



**New
Development
Bank**

**New Development Bank
2022 Renminbi Bond (Series 2) (Bond Connect)
Prospectus**

Issuer: New Development Bank

Address: 1600, Guozhan Road, Pudong New District, Shanghai, China

Lead Underwriter and Bookrunner: Bank of China Limited



Joint Underwriters:



**Industrial and Commercial Bank of China
Limited**



Agricultural Bank of China Limited



China Construction Bank Corporation



China Development Bank



Postal Savings Bank of China Co., Ltd.



China International Capital Corporation Limited

May 2022

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 27 October 2020, with the serial number of NAFMII Zhong Shi Xie Zhu [2020] RB5), issue Renminbi Bonds in an aggregate amount of RMB20,000,000,000 in the Interbank Market, including the fourth issuance of the Renminbi Bonds in an aggregate amount of RMB7,000,000,000 thereunder.

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 authorized 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. On-going 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.

Singapore Securities and Futures Act Product Classification – In connection with Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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 authorized 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, 2020, the year ended December 31, 2019 and the year ended December 31, 2018. The unaudited condensed financial statements of the Issuer for the nine months ended September 30, 2021 (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 and relevant notes for the year ended December 31, 2020 and nine months ended September 30, 2020 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.

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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:

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| “Agreement on the New Development Bank” or “Agreement” | means | the Agreement on the New Development Bank signed on July 15, 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 2022 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 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.

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| “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 Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, China Construction Bank Corporation, China Development Bank, Postal Savings Bank of China Co., Ltd. and China International Capital Corporation 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 |

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| | | effect. |
| “Lead Underwriter” | means | the lead underwriter designated as such by the Issuer for the Bonds, being 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 2020-2022 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 RMB20,000,000,000. |
| “Prospectus” | means | this “New Development Bank 2022 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). |
| “Sustainable Development Goals” | means | the 17 sustainable development goals included in the UN 2030 Agenda. |
| “Supervisor” | means | the supervisor designated as such by the Issuer for the Bonds, being the Lead Underwriter. |
| “UN 2030 Agenda” | means | the 2030 Agenda for sustainable development adopted by all United Nations member states in 2015. |
| “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 Syndicate Agreement”** 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 July 15, 2014 by the respective Governments of the BRICS Countries. The Articles of Agreement entered into force on July 3, 2015. The Bank has its headquarters in Shanghai, the PRC.

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

In addition to the founding members, membership is open to members of the United Nations at such times and in accordance with such terms and conditions as the Issuer shall determine by a special majority at a meeting of the Board of Governors. NDB's membership expansion is in line with the Bank's strategy to be positioned as the premier development institution for emerging economies.

On September 16, 2021 and October 4, 2021, the People's Republic of Bangladesh ("Bangladesh") and the United Arab Emirates, respectively, became new members of the Issuer. The Oriental Republic of Uruguay ("Uruguay") and the Arab Republic of Egypt ("Egypt") are prospective members of the Bank and have been admitted by the Board of Governors and will each become an official member of NDB once they deposit their respective instruments of accession.

The initial authorized 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.

Bangladesh joined the Bank as a borrowing member and intends to subscribe 9,420 shares in a total amount of USD 942.0 million, of which USD 188.4 million are paid-in capital and USD 753.6 million are callable capital. The United Arab Emirates joined NDB as a non-borrowing member and intends to subscribe 5,560 shares in a total amount of USD 556.0 million, of which USD 111.2 million are paid-in shares and USD 444.8 million are callable shares.

The voting power of each member is equal to the number of its subscribed shares in the capital of the Bank. Pursuant to the Articles of Agreement, the payment of paid-in capital by each founding member and each new member shall be paid in dollars, in 7 instalments.

As at September 30, 2021, NDB employed 189 staff members, five management members, four short term consultants and five outsourced members of staff.

2. Basic Information of the Bonds

(1) Name of the Bonds

New Development Bank 2022 Renminbi Bond (Series 2) (Bond Connect)

(2) Issuer

New Development Bank

- (3) Lead Underwriter for the Bonds
Bank of China Limited
- (4) Joint Underwriters for the Bonds
Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, China Construction Bank Corporation, China Development Bank, Postal Savings Bank of China Co., Ltd. and China International Capital Corporation Limited
- (5) Bookrunner
Bank of China Limited
- (6) Debt Financing Instruments Outstanding by the Issuer in the PRC bond market
As of the date of the signing of this Prospectus, the outstanding principal amount of the Renminbi bonds issued by the Issuer is RMB 18 billion in aggregate.
- (7) Registration Acceptance Notice Number
NAFMII Zhong Shi Xie Zhu [2020] RB5
- (8) Registration Amount of the Programme
RMB20,000,000,000
- (9) Size of the Bonds
RMB7,000,000,000
- (10) Tenor of the Bonds
The tenor of the Bonds is three (3) 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
NDB's mandate is to mobilise resources for infrastructure and sustainable development projects in its member states and other emerging economies and developing countries. This principle pervades the Issuer's policies and operations and guides the Issuer's actions towards supporting its member states to achieve their development aspirations, especially those articulated in the United Nations' 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change. To fulfil its purpose, the

Issuer supports public and private projects through loans, guarantees, equity participation and other financial instruments.

The net proceeds from the sale of the Bonds will be used onshore as general corporate resources of the Issuer and will be used to finance infrastructure and sustainable development activities in the Issuer's member states. Pending their use, the net proceeds from the sale of the Bonds will be invested as part of the Issuer's liquid assets.

(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

18 May 2022

(23) Offering Period for the Bonds

18 May 2022

(24) Distribution Dates of the Bonds

From 18 May 2022 to 20 May 2022

(25) Settlement Date for the Bonds

20 May 2022

(26) Interest Accrual Start Date for the Bonds

20 May 2022

(27) Bond Registration Date

20 May 2022

(28) Interest Payment Period for the Bonds

The interest payment period for the Bonds shall be from 20 May 2022 to 19 May 2025.

(29) Interest Payment Date for the Bonds

The interest payment dates for the Bonds shall be 20 May of each year during its tenor; the first interest payment date shall be on 20 May 2023, and the last interest payment date shall be on 20 May 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 20 May 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 Term 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 Term 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 2022 Renminbi Bond (Series 2) (Bond Connect)

(2) Issuer

New Development Bank

(3) Lead Underwriter for the Bonds

Bank of China Limited

(4) Joint Underwriters for the Bonds

Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, China Construction Bank Corporation, China Development Bank, Postal Savings Bank of China Co., Ltd. and China International Capital Corporation Limited

(5) Bookrunner

Bank of China Limited

(6) Debt Financing Instruments Outstanding by the Issuer in the PRC bond market

As of the date of the signing of this Prospectus, the outstanding principal amount of the Renminbi bonds issued by the Issuer is RMB 18 billion in aggregate.

