New Development Bank

ANNUAL REPORT 2022

BUILDING A LEADING DEVELOPMENT BANK FOR EMERGING ECONOMIES

BRAZIL

Curitiba's Bus Rapid Transit
Rideability Improvement Project

CONTENTS

NDB IN NUMBERS[1]

DOWNLOAD DATA FOR NDB IN NUMBERS

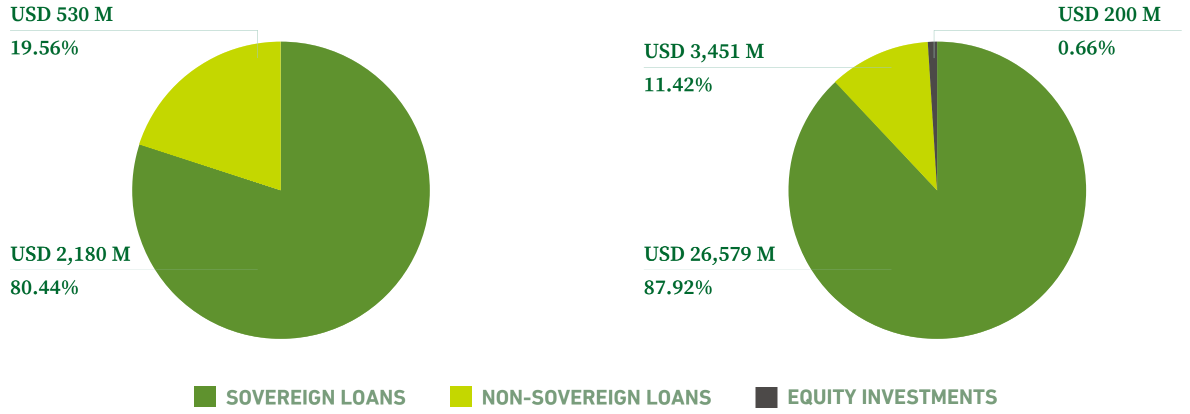
TOTAL PROJECT APPROVALS[2]

14 PROJECTS APPROVED IN 2022	USD 2,710 M AMOUNT OF APPROVALS IN 2022	85 PROJECTS IN THE PORTFOLIO AT THE END OF 2022	USD 30,230 M AMOUNT OF FINANCING APPROVED FOR PROJECTS IN THE PORTFOLIO AT THE END OF 2022

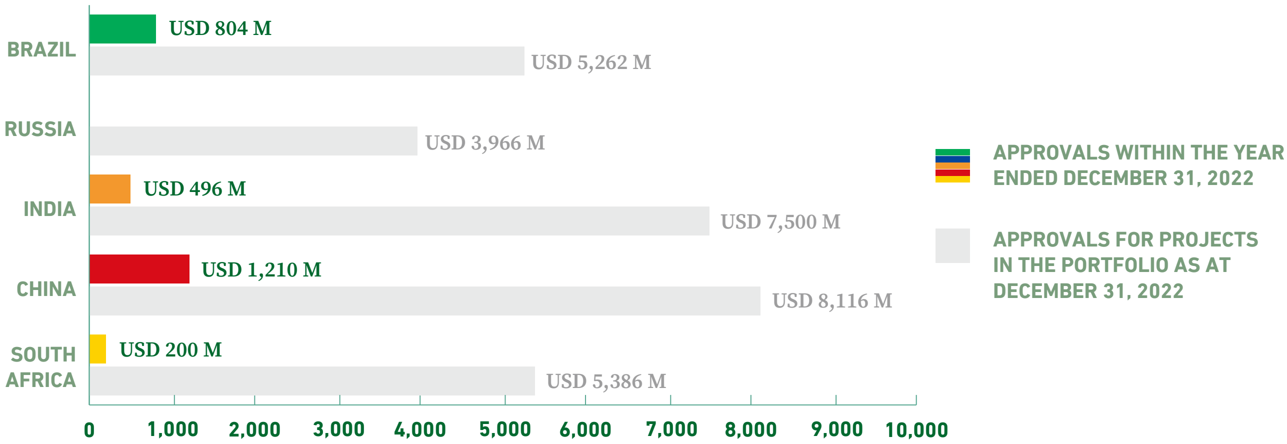
APPROVALS BY TYPE OF OPERATION

APPROVALS WITHIN THE YEAR ENDED DECEMBER 31, 2022

APPROVALS FOR PROJECTS IN THE PORTFOLIO AS AT DECEMBER 31, 2022



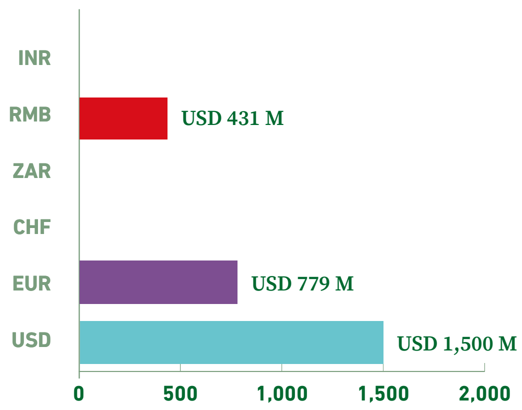
APPROVALS BY COUNTRY



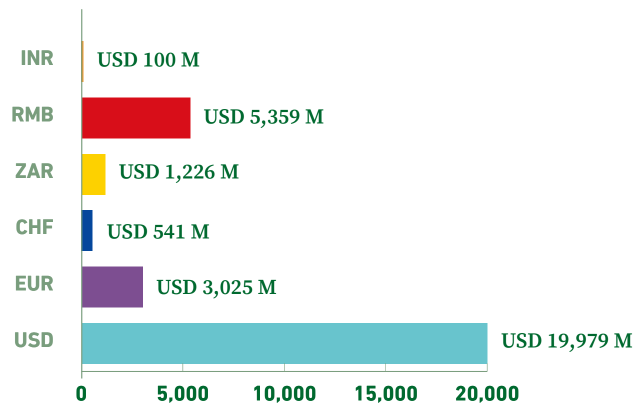
1 Unless otherwise stated, all amounts related to approvals and disbursements in this report have been translated into USD using exchange rates as at the end of the relevant reporting period.
2 By the end of 2022, NDB had cumulatively approved USD 32.8 billion for 96 projects on a gross basis. Unless otherwise stated, discussions on NDB's operations in this report are based on the Bank's portfolio, which refers to the Bank's cumulative approvals net of cancelled and fully repaid loans.

APPROVALS BY CURRENCY

APPROVALS WITHIN THE YEAR ENDED DECEMBER 31, 2022

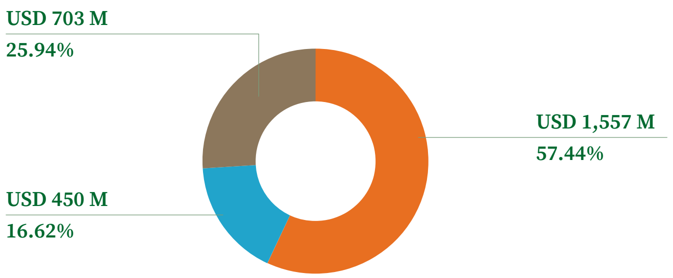


APPROVALS FOR PROJECTS IN THE PORTFOLIO AS AT DECEMBER 31, 2022

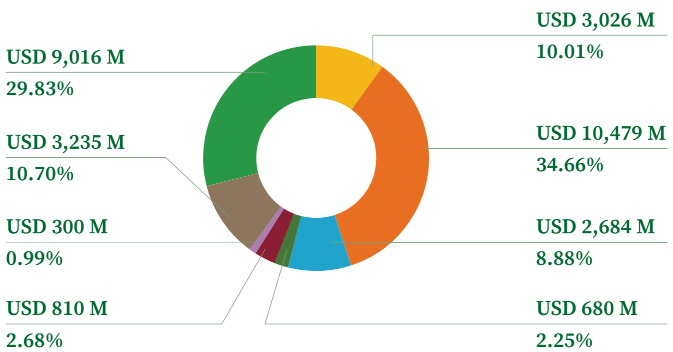


APPROVALS BY AREA OF OPERATION

APPROVALS WITHIN THE YEAR ENDED DECEMBER 31, 2022



APPROVALS FOR PROJECTS IN THE PORTFOLIO AS AT DECEMBER 31, 2022



CLIMATE FINANCE COMMITMENTS

CLIMATE FINANCE APPROVED WITHIN THE YEAR ENDED DECEMBER 31, 2022

TOTAL USD 827 M

CLIMATE FINANCE APPROVED FOR PROJECTS IN THE PORTFOLIO AS AT DECEMBER 31, 2022

TOTAL USD 5,596 M

HIGHLIGHTS OF EXPECTED DEVELOPMENT RESULTS OF SELECTED PROJECTS FINANCED BY NDB[3]

FROM PROJECTS APPROVED WITHIN THE YEAR ENDED DECEMBER 31, 2022

FROM PROJECTS IN THE PORTFOLIO AS AT DECEMBER 31, 2022

2,000 MW
Renewable and clean energy generation capacity to be installed

1,900 KM
17,100 KM
Roads and bridges to be built or upgraded

209,000 M3/DAY
Drinking water supply capacity to be increased

0.2 MILLION TONNES/YEAR
13.1 MILLION TONNES/YEAR
CO_2 emissions to be avoided

82 MILLION/YEAR
104 MILLION/YEAR
Air passenger handling capacity to be increased

99,000 M³/DAY
635,000 M³/DAY
Sewage treatment capacity to be increased

760,000 TONNES/YEAR
960,000 TONNES/YEAR
Air cargo handling capacity to be increased

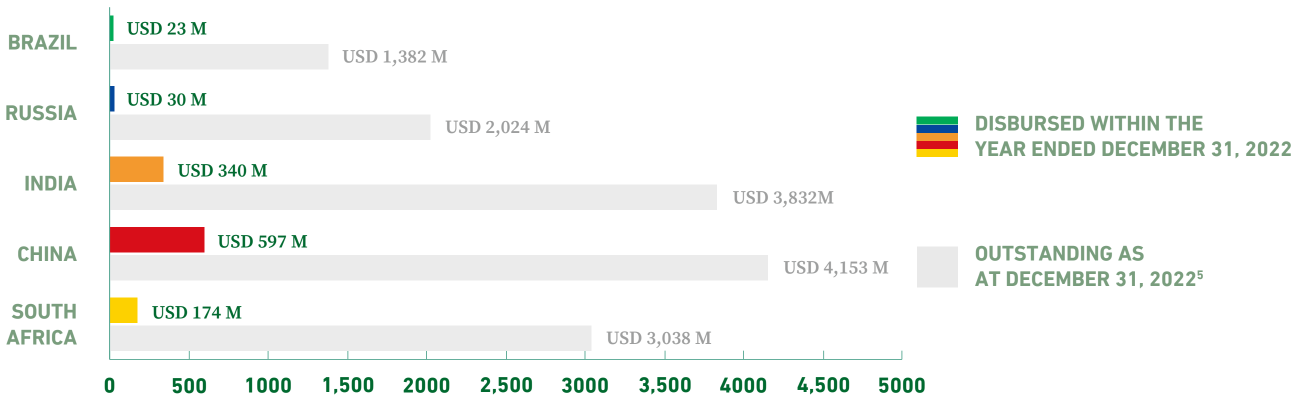
26 KM
293 KM
Urban rail transit network to be built

