



New Development Bank
2020 Renminbi Bond (Series 2) (Bond Connect)
Prospectus

Issuer: New Development Bank

Address: 32-36 Floors, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China



Lead Underwriter and Bookrunner: Industrial and Commercial Bank of China Limited



Joint Underwriter: Bank of China Limited



Joint Underwriter: Agricultural Bank of China Limited



Joint Underwriter: China Construction Bank Limited

June 2020

IMPORTANT NOTICE AND DECLARATION

The New Development Bank (“NDB”, the “**Issuer**” or the “**Bank**”) may, from time to time during the period of two years commencing on the date of issuance by the National Association of Financial Market Institutional Investors (“NAFMII”) of the registration notice with respect to the Programme (dated 9 January 2019, with the serial number of NAFMII Zhong Shi Xie Zhu [2019]RB1), issue Renminbi Bonds in an aggregate amount of RMB10,000,000,000 in the Interbank Market. The Issuer issued the New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect) in the amount of RMB3,000,000,000 on 22 February 2019 and the New Development Bank 2020 Renminbi Bond (Series 1) (Coronavirus Combating Bond) (Bond Connect) in the amount of RMB5,000,000,000 on 1 April 2020. The Issuer hereby intends to issue the New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect) in the amount of RMB2,000,000,000.

The Bonds will be publicly offered in the Interbank Market. Investors should carefully read this Prospectus and the other relevant Disclosure Documents (as defined in Section 1 (*Definitions*)), and carry out their own independent investment analysis. The registration of the Programme with NAFMII does not indicate that it has made any assessment of the investment value of the Bonds, nor does it indicate that it has made any judgments with respect to risks of investing in the Bonds.

All the contents of this Prospectus have been prepared to follow the *Interim Administrative Measures for Bond Issuance by Offshore Institutions in the National Interbank Bond Market* and the other applicable laws and regulations and the relevant requirements of the People’s Bank of China (“PBOC”) and NAFMII, and are based on the actual situation of the Issuer as of the date of this Prospectus.

This Prospectus is intended to provide investors with basic information of the Issuer, as well as information relating to the Programme, the issuance and subscription of the Bonds. The Issuer accepts responsibility for the information contained in this Prospectus. The Issuer, having made all necessary and reasonable enquiries, confirms that, as of the date of this Prospectus, all information in this Prospectus is true, accurate, complete and up-to-date in all material respects and does not contain any untrue statements, misleading representations or material omissions in any material respect, and as of the date of this Prospectus, other than the information disclosed herein, there is no material event that affects the ability of the Issuer to repay debts.

The Issuer undertakes that it will perform its obligations in accordance with the applicable Laws (as defined in Section 1 (*Definitions*)) and the terms set out in this Prospectus.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering or sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorized by NDB or any Underwriter. Neither the delivery of this Prospectus nor any offering or sale of the Bonds made in connection herewith shall, under any circumstances, create any implication that there has been no adverse change in the financial condition or affairs of NDB since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Ongoing disclosure arrangements after the issuance of this Prospectus are described in Section 10 (*Disclosure Arrangement*).

The issuance and distribution of this Prospectus and the issue and sale of the Bonds are not a waiver by NDB or by any of its members, Governors, Alternate Governors, Directors, Alternate Directors, Officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement on the New Development Bank, the Agreement between the New Development Bank and the Government of the People's Republic of China regarding the Headquarters of the New Development Bank in Shanghai, China or by any Laws of any member of NDB or any political subdivision of any member, all of which are hereby expressly reserved.

It is recommended that prospective investors consult their financial, legal, tax, accountants and other advisers before purchasing, acquiring or subscribing for, the Bonds.

Any investor that acquires and holds the Bonds through subscription, transfer or other lawful means shall be deemed as having voluntarily accepted the terms and conditions prescribed in this Prospectus in respect of the relevant rights and obligations, understood the risk features and investment procedures of the Bonds, had the will and ability to assume the investment risks of the Bonds.

The distribution of this Prospectus and the issue or sale of the Bonds in certain jurisdictions may be restricted by Laws. Persons into whose possession this Prospectus comes are required by the Issuer and the Underwriters to inform themselves about and to observe any such restriction. For a description of certain restrictions on the issue and sale of the Bonds and on the distribution of this Prospectus, see Section 11 (*Selling Restrictions*).

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (hereinafter, the “**U.S. Securities Act**”). The Bonds may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Bonds are being offered outside the United States in reliance on Regulation S under the U.S. Securities Act.

Neither this Prospectus nor any supplement(s) thereto nor any other document in connection with the Bonds may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

Statement relating to forward-looking statements

This Prospectus contains forward-looking statements in respect of the financial condition and operational status of NDB. Such forward-looking statements only indicate NDB's beliefs and expectations, instead of statements of the historical facts. Some expressions, e.g., “anticipate”, “expect”, “intend”, “plan”, “believe”, “seek”, “estimate”, “potential” and “reasonably possible” and other combinations and similar wordings are all intended to enable the readers to identify forward-looking statements easily. As such representations are made based on the current plans, estimates and forecasts, investors should not rely on them while reading this Prospectus. Such forward-looking statements have been made on the basis of the objective circumstances existing on the date when they were made, and it should not be assumed that such relevant statements have been amended or updated so as to reflect the latest information or events occurring thereafter. Forward-looking statements involve various inherent risks and uncertain factors. Many factors can result in actual results deviating from the situations expected or implied by such forward-looking statements, and in some circumstances there may even arise significant deviations.

Statement relating to the language used for information disclosure

Some of the documents announced by NDB in connection with the Bonds (including the documents stated to be in English and Chinese in Section 10 (*Disclosure Arrangement*) and Section 16 (*Documents Available for Inspection*)) have been made in both Chinese and English. If there is any inconsistency between two language versions, the Chinese version shall prevail, provided, however, that such Chinese language documents should always be read in conjunction with the Chinese and English versions of any documents disclosed by NDB from time to time (some of which may modify or supersede statements in such Chinese language document) in accordance with Section 10 (*Disclosure Arrangement*) and Section 16 (*Documents Available for Inspection*).

Statement relating to accounting standards

For the purpose of preparing and presenting the financial statements, NDB has consistently applied International Accounting Standards (“**IASs**”), International Financial Reporting Standards (“**IFRSs**”), amendments and the related Interpretations (“**IFRICs**”) (herein collectively referred to as the “**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) which are effective for the year ended December 31, 2019, the year ended December 31, 2018 and the year ended December 31, 2017. The unaudited condensed financial statements of the Issuer for the three months ended March 31, 2020 (the “**Interim Financial Statements**”) have been prepared in accordance with IASs 34 “Interim Financial Reporting”, and the condensed statement of profit or loss and other comprehensive income for the year ended December 31, 2019 and three months ended December 31, 2019 are also presented in the Interim Financial Statements. Investors should read the financial data and indicators referred to in this Prospectus in conjunction with the financial statements of NDB and the notes thereto.

The IFRSs differs in certain material respects from the Accounting Standards for Business Enterprises (“**ASBE**”) and the relevant rules and regulations issued by the Ministry of Finance of the PRC (as defined in Section 1 (*Definitions*)) (the “**Chinese Accounting Standards**”). For a discussion of the significant differences between IFRS and the Chinese Accounting Standards, please see “Summary of Significant Differences between IAS/IFRS and PRC ASBE”.

Access to Information

Investors may obtain full access to this Prospectus on the website of the Custody Institution (www.shclearing.com), China Money (www.chinamoney.com.cn), NAFMII Integrated Operations and Information Service Platform (www.cfae.cn) or any place, or on any website or through any media as otherwise designated by NDB or the Lead Underwriter during the issue period of the Bonds.

Statement relating to “Bond Connect”

Offshore investors participating in the subscription of the Bonds through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable Laws, including the *Interim Measures for the Connection and Cooperation between the Mainland China and the Hong Kong Bond Market* published by PBOC, as well as rules by other relevant parties.

Offshore investors participating in the Bonds through the “Bond Connect” shall comply with the requirements of PBOC in respect of the scope of eligible overseas investors and the scope of tradable and investable bonds types.

Statement relating to Governing Law of the Bonds

The Bonds are governed by PRC Law, and any dispute in connection with the Bonds should be resolved pursuant to PRC Law.

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.

CERTAIN ENGLISH DISCLOSURE IN THE PROSPECTUS

THE ENGLISH DISCLOSURE (OTHER THAN THIS PAGE) CONTAINED IN THIS PROSPECTUS (THE “ENGLISH DISCLOSURE”) IS AN ENGLISH TRANSLATION OF THE RESPECTIVE PARTS OF THE CHINESE VERSION OF THE PROSPECTUS (THE “CHINESE PROSPECTUS”) WHICH ACCOMPANIES THE ENGLISH DISCLOSURE.

THE ENGLISH DISCLOSURE:

- 1. IS ONLY PROVIDED FOR THE EASE OF YOUR REFERENCE;**
- 2. IS OF NO LEGAL EFFECT;**
- 3. MAY NOT BE AN ACCURATE TRANSLATION OF THE RESPECTIVE PARTS OF THE CHINESE PROSPECTUS DUE TO THE DIFFERENCES IN GRAMMAR AND LEGAL TERMINOLOGIES. TERMS OR WORDS USED IN THE CHINESE PROSPECTUS MAY HAVE DIFFERENT MEANINGS OR CONNOTATIONS COMPARED TO THE ENGLISH DISCLOSURE;**
- 4. IS NEITHER REVIEWED NOR APPROVED BY ANY REGULATORY AUTHORITY (WHETHER IN THE PRC OR ELSEWHERE);**
- 5. MUST NOT BE RELIED UPON IN MAKING ANY DECISION OR TAKING ANY ACTION OTHER THAN AS A GUIDE AS TO THE CONTENTS OF THE CHINESE PROSPECTUS.**

THE CHINESE PROSPECTUS PREVAILS OVER THE ENGLISH DISCLOSURE FOR ALL PURPOSES AND UNDER ALL CIRCUMSTANCES (WHETHER OR NOT THE ENGLISH DISCLOSURE AND THE RESPECTIVE PARTS OF THE CHINESE PROSPECTUS ARE INCONSISTENT).

THE ISSUER MAKES NO REPRESENTATION OR WARRANTY AS TO THE TRUTHFULLNESS OR ACCURACY OF THE ENGLISH DISCLOSURE. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE ISSUER DISCLAIMS ALL LIABILITY FOR ANY ERRORS, OMISSIONS, DEFECTS OR MISREPRESENTATIONS IN, OR FOR ANY LOSS OR DAMAGE (WHETHER DIRECT OR INDIRECT, AND HOWSOEVER CAUSED) BY ANY PERSON WHO USES OR RELIES ON INFORMATION CONTAINED IN THE ENGLISH DISCLOSURE.

ANY READER OF THE ENGLISH DISCLOSURE ACKNOWLEDGES AND AGREES TO THE TERMS OF THIS IMPORTANT NOTICE AND AGREES NOT TO MAKE ANY CLAIM, OR TO TAKE ACTION OR PROCEEDING, AGAINST THE ISSUER IN RESPECT OF THE ENGLISH DISCLOSURE.

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SECTION 1 DEFINITIONS

In this Prospectus, unless otherwise specified or the context otherwise requires, the following terms shall have the following meanings:

“Agreement on the New Development Bank” or “Agreement”	means	the Agreement on the New Development Bank signed on 15 July 2014 by the Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s Republic of China and the Republic of South Africa.
“Articles of Agreement”	means	the Articles of Agreement of the New Development Bank as the Annex to the Agreement on the New Development Bank.
“BFAE”	means	Beijing Financial Assets Exchange, which is a PBOC authorized platform for the issuance and trading of bonds, a state-owned financial assets transaction platform designated by the Ministry of Finance of the People’s Republic of China, and a transaction platform designated by NAFMII.
“Bonds”	means	the New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect).
“Bondholder”	means	a holder of the Bonds.
“Bookbuilding”	means	the process of determining the final interest rate/price and placement by the Issuer and the Bookrunner through recording the interest rate/price and quantity of the Bonds to be subscribed for by the Underwriting Syndicate and/or investors, in accordance with an agreed mode of pricing and placement, after NDB, the Lead Underwriter and the Joint Underwriters have determined the range of interest rates/prices and the members of the Underwriting Syndicate and/or investors have issued the subscription orders. The Bookbuilding may be undertaken through a centralized bookbuild, which will be handled through a centralized online process at BFAE’s central bookbuilding system.
“Bookrunner”	means	the institution designated by the Issuer to be responsible for the Bookbuilding for the Bonds, being Industrial and Commercial Bank of China Limited.
“BRICS Countries”	means	the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s

		Republic of China and the Republic of South Africa.
“Business Day”	means	any Day (other than Public Holiday or a Saturday or Sunday) when commercial banks are open for general business in China.
“China” or “PRC”	means	the People’s Republic of China, and for the purpose of this Prospectus only and except where the context requires, excluding the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), Macau Special Administrative Region of the People’s Republic of China (“Macau”) and Taiwan, China (“Taiwan”).
“Custody Institution”	means	Interbank Market Clearing House Co., Ltd., also referred to as the “Shanghai Clearing House”.
“Disclosure Documents”	means	this Prospectus and the documents listed under Section 10 (<i>Disclosure Arrangement</i>) and Section 16 (<i>Documents Available for Inspection</i>), including any amendments or supplements thereto, by way of incorporation by reference or otherwise, as further described in Section 10 (<i>Disclosure Arrangement</i>) and Section 16 (<i>Documents Available for Inspection</i>).
“Day”	means	a calendar day.
“HKMA-CMU”	means	the Central Moneymarkets Unit of Hong Kong Monetary Authority.
“Interbank Market”	means	the PRC national interbank bonds market.
“Issuer”, “NDB” or the “Bank”	means	New Development Bank.
“Joint Underwriters”	means	the joint underwriters designated as such by the Issuer for the Bonds, being Bank of China Limited, Agricultural Bank of China Limited and China Construction Bank Limited.
“Laws”	means	any applicable constitutional provisions, treaties, conventions, laws, administrative regulations, ordinances, local regulations, rules, judgements, requirements, notices, guidelines, stock exchange rules, rules of industrial self-regulatory associations, judiciary interpretations and other regulatory documents, in each case having legal effect.

“Lead Underwriter”	means	the lead underwriter designated as such by the Issuer for the Bonds, being Industrial and Commercial Bank of China Limited.
“NAFMII”	means	the National Association of Financial Market Institutional Investors.
“PBOC”	means	the People’s Bank of China, the central bank of China.
“Programme”	means	the New Development Bank 2018-2020 Renminbi Bonds Issuance Programme under which the Issuer may, from time to time during the period of two years, commencing on the date of issuance by NAFMII of a registration notice with respect to the Programme, issue bonds in an aggregate amount of RMB10,000,000,000.
“Prospectus”	means	this “New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect) Prospectus” relating to the Bonds as revised, supplemented, amended or updated by any supplement or update to the Prospectus or by documents incorporated by reference from time to time as further described in Section 10 (<i>Disclosure Arrangement</i>) and Section 16 (<i>Documents Available for Inspection</i>).
“Public Holiday”	means	a Day which is a public holiday in China.
“Renminbi” or “RMB”	means	the lawful currency of the PRC.
“SHIAC”	means	Shanghai International Economic and Trade Arbitration Commission (also known as the Shanghai International Arbitration Center).
“Supervisor”	means	the supervisor designated as such by the Issuer for the Bonds, being the Lead Underwriter.
“Underwriter”	means	the single entity, number of entities or all institutions responsible for underwriting the Bonds (as the context may determine).
“Underwriting Agreement”	means	the underwriting agreement entered into between NDB, the Lead Underwriter and the Joint Underwriters for the Bonds, as amended by the parties from time to time.
“Underwriting Syndicate”	means	an underwriting syndicate for the Bonds comprising the Lead Underwriter, the Joint Underwriters and other members of the Underwriting Syndicate identified in the

Underwriting Syndicate Agreement.