(7) Registration Acceptance Notice Number

NAFMII Zhong Shi Xie Zhu [2020] RB5

(8) Registration Amount of the Programme

RMB20,000,000,000

(9) Size of the Bonds

RMB7,000,000,000

(10) Tenor of the Bonds

The tenor of the Bonds is three (3) 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

NDB's mandate is to mobilise resources for infrastructure and sustainable development projects in its member states and other emerging economies and developing countries. This principle pervades the Issuer's policies and operations and guides the Issuer's actions towards supporting its member states to achieve their development aspirations, especially those articulated in the United Nations' 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change. To fulfil its purpose, the Issuer supports public and private projects through loans, guarantees, equity participation and other financial instruments.

The net proceeds from the sale of the Bonds will be used onshore as general corporate resources of the Issuer and will be used to finance infrastructure and sustainable development activities in the Issuer's member states. Pending their use, the net proceeds from the sale of the Bonds will be invested as part of the Issuer's liquid assets.

(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

18 May 2022

(23) Offering Period for the Bonds

18 May 2022

- (24) Distribution Dates of the Bonds
From 18 May 2022 to 20 May 2022
- (25) Settlement Date for the Bonds
20 May 2022
- (26) Interest Accrual Start Date for the Bonds
20 May 2022
- (27) Bond Registration Date
20 May 2022
- (28) Interest Payment Period for the Bonds
The interest payment period for the Bonds shall be from 20 May 2022 to 19 May 2025.
- (29) Interest Payment Date for the Bonds
The interest payment dates for the Bonds shall be 20 May of each year during its tenor; the first interest payment date shall be on 20 May 2023, and the last interest payment date shall be on 20 May 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 20 May 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 Term 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 Term 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 of 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 and non-financial risks, which includes operational risk, credit risk, liquidity risk and market risk that incorporates exchange rate risk, interest rate risk and other price 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

Credit risk is defined as risk of financial loss arising from the failure of the borrower or other obligor, to meet its contractual obligations to the Issuer. It can arise from both funded and non-funded transactions that are contingent in nature. As the Issuer provides financial support through loans, guarantees, equity investment and other financial activities, the inability or unwillingness of borrowers or obligors to meet their financial obligations towards the Issuer leads to credit risk. According to the nature of the Issuer'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.

The Issuer mainly relies on external credit ratings from major international rating agencies (e.g. Moody's Investors Service, Standard and Poor's Global Ratings and Fitch Ratings) to provide an initial assessment of the credit quality of borrowers and treasury counterparties. In cases where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed on the guarantor. For loans without a sovereign guarantee, in addition to external credit ratings, the Issuer uses an internal credit assessment taking into account specific project, sector, macro and country credit risks. The risk division monitors the overall credit risk profile of the Issuer on a periodic basis.

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. The Issuer also relies on external data providers to source this information as part of its regular credit risk management activities. 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 at December 31, 2021, 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 unauthorized 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 Issuer's liquidity risk arises largely in the following way:

- (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; and
- (ii) inability to liquidate an investment at a reasonable price within the required period of time.

The Issuer utilises a set of short-term, long-term and stressed metrics for identifying, monitoring and managing liquidity risk. The Issuer balances the placement and tenor of its

liquid assets to optimise interest income and provide a source of liquidity for strategic and day-to-day cash needs, as well as meeting unanticipated funding requirements.

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 variations in market rates and valuation of the Issuer's assets, liabilities and off-balance sheet positions result in a loss to the Issuer. The Issuer's exposure to market risk is currently derived from interest rate risks, exchange rate risks and other price risks that emanate from the Issuer's operations. The Issuer has a conservative profile with limited appetite for market risk. The market risks are further described below:

(i) Interest rate risk

Interest rate risk is defined as the risk of adverse impact on the Issuer's financial position, including its income and economic value, due to interest rate movements. The Issuer's lending and investment activities expose the Issuer to interest rate risk, whilst changes in the macro-economic environment significantly impact the movement of interest rate curves in different currencies to which the Issuer is exposed. Movements in global interest rates are mostly unpredictable.

(ii) Exchange rate risk

The exchange rate risk the Issuer faces arises from the impact of exchange rate variations on net unhedged positions in non-USD currencies. Movements in currencies, in which the Issuer transacts, relative to its functional currency (USD), may affect the Issuer's results. In addition, the policies of the governments of the Issuer's member states can have a material impact on foreign currency exchange rates and such policies are subject to change. The Issuer is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position. The Issuer maintains a net exchange position limit to contain its exchange rate risk exposure and seeks to match the currency of its assets with the currency of the corresponding funding source. The Issuer uses currency derivative contracts to align the currency composition of its liabilities to its assets.

(iii) Other price risk

Other price risk is primarily about the unfavorable changes of fund price and other financial instruments prices that cause financial losses. Quantitatively, the other price risk the Issuer faces is mainly the proportionate fluctuation in the Issuer's profits due to the price fluctuation of the financial instruments. The Issuer monitors the investment position on a regular basis.

Whilst the Issuer has low appetite for market risk and believes that it has implemented the appropriate policies, systems and processes to minimise these risks, investors should note that a worsening of current global financial market conditions could lead to decreases in investor and consumer confidence, market volatility, economic disruption and, as a result, could have an adverse effect on the business, results of operations, financial condition and prospects of the Issuer irrespective of steps currently taken to adequately control these risks.

(5) The economic conditions in the member states may still be adversely affected by the COVID-19 pandemic, and this may negatively impact the Issuer's business, financial condition and results of operations

The on-going COVID-19 outbreak at the beginning of 2020 resulted in increased travel restrictions, extended quarantine or "lockdown" measures and closure of certain businesses and

an initial decline in most major equity markets from February 2020. Despite this initial decline, such markets began to rise again from the end of March 2020 and were boosted further by the announcement in November 2020 of potential vaccines and subsequent rollout during 2021 of those vaccines.

As at the date of this Prospectus, all of the Issuer's member states were in varying degrees of isolation in order to combat the spread of COVID-19 and all were rolling out vaccination programmes. All member states have recorded cases of COVID-19 and deaths associated with it, but numbers differ considerably among countries. The COVID-19 pandemic is having a severe and negative economic impact globally, the further extent of which will depend primarily on the progress of vaccination rollout programmes, the continued efficacy of current vaccines and other preventive measures in place in each country.

The risks to recovery are reducing, but the possibility of another downturn cannot entirely be dismissed due to the uncertainty surrounding the evolution of the pandemic and delays in achieving broad vaccine distribution.

The Issuer has in place sensitivity tests and bank-wide macroeconomic stress testing to estimate impacts of the current COVID-19 pandemic crisis on the Issuer's exposures. However, the occurrence and future spread of the COVID-19 pandemic coupled with the potential of an outbreak of new variants or mutations of COVID-19 which may be resistant to current or future vaccines, as well as the response of the member states, is beyond the Issuer's control and the Issuer can provide no assurance as to the likelihood of any scenario arising or the economic impact of the COVID-19 pandemic in the member states or the resulting impact on the Issuer's business, financial condition or results of operations.