30 KM
1,400 KM
Water tunnel/canal infrastructure to be built or upgraded

28
Schools to be built or upgraded

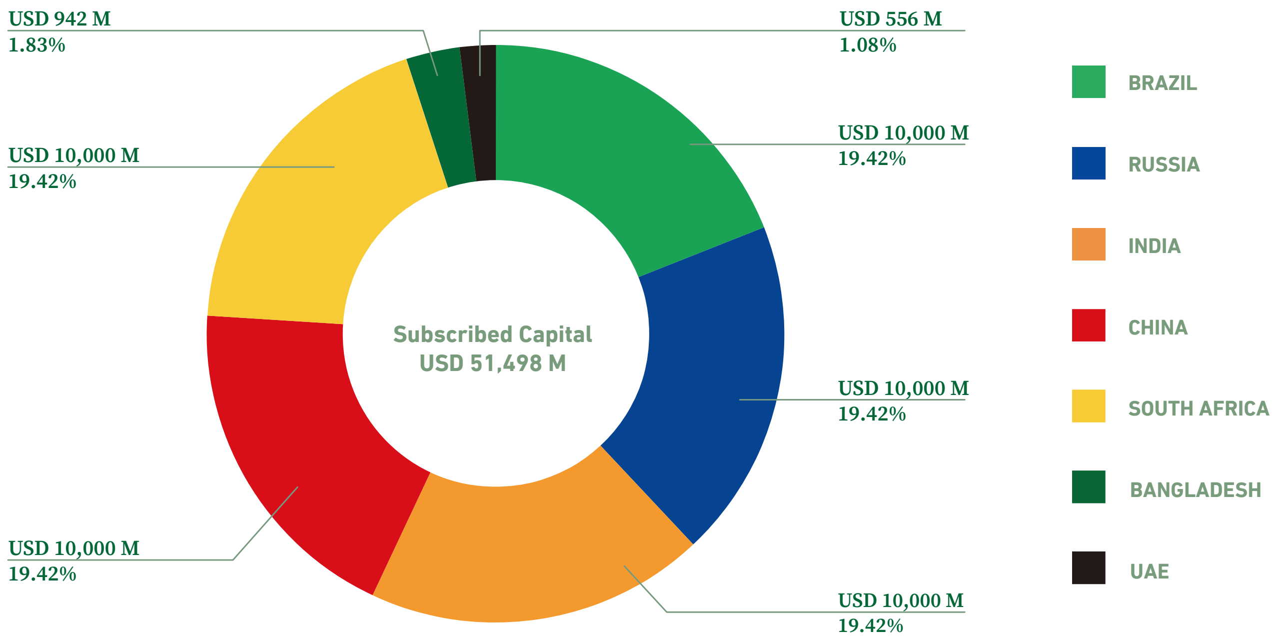
35,000
Housing units to be constructed

DISBURSEMENTS BY COUNTRY[4]



3 Expected development results are presented for selected projects financed by NDB in collaboration with partners, irrespective of the proportion of the Bank's financing in the total project cost. The numbers are rounded, and are based on the information available at the time of approval.
4 Including disbursements relating to both loan commitments and equity investments.
5 As at December 31, 2022, the Bank's cumulative disbursements and cumulative repayments stood at USD 15.4 billion and USD 953 million, respectively.

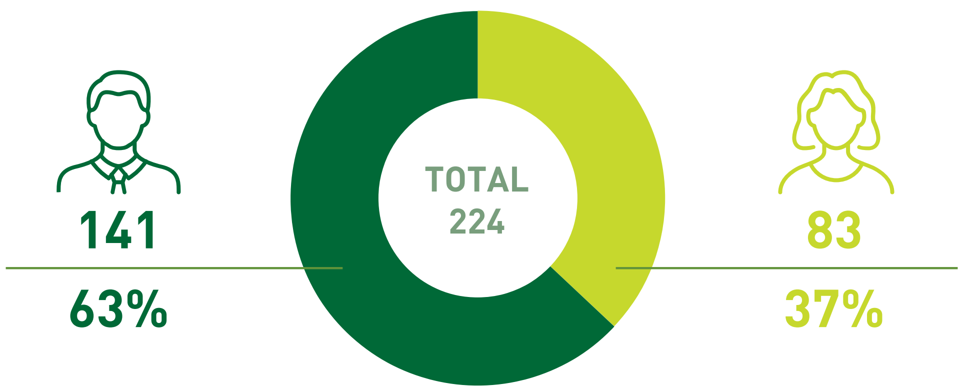
SHAREHOLDING STRUCTURE (AS AT DECEMBER 31, 2022)



BOND ISSUANCES[6]

	INCREMENTAL WITHIN THE YEAR ENDED DECEMBER 31, 2022		OUTSTANDING AS AT DECEMBER 31, 2022	
	Number	Amount	Number	Amount
RMB BONDS	3	RMB 13,000 M	8	RMB 28,000 M
AUD BONDS	1	AUD 73 M	1	AUD 73 M
HKD BONDS	-	-	1	HKD 500 M
GBP BONDS	-	-	1	GBP 35 M
USD BONDS	3	USD 150 M	10	USD 8,000 M

EMPLOYEES BY GENDER (AS AT DECEMBER 31, 2022)



6 In 2022, a three-year RMB 3 billion bond issued in February 2019 and a two-year USD 50 million bond issued in December 2020 matured.
In 2023, the Bank issued, under its Euro Medium Term Note (EMTN) Programme, a one-year note with par value of USD 500 million in March, a three-year note with par value of USD 1.25 billion in April, as well as a five-year note with par value of USD 200 million, a three-year note with par value of HKD 750 million, and a three-year note with par value of USD 110 million in May. The Bank also issued a three-year bond with par value of RMB 8.5 billion in May 2023.

01

NDB OVERVIEW AND 2022 HIGHLIGHTS

INDIA

Delhi-Ghaziabad-Meerut Regional Rapid Transit System Project

1.1
ABOUT NDB

The New Development Bank (NDB or the Bank) is a global multilateral development bank (MDB) established in 2015 by Brazil, Russia, India, China, and South Africa (collectively BRICS or the BRICS countries). The purpose of the Bank is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries (EMDCs), complementing the existing efforts of multilateral and regional financial institutions for global growth and development. To further enhance its international standing and better deliver on its mandate, NDB started to expand its membership in 2021 and has admitted Bangladesh, Egypt, United Arab Emirates (UAE), and Uruguay to the Bank. In accordance with their respective applications, UAE was admitted as a non-borrowing member, while the other three countries were admitted as borrowing members. As of end-2022, Bangladesh and UAE had deposited their instruments of accession and became effective members of NDB.[7]

With the approval of NDB's General Strategy for 2022–2026 by the Board of Governors (BoG), the year 2022 marked the Bank's transition to its second five-year strategy cycle. Building on the solid foundation laid in its early years of operations, the Bank aims to evolve into a leading provider of solutions for infrastructure and sustainable development for BRICS and other EMDCs over the new strategy cycle. To achieve this, the General Strategy for 2022–2026 seeks to enhance the Bank's capacity to mobilise resources at scale, diversify its project portfolio, employ sophisticated financing instruments, maximise development impact, and continue building a robust financial and institutional profile.

Against this backdrop, in 2022, NDB approved USD 2.7 billion for 14 projects in a range of sectors that reflect the Bank's operational areas as well as the development priorities of its member countries. These new approvals brought the Bank's cumulative approvals since its inception to USD 32.8 billion for 96 projects. NDB's project portfolio, which is equivalent to the Bank's cumulative approvals net of cancelled and fully repaid loans, stood at USD 30.2 billion for 85 projects at the end of 2022. Through these projects, NDB aims to help member countries pursue their development objectives – especially those aligned with the United Nations 2030 Agenda for Sustainable Development (2030 Agenda) and the Paris Agreement on Climate Change (Paris Agreement), while addressing the urgent needs of its member countries, including those triggered by the Coronavirus Disease 2019 (COVID-19) pandemic. By the end of 2022, the Bank's cumulative disbursements reached USD 15.4 billion, of which USD 7.9 billion was disbursed to loans approved under the Bank's Fast Track COVID-19 Emergency Assistance Response Facility.[8]

In 2022, NDB continued to receive strong support from its member countries. While all the founding members completed their contributions to the initially subscribed paid-in capital, non-founding members also started contributing their paid-in capital during the year. Leveraging this robust capital base and its high credit ratings, the Bank continued accessing capital markets and diversifying its investor base through public bond issuances and private bond placements, which led to an expanded balance sheet with total assets amounting to USD 26.4 billion by the end of the year.

Also in 2022, NDB made further progress in implementing the revised organisational structure, with a view to fulfil its objectives in a more comprehensive manner. Notably, the Independent Evaluation Office (IEO) was established and operationalised to drive the quality and development impact of the Bank's activities and to promote accountability and learning. NDB's Indian Regional Office (IRO) was also launched during the year and will play an instrumental role in enhancing the Bank's engagements with clients and other stakeholders in South Asia. By the end of 2022, NDB had established an on-the-ground presence in all of its founding members, creating a network of business and development opportunities.

As NDB entered into its second five-year strategy cycle, the Bank has embarked on a new journey towards building a leading development bank for emerging economies. Recognising the changing operating context and the evolving development priorities of member countries, NDB will remain dynamic and agile on this journey, ensuring the effective and efficient delivery of its mandate and strategic objectives.

7 A country is admitted as a member of the Bank following the approval by NDB's Board of Governors. Membership to NDB becomes effective after an instrument of accession is deposited, setting forth that the member has acceded in accordance with its laws to the Agreement on NDB and the annexed Articles of Agreement, as well as all the terms and conditions prescribed in the Board of Governors' resolution on admitting the new member. On February 20, 2023, Egypt also deposited its instrument of deposit and became an effective member of NDB.
8 The USD 10 billion Fast Track COVID-19 Emergency Assistance Response Facility was set up by the Bank in April 2020.

1.2
SHAREHOLDING STRUCTURE AND VOTING POWER

NDB was established with an initial authorised capital of USD 100 billion, which is equally divided into 1 million shares with a par value of USD 100,000 each. In line with the Bank's Article of Agreements (AoA), each of the five founding members made an initial subscription of USD 10 billion, of which USD 8 billion corresponds to callable capital and USD 2 billion corresponds to paid-in capital. Following their accession in 2021, Bangladesh and UAE also made their initial subscriptions of USD 942 million and USD 556 million, respectively, with the same proportion between callable capital and paid-in capital as the founding members.[9] By the end of 2022, NDB's subscribed capital stood at USD 51.5 billion, composed of a callable capital of USD 41.2 billion and a paid-in capital of USD 10.3 billion.

SHAREHOLDING AND VOTING POWER AT NDB (AS AT DECEMBER 31, 2022)

MEMBER COUNTRY	Shares subscribed (Number)	Capital subscribed (USD million)	Callable capital subscribed (USD million)	Paid-in capital subscribed (USD million)	Paid-in capital received (USD million)	Paid-in capital to be received (USD million)	Exercisable votes (Number)	Percentage of total exercisable votes[10]
FOUNDING MEMBERS								
BRAZIL	100,000	10,000	8,000	2,000	2,000	-	100,000	19.42
RUSSIA	100,000	10,000	8,000	2,000	2,000	-	100,000	19.42
INDIA	100,000	10,000	8,000	2,000	2,000	-	100,000	19.42
CHINA	100,000	10,000	8,000	2,000	2,000	-	100,000	19.42
SOUTH AFRICA	100,000	10,000	8,000	2,000	2,000	-	100,000	19.42
SUBTOTAL	**500,000**	**50,000**	**40,000**	**10,000**	**10,000**	**-**	**500,000**	**97.09**
NON-FOUNDING MEMBERS[11]								
BANGLADESH[12]	9,420	942	754	188	14	174	9,420	1.83
UAE[13]	5,560	556	445	111	9	102	5,560	1.08
SUBTOTAL	**14,980**	**1,498**	**1,199**	**229**	**23**	**276**	**14,980**	**2.91**
TOTAL	**514,980**	**51,498**	**41,199**	**10,299**	**10,023**	**276**	**514,980**	**100.00**

In 2022, the Bank's founding members completed their contributions to the USD 10 billion paid-in capital that they initially subscribed. With Bangladesh and UAE also making their first instalment of paid-in capital as per their respective payment schedules, the total paid-in capital received by the Bank reached USD 10.02 billion by the end of the year. The timely receipt of capital contributions not only demonstrates the firm commitment of member countries and their strong support to NDB, but also places the Bank amongst the largest MDBs globally in terms of capitalisation.

9 Following its accession in February 2023, Egypt subscribed 11,960 shares, totalling USD 1.2 billion, of which USD 239 million corresponds to paid-in capital and USD 957 million corresponds to callable capital.
10 Numbers in this column may not add up precisely due to rounding.
11 In February 2023, Egypt deposited its instrument of deposit and became an effective member of NDB.
12 In February 2023, Bangladesh made its second instalment of paid-in capital in the amount of USD 24 million.
13 In March 2023, UAE made its second instalment of paid-in capital in the amount of USD 14 million.

According to NDB's AoA, the voting power of each member should be equal to the number of its subscribed shares in the capital stock of the Bank. As all votes were exercisable at of the end of 2022,[14] the five founding members had an equal voting power of 19.42% each, while Bangladesh and UAE were entitled to have voting powers of 1.83% and 1.08%, respectively. Considering that most of NDB's decisions are taken on the basis of a simple majority and the others require either a qualified or special majority with an affirmative vote of two thirds of the total power,[15] no single member holds veto power over any matter. These arrangements give all members a real stake in the governance of the Bank.