- “Underwriting Agreement”** **Syndicate** means the underwriting syndicate agreement entered into between the Lead Underwriter, the Joint Underwriters and other members of the Underwriting Syndicate, pursuant to the Underwriting Agreement, in connection with the Bonds.
- “United States”** or **“US”** means the United States of America.
- “USD”** means United States dollars, the lawful currency of the United States.
- “year”** means a calendar year.

SECTION 2 SUMMARY OF THIS PROSPECTUS

This summary must be read as an introduction to this Prospectus. Any decision to invest in any Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference, by any investor.

1. Basic Information of the Issuer

The Bank was established on the signing of the Articles of Agreement on 15 July 2014 by the respective Governments of the BRICS Countries. The Articles of Agreement entered into force on 3 July 2015. The Bank has its headquarters in Shanghai, the PRC.

The initial authorised capital of NDB is USD 100 billion and the initial subscribed capital of NDB is USD 50 billion according to the Articles of Agreement. Each BRICS Country shall initially subscribe for 100,000 shares, totaling USD 10 billion; of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each BRICS Country to the paid-in capital stock of the Bank shall be made in USD and in 7 installments pursuant to the Articles of Agreement.

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

As at March 31 2020, NDB employed 170 human resources, including the President and four Vice Presidents, full-time regular staff, short-term consultants and outsourced employees.

2. Basic Information of the Bonds

(1) Name of the Bonds

New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect)

(2) Issuer

New Development Bank

(3) Lead Underwriter for the Bonds

Industrial and Commercial Bank of China Limited

(4) Joint Underwriters for the Bonds

Bank of China Limited, Agricultural Bank of China Limited and China Construction Bank Limited

(5) Bookrunner

Industrial and Commercial Bank of China Limited

(6) Debt Financing Instruments Outstanding by the Issuer

As of the date of the signing of this Prospectus, the outstanding principal amount of the Renminbi bonds issued by the Issuer is RMB 11 billion in aggregate.

(7) Registration Acceptance Notice Number

NAFMII Zhong Shi Xie Zhu [2019]RB1

- (8) Registration Amount of the Programme
RMB10,000,000,000 in aggregate
- (9) Size of the Bonds
RMB2,000,000,000 in aggregate
- (10) Tenor of the Bonds
The tenor of the Bonds is five years.
- (11) Nature of the Bonds
The Bonds constitute the legal, valid, binding, direct and unsecured obligation of the Issuer.
- THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.**
- (12) Priority of the Bonds
The Bonds rank *pari passu*, without any preference among themselves and equally with all other unsecured and unsubordinated obligations (whether present or future) of the Issuer except those obligations preferred by applicable Laws.
- (13) Guarantee
The Bonds are not guaranteed by any third party.
- (14) Form of the Bonds
The Bonds will be issued in the form of real name book-entry.
- (15) Use of Proceeds
The proceeds of the Bonds will be used for general corporate purposes, including, without limitation, utilising the proceeds both onshore and offshore to finance projects within NDB's member countries. For such purpose, the net proceeds from the offering of the Bonds will be (i) used in the PRC or (ii) remitted offshore and used in RMB.
Under this Programme, not less than 50% (fifty per cent) of the registration amount of the Programme will be used in the PRC.
- (16) Denomination
The Bonds will be issued in denominations of RMB100, which is with each accounting entry for a Bond being RMB100.
- (17) Issue Price
The Bonds will be issued at par.
- (18) Minimum Subscription Amount
The minimum amount to be subscribed for by a subscriber of the Bonds shall be RMB5,000,000 or integral multiples of RMB1,000,000 in excess thereof.
- (19) Interest Basis
Interest shall be fixed, based on an annual rate and calculated at simple interest, without any compounding.
Interest will be calculated on the basis of the actual number of Days elapsed in a year of 365 Days or, in a leap year, 366 Days.

(20) Rate of Interest

The rate of interest shall be fixed. The final rate of interest shall be disclosed in an announcement made in accordance with the applicable rules and be determined by the Issuer, the Lead Underwriter and the Joint Underwriters after the Bookbuilding exercise in respect of the Bonds have been completed. The rate of interest shall not change during the term of the Bonds.

(21) Form of underwriting

The balance of the Bonds unsold will be underwritten by the Lead Underwriter and the Joint Underwriters pursuant to the Underwriting Agreement.

(22) Issuance Date/Bookbuilding Date for the Bonds

6 July 2020

(23) Offering Period for the Bonds

6 July 2020

(24) Distribution Dates of the Bonds

From 6 July 2020 to 7 July 2020

(25) Settlement Date for the Bonds

7 July 2020

(26) Interest Accrual Start Date for the Bonds

7 July 2020

(27) Bond Registration Date

7 July 2020

(28) Interest Payment Period for the Bonds

The interest payment period for the Bonds shall be from 7 July 2020 to 6 July 2025.

(29) Interest Payment Date for the Bonds

The interest payment dates for the Bonds shall be 7 July of each year during its tenor; the first interest payment date shall be on 7 July 2021, and the last interest payment date shall be on 7 July 2025. If an interest payment date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of each such postponed payment.

(30) Maturity Date for the Bonds

The maturity date for the Bonds shall be 7 July 2025. If a maturity date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponed payment.

(31) Repayment Amount

Payment based on the face value and interest.

(32) Interest Payment and Principal Repayment for the Bonds

Interest on the Bonds shall be paid annually on the interest payment date. The principal of the Bonds shall be repaid in one lump sum on the maturity date of the Bonds.

(33) Method of Interest Payment and Principal Repayment

While the Bonds are still outstanding, the Issuer shall, two Business Days prior to any interest payment date or five Business Days prior to the relevant maturity date, publish a “payment announcement” or “maturity announcement” on the media platform designated or recognised by NAFMII. The interest and principal payable in respect of the Bonds shall be made in accordance with the applicable rules, and shall be completed by the Custody Institution and (for the offshore investors who invest through “Bond Connect”) HKMA-CMU.

Any payment made by or on behalf of the Issuer to the Custody Institution or its agent pursuant to the relevant agreement between the Issuer and the Custody Institution, for the account of a person in whose name a Bond is, at the time such payment is made, registered in the register held by the Custody Institution, constitutes for all purposes an absolute and unconditional release and discharge of the Issuer, to the extent of such payment, of all obligations and indebtedness in respect of such Bond in relation to which such payment was made. All payments under the Bonds, including principal and interest, will be made in Renminbi.

(34) Method of the Offering

The Bonds will be issued by way of a public offering through centralized Bookbuilding and placement at BFAE.

(35) Technology Supporting Institution for the Centralized Bookbuilding

BFAE

(36) Early Redemption

The Issuer may cease to perform its obligation under the Bonds if the performance of such obligations shall have become unlawful or impracticable in whole or in part, including without limitation as a result of the compliance with any present or future applicable Laws issued by any government, administrative authority, legislative or judicial authority or power. In such circumstances, the Bonds shall be redeemable at the option of the Issuer at an amount equal to their principal amount together with any interest accrued to the date set for redemption.

(37) Put Right

Investors do not have the right to sell back the Bonds to the Issuer before the maturity date.

(38) Credit Rating Agencies and Credit Rating

There is no credit rating of the Bonds from any domestic credit rating agency.

(39) Trading

After the completion of the issue of the Bonds and confirmation of the rights and obligations relating to the Bonds, and upon completion of registration with the Custody Institution, the Bonds can be traded on the Business Day following the registration date in the Interbank Market in accordance with its rules.

(40) Custody Institution

Shanghai Clearing House

(41) Taxation

Any tax payable on the Bonds pursuant to any applicable taxation Laws shall be borne by the Bondholders.

(42) Applicable Law

The existence, validity, interpretation, performance of, and any dispute in connection with, the Bonds, shall be governed by PRC Law.

(43) Dispute Resolution

Any dispute arising out of or in connection with the Bonds shall be submitted to SHIAC for arbitration in Shanghai, subject to the following provisions:

(i) Unless otherwise agreed by the parties, the arbitration shall be conducted in accordance with the 2015 SHIAC Arbitration Rules in effect as at the date of this Prospectus;

(ii) The Law of such arbitration shall be PRC Law;

(iii) Language

The arbitration proceedings shall be conducted in English and Chinese, and unless otherwise agreed by the parties:

(a) All oral submissions must be made in either English or Chinese, with simultaneous interpretation provided at the same time and the parties shall share the costs of providing the simultaneous interpretation;

(b) All documents (including written submissions and oral evidence) filed and submitted must be bilingual in both English and Chinese. Both language versions of the documents must be submitted at the same time to the other party and the arbitrators. Each party shall bear its own costs in providing an accurate English or Chinese translation of the documents so filed and submitted;

(c) Any party wishing to rely on documentary or witness evidence in any language other than English or Chinese shall be responsible for providing an accurate English and Chinese translation or interpretation of the same to the other party and to the arbitrators, at the same time as the original language version is provided;

(d) In the absence of either or both of the English and Chinese translation or interpretation, any documents or evidence purportedly filed and submitted shall be disregarded; and

(e) In case of any discrepancy or ambiguity between the Chinese and English versions, the Chinese version shall prevail, unless the original executed document is in English.

(iv) The parties agree to the nomination and appointment of arbitrators from outside of SHIAC's Panel of Arbitrators. Where the Chairman of SHIAC is entrusted or required to appoint an arbitrator, either as a result of a party's failure to nominate its proposed arbitrator or because of the parties' failure to jointly nominate the presiding arbitrator or to submit their respective lists of recommended candidates for the presiding arbitrator, the Chairman of SHIAC shall choose and appoint the relevant arbitrator from the list of SHIAC's Panel of Arbitrators;

(v) An arbitral award is final and binding upon both parties;

(vi) Nothing in this Prospectus shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Issuer accorded under the Agreement on the New Development Bank, the Articles of Agreement, international convention or any applicable Laws. Notwithstanding the foregoing,

NDB has made an express submission to arbitration under this paragraph 43 and has no immunities, privileges or exemptions in respect of the enforcement of an arbitral award duly issued against it as a result of its express submission to arbitration pursuant to this paragraph 43.

(44) Payment Event of Default

If the Issuer defaults in the payment of the principal of, or interest on, the Bonds, and such default continues for a period of ninety (90) Days, then at any time thereafter and during the continuance of such default, a Bondholder may deliver or cause to be delivered to the Issuer, a written notice that such Bondholder elects to declare the principal of the Bonds held by it (the details of which shall be set forth in such notice) to be due and payable, and on the thirtieth (30th) Day after such notice is delivered to the Issuer, the principal of and accrued interest on the Bonds held by such Bondholder shall become due and payable, unless prior to that time all such defaults previously existing have been cured.

(45) Modification, Waiver and Substitution

In the situations specified below, the Issuer may, without the consent of any Bondholder amend, modify, waive or delegate any matter (including any of the provisions of, or its obligations is under, the Bonds):

- (i) where the amendment, modification, waiver or delegation does not materially prejudice the interests of the Bondholders; or
- (ii) where the amendment or modification of the Bonds is of a formal, minor or technical nature or is made to correct a manifest error or where the modification, waiver or delegation is made to comply with mandatory provisions of Law.

(46) Meeting of Bondholders

This Term and Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) contain provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by a resolution passed at a meeting duly convened and held of a modification of any of the Terms of the Bonds. Such a meeting may be convened by the Issuer or the Supervisor upon written request of Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding. Any resolution duly passed at such a meeting shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). The quorum for any meeting convened to consider an Extraordinary Resolution (as defined in Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*)) shall be two or more Bondholders who are entitled to attend the meeting holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more Bondholders who are entitled to attend the meeting of Bondholders holding or representing whatever the principal amount of the Bonds held or represented by them, unless the business of such meeting includes consideration of proposals, *inter alia* (i) to amend the dates of maturity or redemption of the Bonds or the due date for any payment of interest, (ii) to reduce or cancel the principal amount payable, or premium payable on redemption, of the Bonds, (iii) reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds, (iv) to vary any method of, or basis for, calculating any redemption amount, (v) to vary the currency or currencies of payments or denomination of the Bonds, (vi) to take any steps that as specified hereon

may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (vii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more Bondholders who are entitled to attend the meeting present holding or representing in the aggregate not less than 75%, or at any adjourned meeting not less than 25%, in principal amount of the Bonds for the time being outstanding.

A resolution in writing signed by or on behalf of the Bondholders of not less than 75% in principal amount of the Bonds for the time being outstanding and who for the time being are entitled to receive notice of a meeting in accordance with the provisions set out in Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) shall be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

The matters approved by any resolution to amend the terms of the Bonds shall take effect and bind the Issuer only upon the Issuer's written consent.

Please see Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) for detailed provisions.

(47) Target Investors

Any institutional investor in the Interbank Market (other than a purchaser prohibited or restricted by the relevant Laws). Offshore investors may participate in the subscription of the Bonds through the "Bond Connect" regime and should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable Laws, including the *Interim Measures for the Connection and Cooperation between the Mainland China and the Hong Kong Bond Market* published by PBOC, as well as rules by other relevant parties.

3. Risk Factors

Prior to making an investment decision, each prospective investor should carefully consider the risk factors set out in this Prospectus, including but not limited to the following risks:

- (1) Risks relating to the Issuer
- (2) Risks relating to the Bonds
- (3) Risks relating to Cross-border Issuance

Such factors may have a material adverse effect on the financial condition of the Issuer.

Prior to making an investment decision, each prospective investor should carefully consider all information set out in this Prospectus and any other offering documents relating to the Bonds, including but not limited to the financial information set out or incorporated by reference in this Prospectus.

SECTION 3 ISSUE TERMS AND ARRANGEMENTS FOR ISSUE

1. Key Issue Terms of the Bonds

(1) Name of the Bonds

New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect)

(2) Issuer

New Development Bank

(3) Lead Underwriter for the Bonds

Industrial and Commercial Bank of China Limited

(4) Joint Underwriters for the Bonds

Bank of China Limited, Agricultural Bank of China Limited and China Construction Bank Limited

(5) Bookrunner

Industrial and Commercial Bank of China Limited

(6) Debt Financing Instruments Outstanding by the Issuer

As of the date of the signing of this Prospectus, the outstanding principal amount of the Renminbi bonds issued by the Issuer is RMB 11 billion in aggregate.

(7) Registration Acceptance Notice Number

NAFMII Zhong Shi Xie Zhu [2019]RB1

(8) Registration Amount of the Programme

RMB10,000,000,000 in aggregate

(9) Size of the Bonds

RMB2,000,000,000 in aggregate

(10) Tenor of the Bonds

The tenor of the Bonds is five years.

(11) Nature of the Bonds

The Bonds constitute the legal, valid, binding, direct and unsecured obligation of the Issuer.

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.

(12) Priority of the Bonds

The Bonds rank *pari passu*, without any preference among themselves and equally with all other unsecured and unsubordinated obligations (whether present or future) of the Issuer except those obligations preferred by applicable Laws.

(13) Guarantee

The Bonds are not guaranteed by any third party.

(14) Form of the Bonds

The Bonds will be issued in the form of real name book-entry.

(15) Use of Proceeds

The proceeds of the Bonds will be used for general corporate purposes, including, without limitation, utilising the proceeds both onshore and offshore to finance projects within NDB's member countries. For such purpose, the net proceeds from the offering of the Bonds will be (i) used in the PRC or (ii) remitted offshore and used in RMB.

Under this Programme, not less than 50% (fifty per cent) of the registration amount of the Programme will be used in the PRC.

(16) Denomination

The Bonds will be issued in denominations of RMB100, which is with each accounting entry for a Bond being RMB100.

(17) Issue Price

The Bonds will be issued at par.

(18) Minimum Subscription Amount

The minimum amount to be subscribed for by a subscriber of the Bonds shall be RMB5,000,000 or integral multiples of RMB1,000,000 in excess thereof.

(19) Interest Basis

Interest shall be fixed, based on an annual rate and calculated at simple interest, without any compounding.

Interest will be calculated on the basis of the actual number of Days elapsed in a year of 365 Days or, in a leap year, 366 Days.

(20) Rate of Interest

The rate of interest shall be fixed. The final rate of interest shall be disclosed in an announcement made in accordance with the applicable rules and be determined by the Issuer, the Lead Underwriter and the Joint Underwriters after the Bookbuilding exercise in respect of the Bonds have been completed. The rate of interest shall not change during the term of the Bonds.