(6) 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. Yousuf Ali Syed |
| Telephone: | +86 (0)21 80219529 |
| Email: | syed.yousuf@ndb.int |
| Website: | https://www.ndb.int/ |

2. General Information of NDB

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

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

In addition to the founding members, membership is open to members of the United Nations at such times and in accordance with such terms and conditions as the Issuer shall determine by a special majority at a meeting of the Board of Governors. NDB's membership expansion is in line with the Bank's strategy to be positioned as the premier development institution for emerging economies.

On September 16, 2021 and October 4, 2021, Bangladesh and the United Arab Emirates, respectively, became new members of the Issuer. Uruguay and Egypt are prospective members of the Bank and have been admitted by the Board of Governors and will each become an official member of NDB once they deposit their respective instruments of accession.

The initial authorized 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.

Bangladesh joined the Bank as a borrowing member and intends to subscribe 9,420 shares in a total amount of USD 942.0 million, of which USD 188.4 million are paid-in capital and USD 753.6 million are callable capital. The United Arab Emirates joined NDB as a non-borrowing member and intends to subscribe 5,560 shares in a total amount of USD 556.0 million, of which USD 111.2 million are paid-in shares and USD 444.8 million are callable shares.

The voting power of each member is equal to the number of its subscribed shares in the capital of the Bank. Pursuant to the Articles of Agreement, the payment of paid-in capital by each founding member and each new member shall be paid in dollars, in 7 instalments.

As at September 30, 2021, NDB employed 189 staff members, five management members, four short term consultants and five outsourced members of staff.

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

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.

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 has the Board of Governors, the Board of Directors, the President and four Vice-Presidents as decided by the Board of Governors, and such other officers and staff as considered necessary.

All the powers of the NDB are vested in the Board of Governors. The Board of Directors is responsible for the conduct of the general operations of the Bank, and for this purpose, exercises all the powers delegated to them by the Board of Governors.

The President is the chief of the operating staff of the Bank and conducts, under the direction of the Directors, the ordinary business of the Bank.

(1) Board of Governors

The Board of Governors is the highest decision making authority of NDB. Each member country appoints one Governor and one Alternate Governor. Governors shall be at the ministerial level. Every year the Board of Governors elects one of the Governors to act as chairperson. The current Chairperson of the Board of Governors is the Governor for India.

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 may delegate to the Directors authority to exercise any powers of the Board of Governors, except the powers:

- (i) admit new members and determine the conditions of their admission;
- (ii) increase or decrease the capital stock;
- (iii) suspend a member;
- (iv) amend the Articles of Agreement;
- (v) decide appeals from interpretations of the Articles of Agreement given by the Directors;
- (vi) authorize the conclusion of general agreements for cooperation with other international organizations;
- (vii) determine the distribution of the net income of the Bank;
- (viii) decide to terminate the operations of the Bank and to distribute its assets;
- (ix) decide on the number of additional Vice-Presidents;
- (x) elect the President of the Bank;
- (xi) approve a proposal by the Board of Directors to call capital;
- (xii) approve the General Strategy of the Bank every 5 (five) years.

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 | Chairperson of the Board of Governors, Minister of Finance of India |
| Kun Liu | Minister of Finance of China |
| Enoch Godongwana | Minister of Finance of South Africa |
| A H Mustafa Kamal | Minister of Finance of Bangladesh |
| Mohamed Bin Hadi Al Hussaini | Minister of State for Financial Affairs of United Arab Emirates |

(2) Board of Directors

NDB has a non-resident Board of Directors. Each of the founding members shall appoint one Director and one alternate. The Bank shall have up to ten constituencies, of which five are founding members’ single member constituencies and the remaining ones shall be constituencies chaired by an additional Director with the help of up to two additional alternates, depending on the number of members in the constituencies. As of date the Bank has six constituencies, of which one is a constituency of Bangladesh and the United Arab Emirates.

The Board of Directors is responsible for the conduct of general operations of NDB, and for this purpose, it shall exercise all the powers delegated to them by the Board of Governors, and in particular take decisions concerning business strategies, country strategies, loans, guarantees, equity investments, borrowing by the Bank, setting basic operational procedures and charges, furnishing of technical assistance and other operations of NDB; submitting the accounts for each financial year for approval of the Board of Governors at each annual meeting; approving the budget of NDB. The Board is required to meet at least quarterly. Until December 31, 2021, the Board has met 33 times.

The Board of Directors approved on revenue expenditure budget of USD 117.7 million and capital expenditure budget of USD 0.5 million for 2022.

The following is a list of the Board of Directors:

| <u>Name</u> | <u>Countries Represented</u> |
|----------------------------|----------------------------------|
| Roberto Fendt Junior | Brazil |
| Timur Maksimov | Russia |
| Rajat Kumar Mishra | India |
| Zhijun Cheng | China |
| Dondo Mogajane | South Africa |
| Md. Shahriar Kader Siddiky | Bangladesh, United Arab Emirates |

The Articles of Agreement also provides that the President shall be a member of the Board of Directors, but shall have no vote except a deciding vote in case of an equal division.

(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 comprise of Vice-Presidents and Directors General.

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. Rajat Kumar Mishra, Director for India. The Corporate Secretary shall act as the secretary to the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee shall meet at least four times a year.

Budget, Human Resources and Compensation Committee

The purpose of the Budget, Human Resources and Compensation Committee is to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the budget, human resources and compensation related activities of the Bank and to 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 organizational 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. Zhijun Cheng, Director for 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 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 ensures 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 comprises 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 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 oversees 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 comprises of the President and four Vice Presidents. The Finance Committee is 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 Corporate Secretary 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 Management Department 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 ensures 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 Finance, Budget and Accounting Department shall act as the Secretary to the Treasury Sub-Committee.

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

(4) Management

The management team is composed of the President and four Vice Presidents. The Board of Governors shall elect a President from one of the founding members on a rotation basis, who shall not be a Governor or a Director or alternate for either. There shall be at least one Vice-President from each founding member except the country represented by the President.

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. On July 6, 2021, the Board of Governors has appointed Mr. Vladimir Kazbekov, Mr. Qiangwu Zhou and Mr. Leslie Maasdorp as Vice-Presidents of the NDB from July 7, 2021.

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. He has also been a Council Member of Association of Banks in Singapore, a board member of IACPM, New York, and director on the boards of Macquarie SBI Infrastructure Management Pte. Ltd. and Macquarie SBI Infrastructure Trustee Ltd.

Vladimir Kazbekov
(Vice President, Chief
Operating Officer)

Mr. Vladimir Kazbekov is Vice President and COO 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.

Qiangwu Zhou
(Vice President, Chief
Administrative Officer)

Mr. Qiangwu Zhou is Vice President and CAO of NDB. Over the past 25 years, Mr. Zhou has served in various senior positions in the public sector. Most recently, he served as Director General level official in the Department of International Economic and Financial Cooperation, the Ministry of Finance (MOF) of China, while holding the positions of International Development Association (IDA) Deputy, and GEF Council member for China. Prior to that, Mr. Zhou was Director General of International Economic and Financial Institute (IEFI), MOF's leading think tank on international economics and development for eight years. He was also assigned to work in the UN's Administrative and Budgetary Committee, representing the Government of China during 1999-2002, and served as Advisor and then Senior Advisor to the Executive Director for China in the World Bank Group during 2008-2011. Mr. Zhou has several publications on international economics. He holds a Master Degree from Peking University, China.