1.3 KEY EVENTS IN 2022

THE SEVENTH ANNUAL MEETING OF NDB'S BOARD OF GOVERNORS

NDB 2022
7th Annual Meeting | 19th May 2022

Under the theme of "NDB: Optimising Development Impact", the Seventh Annual Meeting of NDB's BoG was held in a virtual format on May 19, 2022. The meeting was chaired by Mrs. Nirmala Sitharaman, NDB's Governor for India and Minister of Finance of the Republic of India. With the attendance of NDB's Governor for UAE and NDB's Alternate Governor for Bangladesh, the meeting marked the first participation of non-founding members in the annual meetings of the Bank's BoG.

During the meeting, the Governors approved NDB's General Strategy for 2022–2026, and highlighted that, over the second five-year strategy cycle, the Bank should focus on maximising development impact by enhancing its role in resource mobilisation to support an increasingly diversified portfolio of high-quality projects. The Governors also commended the Bank's achievements during its first five-year strategy cycle, including the provision of COVID-19 emergency assistance, the establishment of regional offices, and the expansion of its membership, all of which contributed to turning NDB from an ambitious idea into a fully-fledged MDB. Looking forward, the BoG agreed that NDB should continue to expand its membership in a gradual and balanced manner, and to strive towards becoming a premier global MDB.

Moreover, the BoG also approved the 2021 financial accounts for the ordinary operations of NDB as well as the 2021 Financial Accounts of the NDB Project Preparation Fund (NDB-PPF). The establishment of NDB's IRO was also announced during the meeting.

14 In the event of any member failing to pay any part of the amount due in respect to its obligation in relation to paid-in shares, such member will be unable, for so long as such failure continues, to exercise that percentage of its voting power which corresponds to the percentage which the amount due but unpaid bears to the total amount of paid-in shares subscribed to by that member in the capital stock of the Bank.
15 As defined in NDB's AoA, a qualified majority is an affirmative vote of two thirds of the total voting power of the members, while a special majority is an affirmative vote of four of the founding members concurrent with an affirmative vote of two thirds of the total voting power of the members.

NDB'S PARTICIPATION IN THE 14TH BRICS SUMMIT

On June 23, 2022, NDB participated in the 14th BRICS Summit, which was held in a virtual format. Chaired by the People's Republic of China, the theme of the summit was "Foster High-quality BRICS Partnership, Usher in a New Era for Global Development".

NDB's President reported to the Leaders of the BRICS countries on the Bank's achievements over the past year, including continued support to infrastructure and sustainable development projects in member countries, admission of new members, relocation to the permanent headquarters building in Shanghai, establishment of a local presence in all BRICS countries, and transition into a new strategy cycle.

The Beijing Declaration

Adopted by the BRICS Leaders at the end of the 14th BRICS Summit, the Beijing Declaration outlined a series of tangible outcomes from the mutually beneficial cooperation among the BRICS countries. It emphasised the importance of further enhancing BRICS solidarity and cooperation in achieving the global recovery and sustainable development.

In the Beijing Declaration, the BRICS Leaders congratulated NDB on its relocation to the permanent headquarters building in Shanghai as well as the opening of the Bank's regional office in India. They welcomed the decision to admit four new members to NDB and looked forward to further membership expansion in a gradual and balanced manner, to enhance NDB's international influence as well as its representation and voice of EMDCs in global governance.

The Leaders appreciated the vital role of NDB in addressing the impact of the pandemic and assisting in the economic recovery in member countries. They supported the Bank's goal to attain the highest possible credit rating and institutional development. Noting the approval of the second General Strategy by NDB's BoG, the Leaders looked forward to its smooth implementation. They encouraged the Bank to follow its member-led and demand-driven principle, mobilise financing from diversified sources, enhance innovation and knowledge exchange, assist member countries in achieving the Sustainable Development Goals (SDGs) and further improve efficiency and effectiveness to fulfil its mandate, aiming to be a premier multilateral development institution.

WORKSHOP ON SCALING UP DEVELOPMENT FINANCE FOR A SUSTAINABLE FUTURE

On October 25, 2022, NDB, in collaboration with the Ministry of Finance of China, hosted a workshop on "Scaling Up Development Finance for a Sustainable Future", which featured the Bank's General Strategy for 2022–2026. The workshop explored how NDB can achieve its overarching objective of becoming a leading provider of solutions for infrastructure and sustainable development for BRICS and other EMDCs over the five-year strategy cycle.

In his opening remarks, Mr. Kun Liu, NDB's Governor for China and Minister of Finance of the People's Republic of China, said: "In the new strategic period, NDB is expected to uphold its mission to serve EMDCs, advance membership expansion with the spirit of openness and inclusiveness, and keep improving its institutional governance with high standards." He added that "China is always willing to work with all parties to build NDB into a new type of multilateral development institution of the 21st century, contributing to the sustainable development of the member countries".

The workshop included two moderated panel sessions, focusing on "Mobilising Resources for Sustainable Development" and "Expanding Development Impact", respectively. The panellists discussed how NDB can contribute to global growth and sustainable development by helping address the needs and aspirations of its member countries. They also outlined a set of key considerations that the Bank could take into account when devising initiatives and action plans to be implemented throughout the strategy cycle.

The event was held in a hybrid format both at NDB's headquarters in Shanghai and online, and attended by representatives from governments, diplomatic missions, development finance institutions (DFIs), academia, private sector entities and other members of the development community.

NDB AT COP27

In line with its increased efforts to fighting climate change, NDB participated in the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27), held from November 6 to November 20, 2022, in Sharm El-Sheikh, Egypt.

NDB, together with nine other MDBs,[16] issued the COP27 Multilateral Development Banks Joint Statement, which reaffirmed their collective commitment to expanding support to countries in low-emission, climate-resilient transition to undertake sound analysis, formulate policies, define specific investment plans, and mobilise financing resources. Recognising the interconnected challenges of sustainable development, climate change, and nature loss, the participating MDBs also vowed to address these challenges in an integrated manner, maximising co-benefits while minimising trade-offs, notably by continuing to address the direct and indirect drivers of nature and biodiversity loss.

At the joint MDBs pavilion, NDB co-hosted an event on "Leveraging Climate Finance for a Just Transition in South Africa" together with the Development Bank of Southern Africa (DBSA). The event examined South Africa's vision and efforts to shift to an equitable, net-zero economy and explored the roles of different stakeholders, especially DFIs, in supporting the transition to low-emission and climate-resilient economies. The discussions highlighted the critical role of DFIs in crowding-in much needed investments from the private sector for climate finance. They also called for innovative financing instruments by DFIs that can create a conducive ecosystem for private sector financing by de-risking climate-related projects. Lessons from South Africa's experience in achieving a just transition were shared during the discussions, with examples highlighting the importance of engaging the business community to implement the country's net-zero development pathway.

16 Including the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, and the World Bank Group.

02
GOVERNANCE AND OVERSIGHT

SOUTH AFRICA
Project Finance Facility
for Eskom

2.1 BOARD OF GOVERNORS

NDB's highest decision-making authority is its BoG, which comprises one Governor at the ministerial level and one Alternate Governor appointed by each member country. All the powers of the Bank are vested in the BoG. In accordance with the Bank's AoA, the BoG has delegated to the Directors authority to exercise a wide range of powers, but retains the powers to make certain strategic decisions, such as admitting new members and determining the conditions of their admission, increasing or decreasing the capital stock, amending the AoA, electing the President, and approving the General Strategy of the Bank every five years. The BoG meets at least once a year.

GOVERNORS OF NDB (AS AT DECEMBER 31, 2022)

GOVERNORS	
Mr. Paulo Guedes[17] Minister of Economy, the Federative Republic of Brazil	Governor for Brazil
Mr. Anton Siluanov Minister of Finance, the Russian Federation	Governor for Russia
Mrs. Nirmala Sitharaman Minister of Finance, the Republic of India	Governor for India
Mr. Kun Liu (Chairperson of the BoG)[18] Minister of Finance, the People's Republic of China	Governor for China
Mr. Enoch Godongwana (Vice Chairperson of the BoG)[19] Minister of Finance, the Republic of South Africa	Governor for South Africa
Mr. A H M Mustafa Kamal Minister of Finance, the People's Republic of Bangladesh	Governor for Bangladesh
Mr. Mohamed Bin Hadi Al Hussaini Minister of State for Financial Affairs, the United Arab Emirates	Governor for UAE

At the Seventh Annual Meeting of the BoG held on May 19, 2022, Mr. Kun Liu, NDB's Governor for China and Minister of Finance of the People's Republic of China, was elected as the Chairperson of the BoG, and Mr. Enoch Godongwana, NDB's Governor for South Africa and Minister of Finance of the Republic of South Africa, was elected as the Vice Chairperson. Mr. Liu and Mr. Godongwana were elected to serve in their respective positions until the end of the Eighth Annual Meeting of the BoG.

17 On January 19, 2023, Mr. Fernando Haddad was appointed as Governor for Brazil.
18 Before May 19, 2022, Mrs. Nirmala Sitharaman was the Chairperson of the BoG.
19 Before May 19, 2022, Mr. Kun Liu was the Vice Chairperson of the BoG.

2.2 BOARD OF DIRECTORS

NDB's Board of Directors (BoD) is responsible for the conduct of the general operations of the Bank and exercises all the powers delegated to it by the BoG, including decisions on business strategies, operations, borrowings, policies, technical assistance, and budget approval. In addition, the BoD also provides strategic direction to the Management to achieve the Bank's organisational objectives and oversees the development of its general operations. NDB's BoD functions as a non-resident body and meets at least quarterly.

DIRECTORS OF NDB (AS AT DECEMBER 31, 2022)

DIRECTORS	
Mr. Lucas Ferraz[20] Secretary for Foreign Trade, Ministry of Economy, the Federative Republic of Brazil	Director for Brazil
Mr. Timur Maksimov Deputy Minister of Finance, Ministry of Finance, the Russian Federation	Director for Russia
Ms. Manisha Sinha[21] Additional Secretary, Department of Economic Affairs, Ministry of Finance, the Republic of India	Director for India
Mr. Zhijun Cheng Director General, Department of International Economic and Financial Cooperation, Ministry of Finance, the People's Republic of China	Director for China
Mr. Dondo Mogajane[22] Chairperson, the Board of the Government Employees Pension Fund, the Republic of South Africa	Director for South Africa
Mr. Md. Shahriar Kader Siddiky Additional Secretary and Wing Chief, Asia, Joint Economic Commission and Fellowship and Foundation Wing, Economic Relations Division, Ministry of Finance, the People's Republic of Bangladesh	Director for Bangladesh and UAE

As of the end of 2022, NDB's member countries were represented on the BoD through six constituencies. Each of the five founding members has its own constituency with a Director and an Alternate Director, while Bangladesh and UAE formed one multi-member constituency with a temporary additional Director appointed by Bangladesh and a temporary additional Alternate Director appointed by UAE.[23] The President is also a member of the BoD but has no vote except for a deciding vote in case of a tie among the Directors.

Considering COVID-19-related travel restrictions and NDB's remote working arrangements, all meetings of the BoD in 2022 were convened in a virtual format. Over the year, the BoD held five meetings, received three special briefings, and considered 50 inter-sessional circulations. It approved 14 operations and two bond programmes, more than ten policy revisions, and provided guidance on a number of strategic issues, including the formulation of the General Strategy for 2022–2026. Additionally, the BoD established the IEO, approved the Evaluation Policy, and noted the first project evaluation.

20 Before August 18, 2022, Mr. Roberto Fendt Junior was Director for Brazil. On January 10, 2023, Ms. Tatiana Rosito was appointed as Director for Brazil.
21 Before September 20, 2022, Mr. Rajat Kumar Mishra was Director for India.
22 Before February 1, 2022, Mr. Enoch Godongwana was Director for South Africa.
23 According to NDB's Rules for the Conduct of Elections of Additional Directors and Alternate Directors, the first new member to formally join the Bank has the right to appoint a temporary additional Director, while the second new member has the right to appoint a temporary additional alternate. They will remain in their positions until an additional Director and an additional alternate are elected in the first regular election and assume office. Since its accession in February 2023, Egypt has been represented on the BoD through the multi-member constituency for non-founding members.

2.3 COMMITTEES

To assist the BoD in discharging its oversight and decision-making responsibilities, four committees have been established, including two Board committees comprised of members of the BoD, and two Management committees comprised of members of the Management team.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee (ARC) assists the BoD in fulfilling its corporate governance responsibilities including, among others, assessing the integrity of the financial statements and reporting procedures, reviewing reports from the internal and external auditors, ensuring the existence of adequate and effective internal controls, and approving the risk management framework. It comprises all members of the BoD and meets at least four times a year.