(21) Form of underwriting

The balance of the Bonds unsold will be underwritten by the Lead Underwriter and the Joint Underwriters pursuant to the Underwriting Agreement.

(22) Issuance Date/Bookbuilding Date for the Bonds

6 July 2020

(23) Offering Period for the Bonds

6 July 2020

(24) Distribution Dates of the Bonds

From 6 July 2020 to 7 July 2020

(25) Settlement Date for the Bonds

7 July 2020

(26) Interest Accrual Start Date for the Bonds

7 July 2020

(27) Bond Registration Date

7 July 2020

(28) Interest Payment Period for the Bonds

The interest payment period for the Bonds shall be from 7 July 2020 to 6 July 2025.

(29) Interest Payment Date for the Bonds

The interest payment dates for the Bonds shall be 7 July of each year during its tenor; the first interest payment date shall be on 7 July 2021, and the last interest payment date shall be on 7 July 2025. If an interest payment date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of each such postponed payment.

(30) Maturity Date for the Bonds

The maturity date for the Bonds shall be 7 July 2025. If a maturity date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponed payment.

(31) Repayment Amount

Payment based on the face value and interest.

(32) Interest Payment and Principal Repayment for the Bonds

Interest on the Bonds shall be paid annually on the interest payment date. The principal of the Bonds shall be repaid in one lump sum on the maturity date of the Bonds.

(33) Method of Interest Payment and Principal Repayment

While the Bonds are still outstanding, the Issuer shall, two Business Days prior to any interest payment date or five Business Days prior to the relevant maturity date, publish a “payment announcement” or “maturity announcement” on the media platform designated or recognised by NAFMII. The interest and principal payable in respect of the Bonds shall be made in accordance with the applicable rules, and shall be completed by the Custody Institution and (for the offshore investors who invest through “Bond Connect”) HKMA-CMU.

Any payment made by or on behalf of the Issuer to the Custody Institution or its agent pursuant to the relevant agreement between the Issuer and the Custody Institution, for the account of a person in whose name a Bond is, at the time such payment is made, registered in the register held by the Custody Institution, constitutes for all purposes an absolute and unconditional release and discharge of the Issuer, to the extent of such payment, of all obligations and indebtedness in respect of such Bond in relation to which such payment was made. All payments under the Bonds, including principal and interest, will be made in Renminbi.

(34) Method of the Offering

The Bonds will be issued by way of a public offering through centralized Bookbuilding and placement at BFAE.

(35) Technology Supporting Institution for the Centralized Bookbuilding

BFAE.

(36) Early Redemption

The Issuer may cease to perform its obligation under the Bonds if the performance of such obligations shall have become unlawful or impracticable in whole or in part, including without limitation as a result of the compliance with any present or future applicable Laws issued by any government, administrative authority, legislative or judicial authority or power. In such circumstances, the Bonds shall be redeemable at the option of the Issuer at an amount equal to their principal amount together with any interest accrued to the date set for redemption.

(37) Put Right

Investors do not have the right to sell back the Bonds to the Issuer before the maturity date.

(38) Credit Rating Agencies and Credit Rating

There is no credit rating of the Bonds from any domestic credit rating agency.

(39) Trading

After the completion of the issue of the Bonds and confirmation of the rights and obligations relating to the Bonds, and upon completion of registration with the Custody Institution, the Bonds can be traded on the Business Day following the registration date in the Interbank Market in accordance with its rules.

(40) Custody Institution

Shanghai Clearing House

(41) Taxation

Any tax payable on the Bonds pursuant to any applicable taxation Laws shall be borne by the Bondholders.

(42) Applicable Law

The existence, validity, interpretation, performance of, and any dispute in connection with, the Bonds, shall be governed by PRC Law.

(43) Dispute Resolution

Any dispute arising out of or in connection with the Bonds shall be submitted to SHIAC for arbitration in Shanghai, subject to the following provisions:

(i) Unless otherwise agreed by the parties, the arbitration shall be conducted in accordance with the 2015 SHIAC Arbitration Rules in effect as at the date of this Prospectus;

(ii) The Law of such arbitration shall be PRC Law;

(iii) Language

The arbitration proceedings shall be conducted in English and Chinese, and unless otherwise agreed by the parties:

(a) All oral submissions must be made in either English or Chinese, with simultaneous interpretation provided at the same time and the parties shall share the costs of providing the simultaneous interpretation;

(b) All documents (including written submissions and oral evidence) filed and submitted must be bilingual in both English and Chinese. Both language versions of the documents must be submitted at the same time to the other party and the

arbitrators. Each party shall bear its own costs in providing an accurate English or Chinese translation of the documents so filed and submitted;

(c) Any party wishing to rely on documentary or witness evidence in any language other than English or Chinese shall be responsible for providing an accurate English and Chinese translation or interpretation of the same to the other party and to the arbitrators, at the same time as the original language version is provided;

(d) In the absence of either or both of the English and Chinese translation or interpretation, any documents or evidence purportedly filed and submitted shall be disregarded; and

(e) In case of any discrepancy or ambiguity between the Chinese and English versions, the Chinese version shall prevail, unless the original executed document is in English.

(iv) The parties agree to the nomination and appointment of arbitrators from outside of SHIAC's Panel of Arbitrators. Where the Chairman of SHIAC is entrusted or required to appoint an arbitrator, either as a result of a party's failure to nominate its proposed arbitrator or because of the parties' failure to jointly nominate the presiding arbitrator or to submit their respective lists of recommended candidates for the presiding arbitrator, the Chairman of SHIAC shall choose and appoint the relevant arbitrator from the list of SHIAC's Panel of Arbitrators;

(v) An arbitral award is final and binding upon both parties;

(vi) Nothing in this Prospectus shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Issuer accorded under the Agreement on the New Development Bank, the Articles of Agreement, international convention or any applicable Laws. Notwithstanding the foregoing, NDB has made an express submission to arbitration under this paragraph 43 and has no immunities, privileges or exemptions in respect of the enforcement of an arbitral award duly issued against it as a result of its express submission to arbitration pursuant to this paragraph 43.

(44) Payment Event of Default

If the Issuer defaults in the payment of the principal of, or interest on, the Bonds, and such default continues for a period of ninety (90) Days, then at any time thereafter and during the continuance of such default, a Bondholder may deliver or cause to be delivered to the Issuer, a written notice that such Bondholder elects to declare the principal of the Bonds held by it (the details of which shall be set forth in such notice) to be due and payable, and on the thirtieth (30th) Day after such notice is delivered to the Issuer, the principal of and accrued interest on the Bonds held by such Bondholder shall become due and payable, unless prior to that time all such defaults previously existing have been cured.

(45) Modification, Waiver and Substitution

In the situations specified below, the Issuer may, without the consent of any Bondholder amend, modify, waive or delegate any matter (including any of the provisions of, or its obligations is under, the Bonds):

(i) where the amendment, modification, waiver or delegation does not materially prejudice the interests of the Bondholders; or

- (ii) where the amendment or modification of the Bonds is of a formal, minor or technical nature or is made to correct a manifest error or where the modification, waiver or delegation is made to comply with mandatory provisions of Law.

(46) Meeting of Bondholders

This Term and Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) contain provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by a resolution passed at a meeting duly convened and held of a modification of any of the Terms of the Bonds. Such a meeting may be convened by the Issuer or the Supervisor upon written request of Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding. Any resolution duly passed at such a meeting shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). The quorum for any meeting convened to consider an Extraordinary Resolution (as defined in Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*)) shall be two or more Bondholders who are entitled to attend the meeting holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more Bondholders who are entitled to attend the meeting of Bondholders holding or representing whatever the principal amount of the Bonds held or represented by them, unless the business of such meeting includes consideration of proposals, *inter alia* (i) to amend the dates of maturity or redemption of the Bonds or the due date for any payment of interest, (ii) to reduce or cancel the principal amount payable, or premium payable on redemption, of the Bonds, (iii) reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds, (iv) to vary any method of, or basis for, calculating any redemption amount, (v) to vary the currency or currencies of payments or denomination of the Bonds, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (vii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more Bondholders who are entitled to attend the meeting present holding or representing in the aggregate not less than 75%, or at any adjourned meeting not less than 25%, in principal amount of the Bonds for the time being outstanding.

A resolution in writing signed by or on behalf of the Bondholders of not less than 75% in principal amount of the Bonds for the time being outstanding and who for the time being are entitled to receive notice of a meeting in accordance with the provisions set out in Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) shall be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

The matters approved by any resolution to amend the terms of the Bonds shall take effect and bind the Issuer only upon the Issuer's written consent.

Please see Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) for detailed provisions.

(47) Target Investors

Any institutional investor in the Interbank Market (other than a purchaser prohibited or restricted by the relevant Laws). Offshore investors may participate in the subscription of the Bonds through the “Bond Connect” regime and should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable Laws, including the *Interim Measures for the Connection and Cooperation between the Mainland China and the Hong Kong Bond Market* published by PBOC, as well as rules by other relevant parties.

2. Subscription and Custody

- (1) The Bonds will be issued by way of a public offering through centralized Bookbuilding and placement at BFAE. The methods and requirements for the investors to participate in the bookbuilding and allocation process will be specified in the Subscription Offer and Explanation in relation to the Bonds to be published by the Lead Underwriter.
- (2) The investors shall subscribe for the Bonds by submitting the subscription offer as set out in the Subscription Offer and Explanation. Where there are any other requirements in any Laws, such requirements shall be complied with.
- (3) Shanghai Clearing House shall be the registration, custody and settlement institution for the Bonds, and (if applicable) HKMA-CMU will provide service for the registration, custody and settlement for the offshore investors who open accounts in HKMA-CMU.
- (4) The Investors subscribing for the Bonds shall have a Type A or Type B custody account opened directly with the Custody Institution, or a Type C custody account opened indirectly through a bond settlement agent in the Interbank Market with the Custody Institution, or (if applicable) a nominee bond account or proprietary bond account with HKMA-CMU;
- (5) During the Offering Period, members of the Underwriting Syndicate may distribute the Bonds to other prospective investors.
- (6) No additional expenses will be charged to the investors when completing the subscription, registration and custody procedures, but such investors shall comply with the relevant rules of the custody institution of the Bonds.
- (7) If there is any conflict or contravention between the above provisions relating to the subscription for, and custody of, the Bonds and any laws, regulations or rules of the Custody Institution currently in force or revised or enacted from time to time, the provisions of any laws, regulations or rules of the Custody Institution currently in force or revised or enacted from time to time shall prevail.

3. Representations and Warranties of the Issuer

As the issuer of the Bonds, the Bank represents and warrants that:

- (1) the Bank is established pursuant to the Agreement on the New Development Bank and has full power, authority and legal rights to own its assets and operate its businesses;
- (2) the Bank has full power, authority and legal rights to issue the Bonds under the Programme and has taken all the corporate actions and other actions necessary for approving the issuance of the Bonds;
- (3) the issuance of the Bonds, the performance of any obligation under the Bonds or the enforcement of any right under the Bonds will not conflict with any Laws, authorization, agreement or obligation applicable to the Bank, and if there is any conflict, the Bank has obtained from relevant regulatory authorities and/or competent authorities the effective waivers which are legal, valid and enforceable under applicable Laws;

- (4) the Bank has, as required by the regulatory authorities, competent authorities and other relevant authorities, submitted to, or registered or filed with, such authorities in an appropriate form all the reports, resolutions, registration forms and other required documents on schedule;
- (5) the information provided by the Bank to the investors is true, complete and accurate in all material respects; and
- (6) the representations and warranties made by the Bank to the investors in respect of the current facts and conditions at the time of the issuance of the Bonds are true and accurate.

4. Investor's Representations and Warranties

Each investor subscribing for, purchasing and acquiring the Bonds represents and warrants to and (where applicable) agrees with the Issuer that:

- (1) it has full power, rights and authority to subscribe for, purchase and acquire the Bonds and has taken all the corporate actions and other actions necessary for the subscription, purchase and acquisition of the Bonds;
- (2) the subscription, purchase and acquisition of the Bonds, the performance of any obligation under the Bonds or the enforcement of any right under the Bonds will not conflict with any Laws, authorization, agreement or obligation applicable to it;
- (3) when making any assessment of the Bonds and upon the subscription, purchase and acquisition of the Bonds, it has fully understood and carefully considered the various risks related to the Bonds;
- (4) it accepts, and agrees to be bound by, all the provisions contained in the Prospectus (including any supplements and updates thereto) with respect to its rights and obligations under the Bonds;
- (5) to the extent required by the future business operations of the Issuer and subject to the approval of, or registration with, the relevant authorities, the Issuer may, after the completion of the issuance of the Bonds, continue to issue new bonds that have the same repayment order as, or senior to, the Bonds, without requiring the consent of any investor of the Bonds; and
- (6) offshore investors participating in the subscription of the Bonds through the “Bond Connect” regime should, in connection with the registration, custody, clearing, and settlement of the Bonds and with the remittance and conversion of funds, comply with all applicable laws and regulations, including the *Interim Measures for the Connection and Cooperation between the Mainland China and the Hong Kong Bond Market* published by PBOC, as well as applicable rules by other relevant parties.

SECTION 4 RISK FACTORS

Prospective investors of the Bonds should carefully consider, among other things, the risks described below, as well as the other information contained in this Prospectus and the other Disclosure Documents, before making an investment decision. Prospective investors of the Bond should carefully consider all information set out in this Prospectus and in particular, the risks described below before making any investment decision. This Section provides an overview of certain risk factors, of which prospective investors should be aware as they may potentially affect the investment value of the Bonds. This Section does not purport to be a complete or exhaustive description of all risk factors (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Bonds. The Issuer disclaims any responsibility to advise prospective investors of such risks as they exist at the date of this Prospectus or as such risks may change from time to time. Accordingly, prospective investors should undertake their own analysis and evaluation in respect of the Issuer, its business and the risks associated with the Bonds.

Prospective investors should read the detailed information set out elsewhere in this Prospectus. Prior to making an investment decision, prospective investors are advised by NDB and the Underwriters to seek appropriate professional advice.

1. Risks relating to the Issuer

The Bank's operating activities expose it to a variety of financial risks, which includes credit risk, liquidity risk and market risk that incorporates foreign exchange risk and interest rate risk. Also, prospective investors should note that the unaudited condensed financial statements of the Issuer included in this Prospectus have not been audited by a certified public accountant.

(1) Credit risk

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

According to the nature of the Bank's business, the principal sources of credit risks are: (i) credit risk in its sovereign operations; (ii) credit risk in its non-sovereign operations; and (iii) obligors credit risk in its treasury business.

A prudential credit risk limit structure facilitates the management of risks associated to the Bank's portfolio. Credit risk concentration limits would apply to exposures to single jurisdiction, sectors, obligors and products.

The Bank mainly relies on external credit rating results from major international rating agencies (e.g. Moody's, Standard and Poor's and Fitch) to provide an initial assessment of the credit quality of sovereign and non-sovereign borrowers and treasury counterparties. In case where the loans are guaranteed by the governments of the individual member countries of NDB, the credit risk is assessed on the guarantor. The Risk Division of the Bank continuously monitors the overall credit risk of the Bank.

For loans without a sovereign guarantee, in addition to the external credit ratings, the Bank will in due course use an internal credit assessment taking into account specific project, borrower, sector and country credit risks. The Risk Division obtains and uses the latest rating result of the obligors to measure credit risk profile of the Bank.

In addition, the majority of the Issuer's portfolio is located within jurisdictions and economic sectors for which adequate statistical and qualitative information is available and thus credit recommendations are made on information from the most reliable of these sources. With regard to specific projects, the Issuer conducts a due diligence process. However, the Issuer's relatively short track record, combined with the medium-and long-term nature of a large part of the credit portfolio, offers no assurance that these techniques will prove sufficient to mitigate credit risks inherent to such operations. Whilst nil was due from borrowers or was classified as a default as of December 31, 2019, the Issuer is in the process of building its loan portfolio. As such, the Issuer still considers credit risk to be a material risk to its business as it is not possible to eliminate entirely the possibility of adverse credit risk events. This in turn could have a material adverse effect on the Issuer's financial condition and results of operations.

