operation is as follows:

	2025	2024
Net cash used in operating activities	-	(437)

The net assets of ALL at the **date of disposal** were as follows:

	Amount
Cash and cash equivalents	286
Other assets	687
Total assets classified as held for sale	973
Total liabilities associated with assets classified as held for sale	(323)
Total net assets	650
Less: non-controlling interest	(210)
Less: other reserves	(50)
Gain on disposal	44
Total Consideration	433
Satisfied by	
Cash	433
Total consideration transferred	433
Net cash inflow arising on disposal	
Consideration received in cash and cash equivalents	433
Less: cash and cash equivalent disposed of	(286)
	148

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d) Azerbaijan Leasing ("AZL")

During 2024, the Group entered into an arrangement to dispose its 100% investment in AZL for USD 6,340. Therefore, as of December 31, 2024, AZL was classified as held for sale. During 2025, the Group sold its equity stake in AZL, which had a negative carrying value of USD 91,971, for USD 6,340 resulting in a gain of USD 98,311.

AZL had no operational results in 2024 and 2025; therefore, no income or loss from discontinued operations has been included in the statement of income, except for the gain on disposal disclosed in Note 23.

The major classes of assets and liabilities that were classified as held for sale related to AZL as at 31 December 2024 were as follows:

	31 December 2025	31 December 2024
Cash and cash equivalents	-	6
Other assets	-	334
Total assets classified as held for sale	-	340
Total liabilities associated with assets classified as held for sale	-	(432)
Net liability	-	(92)

	2025	2024
Net cash used in operating activities	-	-

The net assets of AZL at the **date of disposal** were as follows:

	Amount
Cash and cash equivalents	6
Other assets	334
Total assets classified as held for sale	340
Total liabilities associated with assets classified as held for sale	(432)
Total net liabilities	(92)
Gain on disposal	98
Total Consideration	6
Satisfied by	
Cash	6
Total consideration transferred	6
Net cash inflow arising on disposal	
Consideration received in cash and cash equivalents	6
Less: cash and cash equivalent disposed of	(6)
	-

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e) Albania Leasing (“AL”)

During 2024, the Group entered into an arrangement to dispose of its 36% investment in AL for USD 1.435 million. As the legal formalities for the transfer were still in progress, the investment was classified as held for sale in 2024.

During the year, the Group sold its equity stake in AL, which had a carrying value of USD 0.5 million, for USD 1.435 million, resulting in a gain of USD 0.935 million.

The share of income/ (loss) from the discontinued operations of AL included in the statement of income amounted to USD 11,154 (2023: USD (77,187)).

f) Taha Alam Sdn Bhd

During the year, the Group submitted an application for the deregistration of its subsidiary, Taha Alam Sdn Bhd, to the Companies Commission of Malaysia (SSM). This application was approved on 19 April 2025. Consequently, Taha Alam Sdn Bhd was officially deregistered and ceased to exist as a legal entity, and accordingly, it is no longer part of the Group as at the year end.

37. SUBSEQUENT EVENT

Subsequent to the reporting date and prior to the authorization of these financial statements for issue, geopolitical tensions in the Middle East increased following recent military developments in the wider region. The management has been monitoring the situation constantly and has assessed the potential implications of these developments on the Group’s financial position, operations, liquidity, and investment portfolio as at the date of the authorization of issuance of these financial statements.

The Group’s direct exposure through financing operations in the region is limited and, accordingly, management does not expect any immediate material impact on the performance or quality of its financing portfolio. The Group maintains exposure to financial institutions in the region through treasury liquidity placements and sukuk investment in sovereign and quasi sovereign issuers. While significant portion of sukuk exposure is held to maturity, and hence not affected by short term market volatility. However, as at the date of the authorization of issuance of these financial statements, management has not identified any indicators of counterparty non-performance, impairment, or the need to recognize additional expected credit losses.

The Group continues to maintain a strong liquidity position, supported by cash balances, diversified treasury placements, and high quality liquid sukuk instruments. While market volatility and regional risks may persist, management’s stress testing and scenario analysis indicate that the Group is able to meet its obligations under both normal and stressed conditions.

Based on the information available at the date of the authorization of issuance of these financial statements, the management concluded that these developments do not require adjustments to the carrying amounts of assets and liabilities as at 31 December 2025. The situation remains dynamic and the management will continue to monitor developments.

38. AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue in accordance with the resolution of the Board of Directors dated 8 April 2026 (corresponding to 20 Shawwal 1447 AH).