In 2022, the ARC held four meetings, all in a virtual format. The committee reviewed the financial statements of both NDB and NDB-PPF, risk management reports, and compliance updates on a quarterly basis. It also reviewed policies pertaining to accounting, provisioning and write-off, capital management, credit and liquidity risk management, and internal audit. Furthermore, the ARC reviewed the Internal Audit Charter and considered eight internal audit reports covering various functions of the Bank.

In 2022, the ARC satisfied its responsibilities in compliance with its terms of reference by undertaking, among other matters, the following duties:

- The ARC reviewed the condensed and audited financial statements with the Management, including a discussion of the quality of the accounting principles as applied, and significant judgments affecting the Bank's financial statements.
- The independent auditors discussed with the ARC their judgments of the quality of those principles as applied and judgments referred to above under the circumstances.
- The members of the ARC discussed among themselves, without the Management or the independent auditors being present, the information disclosed to the ARC as described above.
- The ARC, in reliance on the review and discussions conducted with the Management and the independent auditors pursuant to the requirements above, believed that the Bank's financial statements are fairly presented in conformity with International Financial Reporting Standards (IFRSs) in all material respects.

BUDGET, HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Budget, Human Resources and Compensation Committee (BHRC) assists the BoD in fulfilling its corporate governance oversight responsibilities regarding the budget, human resources and compensation-related activities. It comprises all members of the BoD and meets quarterly, or as needed.

In 2022, the BHRC held four meetings, all in a virtual format. The committee provided oversight of budget utilisation and facilitated the preparation of the budget for 2023. It offered advice on recruitment and diversity, recruitment turnaround time, headcount budget utilisation, compensation and benefits, and ethics, among other issues. In 2022, the BHRC satisfied its responsibilities in compliance with its terms of reference.

CREDIT AND INVESTMENT COMMITTEE

The purpose of the Credit and Investment Committee (CIC) is to assist the BoD in fulfilling its responsibilities regarding the credit activities of the Bank and to make appropriate recommendations to the BoD on loans, guarantees, equity investments, and technical assistance. It comprises the Bank's President and the four Vice Presidents and meets monthly, or as needed.

In 2022, the CIC considered 26 new project proposals and made 23 decisions regarding changes to the existing loans both in meetings and inter-sessionally, and satisfied its responsibilities in compliance with its terms of reference.

FINANCE COMMITTEE

The Finance Committee (FC) provides oversight on financial and risk-related matters pertaining to operations and treasury activities. The committee is also responsible for the oversight of the recommendations to the BoD in the areas of financial policies, financial operations, including loan loss provisioning, asset and liability management, and financial risk management. It comprises the Bank's President and the four Vice Presidents and meets monthly, or as needed.

In 2022, the FC considered more than 80 issues both in meetings and inter-sessionally, and satisfied its responsibilities in compliance with its terms of reference.

2.4 MANAGEMENT

Under the strategic guidance of the BoG and operational oversight of the BoD, NDB functions with a lean and flat organisational structure headed by an experienced Management team. The Management is responsible for conducting the ordinary business of the Bank.

The President is the chief of the operating staff of the Bank and is elected by the BoG, on a rotational basis among the five founding members. The Vice Presidents, at least one from each founding member except the country represented by the President, are appointed by the BoG, based on the President's recommendation.

THE MANAGEMENT OF NDB (AS AT DECEMBER 31, 2022)

MEMBERS OF THE MANAGEMENT	
Mr. Marcos Troyjo[24]	President
Mr. Vladimir Kazbekov	Vice President and Chief Operating Officer
Mr. Anil Kishora	Vice President and Chief Risk Officer
Mr. Qiangwu Zhou	Vice President and Chief Administrative Officer
Mr. Leslie Maasdorp	Vice President and Chief Financial Officer

24 On March 24, 2023, Mrs. Dilma Rousseff was elected by the BoG as the President of NDB.

2.5
INDEPENDENT EVALUATION

MORE DETAILS ABOUT THE INDEPENDENT EVALUATION OFFICE

MADHYA PRADESH MAJOR DISTRICT ROADS PROJECT IN INDIA

To enhance NDB's effectiveness and efficiency in delivering on its mandate, the Bank established an IEO in 2022. The IEO is responsible for conducting independent evaluations of the NDB's strategies, policies, processes, initiatives, and operations. In line with good practices of peer MDBs, the IEO's Director General reports directly and exclusively to the Bank's BoD.

Considerable progress was made in 2022 towards setting up and operationalising the IEO. Notably, NDB's first Evaluation Policy was prepared by the IEO and approved by the BoD. The policy sets out the overarching framework for conducting evaluations at the Bank and highlights independence, utility, timeliness, credibility and transparency as the core evaluation principles. The BoD also endorsed the proposal to set up a High-level Evaluation Advisory Committee to provide periodic advice to the IEO on evaluation strategy, priorities, methodologies and related topics.

In 2022, the IEO conducted and concluded its first independent evaluation, which assessed the performance of the NDB-financed Madhya Pradesh Major District Roads Project in India. As part of the evaluation process, a stakeholder workshop was held in New Delhi, India, to discuss the results, lessons, and recommendations from the evaluation. The evaluation report and the associated response by the Management were also discussed at the BoD.

To build an evaluation and results-oriented culture in the Bank, the IEO introduced a lecture series and held two lectures with prominent speakers in 2022. While the first lecture focused on evaluation for a heightened impact from NDB, the second examined the role of independent evaluation for enhanced organisational effectiveness and efficiency. To promote transparency and further knowledge sharing, the IEO established dedicated webpages on NDB's website, where relevant reports and other information of interest are disseminated to a wider audience.

MADHYA PRADESH MAJOR DISTRICT ROADS PROJECT IN INDIA

KEY FINDINGS FROM THE FIRST PROJECT PERFORMANCE EVALUATION BY THE IEO

In 2022, the IEO concluded the independent evaluation of the Madhya Pradesh Major District Roads Project in India, which was partially financed by NDB through a USD 350 million loan approved in 2016. With a total cost of USD 500 million, the main objective of the project was to improve connectivity of the interior of the landlocked State of Madhya Pradesh with national and state highway networks, as a way to boost local economic growth and social development, including in rural areas. The project execution started in January 2017 by the Public Works Department of the Government of Madhya Pradesh and was completed in March 2022, after a one-year extension.

The independent evaluation followed internationally recognised evaluation criteria and methodologies. The evaluation process included primary and secondary data collection and analysis, site visits, and collection of additional information and data from multiple stakeholders at the national, state, and community levels using semi-structured questionnaires. Triangulation techniques were also used to derive evaluation findings.

The evaluation found that the project achieved its broader objectives, and a key driver of success was the quality of the implementing agency, the Madhya Pradesh Roads Development Corporation. As an innovative feature of the project, the implementing agency developed a partnership with private sector contractors, under which the latter will be responsible for the maintenance of the roads for five years following the completion of the project.

The project is estimated to have benefitted over 434,000 people in rural communities along the project roads, enriching local livelihoods and providing improved access to clinics, hospitals, schools, colleges, markets, businesses, and job opportunities. This was made possible by upgrading more than 1,500 km of roads and eliminating 130 road accident blackspots. Increased number of shops and other amenities along the project roads were also observed. Furthermore, the average household income of the project's beneficiaries increased by 55%, from INR 13,500 per month when the project started to INR 21,000 when the project was completed. This increase in average incomes, however, may not be entirely attributable to the project.

The evaluation also identified a number of areas for improvement, including the need to strengthen project design and to provide appropriate and adequate technical assistance to project management units during implementation. The project could have been better contextualised within the state's wider transport strategy. The evaluation also found that the quality of periodic project supervision by NDB could have been strengthened, and that the high turnover of NDB staff assigned to follow the project's implementation undermined policy engagement as well as knowledge generation and sharing.

03

GENERAL STRATEGY FOR 2022–2026

RUSSIA
Sustainable Infrastructure in relation to "ZapSibNefteKhim" Project

NDB's General Strategy for 2022–2026, entitled "Scaling Up Development Finance for a Sustainable Future", was approved by the Bank's BoG during its Seventh Annual Meeting on May 19, 2022. By taking into account the lessons learned from the early years of NDB's operation as well as the megatrends that will shape the Bank's future operating environment, the new five-year strategy charts the path for NDB to evolve into a leading provider of solutions for infrastructure and sustainable development for BRICS and other EMDCs.

As reflected in the strategy map, the main directions of NDB's General Strategy for 2022–2026 are laid out across three dimensions of the Bank's activities – mobilising resources, financing for impact, and institution building – that represent the strategic imperatives for the Bank over the five-year strategy cycle.

MAP OF THE GENERAL STRATEGY FOR 2022–2026

STRATEGIC DIRECTION

Evolution into a leading provider of solutions for infrastructure and sustainable development for EMDCs

STRATEGIC IMPERATIVES

Mobilising Resources

Financing for Impact

Deploying funding

- Mobilising private capital
- Co-financing with other MDBs
- Expanding non-sovereign & local currency operations

Raising funding

- Local currency fundraising
- Thematic bond issuances

Focus on specific areas

Cross-cutting considerations

- Climate change & disaster resilience
- Technology integration
- Inclusiveness

Institution Building

- Expand membership, strengthen partnerships & enhance international profile
- Enhance internal capabilities, coordination & processes

BUILDING BLOCKS

- Centrality of member countries & clients
- Criticality of SDGs & climate goals
- Catalytic role in resource mobilisation
- Crucial role of knowledge & innovation

3.1 MOBILISING RESOURCES

GUANGDONG YUDEAN YANGJIANG SHAPA OFFSHORE WIND POWER PROJECT IN CHINA

Recognising the widening financing gap faced by EMDCs, NDB aims to bolster its role not only as a development finance provider, but also as a catalyst that mobilises resources from various sources, particularly from the private sector. To ensure financial sustainability, NDB will continue to apply sound banking principles in all its activities, while working in full conformity with the compliance and risk standards expected of an MDB. This will help the Bank retain its high credit ratings as well as the ability to raise funds at competitive terms for development purposes.

Making effective use of the operating model of MDBs, NDB expects to provide USD 30 billion in funding from its own balance sheet over the 2022–2026 strategy cycle. To strengthen its value proposition, the Bank will work towards expanding its funding sources through local currency-denominated bond issuance, both onshore and offshore. This will support the Bank to achieve its target of providing 30% of total financing commitments over the five-year period in national currencies of member countries, helping its clients to mitigate exchange rate risk and reduce their dependencies on swap markets that involve significant costs.

As NDB sharpens its focus on sustainability, the Bank also intends to increase its issuance of thematic bonds, particularly sustainability debt instruments, such as green bonds, climate bonds, and social bonds. The issuance of thematic bonds will not only help the Bank attract a diverse pool of impact investors, but also demonstrate the Bank's firm commitment to sustainable financing and green investments to promote the transition towards a lower-emission, more prosperous and inclusive development path.

To strengthen its catalytic role, NDB will engage strategically with a wide range of development partners, aiming to unlock additional resources in the dual role of a risk mitigator and a project orchestrator. Several key initiatives have been proposed to ramp up the Bank's capital mobilisation capacity. Aiming to play a more active role as a risk mitigator, NDB will put in place mechanisms and offer financial instruments that can mobilise private capital in a more direct way by de-risking projects and making them viable. Over the strategy period, the Bank will build capacity to syndicate loans, offer guarantees, make direct equity investments and gradually expand the financial instruments in its toolkit.

Additionally, NDB may look into establishing special investment vehicles, in the form of a pre-committed pool of capital, to systematically crowd-in private investors. As a project orchestrator, the Bank could tap into its investor network and begin with a thematic investment fund, aiming to generate measurable development results alongside acceptable financial returns. Furthermore, NDB will enhance its institutional capacity to provide technical assistance and advisory services to its clients, addressing their skill and capability gaps. The main objective of the Bank's technical assistance interventions is to make projects financially viable, economically sound, socially inclusive, and environmentally sustainable so that they can attract financing or refinancing from the private sector.

3.2 FINANCING FOR IMPACT

RAJASTHAN WATER SECTOR RESTRUCTURING PROJECT IN INDIA

NDB will continue to focus its operations on high-quality projects in select areas of operation where financing can catalyse sustainable development at scale. Recognising that multi-stakeholder collaboration will be indispensable to close the immense development financing gap across EMDCs and, more broadly, to realise the SDGs and climate goals, the Bank will work closely with peer MDBs, global funds, national DFIs, commercial banks and private sector entities. As part of the development ecosystem, the Bank aims to co-finance 20% of the projects approved over the strategy cycle with peer MDBs. Given the ongoing expansion of its membership, the Bank also plans to support projects that can enhance regional connectivity and integration, bolstering its role as a platform for wider collaboration among EMDCs.