(2) Operational risk

Operational risk can be defined as being the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. It thus excludes strategic and reputation risks but includes legal and regulatory risks. The Issuer's operational risk management framework is built on three key principles:

- (i) business units are responsible for directly managing operational risks in their respective functional areas;
- (ii) a dedicated central operational risk team coordinates the process and assists business units to anticipate, identify, mitigate, and control operational risk; and
- (iii) oversight is provided by the Audit, Risk and Compliance Committee and independent control functions such as the Internal Audit Division.

The Issuer has established a comprehensive operational risk management framework and control system. However, a framework or control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system will be satisfied. Inherent limitations in any system of controls include the possibility that judgments in decision making could be faulty and that breakdowns could occur as a result of simple human error or mistake. The design of the Issuer's control system is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that the Issuer will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, the potential inadequacy of the Issuer's internal processes or systems may result in unauthorised transactions and errors not being detected, or the Issuer's insurance may not cover the Issuer's losses from such transactions or errors, which may have a material adverse effect on the Issuer's financial condition and/or results of operations.

(3) Liquidity risk

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

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

The Bank utilises a set of risk measurement tools for identifying, monitoring, managing and controlling liquidity risk. The Bank maintains an appropriate mix of liquid assets, a source of liquidity for day-to-day operational needs, as well as for meeting emergency funding needs. The Bank also has the channel to borrow funds and issue debt securities or note payables in

order to achieve its development mission and optimise liquidity. The Bank monitors liquidity risk through the liquidity risk ratios and indicators, as prescribed in the liquidity risk management policy of the Bank.

Despite having a conservative approach to liquidity risk, it does not mitigate entirely the possibility that liquidity shortages and severe market conditions may have an adverse impact on the Issuer's financial condition.

(4) Market risk

Market risk is the risk that changes in market rates and prices impact on assets, liabilities and off-balance sheet positions which result in profits and losses to the Bank. The Bank's market risk mainly consists of interest rate risks and exchange rate risk arising from the current portfolio. The Treasury and Portfolio Management Division of the Bank makes investment and hedging decisions within the guidelines set in policies approved by the Bank's Board of Directors.

Interest rate risk

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

The Bank has limited tolerance towards interest rate risks. The primary strategy for management of interest rate risk is to match the interest rate sensitivity of individual currencies on both sides of the statement of financial position. The tenor for which the interest is fixed on a financial instrument indicates the extent to which it is exposed to interest rate risk. Interest rate risk arises principally from the sensitivity associated with the net spread between the rate the Bank earns on its assets and the cost of borrowings which funds those assets and the sensitivity of the income earned from funding a portion of the Bank's assets with equity.

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

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

Exchange Rate Risk

The exchange rate risk the Bank faces arises from the impact of exchange rate movements on net open positions in loans and treasury portfolio. Movements in currencies in which the Bank transacts, relatively to its functional currency (the U.S dollar), can affect the Bank's results.

The Bank's main exposure to the exchange rate risk is Renminbi for the year ended December 31, 2019 and 2018.

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

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

(5) The unaudited condensed financial statements of the Issuer included in this Prospectus have not been audited by a certified public accountant

The Interim Financial Statements have not been audited by a certified public accountant and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such information to evaluate the Issuer's financial condition, results of operations and financial results or otherwise.

2. Risks relating to the Bonds

(1) Liquidity Risks

The Bonds will be traded in the interbank market in accordance with the applicable Laws of the PRC. The Issuer provides no assurance that the market will be able to provide sufficient market liquidity for investors to complete sales of the Bonds in whole or in part, nor is there any promise or guarantee on the market price of the Bonds. The absence of market liquidity may make it difficult for the investors to sell the Bonds in a secondary market and might lead to variability in the price of the Bonds. Prospective investors should understand the nature and probability of this risk and assess their financial capacity to bear such risk.

(2) Interest Rate Risk

Investors are exposed to the risk that changes in market-based variable interest rates may adversely affect the value of the Bonds, which bear interest at a fixed rate. In the event that market-based interest rate bases exceed the fixed interest rate of the Bonds, the investors will not benefit from that excess.

A variety of factors will affect variability of market-based interest rates such as macroeconomic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Bonds.

In addition, Bondholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield (or market spread respectively) declines and Bondholders would like to invest such proceeds in comparable transactions, Bondholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads respectively).

(3) The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear potential losses emanating from the risks arising from an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of financial markets; and
- (v) be able to evaluate (either alone or with the help of financial and legal advisors) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

(4) Macroeconomic Volatility Risk

NDB is the first multilateral development bank founded by the BRICS Countries. In view of the current uncertainty of macroeconomic trends worldwide, particularly in developing countries, if the domestic macroeconomy of the BRICS Countries fluctuates in the future, it may affect the business of NDB.

(5) Legal Risk

Legal considerations may restrict certain investments. The investment activities of certain investors are subject to investment Laws, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) investment in the Bonds is legal; (ii) the Bonds can be used as collateral; and (iii) other restrictions that may apply to purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar regulations.

(6) Bondholders' meeting resolutions are binding on all Bondholders

The terms and conditions of the Bonds contain provisions that relate to the calling of meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3. Risks relating to cross-border issuance

(1) Exchange rate risks may cause investors to receive less than their expected return on principal or interest

The Issuer will pay principal and interest on the Bonds in RMB. This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit other than RMB. These include the risk that foreign exchange rates may significantly change between purchase and sale, or redemption, of the Bonds.

(2) The Issuer may not be able to source sufficient RMB to finance its obligations under the Bonds when due

There is the risk that, for reasons outside of the Issuer's control, the Issuer is not able to source a sufficient amount of RMB outside or inside the PRC to make payment of all of the Bond's principal and/or interest obligations. There is no assurance that a sufficient amount of RMB can be raised in time or at all for the Issuer to fulfill its payment obligations under the Bonds.

SECTION 5 DESCRIPTION OF THE ISSUER

1. Details of NDB

English Name:	New Development Bank
Chinese Name:	新开发银行
Abbreviation:	NDB
President:	Mr. Marcos Prado Troyjo
Contact Person:	Mr. Levan Zolotarev
Telephone:	+86 (0)21 80219529
Email:	Zolotarev.levan@ndb.int
Website:	https://www.ndb.int/

2. General Information of NDB

NDB was established on signing of the Articles of Agreement on 15 July 2014 by the respective Governments of the BRICS Countries. The Articles of Agreement entered into force on 3 July 2015. The Bank has its headquarters in Shanghai, the PRC.

The voting power of each member shall equal its subscribed shares in the capital stock of the Bank. The initial authorised capital of NDB is USD 100 billion and the initial subscribed capital of NDB is USD 50 billion according to the Articles of Agreement. Each BRICS Country shall initially subscribe for 100,000 shares, totaling USD 10 billion; of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each BRICS Country to the paid-in capital stock of the Bank shall be made in USD and in 7 installments pursuant to the Articles of Agreement.

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

As at March 31, 2020, NDB employed 170 human resources, including the President and four Vice Presidents, full-time regular staff, short-term consultants and outsourced employees.

3. Business Operations

(1) Lending Approach

NDB's main operational objectives are:

- To foster the development of member countries
- To support economic growth
- To build a knowledge sharing platform among developing countries

To fulfill its purpose, NDB supports both public and private projects. Initially, this support is offered through loans. Subsequently, NDB proposes to use other instruments such as guarantees, equity participation, as well as other financial instruments.

(2) Funding

The funding strategy aims to ensure that enough resources are available to meet NDB’s liquidity needs, driven by the expanding loan portfolio as well as its operating and other expenses.

NDB will use a diversified portfolio of funding instruments in local currencies of member countries, as well as other currencies based on the parameters of its loan portfolio and demand from its borrowers and investors.

NDB will raise funds in global capital markets and local capital markets of its members with due regard to hedging mechanisms and adequate policies.

The Bank will closely follow the development of capital markets and will be open to use different and innovative instruments to meet its funding needs, while giving due consideration to managing risks.

NDB will continue actively exploring opportunities of green financing instruments, including green bond issuances.

(3) Investments

NDB pursues a conservative investment policy wherein the cash proceeds are placed with highly rated and highly liquid financial instruments.

4. Governance

NDB functions under the oversight of the Board of Governors and the Board of Directors. The management is comprised of the President and four Vice Presidents.

(1) Board of Governors

The Board of Governors is the highest decision making authority of NDB. Each BRICS Country appoints one Governor and one Alternate Governor at the ministerial level. Every year the Board of Governors elects one of the Governors to act as chairperson.

The Board of Governors is required to hold an annual meeting and such other meetings as may be provided for by the Board or called by the Board of Directors.

The Board of Governors has the power to approve the General Strategy of NDB every 5 (five) years and decide on any change in the capital stock of NDB.

The current Chairperson of the Board of Governors is the Governor for South Africa. All the power of the Bank rests in the Board of Governors. The Governors are responsible for strategic decisions related to NDB’s activities, including the approval of its General Strategy, expansion of membership and capital related matters, general agreements for cooperation with other international organizations.

The following is a list of the Board of Governors:

<u>Name</u>	<u>Position</u>
Paulo Guedes	Minister of Economy of Brazil
Anton Siluanov	Minister of Finance of Russia
Nirmala Sitharaman	Minister of Finance of India
Kun Liu	Minister of Finance of China
Tito Titus Mboweni	Chairperson of the Board of Governors, Minister of Finance of South Africa

(2) Board of Directors

NDB has a non-resident Board of Directors. Each of the BRICS Countries appoints one Director and one Alternate Director to the Board for a term of two years. The Directors may be re-elected.

The Board of Directors is responsible for general operations of NDB, including decisions on business strategies, country strategies, loans, guarantees, equity investments, borrowing, basic operational procedures, technical assistance and other operations of NDB. The Board also approves the budget of NDB. The Board is required to meet at least quarterly. Until March 2020, the Board has met 24 times.

The Board of Directors approved a budget of USD 68 million for the financial year 2019.

The following is a list of the Board of Directors:

<u>Name</u>	<u>Country</u>
Yana Dumaresq Sobral Alves	Brazil
Sergei Storchak	Russia
K Rajaraman	India
Wencai Zhang	China
Enoch Godongwana	South Africa
Mr. Marcos Prado Troyjo	NDB President

(3) Committees

The Articles of Agreement stipulates that the Board of Directors, in exercising its functions, shall appoint a Credit and Investment Committee or any such other committees as it deems advisable for carrying out the general operations of NDB. Consequently, the Board of Directors has approved the constitution of several committees to assist it in discharging its oversight and decision making responsibilities.

The committees comprised of the Board of Director members are the Audit, Risk and Compliance Committee and the Budget, Human Resources and Compensation Committee. The committees comprised of the Management are the Credit and Investment Committee, the Finance Committee, the Operations Sub-Committee and the Treasury Sub-Committee.

Audit, Risk and Compliance Committee

The purpose of the Audit, Risk and Compliance Committee of NDB is to assist the Board of Directors with regard to fulfilling its corporate governance oversight responsibilities for the audit, risk and compliance of NDB.

The primary role of the Audit, Risk and Compliance Committee is to oversee the financial reporting and disclosure process, the compliance with NDB’s Code of Business Conduct and Ethics, qualification and independence of the External and Internal Audit team, adequacy and reliability of the internal control systems, especially those relating to the reporting of NDB’s financial statements and effective implementation of the risk management framework.

The Audit, Risk and Compliance Committee shall comprise of all members of the Board. The Chairperson of the Audit, Risk and Compliance Committee shall be appointed through a consultative process of the Board facilitated by the Chairperson of the Board. The Chairperson of the Audit, Risk and Compliance Committee shall not be the Chairperson of the Board of Directors. In the event that the Chairperson is not present at the meeting, the Audit, Risk and Compliance Committee shall elect an acting Chairperson.

The current Chairperson of the Audit, Risk and Compliance Committee is Mr. Enoch Godongwana, Director of South Africa. The Corporate Secretary Division shall act as the secretary to the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee shall meet quarterly or as needed.

Budget, Human Resources and Compensation Committee

The purpose of the Budget, Human Resources and Compensation Committee is to oversee the budget, human resources and compensation related activities of the Bank and undertake the functions provided for under the Code of Conduct for Board Officials.

To fulfill this obligation, the Budget, Human Resources and Compensation Committee relies on the Bank's Management for the preparation and execution of budgets in accordance with organisational objectives; for the preparation of and revisions to the human resources policies as well as associated policies related to compensation and benefits.

The Budget, Human Resources and Compensation Committee shall comprise of all members of the Board. The Chairperson of the Budget, Human Resources and Compensation Committee shall be appointed through a consultative process facilitated by the Chairperson of the Board. The Chairperson of the Budget, Human Resources and Compensation Committee shall not be the Chairperson of the Board of Directors or the Chairperson of any other Committee. The current Chairperson of the Budget, Human Resources and Compensation Committee is Mr. Wencai Zhang, Director of China. In the event that the Chairperson is not present at the meeting, the Budget, Human Resources and Compensation Committee shall elect an acting Chairperson. The Corporate Secretary Division shall act as the secretary to the Committee.

The Budget, Human Resources and Compensation Committee shall meet quarterly or as needed.

Credit and Investment Committee

The purpose of the Credit and Investment Committee is to assist the Board with regard to fulfilling its responsibilities for the credit activities of NDB.

The Credit and Investment Committee will be expected to satisfy itself that NDB's credit activities are adequate and effective. In this regard, the specific responsibility that the Credit and Investment Committee will carry out on behalf of the Board is to make decisions on loans, guarantees, equity investments and technical assistance of no more than a limit amount to be established by the Board in due course.

The Credit and Investment Committee shall comprise of the President and four Vice Presidents of NDB. The Chairperson of the Credit and Investment Committee would be the President of NDB. In the absence of the President, the Vice Presidents may elect amongst themselves to appoint one of the Vice Presidents to chair the meeting. The Corporate Secretary Division shall act as the secretary to the Credit and Investment Committee.

The Credit and Investment Committee shall meet monthly or as needed.

Finance Committee

The Finance Committee will be expected to have oversight responsibility on financial matters of NDB relating to credit/operations, treasury and risks associated thereto. In this regard, the specific responsibilities relating to oversight of and recommendations to the Board would be on the areas of financial policies and guidelines, financial operations including loan loss provisioning, asset liability management (ALCO functions) and financial risk management.

The Finance Committee shall comprise of the President and four Vice Presidents. The Finance Committee would be chaired by the President. In the absence of the President, the Vice Presidents may elect amongst themselves to appoint one of the Vice Presidents to chair the meeting. If a member of the Finance Committee ceases to be a staff of NDB, a replacement will be appointed. The designated person from the Treasury Division shall act as the Secretary to the Finance Committee.

The Finance Committee shall meet monthly or as needed.

Operations Sub-Committee

The Operations sub-committee will be expected to satisfy itself that NDB's credit management activities are adequate and effective. In this regard, the specific responsibilities that the Operations Sub-Committee will carry out on are monitor credit specific financial policies, credit risk management and review of loan loss provisioning.

The Operations Sub-Committee shall comprise of two groups of members. Group A would comprise of the four Vice Presidents and Group B would comprise of six Directors General from Treasury, Risk, Operations, Compliance and the General Counsel. The Operations Sub-Committee would be co-chaired by the Vice Presidents. If a member of the Operations Sub-Committee ceases to be a staff of NDB, a replacement will be appointed. The designated person from the Risk Division shall act as the Secretary to the Operations Sub-Committee.

The Operations Sub-Committee shall meet quarterly or as needed.

Treasury Sub-Committee

The Treasury Sub-Committee will be expected to satisfy itself that NDB's treasury activities are adequate and effective. In this regard, the specific responsibilities that the Treasury Sub-Committee will carry out on are to develop and monitor the treasury business strategy, treasury risk management including limit monitoring, liquidity, monitor specific Treasury policies and asset liability management (ALCO functions)

The Treasury Sub-Committee shall comprise of two groups of members. Group A would comprise of the four Vice Presidents and Group B would comprise of six Directors General from Treasury, Risk, Operations, Compliance and the General Counsel. The Treasury Sub-Committee would be co-chaired by the Vice Presidents. If a member of the Treasury Sub-Committee ceases to be a staff of NDB, a replacement will be appointed. The designated person from the Treasury Division shall act as the Secretary to the Treasury Sub-Committee.