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

NDB adopts a conservative and integrated approach to managing financial and non-financial risks, as established in the Enterprise Risk Management and Risk Appetite Framework approved by the Board. This framework provides guidance to strategic planning and day-to-day operational decision making, to ensure prudent, effective, consistent, transparent and accountable management of all types of risks.

According to the framework, the Bank's risk governance structure is based on a three lines of defence model. The roles and responsibilities, risk ownership and segregation of duties among NDB's functions have been clearly articulated as part of its overall risk governance architecture.

Within the three lines of defence, frontline business decision makers working on individual projects, transactions, investments and fundraising activities (operations, treasury) along with IT, administration supporting functions are the first line of defence. They are responsible for managing risks within their respective areas on an on-going basis.

Functions within the second line of defence are fully independent and have oversight of the effectiveness of the first line of defence controls. Their role is to ensure that the Bank meets its business objectives with the highest ethical and professional standards and within the applicable legal and internal rules.

The Internal Audit Department is an independent assurance function and effectively serves as the third line of defence to assist the Bank to accomplish its objective by adopting a systematic and disciplined approach to evaluate and improve the effectiveness of the risk management, internal control and governance processes.

6. Lending Activities

NDB was established with a mandate to mobilize resources in support of infrastructure and sustainable development projects, with an ultimate goal of promoting global growth and development. NDB's creation was on the background of the international development community negotiating the 2030 Agenda and Sustainable Development Goals. The Articles of Agreement was signed in 2014, a year ahead of the adoption of the 17 Sustainable Development Goals and the Paris Agreement by all United Nations' member states, and the Articles of Agreement is closely aligned with the spirits of these international agreements.

As set in the General Strategy: 2017-2021, approved by the Board of Governors in July 2017, the Bank seeks to support BRICS and other emerging markets and developing countries (EMDCs) achieve the goals of the 2030 Agenda and the Paris Agreement. The Bank also aims to become a key player in sustainable infrastructure development. To fulfil the Bank's mandate and to achieve its strategic goals, the General Strategy: 2017-2021 spells out a set of key areas of operation, on which the Bank's investment should focus. These key areas include, but are not limited to, (i) clean energy, (ii) transport infrastructure, (iii) irrigation, water resource management and sanitation, (iv) urban development, and (v) economic cooperation and integration. The strategic selection of these sectors as priority areas has facilitated the alignment of the Bank's operations to the Sustainable Development Goals.

Recognizing member countries' development priorities, NDB employs a demand-driven approach and works in partnership with countries towards achieving the Sustainable Development Goals. By using the national systems of the countries, the Bank aims to strengthen their own capacity and achieve better long-term development results.

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.

Currently, NDB assesses development performance of all projects through economic analysis as one of the main components of project appraisal. This includes calculation of the project's Economic Internal Rate of Return which takes into account not only economic costs and benefits of a project, but also some of the project's spill-over effects, especially those in the environmental and social fields. At the same time, the Bank takes measures to avoid, mitigate or compensate for adverse environmental and social risks and impacts of projects where necessary, as guided by NDB's Environment and Social Framework.

7. Recent Loans Projects

In 2020, despite the challenging operating environment brought by the COVID-19 pandemic, NDB has approved 19 projects totalling an amount of USD 10.3 billion. This raised cumulative approvals to 72 operations totalling USD 25.7 billion in the period 2015-2020, or 67 operations totalling USD 24.4 billion net of cancellations and repayments.

The total amount includes the six COVID-19 related approved projects. The Bank also increased its key areas of operation to nine, from seven in 2019 and expanded its impact to 12 out of 17 SDGs, from 11 in the previous year. Last year, NDB was able to significantly step up the pace of its disbursements, which increased by 153% excluding COVID-19 emergency loans and increased five-fold including them.

During the challenging and transitional year of 2020, the continuous growth and diversification of the Bank's portfolio has benefited from a dedicated team that worked to provide swift answers to urgent problems. The Bank was able to continuously deliver on its targets without interruptions due to NDB's use of cloudbased solutions. The impossibility of carrying out fact-finding and appraisal missions in most cases was compensated by more intensive interactions with regional offices and partners. Efforts on improving our capabilities to deal with more complex issues and the private sector have culminated in the restructuring of the Operations area, which will now count on three specific and separate Departments: Public Sector, Private Sector/Non-Sovereign Transactions and Project Portfolio Management.

NDB's portfolio expansion in the past years has taken place in tandem with the diversification of approvals by the types of operation, types of currency and geographic distribution.

In 2020, due to the sizeable COVID-19 emergency loans to member countries, the trend towards increasing the share of non-sovereign operations was reversed. They accounted for 7% of total approvals, including equity investments, while sovereign or sovereign-guaranteed operations accounted for 93%. The cumulative share of sovereign or sovereign-guaranteed operations approved in the period 2016-2020 was 85%, while non-sovereign operations totalled 15%, including about 1% of equity investments.

In 2020, the Bank approved its second investment in an equity fund, in India, following a first transaction in 2019, in Brazil. Although sovereign or sovereign guaranteed loans are expected to continue to represent the largest part of the portfolio, non-sovereign operations, including

loans to the private sector, state-owned enterprises, national financial institutions, international organisations and equity investments will be undertaken in a gradual and increasing way. The Bank is also preparing itself to support more sophisticated and tailor-made financing structures, such as project finance, guarantees and syndicated loans.

A key component of the NDB's value proposition is the commitment to provide financing in local currencies, which accounted for 20% of the end-2020 portfolio. Local currency operations allow for a significant reduction of risks associated with currency mismatches, especially for long-term infrastructure projects that do not generate hard currency revenues. Following inaugural financing operations in RMB in 2016 and ZAR in 2019, an equity investment of USD 100 million equivalent was approved in 2020 to be disbursed for investment in an INR denominated fund of funds. The Bank will also pursue local currency operations in other member countries in accordance with its funding, risk policies and market conditions, and members' demands. In 2020, the Bank also approved tailor-made facilities in other currencies to satisfy its clients' needs.

Approvals by currency were less diversified compared to the previous year, in accordance with member countries' demands and the Bank's continuous risk assessment of its funding and portfolio. The approval of a COVID-19 Emergency Loan to China in RMB explains the share of RMB loans. The response to the pandemic contributed to lower-than-expected approvals in other local currencies, which should be resumed gradually in a post-COVID scenario.

In 2020, NDB continued to improve the balance of its operations across member countries. By the end of the past year, no member country had a share of total approvals of less than 14%. The trend is only partly explained by COVID related operations. Portfolio geographical distribution benefited significantly from the scaling up in operations following the opening of the regional centres in South Africa (2017), Brazil (2019) and, more recently, Russia (2020).

8. Borrowing Activities

In July 18, 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. On July 6, 2020, NDB successfully placed a RMB 2 billion bond in the Interbank Market, with a maturity of 5 years and a coupon rate of 3%.