In order to ensure that meaningful impact is achieved and resources are not scattered across too many sectors, NDB will focus on financing projects in six areas of operation, identified on the basis of the Bank's lending mix during the first strategy cycle, the current focus of its member countries, and the development challenges faced by EMDCs. Prioritised sectors include clean energy and energy efficiency, transport infrastructure, water and sanitation, environmental protection, social infrastructure, and digital infrastructure. To maximise the impact of its financing, the Bank will also pay special attention to several cross-cutting project considerations, namely climate change and disaster resilience, technology integration, and inclusiveness.

Guided by the Nationally Determined Contributions of its member countries, NDB will prioritise projects that contribute to reducing greenhouse gas (GHG) emissions, support a just transition to lower-emission economies, and help countries adapt to climate change. Over the strategy cycle, the Bank aims to dedicate 40% of its total volume of approvals to projects contributing to climate change mitigation and adaptation, while aligning its new operations with the Paris Agreement by the end of the strategy period. The use of country systems in environmental, social and governance (ESG) as well as procurement practices, whenever possible, will continue to be a defining feature of NDB's operations.

WATER AND WASTEWATER SERVICES EXPANSION PROJECT IN MANAUS, BRAZIL

In response to the demands for development financing without sovereign guarantees, NDB will strengthen its institutional capacity in undertaking non-sovereign operations, including those involving sub-national governments, state-owned enterprises, and private sector entities. The Bank plans to direct 30% of its financing commitments over the 2022–2026 period to non-sovereign operations. In order not to crowd out private investments, the Bank's non-sovereign operations will place a strong emphasis on additionality, bringing to projects what is not available from the market and catalysing more investment from private investors.

To ensure the effective delivery of its mandate, NDB will further integrate development considerations throughout the lifecycle of projects. By strengthening its on-the-ground presence and introducing the necessary tools and processes, the Bank will explore ways of going beyond monitoring and reporting, to maximising its development impact.

NDB'S AREAS OF OPERATION

Within the broad spectrum of infrastructure and sustainable development, NDB's operations during the 2022–2026 period will focus on, but not be limited to, the following areas:

CLEAN ENERGY AND ENERGY EFFICIENCY

NDB will continue to support its member countries' transition to low-emission economies, with a focus on financing projects that entail the deployment of clean and renewable energy at scale, as well as those that enhance the efficiency of power systems. The Bank will not consider financing any new coal-fired capacity for power generation.

ENVIRONMENTAL PROTECTION

NDB aims to support projects that involve conservation and restoration of key ecosystems, promote nature-based solutions and better management of natural resources, contribute to pollution prevention and abatement, and aim to reverse or reduce the negative environmental impact of socioeconomic activities.

TRANSPORT INFRASTRUCTURE

NDB will support the augmentation of inter-city and intra-city transport networks as well as infrastructure that promotes regional connectivity and facilitates the movement of people, goods, and services. In order to meet sustainability and safety requirements, the Bank will prioritise transport infrastructure projects that improve efficiency and reduce GHG emissions, as well as those with adequate safety measures and socially inclusive amenities.

DIGITAL INFRASTRUCTURE

NDB will finance projects that entail the expansion and modernisation of national and international backbone digital infrastructure, such as overland and undersea cables, telecom towers, and base stations. In order to achieve universal and affordable access, the Bank will prioritise those extending coverage to underserved areas and those improving last-mile connectivity to meet the needs of end users.

WATER AND SANITATION

NDB will finance projects that facilitate universal access to clean drinking water and adequate sanitation, promote sustainable management of water resources, and reduce vulnerability and exposure to water-related disasters, particularly those triggered by climate change.

SOCIAL INFRASTRUCTURE

NDB will fund the building and upgrading of social infrastructure, such as schools, hospitals, affordable housing, cultural heritage sites, and other long-term physical assets that support improved delivery of social services and a better quality of life.

3.3
INSTITUTION BUILDING

As NDB moves beyond its establishment phase, the Bank's institution building will focus on enhancing its internal capabilities and international profile. Towards this end, the Bank will strengthen its governance and place an emphasis on transparency and accountability, seeking to elevate the quality of the Bank's operations and activities. NDB's internal processes and workflows as well as its interfaces with stakeholders will be optimised and digitised to improve the Bank's operational efficiency and the quality of its development financing services. Leveraging knowledge and partnership engagements will continue to be important drivers for building NDB's institutional capabilities, raising its global profile, and deepening its contributions to the international development discourse. Continuing its efforts to build a talent-intensive institution, NDB will nurture a high-performing and diverse workforce that is capable to deliver on the Bank's mandate and achieve its strategic objectives as "One Team".

Expanding its membership in a gradual and balanced manner will remain a strategic priority for NDB over the 2022–2026 strategy cycle. Continued membership expansion will enable the Bank to extend its global reach and provide additional avenues for the Bank to mobilise and deploy resources for infrastructure and sustainable development, creating impacts beyond its existing members. New members will also contribute to reinforcing NDB's capital base, diversifying its project portfolio, strengthening its credit standing, enlarging its talent pool, enriching its development experience, and enhancing its profile as a global development institution.

04

OPERATIONS

CHINA
Anhui Tongling G3
Road-Rail Bridge Project

4.1
OPERATIONS APPROVED IN 2022

In 2022, NDB approved total financing of USD 2.7 billion through 14 loans, including five to transport infrastructure projects, three to water and sanitation projects, and six to multi-area projects that combine components covering several operational areas. On average, the loans approved in 2022 were smaller than those approved in previous years, which is expected to contribute positively to the diversification of the Bank's project portfolio. While most of the operations approved in 2022 were sovereign or sovereign-guaranteed, non-sovereign loans accounted for around 20% of total financing approved over the year, a sharp increase from less than 6% recorded in 2021.

DESENVOLVE SP SUSTAINABLE INFRASTRUCTURE PROJECT

Promoting sustainable infrastructure and urban development in the State of São Paulo in collaboration with its development agency

The State of São Paulo is one of the economic powerhouses of Brazil, representing about one-third of the country's total gross domestic product (GDP) and international trade. However, in recent years, many municipalities and private sector companies located in the state have been severely affected by the economic consequences of the COVID-19 pandemic and face challenges in access to finance. Making finance available for development purposes is therefore instrumental in enabling the state to play a leading role in Brazil's post-COVID-19 economic recovery as well as the country's efforts to achieve the SDGs.

In March 2022, NDB approved a sovereign-guaranteed loan of USD 90 million to Desenvolve SP (DSP), a development agency wholly-owned by the State of São Paulo. The loan proceeds will be on-lent by DSP to sub-projects in both public and private sectors with a focus on sustainable infrastructure and urban development. Specifically, this loan is expected to benefit sub-projects in areas of water and sanitation, waste management and recycling, renewable energy and energy efficiency, as well as urban infrastructure development. These sub-projects in turn will contribute towards fostering economic growth and job creation in the State of São Paulo.

By partnering with DSP, NDB will not only be able to provide financing to a range of municipalities and private sector companies through a single operation, but also help the local development agency to diversify its funding sources and enhance its lending capacity. The development results of beneficiary sub-projects are expected to be aligned primarily with SDG 9 on Industry, Innovation and Infrastructure, and may also contribute to SDG 6 on Clean Water and Sanitation, SDG 7 on Affordable and Clean Energy, and SDG 11 on Sustainable Cities and Communities.

DESENVOLVE SP SUSTAINABLE INFRASTRUCTURE PROJECT

BORROWER:	DSP
LOAN AMOUNT:	USD 90 million
LOAN TENOR:	10 years
APPROVAL DATE:	March 22, 2022
AREA OF OPERATION:	Multiple Areas
E&S CATEGORY[25]:	Category FI-B
SDG ALIGNMENT[26]:	

25 See additional information on NDB's environmental and social (E&S) categorisation of projects in the section on "ESG and Project Procurement".
26 For each project, the large SDG icon indicates the SDG to which the project is most directly and closely related, while the small SDG icons, if any, indicate the SDGs to which the project will also directly contribute.

FONPLATA SUSTAINABLE INFRASTRUCTURE PROJECT

Partnering with FONPLATA to scale up development finance for Brazil's municipalities and states

Fondo Financiero para el Desarrollo de la Cuenca del Plata (FONPLATA) is a regional MDB with a mandate to support the socioeconomic development and integration of the five Latin American countries of the River Plate Basin, including Brazil. In line with its strategic plan, FONPLATA aims to increase the scale of its lending to Brazil's municipalities and states to support their sustainable infrastructure development. Considering that Brazil is a highly urbanised country with cities as the engines of socioeconomic development, investing in municipal infrastructure and improving the delivery of municipal services are vital to the country's sustainable development.

Recognising the shared objective of promoting the development of Brazilian cities, NDB approved a USD 50 million loan to FONPLATA for on-lending to large- and medium-sized municipalities and states in Brazil. The loan proceeds will be used to finance sustainable infrastructure sub-projects in multiple sectors, including water and sanitation, social infrastructure, transport infrastructure, tourism-enabling infrastructure, and other urban infrastructure.

Sub-projects benefiting from the NDB loan are expected to contribute primarily to Brazil's efforts to achieve SDG 9 on Industry, Innovation and Infrastructure. Additionally, they may also contribute towards achieving SDG 6 on Clean Water and Sanitation, SDG 8 on Decent Work and Economic Growth, and SDG 11 on Sustainable Cities and Communities.

FONPLATA SUSTAINABLE INFRASTRUCTURE PROJECT

BORROWER:	FONPLATA
LOAN AMOUNT:	USD 50 million
LOAN TENOR:	12 years
APPROVAL DATE:	March 22, 2022
AREA OF OPERATION:	Multiple Areas
E&S CATEGORY:	Category FI-B
SDG ALIGNMENT:	

BANCO DO BRASIL SUSTAINABLE FINANCE PROJECT

Supporting Brazil's agribusiness sector by closing the infrastructure gap

The agribusiness sector represents more than a quarter of Brazil's GDP and employs roughly one in every three active workers in the country. The sector is also a crucial contributor to Brazil's productivity growth and total exports. However, investments in agribusiness-related infrastructure have been lagging, which resulted in a growing deficit in agricultural storage capacity as well as continued inefficiencies in the irrigation and energy systems associated with the sector. Thus, closing this significant infrastructure gap offers immense potential for enhancing the sustainability and productivity of Brazil's agribusinesses, strengthening their contribution to the country's economic growth.

To support investments in agribusiness-related infrastructure, NDB approved a USD 200 million loan to Banco do Brasil, a large commercial bank that plays a major role in financing Brazil's agribusiness sector. Leveraging Banco do Brasil's expertise and capacity, the proceeds from the NDB loan will be on-lent to sub-projects related to storage and warehousing, sustainable irrigation, renewable energy and energy efficiency, particularly those located in Brazil's main agricultural production regions. To guide the selection of sub-projects, NDB and Banco do Brasil jointly developed and co-signed a sustainable finance framework. The framework also promotes alignment with international leading practices in managing ESG risks as well as in monitoring and reporting on development results.

About 80% of the financing provided by NDB will be allocated to sub-projects that expand or upgrade storage facilities for agribusinesses. This is expected to increase the production output of Brazil's agribusiness sector, and thus contribute primarily to achieving SDG 8 on Decent Work and Economic Growth. By financing irrigation and energy-related sub-projects, the NDB loan will also contribute to SDG 9 on Industry, Innovation, and Infrastructure, and SDG 7 on Affordable and Clean Energy.

BANCO DO BRASIL SUSTAINABLE FINANCE PROJECT

▶ BORROWER:	Banco do Brasil
▶ LOAN AMOUNT:	USD 200 million
▶ LOAN TENOR:	13 years
▶ APPROVAL DATE:	May 18, 2022
▶ AREA OF OPERATION:	Multiple Areas
▶ E&S CATEGORY:	Category FI-A
▶ SDG ALIGNMENT:	8 DECENT WORK AND ECONOMIC GROWTH; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SABESP INVESTMENT PROGRAMME

Expanding water and sanitation services in the State of São Paulo towards universal access

Despite its relatively high level of socioeconomic development in Brazil, the State of São Paulo continues to face challenges related to delivering universal access to water and sanitation services as well as in controlling pollutants discharged into waterbodies. To address these development challenges, Companhia de Saneamento Básico do Estado de São Paulo (SABESP), the state's main water and sanitation company, serving over 60% of the state's population, has embarked on a multi-year capital expenditure programme for service expansion, environmental protection and operational sustainability, with a total cost of over BRL 8 billion.