The Treasury Sub-Committee shall meet quarterly or as needed or as needed.

(4) Management

The management team is composed of the President and four Vice Presidents. The Vice Presidents shall be appointed from each BRICS Country other than the country of the President.

The Board of Governors elected Mr. K. V. Kamath from India as the first President of the Bank. On May 27, 2020, the Board of Governors unanimously elected Mr. Marcos Prado Troyjo from Brazil as the second President of the Bank from July 7, 2020, in full accordance with the Articles of Agreement and its procedures. The President is also a member of the Board of Directors, but has no vote except a deciding vote in case of an equal division.

The four Vice Presidents were appointed by the Board of Governors on the recommendation of the President. On May 27, 2020, the Board of Governors of the Bank appointed Mr. Anil Kishora from India as one of the Vice Presidents of the Bank.

The management team is highly experienced in areas such as multilateral banking, commercial banking, corporate finance and public policy.

Name

Marcos Prado Troyjo
(President)

Profile

Prior to Mr. Marcos Prado Troyjo's appointment as President of the NDB, Mr. Marcos Troyjo pursued a successful multi-layered career in government, business, academia and the public debate on economic development. He recently served as Brazil's Deputy Economy Minister and Special Secretary

for Foreign Trade and International Affairs and represented the Brazilian Government on the boards of multilateral development institutions. Mr. Troyjo was also Chairman of Brazil's Commission on External Financing and its National Investment Committee. He co-founded and served as Director of the BRICLab at Columbia University, where he taught international and public affairs, and lectured extensively at universities and research centers around the world. Mr. Troyjo is a member of the World Economic Forum (WEF) Global Future Council on International Trade and Investment. He was Director of the Intelligent Tech & Trade Initiative (ITTI). An economist, political scientist and diplomat, he holds a Master's degree and a PhD in sociology of international relations from the University of São Paulo and pursued postdoctoral studies at Columbia University. He is an alumnus of the Rio Branco Institute, the diplomatic academy of Brazil's Ministry of Foreign Affairs. Mr. Troyjo authors books on development, technology and global affairs.

Anil Kishora
(Vice President, Chief
Risk Officer)

Mr. Anil Kishora is Vice President and CRO of NDB. Mr. Anil Kishora had worked in India's largest bank, the State Bank of India (SBI) for about 38 years. During his long career, Mr. Anil Kishora had exposure to all areas of SBI operations. Before joining the NDB, he worked as Deputy Managing Director & CRO of SBI, being responsible for managing SBI Group's operational, market, credit, cyber, information security and other risks. Prior to that, Mr. Anil Kishora served as Deputy Managing Director/ Chief General Manager, SBI Local Head Office, Chandigarh, India and CEO of SBI in Singapore. Mr. Anil Kishora completed a number of executive development programmes and trainings, including Risk Management in Banking Programme (INSEAD), School of Bank Risk Management (EUROMONEY Learning, Geneva), Advanced Management Programme (NUS Business School, Singapore) and Certification Programme in IT & Cyber Security for CXOs (Institute for Development & Research in Banking Technology, Hyderabad, India). He also participated in Oxford Private Equity Programme. Mr. Anil Kishora is a Certified Associate of the Indian Institute of Banking & Finance. He holds B.A. (Honours) in English.

Vladimir Kazbekov
(Vice President, Chief
Administrative Officer)

Mr. Vladimir Kazbekov is Vice President and CAO of NDB. Mr. Kazbekov worked in executive position for the Russian National Development Bank (Vnesheconombank) for more than 15 years. He has greatly contributed to the development of BRICS Interbank cooperation mechanism that includes the national development banks of BRICS Countries. Prior to his appointment in Vnesheconombank, Mr. Kazbekov served as the Deputy Director of the Foreign Policy Department of the Presidential Executive Office of the Russian Federation. He has nearly 20 years of experience in the Russian Ministry of Foreign Affairs, predominantly in Asian countries.

Xian Zhu
(Vice President, Chief
Operations Officer)

Mr. Xian Zhu is Vice President and COO of NDB. Over the past three decades, Mr. Zhu assumed various senior management roles in the public sector. Most recently Mr. Zhu served as Vice President and Chief Ethics Officer at World Bank Group from 2012 to 2015. Since 2002, he served as Strategy and Operations Director for South Asia, Country Director for Bangladesh and Country Director for the Pacific Islands, Papua New Guinea, and Timor Leste. From 1999 to 2001, Mr. Zhu served as Executive Director for China in the World Bank Group. In 2001, Mr. Zhu served in Asian Development Bank. Until the late 1990s, Mr. Zhu worked at China's Ministry of Finance in various capacities.

Leslie Maasdorp
(Vice President, Chief
Financial Officer)

Mr. Leslie Maasdorp is Vice President and CFO of NDB. Over the past 25 years, Mr. Maasdorp has occupied senior leadership roles in both private and public sectors. Most recently he served as President of Bank of America Merrill Lynch for Southern Africa. Prior to that he served in a dual role as

Vice Chairman of Barclays Capital and Absa Capital. In 2002 he was the first African to be appointed as International Advisor to Goldman Sachs International. Before his 13 years as a global investment banker, he served in several senior leadership roles in the Government of South Africa. In 1994 after the transition to democracy, he was appointed as Special Advisor to the Minister of Labour and in 1999 was appointed as Deputy Director General of the Department of Public Enterprises. He is a former Chairman and CEO of Advtech, a leading provider of private education in South Africa.

5. Risk Management

Risk management is a transparent and centralised function that is independent of business operations. Together with enhancing risk awareness and promoting a strong institutional risk prevention and awareness culture across the Issuer, standards and controls have been developed in a proactive manner to ensure that risks are effectively managed. The Issuer has a robust and comprehensive risk management framework, and its governance structure provides for independent and regular reporting of risk issues to the Audit, Risk and Compliance Committee of the Board that include the Issuer's performance across key risk indicators. The risk management framework is continually monitored and strengthened, commensurate with the development of the Issuer to support its strategic decision-making process. The primary responsibility for risk management at an operational level rests with the Management. Management and various specialist committees are tasked with integrating the management of risk into the day-to-day activities of the Issuer, by monitoring related risk parameters and tolerance through policies and procedures under the strategy approved by designated committees.

6. Lending Activities

The projects that NDB finances are designed and implemented in a way that avoids, mitigates or compensates for adverse impacts on the environment and social groups, in compliance with the standards set in the Bank's Environmental and Social Framework (ESF), as well as relevant environment and social country systems. The ESF is guided by core principles related to inclusive and sustainable development, climate change, environmental interests, conservation of natural resources, gender equality, precautionary approach and co-operative functioning and knowledge dissemination. Where environmental or social risks are identified, mitigation measures are introduced before an investment can be taken further.

Yet, NDB does not limit itself only to the application of the ESF requirements. The Bank finances projects that help its member countries achieve transformative results, including reversing some negative environmental and social impacts brought by economic development in the past. Each project is screened for positive development contributions, which goes beyond direct financial calculations to a longer-term and broader assessment of economic, environmental and social impact.

At the project preparation stage, investment teams assess each project's potential development contributions and design a set of indicators to monitor and evaluate its development result. The Bank is building systems to be able to collect, measure and monitor results of its operations, aligned with countries' approaches and priorities, for evidence-based and data-driven development investment.

NDB is committed to sustainable infrastructure development across its member countries, as highlighted in the Bank's General Strategy: 2017-2021. Since its inception, the Bank aims to develop and provide practical, specialised expertise in sustainable infrastructure development, including the areas of project design, regulatory issues and financing arrangements. Through knowledge sharing activities and by building sector-specific expertise, the Bank is enhancing

its capacity to meet its commitment to becoming a leading player in sustainable infrastructure development.

7. Recent Loans Projects

Building a robust and diversified portfolio of operations is imperative for NDB to fulfil its mandate and achieve its strategic objectives. Throughout 2019, 21 new operations with a total amount of USD 7.1 billion were approved, bringing the Bank's cumulative approvals to 53 operations totalling USD 15.3 billion. At the end of 2019, NDB's portfolio net of cancellations¹ stood at 51 operations totalling USD 14.9 billion.

Within the infrastructure and sustainable development space, NDB has successfully diversified its portfolio across a set of key areas of operation. These strategically selected key areas are closely aligned with the spirit of the United Nation's 2030 Agenda for Sustainable Development. Projects prepared and implemented by the Bank in these key areas can help advance member countries' progress in achieving a variety of SDGs, either directly through intended project outputs and outcomes or indirectly through their cascading effects.

The following table sets forth a breakdown of loans approved by area of operation² as at the years ended December 31, 2019 and 2018:

Cumulative approvals by area of operation

	As at December 31, 2019		As at December 31, 2018	
	Number	USD million	Number	USD million
Clean energy	14	3,519	9	1,937
Transport infrastructure	13	4,421	8	2,175
Irrigation, water resource management and sanitation	7	2,080	4	1,426
Urban development	10	2,653	5	1,130
Environmental efficiency	4	1,200	3	700
Social infrastructure	2	960	1	460
Multi-theme³	1	100	-	-
Total	51	14,933	30	7,828

The Bank's portfolio remains concentrated on sovereign and sovereign-guaranteed operations, which represented approximately 80% of cumulative approvals at the end of 2019.

The following table sets forth a breakdown of loans approved by type of operation⁴ as at the years ended December 31, 2019 and 2018:

¹ Relates to the USD 250 million sovereign-guaranteed loan to Canara Bank (India) for its Renewable Energy Financing Scheme approved in 2016 and cancelled in 2018, and the USD 68.8 million loan to the Government of the Russian Federation for the Ufa Eastern Exit Project, approved in 2017 and cancelled in 2019.

² Includes the USD 250 million loan to Canara Bank for its Renewable Energy Financing Scheme, approved in 2016 and cancelled in 2018.

³ Relates to the USD 100 million equity investment in a private equity fund that will invest in multiple sub-projects in various key areas of NDB's operation.

Cumulative approvals by type of operation

	As at December 31, 2019		As at December 31, 2018	
	Number	USD million	Number	USD million
Sovereign loans	38	11,935	23	6,428
Non-sovereign loans	12	2,898	7	1,400
Equity investments	1	100	-	-
Total	51	14,933	30	7,828

The geographic distribution of NDB's operations is becoming increasingly balanced as the Bank develops its capacity to identify and prepare projects in all member countries.

The following table sets forth a breakdown of loans approved by country as at the years ended December 31, 2019 and 2018:

Cumulative approvals by country

	As at December 31, 2019		As at December 31, 2018	
	Number	USD million	Number	USD million
Brazil	7	1,521	4	621
Russia	9	2,716	7	1,469
India	13	4,083	7	2,300
China	14	4,218	9	2,758
South Africa	8	2,395	3	680
Total	51	14,933	30	7,828

A key component of NDB's value proposition is the commitment to provide local currency financing, which now represents a significant share of the portfolio. Since the beginning of its operations, NDB has been offering loans denominated in RMB and by the end of 2019, around two-thirds of the Bank's cumulative approvals for projects located in China were denominated in RMB.

The following table sets forth a breakdown of loans approved by currency as at the years ended December 31, 2019 and 2018:

Cumulative approvals by currency

	As at December 31, 2019		As at December 31, 2018	
	Number	USD million	Number	USD million

⁴ Includes the USD 250 million loan to Canara Bank for its Renewable Energy Financing Scheme, approved in 2016 and cancelled in 2018.

RMB	9	2,768 ⁵	5	1,558
ZAR	4	1,235	-	-
CHF	1	516	-	-
EUR	1	500	-	-
USD	36	9,914 ⁶	25	6,270
Total	51	14,933	30	7,828

8. Borrowing Activities

In July 2016, NDB successfully issued the first onshore bond in China in an aggregate amount of RMB 3 billion and a tenor of 5 years. It was the first time that a multilateral development bank issued a green financial bond in the Interbank Market and it was also the first time for the NDB to tap the capital market.

On January 9, 2019, NDB has successfully registered a RMB 10 billion bond programme. NDB has been granted approval to raise RMB 10 billion in the Interbank Market within 2 years of the Programme registration date. On February 22, 2019, NDB successfully placed its debut RMB 3 billion bond in the Interbank Market under the Programme. On April 1, 2020, NDB successfully issued the 3-year RMB Coronavirus Combating Bond in an aggregate amount of RMB 5 billion under the Programme in the Interbank Market.

In April 2019, NDB established its debut ECP programme for liquidity management purposes. The ECP programme with the maximum size of USD 8 billion is established under the Regulation S of the United States Securities Act of 1933, as amended. As at March 31, 2020, NDB has outstanding of USD 725 million ECP with the weighted average maturity of 4.7 months under the ECP programme.

In December 2019, NDB registered its inaugural USD 50 billion Euro medium term note programme in the international capital markets. On June 16, 2020, NDB priced its inaugural benchmark USD 1.5 billion 3-year COVID Response Bond in the international capital markets.

NDB's funding strategy aims to ensure that enough resources are available to meet the Bank's liquidity needs, driven by the expanding loan portfolio as well as operating and other expenses. The Bank will use a range of financial instruments in the currencies of its member countries and other currencies based on the parameters of its loan portfolio and demand from its borrowers and investors.

9. International Credit Rating of NDB

NDB has been rated AA+ with a stable outlook by Standard and Poor's Global Ratings, AA+ with a stable outlook by Fitch Ratings Inc., AAA with a stable outlook by Japan Credit Rating Agency, Ltd. and AAA with a stable outlook by Analytical Credit Rating Agency. These ratings are recognitions of the well-struck balance between growth and prudence in NDB's future plans and enable NDB to mobilise financing from global and domestic capital markets at

⁵ The USD 300 million loan to Vale S.A. includes a USD 50 million portion which could be delivered in RMB. This USD 50 million portion is included in the amount of approvals in RMB and excluded from the amount of approvals in USD.

⁶ The USD 300 million loan to Vale S.A. includes a USD 50 million portion which could be delivered in RMB. This USD 50 million portion is included in the amount of approvals in RMB and excluded from the amount of approvals in USD.

competitive rates and pass on the benefits to the clients.

SECTION 6 ANALYSIS OF THE FINANCIAL CONDITION OF THE ISSUER

1. Standards for Financial Statements

NDB has consistently applied International Accounting Standards (“IASs”), International Financial Reporting Standards (“IFRSs”), amendments and the related Interpretations (“IFRICs”) (herein collectively referred to as the “IFRSs”) issued by the International Accounting Standards Board (“IASB”) which are effective for the year ended December 31, 2019, the year ended December 31, 2018 and the year ended December 31, 2017, for the purpose of preparing and presenting such financial statements. The unaudited Interim Financial Statements have been prepared in accordance with IASs 34 “Interim Financial Reporting”, and the condensed statement of profit or loss and other comprehensive income for the year ended December 31, 2019 and three months ended December 31, 2019 are also presented in the Interim Financial Statements.

2. Financial Highlights

Total Assets – as at March 31, 2020, the total assets of NDB amounts to USD 11.84 billion, which is comprised primarily of assets Due from banks other than cash and cash equivalent, paid-in capital receivables and loans and advances;

Total Liabilities – as at March 31, 2020, the total liabilities of NDB amounts to USD 1.63 billion, which is comprised primarily of financial liabilities designated at fair value through profit or loss and note payables;

Total Equity – as at March 31, 2020, the total equity of NDB amounts to USD 10.21 billion;

Operating Profit – for the three months ended March 31, 2020, the operating profit of NDB amounted to USD 22.72 million.

3. Capital

The initial authorised capital of NDB is USD 100 billion and the initial subscribed capital of NDB is USD 50 billion according to the Articles of Agreement. Each BRICS Country shall initially subscribe for 100,000 shares, totalling USD 10 billion; of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each BRICS Country to the paid-in capital stock of the Bank, shall be made in USD in 7 installments, pursuant to the Articles of Agreement.