On October 28, 2020, NDB has successfully registered its second RMB Bond Programme in the China Interbank Bond Market and received the Letter of Registration (Zhong Shi Xie Zhu, 2020 No. RB5) from NAFMII. NDB has been granted approval to raise up to RMB 20 billion in the China Interbank Bond Market within two years of the programme registration date. From March 23 to March 24, 2021, NDB successfully priced a new 3-year fixed rate RMB 5 billion Bond in the China Interbank Bond Market under the programme. On September 16, 2021, NDB successfully issued a RMB 2 billion Bond in the China Interbank Bond Market under the programme, with maturity of 5 years and the final coupon rate of 3.02%. On January 27, 2022, NDB successfully issued a RMB 3 billion RMB-denominated Bond in the China Interbank Bond Market under the programme, with maturity of 3 years.

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. On September 22, 2020, NDB priced its USD 2 billion, 5-year COVID Response Bond in the international capital markets. On April 20, 2021, NDB priced its 5-year USD 1.5 billion benchmark bond. On July 15, 2021, NDB priced its 3-year USD 2.25 billion Pandemic Support and Sustainable Bond. On December 1, 2021, NDB priced its 3-year USD 500 million Pandemic Support and Sustainable Bond.

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, 2022, NDB has outstanding of USD 3,306 million ECP with the weighted average maturity of 2.6 months under the ECP programme.

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 negative 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 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, 2020, the year ended December 31, 2019 and the year ended December 31, 2018, for the purpose of preparing and presenting such financial statements. The unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and the condensed statement of profit or loss and other comprehensive income and relevant notes for the year ended December 31, 2020 and nine months ended September 30, 2020 are also presented in the Interim Financial Statements.

2. Financial Highlights

Total Assets – as at September 30, 2021, the total assets of NDB amounts to USD 24,864 million, which is comprised primarily of cash and cash equivalents, due from banks other than cash and cash equivalent, loans and advances and paid-in capital receivables;

Total Liabilities – as at September 30, 2021, the total liabilities of NDB amounts to USD 14,249 million, which is comprised primarily of financial liabilities designated at fair value through profit or loss and note payables;

Total Equity – as at September 30, 2021, the total equity of NDB amounts to USD 10,615 million;

Operating Profit – for the nine months ended September 30, 2021, the operating profit of NDB amounted to USD 79 million.

3. Capital

The initial authorized 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 in 7 instalments, pursuant to the Articles of Agreement.

NDB continues to be well capitalized with the total paid-in capital of USD 9,954,552,836.09 by the end of December 2021.

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.

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.

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 7d of the Articles of Agreement, an increase of the authorized 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 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 7e of the Articles of Agreement.

5. Outstanding Bonds and Notes issued

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. Tranche 1 of the bonds have been fully repaid.

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, 2022, NDB has outstanding of USD 3,306 million ECP with the weighted average maturity of 2.6 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.

On July 6, 2020, NDB successfully placed a RMB 2 billion bond in the Interbank Market, with a maturity of 5 years and a coupon rate of 3%.

On September 22, 2020, NDB priced its USD 2 billion, 5-year COVID Response Bond in the international capital markets.

From March 23 to March 24, 2021, NDB successfully priced a new 3-year fixed rate RMB 5 billion Bond in the China Interbank Bond Market.

On April 20, 2021, NDB priced its 5-year USD 1.5 billion benchmark bond.

On July 15, 2021, NDB priced its 3-year USD 2.25 billion Pandemic Support and Sustainable Bond.

On September 16, 2021, NDB successfully issued a RMB 2 billion Bond in the China Interbank Bond Market, with maturity of 5 years and the final coupon rate of 3.02%.

On December 1, 2021, NDB priced its 3-year USD 500 million Pandemic Support and Sustainable Bond.

On January 27, 2022, NDB successfully issued a RMB 3 billion RMB-denominated Bond in the China Interbank Bond Market, with maturity of 3 years.

SECTION 7 SELECTED FINANCIAL INFORMATION

The following information is extracted from audited financial statements of NDB for the year ended December 31, 2020, the year ended December 31, 2019 and the year ended December 31, 2018, as well as from the unaudited Interim Financial Statements. There has been no material change to the accounting policies in the reporting periods.

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 nine months ended September 30, 2021, the year ended December 31, 2020, the year ended December 31, 2019 and the year ended December 31, 2018, respectively:

Expressed in thousands/millions of USD

| | Nine months ended September 30, 2021 USD million (unaudited) | Year ended December 31, 2020 USD million (audited) | Year ended December 31, 2019 USD million (audited) | Year ended December 31, 2018 USD'000 (audited) |
|--|---|--|--|--|
| Interest income | 196 | 254 | 231 | 123,400 |
| Interest expense | (88) | (73) | (33) | (13,597) |
| Net interest income | <u>108</u> | <u>181</u> | <u>198</u> | <u>109,803</u> |
| Net fee income | 6 | 5 | 2 | 418 |
| Net gains/(losses) on financial instruments at fair value through profit or loss ("FVTPL") | 22 | (191) | 22 | 7,809 |
| | <u>136</u> | <u>(5)</u> | <u>222</u> | <u>118,030</u> |
| Staff costs | (36) | (41) | (33) | (25,310) |
| Other operating expenses | (13) | (14) | (18) | (11,936) |
| Impairment losses under expected credit loss model, net of reversal | 5 | (38) | (2) | (3,758) |
| Foreign exchange (losses)/gains | (4) | 208 | (17) | (4,989) |
| Other expense | (9) | (9) | (1) | - |
| Operating profit for the period/year | <u>79</u> | <u>101</u> | <u>151</u> | <u>72,037</u> |
| Unwinding of interest on paid-in capital receivables | 17 | 49 | 72 | 93,822 |
| Profit for the period/year | <u>96</u> | <u>150</u> | <u>223</u> | <u>165,859</u> |
| Other comprehensive (expense)/income | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Fair value (loss)/gain on debt instruments at fair value through other comprehensive income ("FVTOCI") | (3) | 1 | - | - |
| Impairment loss for debt instruments | 1 | -* | - | - |

| | | | | |
|--|-----|-----|-----|---------|
| at FVTOCI included in profit or loss | | | | |
| Other comprehensive | | | | |
| (expense)/income for the period/year | (2) | 1 | - | - |
| Total comprehensive income for the period/year | 94 | 151 | 223 | 165,859 |

* Less than USD half of a million

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

As at September 30, 2021, December 31, 2020, December 31, 2019 and December 31, 2018, respectively:

Expressed in thousands/millions of USD

| | As at September 30, 2021 USD million (<i>unaudited</i>) | As at December 31, 2020 USD million (<i>audited</i>) | As at December 31, 2019 USD million (<i>audited</i>) | As at December 31, 2018 USD*000 (<i>audited</i>) |
|---|---|--|--|--|
| Assets | | | | |
| Cash and cash equivalents | 4,674 | 2,193 | 1,023 | 122,988 |
| Due from banks other than cash and cash equivalents | 4,041 | 6,762 | 5,495 | 4,800,559 |
| Derivative financial assets | 30 | 27 | 5 | 710 |
| Financial assets held under resale agreements | 59 | 66 | - | - |
| Financial assets at FVTPL | 10 | 400 | - | - |
| Debt instruments at FVTOCI | 1,376 | 131 | - | - |
| Debt instruments measured at amortised cost | 1,301 | 763 | 34 | - |
| Loans and advances | 11,974 | 6,612 | 1,545 | 628,104 |
| Paid-in capital receivables | 1,395 | 1,885 | 3,714 | 4,846,783 |
| Right-of-use assets | -* | -* | -* | - |
| Property and equipment | 1 | 1 | 1 | 1,205 |
| Intangible assets | 1 | 1 | 2 | 931 |
| Other assets | 2 | 3 | 2 | 1,133 |
| Total assets | 24,864 | 18,844 | 11,821 | 10,402,413 |
| Liabilities | | | | |
| Derivative financial liabilities | 79 | 98 | 12 | 6,374 |
| Financial liabilities designated at FVTPL | 10,127 | 5,556 | 883 | 443,809 |
| Borrowings | - | - | 110 | - |
| Note payables | 3,591 | 2,815 | 623 | - |
| Lease liabilities | -* | -* | -* | - |
| Contract liabilities | 40 | 28 | 15 | 3,866 |
| Other liabilities | 412 | 14 | 6 | 3,501 |
| Total liabilities | 14,249 | 8,511 | 1,649 | 457,550 |
| Equity | | | | |
| Paid-in capital | 10,188 | 10,000 | 10,000 | 10,000,000 |
| Reserves | (11) | (26) | (86) | (162,429) |
| Retained earnings | 438 | 359 | 258 | 107,292 |
| Total equity | 10,615 | 10,333 | 10,172 | 9,944,863 |
| Total equity and liabilities | 24,864 | 18,844 | 11,821 | 10,402,413 |

* Less than USD half of a million

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

For the nine months ended September 30, 2021:

Expressed in millions of USD

| | Paid-in capital | Capital reserve | Revaluation reserve | Other reserves | Retained earnings | Total |
|--|-----------------|-----------------|---------------------|----------------|-------------------|---------------|
| As at January 1, 2021 | 10,000 | -* | 1 | (27) | 359 | 10,333 |
| Operating profit for the period | - | - | - | - | 79 | 79 |
| Other comprehensive expense for the period | - | - | (2) | - | - | (2) |
| Unwinding of interest on paid-in capital receivables for the period | - | - | - | - | 17 | 17 |
| Total comprehensive (expense)/income for the period | - | - | (2) | - | 96 | 94 |
| Capital subscriptions | 188 | - | - | - | - | 188 |
| Impact on discounting of paid-in capital receivables | - | - | - | (6) | - | (6) |
| Special contribution from founding members | - | -* | - | - | - | -* |
| Impact of early payment on paid-in capital receivables | - | - | - | 6 | - | 6 |
| Reclassification of unwinding of interest arising from paid-in capital receivables | - | - | - | 17 | (17) | - |
| As at September 30, 2021 (unaudited) | <u>10,188</u> | <u>-*</u> | <u>(1)</u> | <u>(10)</u> | <u>438</u> | <u>10,615</u> |

* Less than USD half of a million

For the year ended December 31, 2020:

Expressed in millions of USD

| | Paid-in capital | Capital reserve | Revaluation reserve | Other reserves | Retained earnings | Total |
|---|-----------------|-----------------|---------------------|----------------|-------------------|--------|
| As at January 1, 2020 | 10,000 | - | - | (86) | 258 | 10,172 |
| Operating profit for the year | - | - | - | - | 101 | 101 |
| Other comprehensive income for the year | - | - | 1 | - | - | 1 |
| Unwinding of interest on paid-in capital receivables for the year | - | - | - | - | 49 | 49 |
| Total comprehensive income for the year | - | - | 1 | - | 150 | 151 |

| | | | | | | |
|--|--------|----|---|------|------|--------|
| Impact of early payment on paid-in capital receivables | - | - | - | 10 | - | 10 |
| Special contribution from founding member | - | -* | - | - | - | -* |
| Reclassification of unwinding of interest arising from paid-in capital receivables | - | - | - | 49 | (49) | - |
| As at December 31, 2020 (audited) | 10,000 | -* | 1 | (27) | 359 | 10,333 |

* Less than USD half of a million

For the year ended December 31, 2019:

Expressed in millions of USD

| | Paid-in capital | Other reserves | Retained earnings | Total |
|--|-----------------|----------------|-------------------|--------|
| As at January 1, 2019 | 10,000 | (162) | 107 | 9,945 |
| Operating profit for the year | - | - | 151 | 151 |
| Unwinding of interest on paid-in capital receivables for the year | - | - | 72 | 72 |
| Total comprehensive income for the year | - | - | 223 | 223 |
| Impact of early payment on paid-in capital receivables | - | 4 | - | 4 |
| Reclassification of unwinding of interest arising from paid-in capital receivables | - | 72 | (72) | - |
| As at December 31, 2019 (audited) | 10,000 | (86) | 258 | 10,172 |

* Less than USD half of a million

For the year ended December 31, 2018:

Expressed in thousands of USD

| | Paid-in capital USD'000 | Other reserves USD'000 | Retained earnings USD'000 | Total USD'000 |
|---|----------------------------|---------------------------|------------------------------|------------------|
| 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 (audited) | 10,000,000 | (162,429) | 107,292 | 9,944,863 |

Pursuant to the unaudited Interim Financial Statements, NDB's operating profit and total comprehensive income for the nine months ended September 30, 2021 was USD 79 million and USD 94 million respectively. Total equity amounted to USD 10,615 million as at September 30, 2021, compared to total equity of USD 10,333 million as at December 31, 2020.

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

For the nine months ended September 30, 2021, the year ended December 31, 2020, the year ended December 31, 2019 and the year ended December 31, 2018, respectively:

Expressed in thousands/millions of USD

| | Nine months ended September 30, 2021 USD million (unaudited) | Year ended December 31, 2020 USD million (audited) | Year ended December 31, 2019 USD million (audited) | Year ended December 31, 2018 USD*000 (audited) |
|--|--|--|--|--|
| OPERATING ACTIVITIES | | | | |
| Profit for the period/year | 96 | 150 | 223 | 165,859 |
| Adjustments for: | | | | |
| Interest expense | 88 | 73 | 33 | 13,597 |
| Interest income from debt instruments measured at amortised cost | (11) | (3) | (1) | - |
| Interest income from debt instruments at FVTOCI | (1) | -* | - | - |
| Depreciation and amortisation | 1 | 2 | 1 | 229 |
| Unrealised (gains)/losses on financial instruments | (37) | 181 | (18) | (2,912) |
| Realised gains on derivatives | (33) | - | - | - |
| Realised losses from bond designed at FVTPL | 16 | - | - | - |
| Unwinding of interest on paid-in capital receivables | (17) | (49) | (72) | (93,822) |
| Impairment losses under expected credit loss model, net of reversal | (5) | 38 | 2 | 3,758 |
| Exchange (gains)/losses on debt instruments measured at amortised cost | (1) | (5) | 1 | - |
| Exchange gains on note payables | -* | - | - | - |
| Exchange (gains)/losses on lease liabilities | -* | -* | -* | - |
| Debt issuance cost | 9 | 9 | 1 | - |
| Operating cash flows before changes in operating assets and liabilities | 105 | 396 | 170 | 86,709 |
| Net decrease/(increase) in due from banks | 2,722 | (1,271) | (694) | (1,554,936) |
| Net increase in loans and advances | (5,352) | (5,086) | (913) | (604,228) |
| Net decrease/(increase) in financial assets held under resale agreements | 7 | (66) | - | - |
| Net decrease/(increase) in financial assets at FVTPL | 400 | (400) | - | - |
| Net decrease/(increase) in other assets | 1 | (1) | (1) | (491) |
| Net increase in other liabilities and contract liabilities | 5 | 7 | 7 | 919 |