In July 2022, NDB approved a sovereign-guaranteed loan of USD 300 million to support SABESP's capital expenditure programme, under which a series of sub-programmes will be implemented over a three-year period. Through service expansion sub-programmes, SABESP will connect additional households to its water supply and sewage collection networks and maintain a high level of household coverage in its service area. By implementing environmental protection sub-programmes, SABESP will augment its sewage collection and treatment capacities to enhance pollution control. To boost its operational productivity, SABESP will also apply sustainable solutions in selected sewage treatment plants to improve their energy efficiency and reduce GHG emissions and environmental footprints.

SABESP INVESTMENT PROGRAMME

▶ BORROWER:	SABESP
▶ LOAN AMOUNT:	USD 300 million
▶ LOAN TENOR:	25 years
▶ APPROVAL DATE:	July 18, 2022
▶ AREA OF OPERATION:	Water and Sanitation
▶ E&S CATEGORY:	Category B
▶ SDG ALIGNMENT:	6 CLEAN WATER AND SANITATION

LANZHOU ZHONGCHUAN INTERNATIONAL AIRPORT PHASE III EXPANSION PROJECT

Catalysing socioeconomic development in northwest China by enhancing connectivity and accessibility

Located on the banks of the Yellow River, Lanzhou is the capital city of Gansu, a landlocked province in northwest China. Lanzhou Zhongchuan International Airport, with a design capacity of handling 8 million passengers and 100,000 tonnes of cargo per year, serves as the primary gateway airport to the province as well as a major transportation and logistics hub in the region. However, the annual passenger throughput of the airport has exceeded the design capacity since 2016 and reached 15.3 million in 2019. The annual cargo throughput also increased sharply and reached 72,000 tonnes in 2019. The expansion of the overburdened airport, therefore, is imperative to meet the growing demand for air traffic and improve the quality of services.

In July 2022, NDB approved a loan of EUR 265 million to finance the expansion of Lanzhou Zhongchuan International Airport. With a total cost of around RMB 33 billion, the expansion will entail the construction of two new runways with associated taxiways, an apron with 91 aircraft stands, a terminal building with an area of 400,000 m², cargo facilities with a total area of 32,000 m², a ground transportation centre with an area of 270,000 m², among other supporting infrastructure and auxiliary facilities. Upon completion, the expanded airport will have a designed capacity for annual passenger throughput of 38 million and annual cargo throughput of 300,000 tonnes, which will be able to serve projected demand until 2030.

By addressing airport capacity constraints and improving multimodal transport connectivity, the expanded Lanzhou Zhongchuan International Airport is expected to play a catalytic role in promoting the socioeconomic development of the landlocked Province of Gansu and beyond.

LANZHOU ZHONGCHUAN INTERNATIONAL AIRPORT PHASE III EXPANSION PROJECT

BORROWER:	The People's Republic of China
LOAN AMOUNT:	EUR 265 million
LOAN TENOR:	25 years
APPROVAL DATE:	July 18, 2022
AREA OF OPERATION:	Transport Infrastructure
E&S CATEGORY:	Category A
SDG ALIGNMENT:	

XI'AN XIANYANG INTERNATIONAL AIRPORT PHASE III EXPANSION PROJECT

Building an aviation hub at the geometrical centre of China

Located in the geometrical centre of China, the historic city of Xi'an is a vital transportation hub, connecting the eastern and western regions of China as well as the country with the world. Xi'an Xianyang International Airport is the largest airport in the Province of Shaanxi and the only one that services international flights. Along with the strong economic development of the city and the region, both passenger and cargo traffic at Xi'an Xianyang International Airport have grown significantly, making it one of the top ten busiest airports in China. While the airport's design cargo handling capacity of 440,000 tonnes per year is expected to be fully utilised soon, the passenger traffic at the airport has already exceeded the design capacity of 31 million per year. Further expansion of the airport is required to meet the growing air traffic demand and to make it an aviation hub for both domestic and international flights.

To support the expansion of Xi'an Xianyang International Airport, NDB approved a loan of RMB 805 million to China, contributing to the financing of the expansion project with a total cost of RMB 47 billion. The expansion is expected to add three new runways with associated taxiway systems and an apron with 96 aircraft stands. It will also build a 700,300 m² terminal building, a 350,000 m² ground transportation centre, cargo facilities with a total area of 103,000 m², as well as other associated facilities. With an expanded capacity and improved efficiency, the airport will be able to handle 83 million passengers and 1 million tonnes of cargo per year once the expansion is completed.

The project will allow Xi'an Xianyang International Airport to consolidate its role as a main node of the transportation system in the region, providing a fast, convenient and efficient mode of transport to and from Xi'an.

XI'AN XIANYANG INTERNATIONAL AIRPORT PHASE III EXPANSION PROJECT

▶ BORROWER:	The People's Republic of China
▶ LOAN AMOUNT:	RMB 805 million
▶ LOAN TENOR:	30 years
▶ APPROVAL DATE:	July 18, 2022
▶ AREA OF OPERATION:	Transport Infrastructure
▶ E&S CATEGORY:	Category A
▶ SDG ALIGNMENT:	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

MEGHALAYA ECOTOURISM INFRASTRUCTURE DEVELOPMENT PROJECT

Harnessing the ecotourism potential of India's Meghalaya by building enabling infrastructure

Located in northeast India, Meghalaya is a hilly state with dense natural endowments, including virgin forests, riverine systems, and scenic topography. However, in part due to the lack of enabling infrastructure, Meghalaya's rich tourism potential remains largely untapped and the tourism sector contributes only marginally to the state's GDP. Considering the great potential of tourism in stimulating economic growth and job creation across sectors, the Government of Meghalaya has identified tourism as a priority sector to develop, with a strategic focus on high-value and low-volume ecotourism to ensure sustainability.

To support ecotourism in Meghalaya, NDB approved a USD 79.05 million loan to finance the development of five ecotourism circuits prioritised by the government. A wide range of tourism-related assets will be built or upgraded under the project, including nine tourist attraction points with associated amenities, 323 accommodation units at various tourist sites, as well as connecting infrastructure such as roads, bridges, and ropeways. With improved tourism infrastructure, the project is expected to lead to an increased number of domestic and international tourists with a longer average stay in Meghalaya. It is also expected to create direct employment opportunities for more than 1,400 local people.

By promoting sustainable ecotourism and job creation, this project is primarily aligned with SDG 8 on Decent Work and Economic Growth. It also provides direct support to the Government of Meghalaya in achieving the goal of increasing the tourism sector's contribution to GDP from 3% to 15% by 2030.

MEGHALAYA ECOTOURISM INFRASTRUCTURE DEVELOPMENT PROJECT

▶ BORROWER:	The Republic of India
▶ LOAN AMOUNT:	USD 79.05 million
▶ LOAN TENOR:	24 years
▶ APPROVAL DATE:	July 18, 2022
▶ AREA OF OPERATION:	Multiple Areas
▶ E&S CATEGORY:	Category B
▶ SDG ALIGNMENT:	8 DECENT WORK AND ECONOMIC GROWTH

LAMPHELPAT WATERBODY REJUVENATION PROJECT

Renovating Lamphelpat waterbody to prevent urban flooding and improve water security in Imphal

Imphal is the capital city of the State of Manipur in northeast India. The region has abundant water resources but also suffers from frequent flooding. Located in a suburban area of Imphal, Lamphelpat waterbody used to serve as a temporary flood detention reservoir for the Nambul River catchment. The waterbody's detention capacity, however, has reduced over time to a negligible level due to erosion from the upstream catchment area and reclamation of land for various purposes. As a result, Imphal is vulnerable to urban flooding during monsoons. Despite some coping measures undertaken, the Lamphelpat area remains waterlogged for prolonged periods every year, resulting in losses to property, infrastructure and biodiversity while threatening public health. These negative impacts are likely to be exacerbated by climate change, which is forecast to further increase water yield in the State of Manipur.

In July 2022, NDB approved a USD 70.27 million loan to finance the Lamphelpat Waterbody Rejuvenation Project, which was designed to prevent urban flooding and improve water security in Imphal by developing Lamphelpat waterbody and surrounding areas. The project will increase Lamphelpat waterbody's detention capacity to 12.4 million m³, transform the waterbody into an additional source of drinking water, restore stormwater drainage system in the catchment area, construct an arc bridge to accommodate traffic, build green spaces, biodiversity zones and associated tourism facilities. In addition, a real-time flood management system will also be developed to enhance environmental protection and flood management capacity.

By rejuvenating Lamphelpat waterbody, the project is expected to reduce losses to property and infrastructure by approximately INR 280 million per year, increase annual water supply by 6.2 million m³, and develop the tourism potential of the Lamphelpat area, which may provide further economic and social opportunities for the local population.

LAMPHELPAT WATERBODY REJUVENATION PROJECT

BORROWER:	The Republic of India
LOAN AMOUNT:	USD 70.27 million
LOAN TENOR:	24 years
APPROVAL DATE:	July 18, 2022
AREA OF OPERATION:	Water and Sanitation
E&S CATEGORY:	Category B
SDG ALIGNMENT:	

GUANGXI TRUNK ROAD NETWORK IMPROVEMENT PROGRAMME

Enhancing connectivity in Guangxi by upgrading and expanding its trunk road network

Guangxi is a coastal autonomous region in south China with abundant natural and tourism resources. The region's economy is characterised by the primary sector, services and light industries based on local resources, and thus there is a strong demand for adequate road infrastructure to enable efficient transportation of people, goods and services. The road network in Guangxi, however, faces several key challenges, such as insufficient network mileage, poor pavement conditions, and inadequate safety and resilience measures. Upgrading and expanding its road network and capacity, will therefore allow Guangxi to better capitalise on its local resources and further realise its economic potential.

In December 2022, NDB approved a EUR 465 million loan to finance the Guangxi Trunk Road Network Improvement Programme. Under this programme, 100 km of roads will be constructed or upgraded to increase the network capacity; 1,636 km of roads will be rehabilitated to improve their service level; traffic control facilities, safety enhancement measures and tourism supporting infrastructure will be put in place on various road sections to enhance the overall quality of the network. Additionally, an emergency response management system and an integrated road maintenance management system will also be developed and implemented as part of the programme to ensure the sustainability of its development impacts. By enhancing connectivity and accessibility, the programme will act as a catalyst in promoting the socioeconomic development in the region.

GUANGXI TRUNK ROAD NETWORK IMPROVEMENT PROGRAMME

BORROWER:	The People's Republic of China
LOAN AMOUNT:	EUR 465 million
LOAN TENOR:	25 years
APPROVAL DATE:	December 13, 2022
AREA OF OPERATION:	Transport Infrastructure
E&S CATEGORY:	Category A
SDG ALIGNMENT:	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CORRIDOR 4 OF PHASE II OF CHENNAI METRO RAIL PROJECT

Improving and greening urban mobility in Chennai through the expansion of metro rail network

Chennai is the capital city of Tamil Nadu, the southernmost Indian state. It is also the largest industrial and commercial centre of south India and a major cultural, educational and economic centre. Rapid industrialisation and a growing population have put increasing pressure on Chennai's public transportation and resulted in a steep rise in the number of private vehicles on the roads. The traffic density in the city has exceeded 2,000 vehicles per km, and the average travel speed in the central business districts during peak hours lowered to less than 20 km per hour. To address the increasing demand for more efficient urban transport systems and to decongest traffic in the city, the Government of Tamil Nadu is developing a metro rail network with five corridors in Chennai Metropolitan Area. While Corridors 1 and 2 have been constructed and put into operation under the first phase of the development, Corridors 3, 4 and 5 are being developed as part of the second phase.

To support the expansion of Chennai's metro rail network, NDB approved a USD 346.72 million loan to jointly finance the construction of Corridor 4 along with the Asian Development Bank and the Asian Infrastructure Investment Bank. The project will entail the construction of a new metro line with a total length of 26.8 km and 30 stations, providing connectivity between the eastern and western parts of the city. Upon completion, this metro line will have the capacity to serve 550,000 passenger trips per day, and its daily ridership is expected to reach 340,000. This will help reduce travel time between the metro line endpoints by up to 0.6 hours compared to bus travel, enhance the safety and comfort of commuters, and avoid GHG emissions by 170,000 tonnes per year. The project therefore will also contribute to India's climate change mitigation efforts.