As at March 31, 2020, there were no overdue installments of paid-in capital receivables. As at March 31, 2020, the paid-in capital received is USD 6.89 billion in total.

4. Capital Management

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

In 2019, NDB sets early warning indicators for the pillars (95% for Limitation on Operations, 30% for Equity-to-Loan Ratio, 30% for Equity-to-Asset Ratio and 85% for Capital Utilisation Ratio) and monitors the capital adequacy level on an on-going basis. Once any of the early warning indicators are reached, contingency actions should be triggered to bring the capital adequacy level within the Bank’s comfort levels.

As at December 31, 2019, NDB had complied with its capital adequacy management policies.

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

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

5. Outstanding Bonds and Notes issued

On July 18, 2016, NDB issued its first green bonds for an aggregate amount of RMB 3 billion with the maturity date of July 19, 2021.

On February 22, 2019, NDB issued an aggregate amount of RMB 3 billion Renminbi bonds in the Interbank Market with the maturity date of February 26, 2022 for the tranche 1 of the bonds and February 26, 2024 for the tranche 2 of the bonds.

In April 2019, NDB established its debut ECP programme for liquidity management purposes. The ECP programme with the maximum size of USD 8 billion is established under the Regulation S of the United States Securities Act of 1933, as amended. As at March 31, 2020, NDB has outstanding of USD 725 million ECP with the weighted average maturity of 4.7 months under the ECP programme.

On April 1, 2020, NDB successfully issued the 3-year RMB Coronavirus Combating Bond in an aggregate amount of RMB 5 billion in the Interbank Market with the maturity date of 3 April 2023.

On June 16, 2020, NDB priced its inaugural benchmark USD 1.5 billion 3-year COVID Response Bond in the international capital markets.

SECTION 7 SELECTED FINANCIAL INFORMATION

The following information is extracted from audited financial statements of NDB for the year ended December 31, 2019, the year ended December 31, 2018 and the year ended December 31, 2017, as well as from the unaudited Interim Financial Statements.

The extracts of NDB's financial statements noted below have not been reviewed by external auditors. Investors should not rely on such information for a comprehensive understanding of NDB's activities or financial conditions. For a full understanding of these matters, investors should review the financial statements, which have been incorporated by reference into this Prospectus, in their entirety.

1. Condensed Statement of Profit or Loss and Other Comprehensive Income/Statement of Profit or Loss and Other Comprehensive Income

For the three months ended March 31, 2020, the year ended December 31, 2019, the year ended December 31, 2018 and the year ended December 31, 2017 respectively:

Expressed in thousands of USD

	Three months ended March 31, 2020 USD'000 <i>(unaudited)</i>	Year ended December 31, 2019 USD'000 <i>(audited)</i>	Year ended December 31, 2018 USD'000 <i>(audited)</i>	Year ended December 31, 2017 USD'000 <i>(audited)</i>
Interest income	58,009	230,555	123,400	63,863
Interest expense	(10,296)	(32,812)	(13,597)	(14,020)
Net interest income	47,713	197,743	109,803	49,843
Net fee income	859	1,567	418	21
Net gains on financial instruments at fair value through profit or loss	14,281	21,907	7,809	1,291
	62,853	221,217	118,030	51,155
Other income	-	-	-	74
Staff costs	(9,083)	(33,218)	(25,310)	(18,823)
Other operating expenses	(2,472)	(18,053)	(11,936)	(7,342)
Impairment provision	(10,288)	(2,073)	(3,758)	(23)
Foreign exchange (losses)/gains	(18,292)	(17,396)	(4,989)	5,811
Operating profit for the period/year	22,718	150,477	72,037	30,852
Unwinding of interest on paid-in capital receivables	13,580	72,428	93,822	127,160
Profit for the period/year	36,298	222,905	165,859	158,012
Total comprehensive income for the period/year	36,298	222,905	165,859	158,012

2. Condensed Statement of Financial Position/Statement of Financial Position

As at March 31, 2020, December 31, 2019, December 31, 2018 and December 31, 2017 respectively:

Expressed in thousands of USD

	As at March 31, 2020 USD'000 (<i>unaudited</i>)	As at December 31, 2019 USD'000 (<i>audited</i>)	As at December 31, 2018 USD'000 (<i>audited</i>)	As at December 31, 2017 USD'000 (<i>audited</i>)
Assets				
Cash and cash equivalents	877,825	1,023,495	122,988	1,019,854
Due from banks other than cash and cash equivalents	5,699,572	5,494,752	4,800,559	3,245,623
Derivative financial assets	17,765	5,436	710	-
Debt instruments measured at amortised cost	45,863	33,771	-	-
Loans and advances	2,151,754	1,544,917	628,104	23,997
Paid-in capital receivables	3,047,541	3,713,543	4,846,783	5,933,354
Right-of-use assets	320	141	-	-
Property and equipment	1,386	1,455	1,205	594
Intangible assets	1,495	1,433	931	54
Other assets	1,377	1,607	1,133	642
Total assets	11,844,898	11,820,550	10,402,413	10,224,118
Liabilities				
Derivative financial liabilities	11,195	12,182	6,374	3,331
Financial liabilities designated at fair value through profit or loss	874,330	882,757	443,809	449,367
Borrowings	-	110,053	-	-
Note payables	719,771	623,256	-	-
Lease liabilities	265	138	-	-
Contract liabilities	17,167	14,513	3,866	-
Other liabilities	9,142	6,339	3,501	2,811
Total liabilities	1,631,870	1,649,238	457,550	455,509
Equity				
Paid-in capital	10,000,000	10,000,000	10,000,000	10,000,000
Other reserves	(67,459)	(86,457)	(162,429)	(266,646)
Retained earnings	280,487	257,769	107,292	35,255
Total equity	10,213,028	10,171,312	9,944,863	9,768,609
Total equity and liabilities	11,844,898	11,820,550	10,402,413	10,224,118

3. Condensed Statement of Changes in Equity/Statement of Changes in Equity

For the three months ended March 31, 2020:

Expressed in thousands of USD

	Paid-in capital USD'000 (<i>unaudited</i>)	Other reserves USD'000 (<i>unaudited</i>)	Retained earnings USD'000 (<i>unaudited</i>)	Total USD'000 (<i>unaudited</i>)
As at January 1, 2020	10,000,000	(86,457)	257,769	10,171,312
Operating profit for the period	-	-	22,718	22,718
Unwinding of interest on paid-in capital receivables for the period	-	-	13,580	13,580
Profit and total comprehensive income for the period	-	-	36,298	36,298
Impact of early payment on paid-in capital receivables	-	5,418	-	5,418
Reclassification of unwinding of interest arising from paid-in capital receivables	-	13,580	(13,580)	-
As at March 31, 2020	10,000,000	(67,459)	280,487	10,213,028

For the year ended December 31, 2019:

Expressed in thousands of USD

	Paid-in capital USD'000 (<i>audited</i>)	Other reserves USD'000 (<i>audited</i>)	Retained earnings USD'000 (<i>audited</i>)	Total USD'000 (<i>audited</i>)
As at January 1, 2019	10,000,000	(162,429)	107,292	9,944,863
Operating profit for the year	-	-	150,477	150,477
Unwinding of interest on paid-in capital receivables for the year	-	-	72,428	72,428
Total comprehensive income for the year	-	-	222,905	222,905
Impact of early payment on paid-in capital receivables	-	3,544	-	3,544
Reclassification of unwinding of interest arising from paid-in capital receivables	-	72,428	(72,428)	-
As at December 31, 2019	10,000,000	(86,457)	257,769	10,171,312

For the year ended December 31, 2018:

Expressed in thousands of USD

	Paid-in capital USD'000 (audited)	Other reserves USD'000 (audited)	Retained earnings USD'000 (audited)	Total USD'000 (audited)
As at January 1, 2018	10,000,000	(266,646)	35,255	9,768,609
Operating profit for the year	-	-	72,037	72,037
Unwinding of interest on paid-in capital receivables for the year	-	-	93,822	93,822
Total comprehensive income for the year	-	-	165,859	165,859
Impact of early payment on paid-in capital receivables	-	10,395	-	10,395
Reclassification of unwinding of interest arising from paid-in capital receivables	-	93,822	(93,822)	-
As at December 31, 2018	10,000,000	(162,429)	107,292	9,944,863

For the year ended December 31, 2017:

Expressed in thousands of USD

	Paid-in capital USD'000 (audited)	Other reserves USD'000 (audited)	Retained earnings USD'000 (audited)	Total USD'000 (audited)
As at January 1, 2017	10,000,000	(398,981)	4,403	9,605,422
Operating profit for the year	-	-	30,852	30,852
Unwinding of interest on paid-in capital receivables for the year	-	-	127,160	127,160
Total comprehensive income for the year	-	-	158,012	158,012
Impact of early payment on paid-in capital receivables	-	5,175	-	5,175
Reclassification of unwinding of interest arising from paid-in capital receivables	-	127,160	(127,160)	-
As at December 31, 2017	10,000,000	(266,646)	35,255	9,768,609

Pursuant to the unaudited Interim Financial Statements, NDB's operating profit and total comprehensive income for the three months ended March 31, 2020 was USD 22.72 million and USD 36.30 million respectively. Total equity amounted to USD 10.21 billion as at March 31, 2020, compared to total equity of USD 10.17 billion as at December 31, 2019.

4. Condensed Statement of Cash Flows/Statement of Cash Flows

For the three months ended March 31, 2020, the year ended December 31, 2019, the year ended December 31, 2018 and the year ended December 31, 2017 respectively:

Expressed in thousands of USD

	Three months ended March 31,2020 USD'000 (unaudited)	Year ended December 31, 2019 USD'000 (audited)	Year ended December 31, 2018 USD'000 (audited)	Year ended December 31, 2017 USD'000 (audited)
OPERATING ACTIVITIES				
Profit for the period/year	36,298	222,905	165,859	158,012
Adjustments for:				
Interest expense	10,296	32,812	13,597	14,020
Interest income from debt instruments at amortised cost	(385)	(757)	-	-
Depreciation and amortisation	200	589	229	102
Unrealised (gains)/losses on financial instruments	(14,792)	(19,232)	(2,912)	5,245
Unwinding of interest on paid-in capital receivables	(13,580)	(72,428)	(93,822)	(127,160)
Impairment provisions for loans and commitments	6,343	2,073	3,758	23
Impairment provisions for debt instruments at amortised costs	42	-	-	-
Impairment provisions for due from banks	3,903	-	-	-
Exchange losses on debt instruments at amortised cost	1,348	789	-	-
Exchange (gains)/losses on lease liabilities	(55)	8	-	-
Debt issuance cost	-	552	-	-
Operating cash flows before changes in operating assets and liabilities	29,618	167,311	86,709	50,242
Net increase in due from banks	(208,723)	(694,193)	(1,554,936)	(941,526)
Net increase in loans and advances	(608,874)	(912,998)	(604,228)	(22,929)
Net decrease/(increase) in other assets	230	(487)	(491)	(398)
Net increase in other liabilities and contract liabilities	1,142	7,598	919	485
Interest paid on bonds and borrowings	(13,329)	(13,414)	(13,910)	(13,600)
Interest paid on note payables	(4,763)	(3,405)	-	-
Interest paid on lease liabilities	(1)	(4)	-	-
Interest received on debt instruments at amortised costs	551	-	-	-
NET CASH USED IN OPERATING ACTIVITIES	(804,149)	(1,449,592)	(2,085,937)	(927,726)
INVESTING ACTIVITIES				
Proceeds from redemption of debt instruments at amortised cost	-	40,810	-	-
Purchase of debt instruments at amortised cost	(13,648)	(74,613)	-	-
Purchase of property and equipment and intangible assets	(173)	(1,257)	(1,717)	(236)
NET CASH USED IN INVESTING ACTIVITIES	(13,821)	(35,060)	(1,717)	(236)
FINANCING ACTIVITIES				
Paid-in capital received	685,000	1,209,212	1,190,788	1,600,000
Proceeds from issuance of short-term borrowings	-	110,000	13,000	-

Proceeds from issuance of bonds	-	448,012	-	-
Proceeds from issuance of note payables	519,554	1,085,296	-	-
Repayment of short-term borrowings	(110,000)	-	(13,000)	-
Repayment from note payables	(422,237)	(466,595)	-	-
Payment of bond issuance cost	-	(552)	-	-
Payment of issuance cost on note payables	-	(131)	-	-
Payment of lease liabilities	(17)	(83)	-	-
NET CASH FROM FINANCING ACTIVITIES	672,300	2,385,159	1,190,788	1,600,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(145,670)	900,507	(896,866)	672,038
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	1,023,495	122,988	1,019,854	347,816
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	877,825	1,023,495	122,988	1,019,854

SECTION 8 USE OF PROCEEDS FROM THE OFFERING OF THE BONDS AND DETAILS OF HISTORIC BOND OFFERING

1. Use of Proceeds from the Offering of the Bonds

The proceeds of the Bonds will be used for general corporate purposes, including, without limitation, utilising the proceeds both onshore and offshore to finance projects within NDB's member countries. For such purpose, the net proceeds from the offering of the Bonds will be (i) used in the PRC or (ii) remitted offshore and used in RMB.

Under this Programme, not less than 50% (fifty per cent) of the registration amount of the Programme will be used in the PRC.

2. Details of Historic Bond Offering

On July 18, 2016, the Bank issued an aggregate amount of RMB3 billion green financial bonds in the Interbank Market with the maturity date of July 19, 2021.

On January 9, 2019, NDB has successfully registered an RMB bond programme. NDB has been granted approval to raise RMB 10 billion in the Interbank Market within 2 years of the Programme registration date. On February 22, 2019, NDB issued an aggregate amount of RMB 3 billion Renminbi bonds in the Interbank Market with the maturity date of February 26, 2022 for the tranche 1 of the bonds and February 26, 2024 for the tranche 2 of the bonds under the Programme. On April 1, 2020, NDB successfully issued the 3-year RMB Coronavirus Combating Bond in an aggregate amount of RMB 5 billion under the Programme in the Interbank Market.

In April 2019, NDB established its debut ECP programme for liquidity management purposes. The ECP programme with the maximum size of USD 8 billion is established under the Regulation S of the United States Securities Act of 1933, as amended. As at February 29, 2020, NDB has outstanding of USD 725 million ECP with the weighted average maturity of 4.7 months under the ECP programme.

In April 2019, NDB registered its debut ZAR bond programme in South Africa. The ZAD bond programme with the maximum size of ZAR 10 billion and unlimited validity is listed on Johannesburg Stock Exchange and governed by the laws of South Africa. As of the date of the signing of this Prospectus, NDB has not issued any bonds under the ZAR bond programme.

On November 22, 2019, NDB registered its debut RUB bond programme in Russia. The RUB bond programme with the maximum size of RUB 100 billion and unlimited validity is listed on Moscow Exchange and governed by the laws of the Russian Federation. As of the date of the signing of this Prospectus, NDB has not issued any bonds under the RUB bond programme.

In December 2019, NDB registered its inaugural USD 50 billion Euro medium term note programme in the international capital markets. On June 16, 2020, NDB priced its inaugural benchmark USD 1.5 billion 3-year COVID Response Bond in the international capital markets.

SECTION 9 CREDIT RATING

There is no credit rating of the Bonds from any domestic credit rating agency.

SECTION 10 DISCLOSURE ARRANGEMENT

During the period in which the Bonds remain outstanding, the Issuer will in accordance with the requirements of the PBOC and NAFMII disclose to the Interbank Market the relevant information listed in paragraphs 1 to 4 below.

1. Pre-issuance Disclosure

The Issuer will, by no later than two (2) Business Days before the Bookbuilding Date of the Bonds, disclose the following documents through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform:

- (1) the New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect) Prospectus;
- (2) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2017;
- (3) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2018;
- (4) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2019;
- (5) a copy of the unaudited condensed financial statements for the three months ended March 31, 2020;
- (6) a copy of the legal opinion of Global Law Office in relation to the Bonds;
- (7) a copy of the consent letter of Deloitte Touche Tohmatsu Certified Public Accountants LLP in relation to the Bonds;
- (8) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2017;
- (9) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2018;
- (10) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2019; and
- (11) a supplemental Prospectus in relation to the issue of the Bonds (if any).