| | | | | |
|---|----------------|----------------|----------------|--------------------|
| Cash used in operations | <u>(2,112)</u> | <u>(6,421)</u> | <u>(1,431)</u> | <u>(2,072,027)</u> |
| Interest paid on bonds and borrowings | (78) | (27) | (14) | (13,910) |
| Interest paid on financial assets sold under repurchase agreements | - | _* | - | - |
| Interest paid on note payables | (14) | (15) | (3) | - |
| Interest paid on lease liabilities | _* | _* | _* | - |
| Interest received on debt instruments measured at amortised cost | 8 | 2 | 1 | - |
| Interest received on debt instruments at FVTOCI | 1 | - | - | - |
| NET CASH USED IN OPERATING ACTIVITIES | <u>(2,195)</u> | <u>(6,461)</u> | <u>(1,447)</u> | <u>(2,085,937)</u> |
| INVESTING ACTIVITIES | | | | |
| Purchase of debt instruments measured at amortised cost | (917) | (771) | (75) | - |
| Proceeds from redemption of debt instruments measured at amortised cost | 433 | 47 | 40 | - |
| Proceeds from redemption of debt instruments FVTOCI | 8 | - | - | - |
| Purchase of financial assets at FVTPL | (12) | (2) | - | - |
| Purchase of financial assets at FVTOCI | (906) | (130) | - | - |
| Proceeds from settlement on derivatives | 15 | - | - | - |
| Payment of settlement on derivatives | (17) | - | - | - |
| Purchase of property and equipment and intangible assets | (1) | (1) | (2) | (1,717) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(1,397)</u> | <u>(857)</u> | <u>(37)</u> | <u>(1,717)</u> |
| FINANCING ACTIVITIES | | | | |
| Paid-in capital received | 695 | 1,888 | 1,209 | 1,190,788 |
| Contribution from founding member | _* | _* | - | - |
| Proceeds from short-term borrowings | - | 250 | 110 | 13,000 |
| Proceeds from issuance of bonds | 5,034 | 4,530 | 448 | - |
| Proceeds from issuance of note payables | 5,184 | 5,527 | 1,085 | - |
| Proceeds from settlement on derivatives | 400 | - | - | - |
| Repayments of short-term borrowings | - | (360) | - | (13,000) |
| Repayment from bonds | (464) | - | - | - |
| Repayments from note payables | (4,402) | (3,338) | (467) | - |
| Payment of issuance cost of bond | (9) | (9) | (1) | - |
| Payment of issuance cost on note payables | _* | _* | _* | - |
| Payment of settlement on derivatives | (365) | - | - | - |
| Repayments of lease liabilities | _* | _* | _* | - |
| NET CASH FROM FINANCING ACTIVITIES | <u>6,073</u> | <u>8,488</u> | <u>2,384</u> | <u>1,190,788</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | <u>2,481</u> | <u>1,170</u> | <u>900</u> | <u>(896,866)</u> |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR | <u>2,193</u> | <u>1,023</u> | <u>123</u> | <u>1,019,854</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR | <u>4,674</u> | <u>2,193</u> | <u>1,023</u> | <u>122,988</u> |

* Less than USD half of a million

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

NDB's mandate is to mobilise resources for infrastructure and sustainable development projects in its member states and other emerging economies and developing countries. This principle pervades the Issuer's policies and operations and guides the Issuer's actions towards supporting its member states to achieve their development aspirations, especially those articulated in the United Nations' 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change. To fulfil its purpose, the Issuer supports public and private projects through loans, guarantees, equity participation and other financial instruments.

The net proceeds from the sale of the Bonds will be used onshore as general corporate resources of the Issuer and will be used to finance infrastructure and sustainable development activities in the Issuer's member states. Pending their use, the net proceeds from the sale of the Bonds will be invested as part of the Issuer's liquid assets.

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. On July 6, 2020, NDB successfully placed a RMB 2 billion bond in the Interbank Market, with a maturity of 5 years and a coupon rate of 3%.

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, 2022, NDB has outstanding of USD 3,306 million ECP with the weighted average maturity of 2.6 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. On September 22, 2020, NDB priced its USD 2 billion, 5-year COVID Response Bond in the

international capital markets. On April 20, 2021, NDB priced its 5-year USD 1.5 billion benchmark bond. On July 15, 2021, NDB priced its 3-year USD 2.25 billion Pandemic Support and Sustainable Bond. On December 1, 2021, NDB priced its 3-year USD 500 million Pandemic Support and Sustainable Bond.

On October 28, 2020, NDB has successfully registered its second RMB Bond Programme in the China Interbank Bond Market and received the Letter of Registration (Zhong Shi Xie Zhu, 2020 No. RB5) from NAFMII. NDB has been granted approval to raise up to RMB 20 billion in the China Interbank Bond Market within two years of the programme registration date. From March 23 to March 24, 2021, NDB successfully priced a new 3-year fixed rate RMB 5 billion Bond in the China Interbank Bond Market under the programme. On September 16, 2021, the NDB successfully issued a RMB 2 billion Bond in the China Interbank Bond Market under the programme, with maturity of 5 years and the final coupon rate of 3.02%. On January 27, 2022, NDB successfully issued a RMB 3 billion RMB-denominated Bond in the China Interbank Bond Market under the programme, with maturity of 3 years.

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 2022 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, 2018;
- (3) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2019;
- (4) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2020;
- (5) a copy of the unaudited condensed financial statements for the nine months ended September 30, 2021;
- (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, 2018;
- (9) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2019;
- (10) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2020; 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 Announcement of the Ministry of Finance and the State Taxation Administration [2021] No.34 issued by the Ministry of Finance

and the State Administration of Taxation of the People's Republic of China on November 22, 2021 (“**No.34 Announcement**”), interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from VAT from November 7, 2021 to December 31, 2025.

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.

(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 No.34 Announcement, interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from EIT from November 7, 2021 to December 31, 2025.

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 authorized 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. 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 authorized 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 authorize 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.