2. Periodic Reporting

During the period in which the Bonds remain outstanding, the Issuer will disclose copies of the following documents through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform:

- (1) before 31 October of each year, the English and Chinese version of the independent auditor's report and financial statements for the last financial year; and
- (2) the English version of the unaudited condensed financial statements for each quarter (other than the last quarter of each year) at the same time (or as soon as reasonably practicable thereafter) as NDB discloses such information in the international capital market or its official website, and as soon as reasonably practicable and in any event within ten (10) Business Days thereafter the Chinese version of such report.

3. Disclosure of Material Events

If there are any material events affecting the Issuer's ability to pay its debts, the Issuer will disclose such events in writing in English and (within seven (7) Business Days after the disclosure of such English version) in Chinese, through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform. The material events that the Issuer will disclose shall include but are not limited to the following:

- (1) any material adverse change in the shareholders or member countries of NDB;
- (2) any change in the treaties, conventions, Laws, approvals or authorizations relating to NDB, or in the constitutional documents of NDB, which may have a material adverse impact on the Bonds;
- (3) the failure of the Issuer to receive any of its callable capital as scheduled;
- (4) any breach or potential of contract by the Issuer for failing to pay interest on, or principal of, the Bonds or any other bonds issued by the Issuer;
- (5) any change in the rights of the bondholders of the Bonds which are set out under the terms of the Bonds, including without limitation any change in the terms and conditions of the other indebtedness of the Issuer which indirectly cause any change in the rights of the bondholders of the Bonds;
- (6) any downgrade in any domestic or globally recognised rating accorded to NDB, or any downgrade in the outlook for such credit ratings to "negative"; and
- (7) any other events that have or may have a material adverse effect on the Issuer's ability to perform its obligations to pay interest on, or principal of, the Bonds.

4. Payment of Interest and Repayment of Principal

The Issuer will, two Business Days prior to any interest payment date or five Business Days prior to the Maturity Date (as the case may be), through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform, announce and publish the details of the payment of principal and interest (in Chinese).

SECTION 11 SELLING RESTRICTIONS

1. General

The distribution of this Prospectus or any other offering materials relating to the Bonds and the issue, sale and delivery of the Bonds must comply with the rules and limitations of any selling restrictions of the relevant jurisdictions. Accordingly, each potential holder of this Prospectus or any other offering documents relating to the Bonds shall consult with its own legal advisors with regard to selling restrictions and each potential holder is advised to observe such selling restrictions. This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Bonds without authorization.

The Bonds will be issued only on the Interbank Market. Except for the registration with NAFMII in respect of the issuance of the Bonds, no measures have been taken or will be taken in relation to a public offering of the Bonds, or in respect of the holding or distribution of this Prospectus or revisions or supplements to this Prospectus or any other offering documents or announcements, on the Shanghai Stock Exchange, Shenzhen Stock Exchange or in any other markets, countries or jurisdictions.

2. PRC

The Bonds will be only offered or distributed to institutional investors in the Interbank Market (other than purchasers prohibited or restricted under PRC laws, regulations and these distribution restriction provisions) and the Bonds will be only traded among institutional investors in the Interbank Market (other than purchasers prohibited or restricted under the PRC laws, regulations and these distribution restriction provisions).

Offshore investors participating in the subscription of the Bonds through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable laws and regulations, including the *Interim Measures for the Connection and Cooperation between the Mainland China and the Hong Kong Bond Market* published by PBOC (as amended and supplemented from time to time), as well as the rules of other relevant parties.

3. United States

The Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Bonds are being offered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Each Lead Underwriter and Joint Underwriter represents that it has not offered or sold, and agrees that it will not offer or sell, any of the Bonds within the United States except in accordance with Rule 903 of Regulation S under the U.S. Securities Act. Accordingly, neither it nor its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

In addition, until 40 Days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

4. Hong Kong

- (1) The Bonds have not been offered or sold and will be not offered or sold in Hong Kong, by means of any document, other than:
 - (i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the Securities and Futures Ordinance; or
 - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (2) There has not been issued nor has there been in possession for the purposes of issue, and there will not be issued nor will there be in possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the that Ordinance.

SECTION 12 TAXATION ISSUES RELATING TO THE BONDS

The following summary of certain tax consequences relating to the Bonds are based upon applicable laws, rules and regulations in effect as at the date of this Prospectus, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Each prospective investor considering the purchase of the Bonds should consult its own tax advisors concerning the possible tax consequences relating to the Bonds.

1. Taxation Treatment of NDB in General

In accordance with the Agreement on the New Development Bank, no tax of any kind shall be levied by any member, on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held (i) which discriminates against such obligation or security solely because it is issued by the Bank; or (ii) if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

2. PRC Taxation

(1) Value-added tax (“VAT”) and local surcharge and levies

(i) Domestic PRC Investors

The *Public Notice on Comprehensive Roll-out of the Pilot Program for Transforming Business Tax to VAT* issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.36) (“**Circular 36**”), which became effective on 1 May 2016, provides that, provision of services within the PRC (such term contemplating that the provider or recipient of such services is located within the PRC, except for leasing of real properties) is subject to VAT, and income derived from the usage and borrowing of funds, including interest income derived during the holding (including maturity) of financial products, is subject to VAT. VAT applies to lending services where the taxable turnover is the gross amount of the interest income and any income in the nature of interest. The transfer of financial products, including transfer of the ownership of marketable securities, is subject to VAT on the taxable turnover which is the balance of the sales price less the purchase price. With respect to a general VAT taxpayer, output VAT is calculated at 6% of the taxable turnover on the difference between output VAT and input VAT. In the case of a small-scale VAT taxpayer, VAT is calculated at 3% of the taxable turnover, without any credit for input VAT. A VAT taxpayer is also subject to urban maintenance and construction tax at 7%, education surcharge at 3% and local education surcharge at 2% and other potential local surcharges applicable. Therefore, domestic PRC investors holding the Bonds are subject to VAT and the relevant surcharges.

(ii) Foreign Investors

Pursuant to Circular 36, it is likely that the revenues of non-PRC entities and individuals generated from their provision of services to non-PRC entities or individuals are not deemed as the provision of services within the PRC and therefore not subject to VAT. As a result, if NDB is treated as a non-PRC entity by the PRC tax authorities, interest income on the Bonds received by non-PRC investors is not subject to the PRC VAT. However, even if PRC tax authorities may have different interpretation in practice, pursuant to the Cai Shui [2018] No.108 Circular issued by the Ministry of Finance and the State Administration of Taxation of the People’s Republic of

China on 7 November (“**Cai Shui [2018] No.108 Circular**”), interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from VAT from 7 November 2018 to 6 November 2021.

In addition, Circular 36 categorizes transfers of financial products as the provision of financial services. Pursuant to the *Supplemental Circular on VAT Policies Relating to Transactions between Financial Institutions* issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.70), the income of foreign institutions which are approved by PBOC from investing in the Interbank Market is regarded as income generated from transfer of financial products, which is exempt from VAT. Therefore, if the gains of foreign investors on the transfer or sale of the Bonds are recognized as such income, such gains are exempt from VAT and the relevant surcharges.

(2) Enterprise Income Tax (“EIT”)

(i) EIT for PRC Tax Residents

The Bonds and any interest thereon are not exempt from taxation under PRC law. According to the Enterprise Income Tax Law of the PRC and its Implementation Rules, the Bondholders who are PRC tax residents shall be subject to income tax for the interest income received from the Bonds and for gains received from the transfer or sale of the Bonds, which is generally assessed at the rate of 25 per cent.

(ii) EIT for Non-PRC Tax Residents

The Enterprise Income Tax Law of the PRC and its Implementation Rules provides that a non-resident enterprise that has no business establishment or place in the PRC, or has business establishment or place in the PRC but the income derived is not effectively connected with such business establishment or place, is subject to EIT on the income sourced from the PRC. The source of income for interest is determined on the basis of the location of the enterprise or entity that bears or pays such income; for income derived from transfer of movable property, the source of income is determined on the basis of the location of the enterprise or entity that transfers such property.

If a Bondholder is a non-resident enterprise that has no business establishment or place in the PRC or that has a business establishment or place in the PRC but the income derived is not effectively connected with such business establishment or place, and the interest arising from the Bonds is borne and paid by NDB as a non-PRC issuer, such interest income shall be regarded as income sourced from outside of the PRC and the Bondholder shall not be subject to EIT on such interest income. Additionally, if a Bondholder is a non-resident enterprise located outside the PRC, the gains derived by such Bondholder from transferring or selling the Bonds shall be regarded as the income sourced from outside the PRC and thus shall not be subject to EIT.

However, currently the PRC EIT regime is silent on whether or not NDB should be treated as a non-PRC entity in terms of issuing the Bonds to be held by the Bondholders which are not PRC tax residents. As a result, NDB cannot assure that the PRC tax authority will not treat the interest payable by NDB on the Bonds to such Bondholders, as well as the gains derived by such Bondholders from transferring or selling the Bonds, as the income derived from a source within the PRC and hence subject to the PRC withholding tax (generally at the rate of 10% of such interest income or gains, unless otherwise reduced by the applicable double taxation treaty between the PRC and the relevant jurisdictions of such Bondholders. However, even if PRC tax authorities may have different interpretation in practice, pursuant to the Cai Shui [2018] No.108 Circular, interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from EIT from 7 November 2018 to 6 November 2021.

More importantly, please note that NDB does not take any tax gross-up obligation towards any Bondholder in this regard. Therefore, investors should seek professional advice from their tax advisors.

(3) Stamp Duty

Financial bond transactions carried out in the Interbank Market has not yet been listed in the *Provisional Rules of the People's Republic of China on Stamp Duty* for charging stamp duty. As of the date on the cover page of this Prospectus, no stamp duty shall be chargeable in the PRC upon the subscription for, transfer of, gifting or inheriting the Bonds by the Bondholders.

NDB cannot predict whether or when China will decide to impose stamp duty on bank financial bond transactions, or the tax rates that will be applied.

Persons considering the purchase of Bonds should consult their own tax advisers concerning the tax consequences relating to the purchase, holding and disposal of the Bonds, including any possible consequences under the laws of their jurisdiction in connection with their citizenship, residence or domicile.

SECTION 13 LEGAL OPINIONS RELATING TO THE BONDS

The Issuer has appointed Global Law Office to act as its legal adviser and to issue a PRC legal opinion.

The legal opinion of Global Law Office opines on the following:

- (1) the Issuer is a multilateral development bank duly established and validly existing under the Agreement, and is qualified to issue the Bonds;
- (2) the Issuer has the right to apply to issue bonds from time to time in multiple series within a total registration amount in accordance with the provisions of the *Interim Measures for the Administration of Bonds Issued by Offshore Issuers in the Interbank Bond Market*;
- (3) the issuance of the Bonds by the Issuer has been duly authorised by all necessary internal action on the part of the Issuer;
- (4) under PRC Law, the issuance of the Bonds has completed the registration with NAFMII;
- (5) the key issue terms of the Bonds do not contravene PRC Law or guidelines issued by NAFMII;
- (6) the use of proceeds of the Bonds complies with the relevant requirements under PRC Law;
- (7) the Bonds are governed by PRC Law, and any dispute arising out of or in connection with the Bonds shall be submitted to SHIAC for arbitration in Shanghai in accordance with the 2015 SHIAC Arbitration Rules in effect as at the date of this Prospectus, such choice of law and dispute resolution do not contravene PRC Law or guidelines issued by NAFMII or the Agreement on the New Development Bank; and
- (8) upon due issuance by the Issuer of the Bonds, and upon being fully paid for, the Bonds will constitute legal, valid and binding obligations of the Issuer under PRC Law in accordance with their terms.

SECTION 14 INVESTOR PROTECTION MECHANISM

1. Subsequent Supervisory Institution and Related Responsibilities

As issuer of the Bonds, NDB assumes on-going obligations in respect of many aspects of the Bonds. Industrial and Commercial Bank of China Limited has agreed to act as the Supervisor of NDB with respect to such on-going obligations of NDB under the Bonds. The matters which the Supervisor is responsible for overseeing include:

- (i) to oversee the accurate, authentic and complete disclosure by NDB of information which needs to be disclosed (see “Section 10 Disclosure Arrangement”);
- (ii) to oversee NDB’s specification of the rate of interest in the announcement on the issuance (see Term (20) of the Bonds);
- (iii) to oversee NDB’s publication of matters relating to principal and interest payments through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform (see “Section 10 Disclosure Arrangement”);
- (iv) to oversee NDB’s regular disclosure of periodic reports (see “Section 10 Disclosure Arrangement”);
- (v) convening meetings of the Bondholders (see Term (46) of the Bonds and Part 3 of this Section 14 “Investor Protection Mechanism” below); and
- (vi) to oversee NDB’s disclosure of any material event relating to NDB or the Bonds (see “Section 10 Disclosure Arrangement”). Such events shall include Payment Event of Default (see Term (44) of the Bonds).

2. Payment Event of Default

If the Issuer defaults in the payment of the principal of, or interest on, the Bonds, and such default continues for a period of ninety (90) Days, then at any time thereafter and during the continuance of such default, a Bondholder may deliver or cause to be delivered to the Issuer, a written notice that such Bondholder elects to declare the principal of the Bonds held by it (the details of which shall be set forth in such notice) to be due and payable, and on the thirtieth (30th) Day after such notice is delivered to the Issuer, the principal of and accrued interest on the Bonds held by such Bondholder shall become due and payable, unless prior to that time all such defaults previously existing have been cured.

3. Meetings of Bondholders

(1) Convening and holding a meeting

- (i) Any Bondholder who is entitled to attend the meeting of Bondholders may, by an instrument in writing (a “**form of proxy**”), appoint any person (a “**proxy**”) to attend any meeting of the Bondholders on his or its behalf. The form of proxy shall be provided at the office of the Supervisor as designated by the Issuer and must be signed by the Bondholder, or, in the case of a company, stamped with its company chop or signed on its behalf by an authorised person of that company, and delivered to the designated office of the Supervisor not less than 24 hours before the time fixed for the relevant meeting. For the avoidance of doubt, a person who has not been appointed as a proxy in accordance with this paragraph or whose appointment has not been

notified to the Supervisor in time, cannot act as a proxy of the relevant Bondholder in the meeting of Bondholders.

- (ii) Any proxy appointed by the Bondholder who is entitled to attend a meeting of Bondholders pursuant to paragraph (i) above, shall be deemed as such Bondholder for the purpose of such meeting as long as such appointment remains in full force, and such Bondholder himself or itself shall not be deemed as holder in respect of matters to which the appointment relates.
- (iii) The Issuer can decide the record date (the “**Record Date**”) in order to determine the Bondholders who are entitled to attend a meeting of Bondholders, provided that such date shall be a Day falling not less than 10 Days before the date fixed for that meeting. The date of the meeting of Bondholders shall be specified in the notice of the meeting. Subject to paragraph (ii), the Bondholders whose names are registered in the custody register of Custody Institution or the person the Issuer is entitled to treat as legal holder of the Bonds on the Record Date are deemed to be “Bondholders who are entitled to attend the meeting of Bondholders” for the relevant meeting.
- (iv) The Issuer may at any time convene a meeting of Bondholders. The Supervisor shall convene a meeting of Bondholders if it receives a written request by Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding.
- (v) At least 21 Days’ notice (exclusive of the Day on which the notice is given and of the Day on which the meeting is held) specifying the place, Day and hour of the meeting shall be given to all the Bondholders. The party convening the meeting (except for the Issuer) shall give the Supervisor at least 35 Days’ notice of the meeting (exclusive of the Day on which the notice is given and of the Day on which the meeting is held). After its receipt of the notice of the meeting, the Supervisor shall publish and disclose the information in relation to the meeting to the Bondholders in accordance with this paragraph. The notices shall be published on the website of the Custody Institution (www.shclearing.com China Money (www.chinamoney.com.cn), NAFMII Integrated Operations and Information Service Platform (www.cfae.cn) or any other website recognised by the competent authorities or the regulators or disclosed to the Bondholders in any other manner designated by the competent authorities or the regulators. In addition, the notice shall specify generally the nature of the business to be transacted at the meeting but (except for an Extraordinary Resolution) it shall not be necessary to specify in the notice the terms of any resolution to be proposed and shall state that any Bondholder may appoint a proxy to attend the meeting of Bondholders provided that it delivers the form of proxy in Chinese signed by it to the designated office of the Supervisor not less than 24 hours before the time fixed for the relevant meeting of Bondholders. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).
- (vi) The chairman of the meeting of Bondholders shall be such person (regardless of Bondholder or not) as the Issuer may nominate in writing.