China Development Bank

Address: No.18 Fuxingmennei Avenue, Xicheng District,
Beijing, China

Legal Representative: Zhao Huan

Contact Person: Wang Zhao, Wang Zhengyan

Telephone Number: 010-88303560 / 021-20266981

Facsimile Number: 010-88303364

Postcode: 100037

Postal Savings Bank of China Co., Ltd.

Address: No. 3 Financial Street, Xi Cheng District, Beijing,
China

Legal Representative: Liu Jianjun (Acting)

Contact Person: Zheng Yarong, Wang Hang

Telephone Number: 010-68857441

Facsimile Number: 010-68857394

Postcode: 100808

China International Capital Corporation Limited

Address: 27&28 Floor, China World Office 2, No.1 Jian Guo
Men Wai Avenue, Beijing, China

Legal Representative: Shen Rujun

Contact Person: Cheng Daming, Zhao Ke, Li Binnan, Zhu
Jingyan, Zhang Jianzhen, Rui Wendong, Wu Yiqing, Li
Shuangyimiao, Chen Sixuan, Zhang Xinyun

Telephone: 010-65051166

Fax: 010-65051156

Postcode: 100004

**Underwriting Syndicate
(in no particular order)**

Bank of China Limited

Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing,
China

Legal Representative: Liu Liange

Contact: Li Xintong

Telephone: 010-66595024

Fax: 010-66594337

Postcode: 100140

Industrial and Commercial Bank of China Limited

Address: No.55 Fuxingmennei Avenue, Xicheng District,
Beijing, China

Legal Representative: Chen Siqing

Contact: Li Jianing

Telephone: 010-66108574

Fax: 010-66107567

Postcode: 100140

HSBC Bank (China) Company Limited

Address: 35/F, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong, Shanghai, China
Legal Representative: Wang Yunfeng
Contact: Wu Yingqi, Liu Jiazhen
Telephone: 021-38885012 / 021-38885261
Fax: 021-23208533
Postcode: 200120

DBS Bank (China) Limited

Address: 18th Floor DBS Bank Tower, 1318 Lu Jia Zui Ring Road, Pudong, Shanghai, China
Legal Representative: Ge Ganniu
Contact Person: Zhou Han
Telephone: 021-20610784
Fax: 021-38968989
Postcode: 200120

China International Capital Corporation Limited

Address: 27&28 Floor, China World Office 2, No.1 Jian Guo Men Wai Avenue, Beijing, China
Legal Representative: Shen Rujun
Contact Person: Cheng Daming, Zhao Ke, Li Binnan, Zhu Jingyan, Zhang Jianzhen, Rui Wendong, Wu Yiqing, Li Shuangyimiao, Chen Sixuan, Zhang Xinyun
Telephone: 010-65051166
Fax: 010-65051156
Postcode: 100004

Agricultural Bank of China Limited

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

China Construction Bank Corporation

Address: No. 25 Financial Street, Xi Cheng District, Beijing, China
Legal Representative: Tian Guoli
Contact: Zhou Peng
Telephone: 010-67596478
Fax: 010-66275840
Postcode: 100033

Bank of Communications Co., Ltd.

Address: 333 Lujiazui Ring Road, Pudong Area, Shanghai, China
Legal Representative: Ren Deqi
Contact Person: Chen Yang

Telephone: 021-38873263
Fax: 021-58408928
Postcode: 200120

Standard Chartered Bank (China) Limited

Address: 25/F, Standard Chartered Tower, No. 201 Century Avenue, Pudong, Shanghai, China
Legal Representative: Zhang Xiaolei
Contact: Wang Yanping, Zhu Jingxuan
Telephone: 021-38518153 / 021-38963209
Fax: 021-38963040
Postcode: 200120

Credit Agricole Corporate and Investment Bank (China) Limited

Address: 12/F, Tower 2, No. 1266 West Nanjing Road, Jing'an District, Shanghai, China
Legal Representative: Nicolas Jean Francois VIX
Contact: Elaine Shen
Telephone: 021-38566971
Fax: 021-38566922
Postcode: 200040

Deutsche Bank (China) Co., Ltd.

Address: 2802B, 2803 and 2805-2807 of 28/F, Deutsche Bank Tower, No. 81 Jianguo Avenue, Chaoyang District, Beijing
Legal Representative: Rose Zhu
Contact Person: Wang Luoda
Telephone: 010-59698657
Fax: 010-59695708
Postcode: 100025

CITIC Securities Co., Ltd.

Address: No.48 Liangmaqiao Road, Chaoyang District, Beijing, China
Legal Representative: Zhang Youjun
Contact Person: Li Zhongnan, Bai Guangxin, Fang Jike
Telephone: 010-60834621
Fax: 010-60833504
Postcode: 100026

China Development Bank

Address: No.18 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Zhao Huan
Contact Person: Wang Zhao, Wang Zhengyan
Telephone Number: 010-88303560 / 021-20266981
Facsimile Number: 010-88303364
Postcode: 100037

Postal Savings Bank of China Co., Ltd.

Address: No. 3 Financial Street, Xi Cheng District, Beijing, China

Legal Representative: Liu Jianjun (Acting)

Contact Person: Zheng Yarong, Wang Hang

Telephone Number: 010-68857441

Facsimile Number: 010-68857394

Postcode: 100808

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: 021-61418888

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 and Song Feifei

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

Legal Representative: Xie Zhong

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

Legal Representative: Guo Bing

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.

3. Potential Conflicts of Interest Between the Issuer and the Underwriters

The Underwriters and their respective affiliates may be full service financial institutions engaged in various activities which may include securities trading, commercial and/or investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, from time to time. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer including the Bonds, may be entered into at the same time or proximate to offers and sales of the Bonds or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Bonds. The Bonds may be purchased by or be allocated to any Underwriters or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

The Underwriters and their respective affiliates may receive fees and commissions for these transactions. In addition to the transactions noted above, the Underwriters and their respective affiliates may, from time to time, after completion of the offering of the Bonds, engage in other transactions with, and perform services for, the Issuer in the ordinary course of their business.

Each Underwriter or its affiliates may hold the Bonds on behalf of clients or in their capacity as investment advisors. While each Underwriter and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Underwriter or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Bonds. Each Underwriter may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Bonds.

SECTION 16 DOCUMENTS AVAILABLE FOR INSPECTION

1. Documents available for Inspection

- (1) the New Development Bank 2022 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, 2018;
- (3) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2019;
- (4) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2020;
- (5) a copy of the unaudited condensed financial statements for the nine months ended September 30, 2021;
- (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, 2018;
- (9) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2019;
- (10) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2020; 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: 1600, Guozhan Road, Pudong New District, Shanghai, China

Contact: Yousuf Ali Syed

Telephone: +86 (0)21 80219529

Email: syed.yousuf@ndb.int

Postcode: 200120

Lead Underwriter

Bank of China Limited

Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China

Contact: Liu Runkai

Telephone: 010-66594835

Fax: 010-66591706

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 2022 Renminbi Bond (Series 2) (Bond Connect) Prospectus”)

New Development Bank

Date: 12 May 2022