(2) Meeting quorum and rules

- (i) One or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 10% in principal amount of the Bonds for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business. No business (except for choosing a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. The quorum for any meeting to pass an Extraordinary Resolution shall (subject as provided in paragraph (xi) below) be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding. The special quorum for a meeting to pass a resolution in respect of any matter in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 75% in principal amount of the Bonds for the time being outstanding.
- (ii) “**Extraordinary Resolution**” means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the terms of the Bonds by a majority consisting of not less than three-quarters of the votes cast. The following powers are exercisable by Extraordinary Resolution only:
- (a) to sanction any abrogation, modification, compromise, waiver or arrangement in respect of the rights of the Bondholders against the Issuer under the Bonds (i.e. the rights arise under the Bonds);
 - (b) to waive or permit any breach or proposed breach by the Issuer of its obligations under the terms of the Bonds;
 - (c) to assent to any modification of the provisions contained in the Bonds which shall be proposed by the Issuer or any Bondholder;
 - (d) to authorise anyone to concur in, execute and do anything necessary to carry out and give effect to an Extraordinary Resolution;
 - (e) to give any authority or sanction which under the terms of the Bonds is required to be given by Extraordinary Resolution; and
 - (f) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon any committee or committees any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution.

Unless otherwise specified, any resolutions other than Extraordinary Resolutions must be passed at a meeting duly convened and held in accordance with the terms of the Bonds by a majority of more than 50% of the votes cast.

- (iii) A resolution in writing signed by Bondholders (or their proxies) holding more than 75% in principal amount of the Bonds for the time being outstanding shall take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (iv) If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, (a) if convened on the requisition of the Bondholder, be dissolved; and (b) in any other case, be adjourned to the same Day in the next week (or if such Day is a statutory holiday in the PRC, the next succeeding Business Day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed, in which case it shall be adjourned for a period being not less than 14 Days nor more than 42 Days and at a place appointed by the chairman of the meeting and approved by the Supervisor).
- (v) At the adjourned meeting, one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them shall form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present, provided that any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing in the aggregate not less than 25% in principal amount of the Bonds for the time being outstanding.
- (vi) The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- (vii) At least 10 Days' notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as for an original meeting and that notice shall (except in cases of any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below when it shall state the relevant quorum) state that one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them will form a quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.
- (viii) Each question submitted to a meeting shall be decided by a poll. Every Bondholder who is entitled to attend the meeting or its duly appointed proxy present has one vote for each Bond (the denomination of which is RMB100).
- (ix) After the chairman calls out the votes, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour or against the resolution.
- (x) Any director or officer of the Issuer and its respective lawyers and financial advisors may attend and speak at a meeting of Bondholders. Otherwise, no person may attend or speak at the meeting of Bondholders, nor shall any

person be entitled to vote at any such meeting or join with others in requisiting the convening of a meeting, other than the Bondholders who are entitled to attend the meeting of Bondholders or their duly appointed proxies. The Supervisor may attend and speak at a meeting of Bondholders convened by it in accordance with the terms of the Bonds, but its right to speak shall be limited to those administrative matters relating to it as a person who convenes the meeting.

- (xi) Subject to the terms of the Bonds, in addition to the rights provided in this Section, the following matters may also be decided by Extraordinary Resolution at a meeting of Bondholders:
- (a) to amend the dates of maturity or redemption of the Bonds or the due date for any payment of interest;
 - (b) to reduce or cancel the principal amount payable, or premium payable on redemption, of the Bonds;
 - (c) to reduce the rate or rates of interest in respect of the Bonds or vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds;
 - (d) to vary any method of, or basis for, calculating any redemption;
 - (e) to vary the currency or currencies of payments or denomination of the Bonds;
 - (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply;
 - (g) to modify the provisions concerning the quorum required at a meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or
 - (h) to alter any of paragraphs (a) to (g) above or any quorum requirements set out in Item (2) “Meeting quorum and rules” in this Part.

The special quorum provisions in paragraphs (i) and (v) above of Item (2) “Meeting quorum and rules” in this Part shall apply to any matters specified in paragraph (xi). Each such matter will become effective after being approved by Extraordinary Resolution in accordance with this paragraph.

- (xii) A resolution (including ordinary resolution and Extraordinary Resolution) passed at a meeting of Bondholders duly convened and held in accordance with the requirements in this Section shall be binding on all the Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. Within 14 Days of the result being known (provided that non-publication shall not invalidate the resolution), the Issuer shall publish the notice of the result of voting on any resolutions the website of the Custody Institution (www.shclearing.com), China Money (www.chinamoney.com.cn), NAFMII Integrated Operations and Information Service Platform (www.cfae.cn) or any other website recognised by the competent authorities or the regulators or

disclosed to the Bondholders in any other manner designated by the competent authorities or regulators.

- (xiii) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books from time to time provided for that purposes by the Issuer and any minutes signed by the chairman of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting in respect of the proceedings of which minutes have been so made shall be deemed to have been duly convened and held and all resolutions passed or proceedings had at the meeting to have been duly passed or had.

(3) Effect of resolutions

The matters approved by any resolution to amend the terms of the Bonds shall take effect and bind the Issuer only upon the Issuer's written consent.

SECTION 15 ENTITIES INVOLVED IN THE ISSUE

1. Contact Information of the Entities

Issuer	New Development Bank Address: 32-36Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China President: Mr. Marcos Prado Troyjo Contact: Levan Zolotarev Telephone: +86 (0)21 80219529 Email: Zolotarev.levan@ndb.int Postcode: 200120
Lead Underwriter and Bookrunner	Industrial and Commercial Bank of China Limited Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China Legal Representative: Chen Siqing Contact: Liu Shuai, Zhang Jian, Li Jianing Telephone: 010-81011638, 81011847, 66108574 Fax: 010-66107567 Postcode: 100140
Joint Underwriters	Bank of China Limited Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China Legal Representative: Liu Liange Contact: Liu Runkai Telephone: 010-66594835 Fax: 010-66591706 Postcode: 100140 Agricultural Bank of China Limited Address: 69 Jianguomennei Avenue, Dongcheng District, Beijing, China Legal Representative: Zhou Mubing Contact: Wang Ran Telephone: 010-85106324 Fax: 010-85106311 Postcode: 100005 China Construction Bank Limited Address: 25 Jinrongdajie, Xicheng District, Beijing Legal Representative: Tian Guoli Contact: Zhou Peng Telephone: 010-67596478 Fax: 010-66275840 Postcode: 100033
Underwriting Syndicate	Industrial and Commercial Bank of China Limited

(in no particular order) Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Chen Siqing
Contact: Zhang Jian, Li Jianing
Telephone: 010-81011847, 66108574
Fax: 010-66107567
Postcode: 100140

Bank of China Limited

Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Liu Liange
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Fax: 010-66594337
Postcode: 100818

China Construction Bank Limited

Address: Building No.1, 1 Yard, Naoshikou Street, Xi Cheng District, Beijing
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Telephone: 010-88007082
Fax: 010-66212532
Postcode: 100032

Agricultural Bank of China Limited

Address: 69 Jianguomennei Avenue, Dongcheng District, Beijing, China
Legal Representative: Zhou Mubing
Contact: Wang Ran
Telephone: 010-85106324
Fax: 010-85106311
Postcode: 100005

China Industrial Bank Co., Ltd.

Address: 15F, Industrial Bank Building, 20 Chaoyangmen North Street, Chaoyang District, Beijing, China
Legal Representative: Gao Jianping
Contact Person: Zhang Lei
Tel: 010-89926503
Fax: 010-89926500
Zip Code: 100020

Bank of Communications Co., Ltd.

Address: No.188 Yincheng Zhonglu, Pudong New Area, Shanghai, China
Legal Representative: Ren Deqi
Contact Person: Wang Yuping
Telephone Number: 021-58781234-6763

Facsimile Number: 021-68870223
Postcode: 200120

China Merchants Bank Co., Ltd.

Address: Building 3, Yard 1, Yuetannan Street, Xicheng District, Beijing, China

Legal Representative: Li Jianhong
Contact Person: Chen Tianyu
Telephone Number: 021-20625973
Facsimile Number: 021-58421192
Postcode: 100045

China Everbright Bank Co., Ltd.

Address: No.25 Taipingqiao Ave, Everbright Center, Xicheng District, Beijing, China.

Legal Representative: Li Xiaopeng
Contact Person: Pei Che
Telephone Number: 010-63639520
Facsimile Number: 010-63639384
Postcode: 100033

Shanghai Pudong Development Bank Co., Ltd.

Address: No.12 Zhongshan Dong Lu, Shanghai, China

Legal Representative: Zheng Yang
Contact Person: Ye Mao
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Facsimile Number: 021-63604215
Postcode: 100032

Bank of Beijing Co., Ltd.

Address: 1F, No.17A Jinrong Avenue, Xicheng District, Beijing, China

Legal Representative: Zhang Dongning
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Facsimile Number: 010-66225594
Postcode: 100033

Bank of Ningbo Co., Ltd.

Address: No.700 Ningnannan Lu, Yinzhou District, Ningbo City, Zhejiang Province, China

Legal Representative: Lu Huayu
Contact Person: Zhang Panjie
Telephone Number: 021-23262680
Facsimile Number: 021-63586853
Postcode: 315040

China CITIC Bank Corporation Limited

Address: No.9 Chaoyangmen Bei Dajie, Dongcheng District,
Beijing, China

Legal Representative: Li Qingping

Contact Person: Tian Guangcai

Telephone Number: 010-89937931

Facsimile Number: 010-85230122

Postcode: 100027

First Capital Securities Co., Ltd.

Address: 17F Touhang Building, 115 Fuhua 1st Road, Futian
District, Shenzhen, China

Legal Representative: Liu Xuemin

Contact Person: Wan Jin

Telephone Number: 010-63197800

Facsimile Number: 0755-25832940

Shenwan Hongyuan Securities Co., Ltd.

Address: No.19 Taipingqiao Dajie, Xicheng District, Beijing,
China

Legal Representative: Yang Yucheng

Contact Person: Jia Dong

Telephone Number: 010-88085954

Facsimile Number: 010-88085135

Donghai Securities Company Limited

Address: Donghai Securities Building, No.1928 Dongfang Road,
Pudong New Area, Shanghai, China

Legal Representative: Qian Junwen

Contact Person: Dai Shiye

Telephone Number: 021-20333646

Facsimile Number: 021-50498839

Everbright Securities Company Limited

Address: No.1508 Xinzha Road, Jingan District, Shanghai, China

Legal Representative: Zhou Jiannan

Contact Person: Yin Wu

Contact Address: 15/F Everbright Building, No.6 Fuxinmenwai
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Facsimile Number: 010-58377893

Postcode: 100032

China International Capital Corporation Limited

Address: 27th and 28th Floor, China World Office 2, 1
Jianguomenwai Avenue, Beijing, China

Legal Representative: Shen Rujun

Contact Person: Guo Yuxi

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Facsimile Number: 010-65051156

CITIC Securities Company Limited

Address: North Building, Phase II, Zhuoyue Shidai Square, No.8
Zhongxin Sanlu, Futian District, Shenzhen, Guangdong, China
Legal Representative: Zhang Youjun
Contact Person: Chen Xiao
Telephone Number: 010-60836328
Facsimile Number: 010-60836029
Postcode: 100026

Standard Chartered Bank (China) Limited

Address: Level 25, Standard Chartered Tower, No.201, Century
Avenue, Pudong New Area, Shanghai, China
Legal Representative: Zhang Xiaolei
Contact Person: Chen Sixuan, Wang Yanping
Telephone Number: 021-38963209 / 38518153
Facsimile Number: 021-38963040
Postcode: 200120

HSBC Bank (China) Company Limited

Address: Level 35, HSBC Building, Shanghai IFC, 8 Century
Avenue, Pudong District, Shanghai, China
Legal Representative: Liao Jianyi
Contact Person: Yang Zhao
Telephone Number: 021-38882847
Facsimile Number: 021-23208533
Postcode: 200120

JP Morgan Chase Bank (China) Company Limited

Address: 20th Floor, Beijing Winland International Finance
Center, No.7, Jinrong Street, Xicheng District, Beijing, China
Legal Representative: Li Yi
Contact Person: Cui Yue
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Mizuho Bank (China), Ltd.

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China
Legal Representative: Takeda Kazushi
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Citibank (China) Co., Ltd.

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Auditor

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Address: 30/F Bund Center, 222 Yan An Road East, Shanghai, China
Legal Representative: Mr. Jeffrey Fu
Contact: Ms. Jessica Li
Telephone: 021-6141888
Fax: 021-63350177
Postcode: 200002

Issuer's PRC Counsel

Global Law Office

Address: 15&20/F Tower 1, China Central Place, No. 81 Jianguo Road Chaoyang District, Beijing, China
Contact: Zhang Xin, Zhu Li
Telephone: +86 10 6584 6688
Fax: +86 10 6584 6666
Postcode: 100025

Custody Institution

Interbank Market Clearing House Co., Ltd.

No.2, Beijing East Road, HuangPu District, Shanghai, China
Zip Code: 200002
Contact person: Issue Department
Tel: +86 21 2319 8888
Fax: +86 21 2319 8866

**Technology Supporting
Institution for Central
Bookbuilding**

Beijing Financial Asset Exchange

No. 17B Jinrongdajie, Xicheng District, Beijing, China

Zip Code: 100032

Contact person: Issue Department

Tel: +86 10 5789 6722; +86 10 5789 6516

Fax: +86 10 5789 6726

2. Affiliate Relationship between the Issuer and the Relevant Entities

There is no affiliate relationship between the Issuer and the Lead Underwriter and Bookrunner, the Joint Underwriters, the Auditor, the Rating Agency and the Issuer's PRC counsel and their respective senior officers and employers who are in charge of the matters relevant to the Bonds.

SECTION 16 DOCUMENTS AVAILABLE FOR INSPECTION

1. Documents available for Inspection

- (1) the New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect) Prospectus;
- (2) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2017;
- (3) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2018;
- (4) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2019;
- (5) a copy of the unaudited condensed financial statements for the three months ended March 31, 2020;
- (6) a copy of the legal opinion of Global Law Office in relation to the Bonds;
- (7) a copy of the consent letter of Deloitte Touche Tohmatsu Certified Public Accountants LLP in relation to the Bonds;
- (8) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2017;
- (9) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2018;
- (10) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2019; and
- (11) a supplemental Prospectus in relation to the issue of the Bonds (if any).

2. Address for Inspection

Investors may obtain full access to the above-mentioned documents available for inspection at the following address of the Issuer and/or the Lead Underwriter (during usual business hours on any weekday).

Issuer

New Development Bank

Address: 32-36 Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China
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Email: Zolotarev.levan@ndb.int
Postcode: 200120

Lead Underwriter

Industrial and Commercial Bank of China Limited
Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Chen Siqing
Contact: Liu Shuai, Zhang Jian, Li Jianing
Telephone: 010-81011638, 81011847, 66108574
Fax: 010-66107567
Postcode: 100140

3. Websites for Disclosure

Investors may obtain full access to the above-mentioned documents available for inspection on the website of the Custody Institution (www.shclearing.com), China Money (www.chinamoney.com.cn) or NAFMII Integrated Operations and Information Service Platform (www.cfae.cn).

(This page has no main text, and is the signature page of the “New Development Bank 2020 Renminbi Bond (Series 2) (Bond Connect) Prospectus”)

New Development Bank

Date: June 22 2020