CORRIDOR 4 OF PHASE II OF CHENNAI METRO RAIL PROJECT

BORROWER:	The Republic of India
LOAN AMOUNT:	USD 346.72 million
LOAN TENOR:	29 years
APPROVAL DATE:	December 13, 2022
AREA OF OPERATION:	Transport Infrastructure
E&S CATEGORY:	Category A
SDG ALIGNMENT:	11 SUSTAINABLE CITIES AND COMMUNITIES; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION

ANHUI TONGLING G3 ROAD-RAIL BRIDGE PROJECT

Reinforcing regional connectivity to unlock the economic potential of the Yangtze River Delta region

The Yangtze River Delta region is one of the largest urban agglomerations in China. Reinforcing the integration of the region to unlock its full economic potential is a priority on the country's development agenda. Tongling, a city located in Anhui Province on the bank of the Yangtze River, plays a strategically important role in achieving this goal as a number of national expressways that connect major cities within the region and beyond cross the river via the existing Tongling Yangtze River Highway Bridge. However, due to deteriorating physical conditions and increasing traffic demand, the existing bridge is prone to congestion and accidents, creating a bottleneck on the road network.

To help alleviate this challenge, NDB approved a RMB 2.19 billion loan to support the construction of the Anhui Tongling G3 Road-Rail Bridge, which will be an additional Yangtze River-crossing passage located 720 m away from the existing bridge. The project will result in a 2.8 km long double-deck bridge, with a six-lane two-way road on the upper deck and four-track railway support infrastructure on the lower deck. New six-lane approaching roads with a total length of 9 km will also be built on both sides of the bridge, connecting it to the G3 national expressway. The lower deck of the bridge will be connected in the future to planned railway routes. The project is expected to lead to a 59% reduction in road travel time across the river in Tongling, contributing to enhanced connectivity and coordinated development in Anhui and the wider Yangtze River Delta region.

As the project is located within the protection zone of the Tongling Yangtze River Dolphin National Nature Reserve, NDB paid special attention to measures that protect the critically endangered Yangtze River dolphin and mitigate the project's impact on biodiversity. The Bank proactively engaged aquatic biodiversity experts and ecological specialists to ensure that the project's mitigation measures are in compliance with NDB's requirements on critical habitats.

ANHUI TONGLING G3 ROAD-RAIL BRIDGE PROJECT

BORROWER:	The People's Republic of China
LOAN AMOUNT:	RMB 2.19 billion
LOAN TENOR:	24 years
APPROVAL DATE:	December 13, 2022
AREA OF OPERATION:	Transport Infrastructure
E&S CATEGORY:	Category A
SDG ALIGNMENT:	

URBAN AND SUSTAINABLE INFRASTRUCTURE PROGRAMME – ARACAJU CITY OF THE FUTURE

Modernising Aracaju's urban infrastructure for a sustainable and resilient future

Aracaju is the capital city of Sergipe, a coastal state in northeast Brazil. The city's population increased 45% in the past 20 years and reached around 700,000 in 2021, accounting for approximately one third of the total population of the state. The rapid population growth and unorganised urban sprawl in Aracaju have created a series of development challenges, including insufficient coverage of water and sanitation services, unmaintained street networks, and inadequate drainage systems. The latter has rendered the low-lying coastal city even more vulnerable to floods. To make Aracaju a city of the future, these urban development challenges need to be addressed in a comprehensive manner in line with its Urban Development Master Plan.

In December 2022, NDB approved a sovereign-guaranteed loan of USD 84 million to the Municipality of Aracaju to finance its Urban and Sustainable Infrastructure Programme. The programme will entail the implementation of stormwater and sewage systems covered with street paving, the restoration and construction of water canal networks, and the replacement of the pavement of five main avenues in the city. Upon its completion, the programme is expected to increase the number of residents with access to sewage network by more than 24,000, reduce the number of households exposed to waterlogging and floods by at least 800, and reduce the share of road users with an average commute time of over one hour from 11% to 4%.

By modernising Aracaju's urban infrastructure, the programme will improve the overall quality of life of local residents.

URBAN AND SUSTAINABLE INFRASTRUCTURE PROGRAMME – ARACAJU CITY OF THE FUTURE

BORROWER:	The Municipality of Aracaju
LOAN AMOUNT:	USD 84 million
LOAN TENOR:	24 years
APPROVAL DATE:	December 13, 2022
AREA OF OPERATION:	Multiple Areas
E&S CATEGORY:	Category A
SDG ALIGNMENT:	

WATER AND WASTEWATER SERVICES EXPANSION PROJECT IN MANAUS

Connecting households to water and sewage networks in the capital of Brazil's State of Amazonas

Located near the confluence of the Amazon and Negro Rivers, Manaus is the capital and largest city of the State of Amazonas in Brazil. Due to accelerated urban sprawl, the city is facing growing informal settlements with inadequate water and wastewater infrastructure. While 98% of the city's households are connected to the potable water supply network, only 26% have access to wastewater infrastructure, which is a risk to public health. Another major challenge facing the city is the high level of water losses. About 57% of potable water produced in Manaus is lost in leaks and unmetered consumption, resulting from informal connections, deteriorated infrastructure, inefficient distribution systems and poor water pressure management. Significant investments are therefore urgently required to expand and modernise the water and wastewater infrastructure in Manaus.

To address this critical infrastructure gap, NDB approved a non-sovereign guaranteed loan of USD 80 million to Manaus Ambiental S.A., a water and wastewater utility company wholly-owned by Aegea Saneamento e Participações S.A., to finance its large capital investment programme. By expanding and improving the water and wastewater infrastructure, the programme is expected to connect approximately 84,000 households to the potable water supply network and around 160,000 households to the sewage network. This will not only improve the quality of life of local residents and reduce incidence of waterborne diseases, but also lower the volume of untreated effluent discharged, ensuring compliance with environmental standards. The programme will also include components that aim to reduce commercial and physical water losses, improve operational efficiency, and ensure safety and security.

WATER AND WASTEWATER SERVICES EXPANSION PROJECT IN MANAUS

BORROWER:	Manaus Ambiental S.A.
LOAN AMOUNT:	USD 80 million
LOAN TENOR:	10 years
APPROVAL DATE:	December 13, 2022
AREA OF OPERATION:	Water and Sanitation
E&S CATEGORY:	Category B
SDG ALIGNMENT:	

DBSA SUSTAINABLE INFRASTRUCTURE PROJECT

Catalysing private sector's participation in South Africa's sustainable infrastructure development

Developing sustainable infrastructure enables South Africa to realise economic growth and work towards its social development objectives. To achieve its SDGs and the goals set in South Africa's National Development Plan, the country needs to invest over ZAR 6 trillion in infrastructure between 2016 and 2040, yet the current financing gap stands at more than ZAR 2 trillion, due to fiscal pressures and other constraints. In a context of constrained public finance, addressing this immense financing gap requires development finance providers and private sector investors to take a more active role in infrastructure financing.

Against this backdrop, NDB approved its second loan to DBSA, a government-owned DFI with a mandate to foster sustainable infrastructure development in South Africa.

The loan proceeds will be on-lent by DBSA to private companies for financing sustainable infrastructure sub-projects in areas including renewable energy, social infrastructure and digital infrastructure. Up to 50% of the loan proceeds could be allocated to finance renewable energy sub-projects, which will not only help South Africa address its energy challenges but also contribute to the country's climate change mitigation efforts by avoiding GHG emissions. Through the provision of long-term financing to private companies, the project is also expected to further encourage the participation of private sector entities in sustainable infrastructure development in South Africa.

DBSA SUSTAINABLE INFRASTRUCTURE PROJECT

BORROWER:	DBSA
LOAN AMOUNT:	USD 200 million[27]
LOAN TENOR:	15 years[28]
APPROVAL DATE:	December 13, 2022
AREA OF OPERATION:	Multiple Areas
E&S CATEGORY:	Category FI-B
SDG ALIGNMENT:	

27 Subsequent to December 31, 2022, this loan amount was revised to USD 100 million.
28 Subsequent to December 31, 2022, this loan tenor was revised to 13 years.

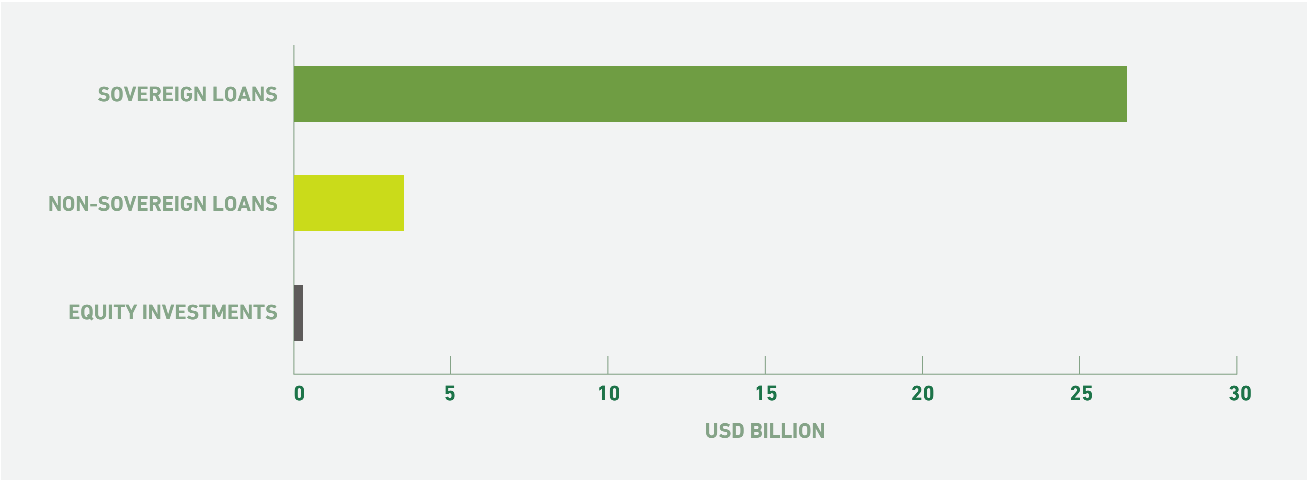
4.2 PROJECT PORTFOLIO AT THE END OF 2022

DOWNLOAD DATA FOR THE EVOLUTION OF NDB'S PORTFOLIO

ANHUI TONGLING G3 ROAD-RAIL BRIDGE PROJECT IN CHINA

By the end of 2022, NDB had cumulatively approved USD 32.8 billion for 96 projects on a gross basis. Considering only projects included in the Bank's portfolio as at December 31, 2022, there were 85 projects with total NDB financing amounting to USD 30.2 billion.[29] The portfolio was largely concentrated on sovereign and sovereign-guaranteed loans, which accounted for 87.9% of the portfolio's total financing as of end-2022. Non-sovereign operations, including financing to international organisations, national DFIs, state-owned enterprises and private sector clients without sovereign guarantee, represented 12.1% of the portfolio. If the large-size COVID-19 emergency programme loans to member countries totalling USD 9.0 billion are excluded, the share of non-sovereign operations would stand at 17.2%.

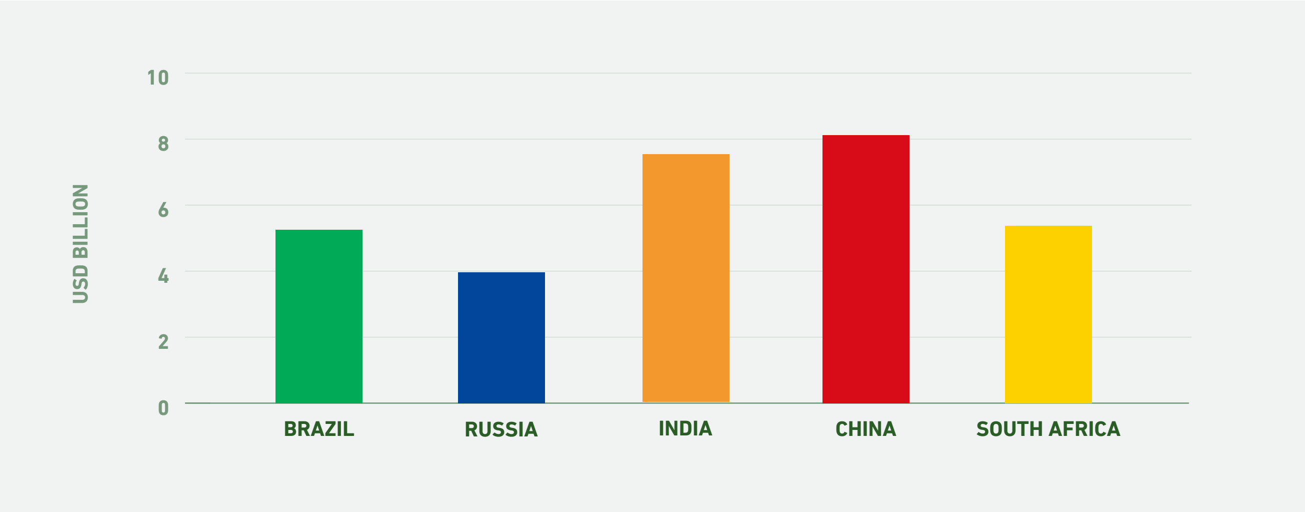
PROJECT PORTFOLIO BY TYPE OF OPERATION (AS AT DECEMBER 31, 2022)



29 NDB's portfolio refers to the Bank's cumulative approvals net of cancelled and fully repaid loans.

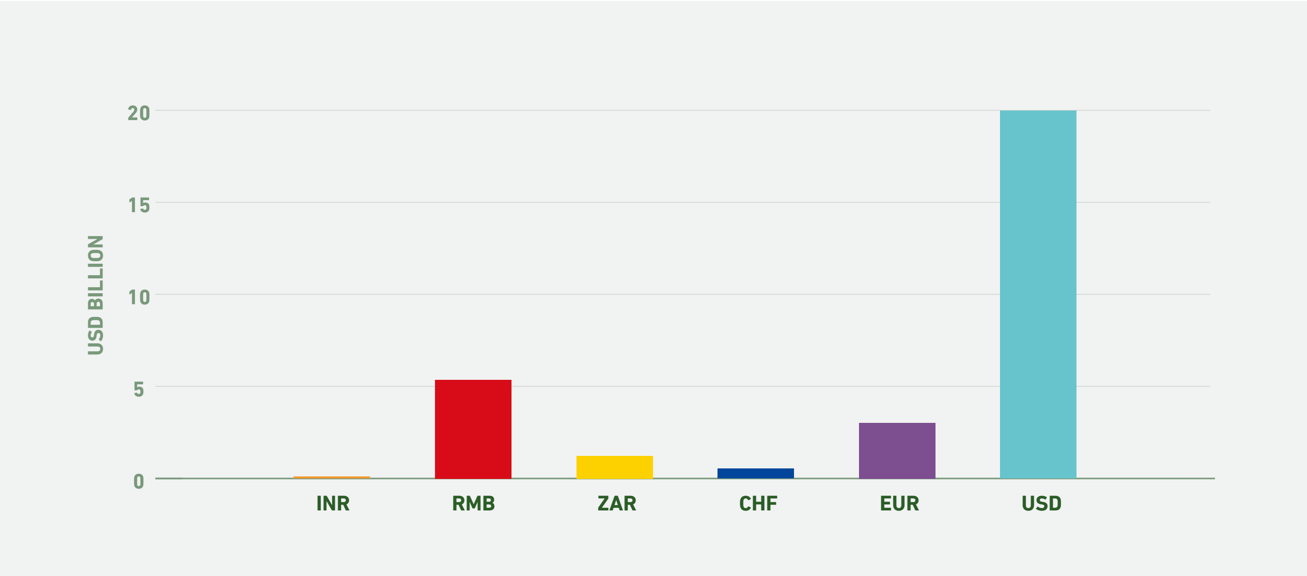
NDB strived to spread its operations across its borrowing members in a balanced manner. At the end of 2022, the Bank's portfolio had the largest exposure to projects in China and India, which together represented more than half of the portfolio's total financing. The share of the financing to clients in South Africa, Brazil and Russia stood at 17.8%, 17.4%, and 13.1%, respectively. As NDB continues expanding its membership and building its project preparation and implementation capacity in new members, the Bank's portfolio is expected to diversify into additional geographies.

PROJECT PORTFOLIO BY COUNTRY (AS AT DECEMBER 31, 2022)



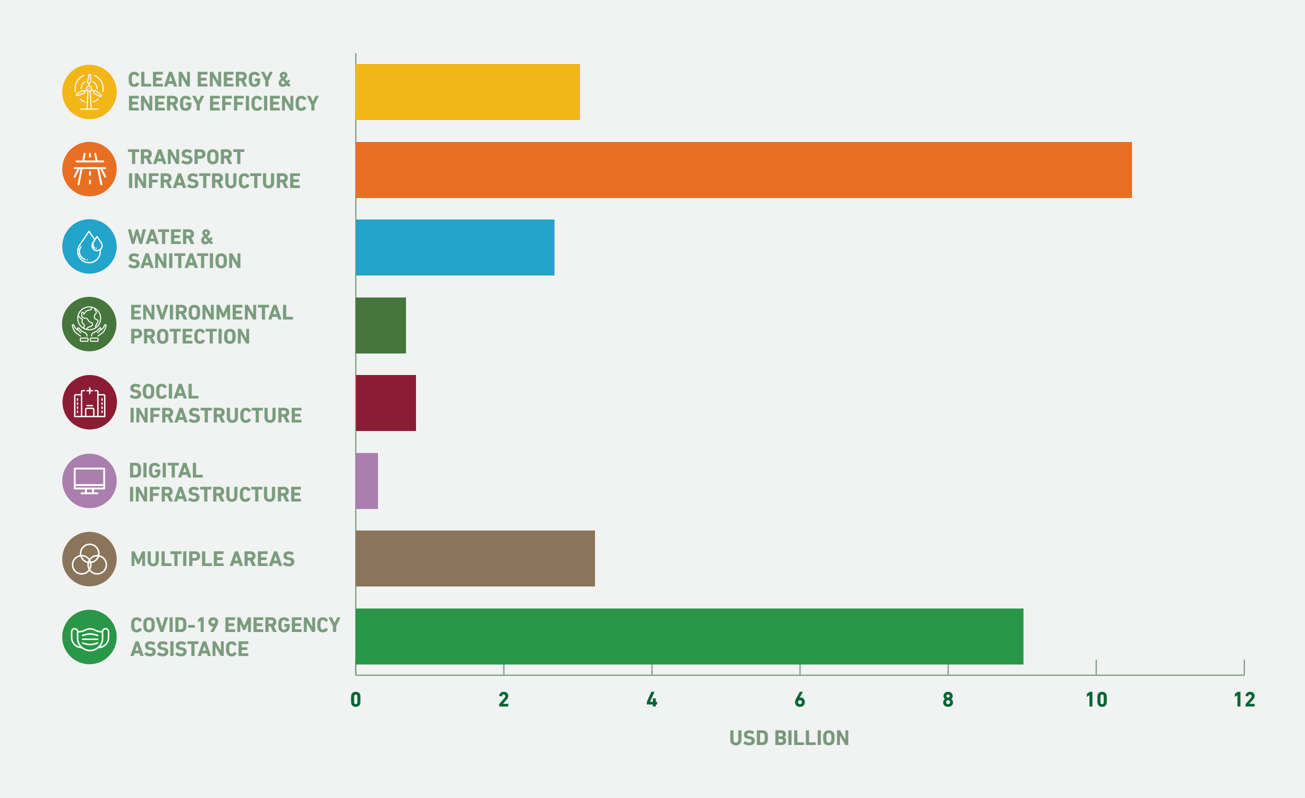
As a key component of its value proposition, NDB continued providing local currency financing that could help its clients mitigate risks associated with currency mismatches. Local currency financing represented 22.1% of the Bank's portfolio at the end of 2022, largely driven by RMB-denominated loans. Around two thirds of NDB's financing to projects in China was denominated in RMB. The Bank has also been proactively exploring opportunities to mobilise and provide financing in the national currencies of other borrowing members at competitive terms, with a view to strengthening the financial additionality of the Bank's operations in different markets.

PROJECT PORTFOLIO BY FINANCING CURRENCY (AS AT DECEMBER 31, 2022)



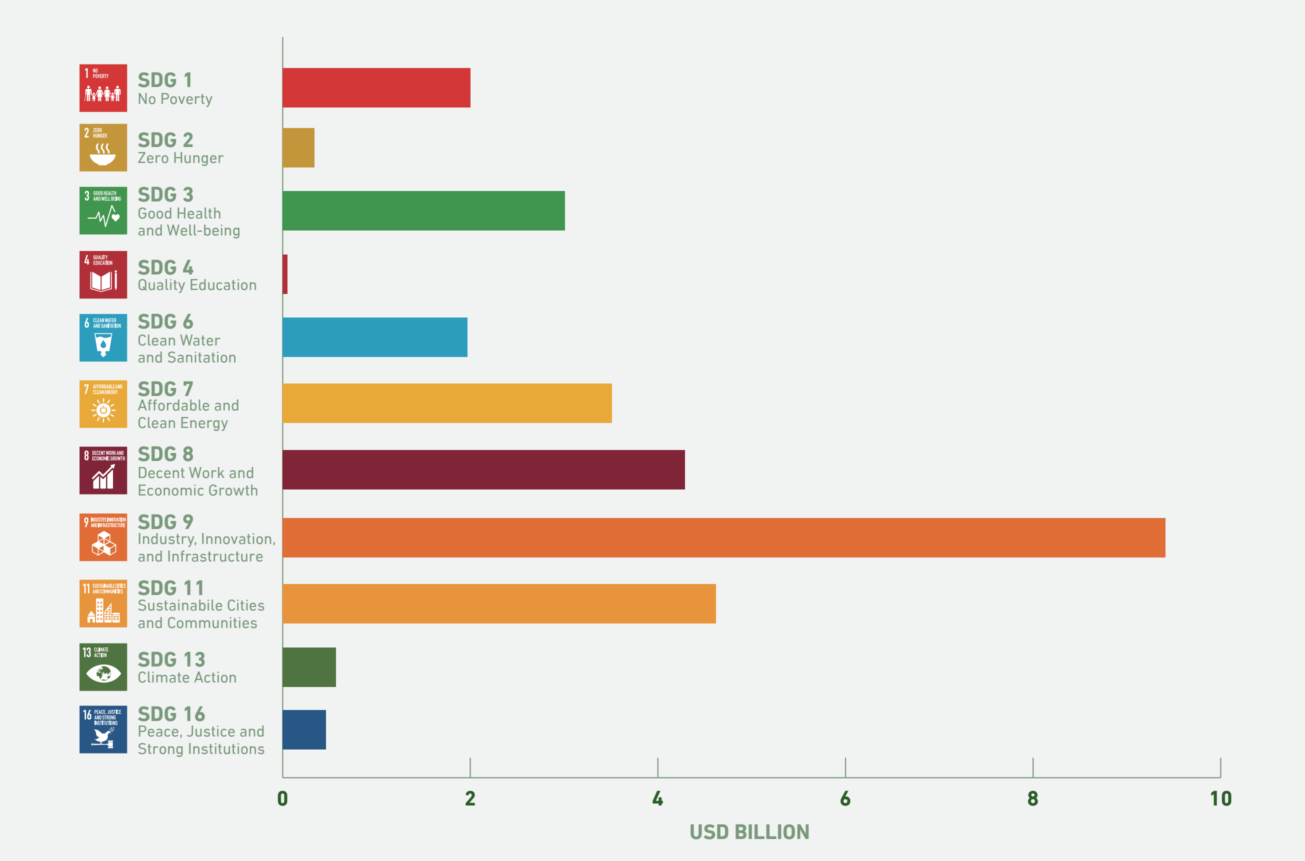
Guided by its general strategy, NDB focused its efforts on projects in select areas of operation where financing can catalyse sustainable development at scale. At the end of 2022, financing to transport infrastructure projects, such as roads, railways, ports, airports as well as urban mass transit systems, accounted for over one third of the Bank's portfolio. This was followed by NDB's COVID-19 emergency assistance (29.8% of the portfolio) and its financing to multi-area projects (10.7% of the portfolio), clean energy and energy efficiency projects (10.0% of the portfolio), and water and sanitation projects (8.9% of the portfolio).

PROJECT PORTFOLIO BY AREA OF OPERATION (AS AT DECEMBER 31, 2022)



Recognising the importance of the SDGs, NDB devised an evidence-based method to map the projects supported by the Bank to relevant goals. Each project is mapped, through quantifiable development results indicators, to a primary SDG with which the project is most directly and closely associated. Through the analysis of its intervention logic, a project may be mapped to one or more additional SDGs to which it will also contribute directly. At the end of 2022, NDB's portfolio included projects that are primarily aligned with 11 out of the 17 SDGs. The largest share (31.1%) of the Bank's portfolio was primarily aligned with SDG 9 on Industry, Innovation and Infrastructure, followed by SDG 11 on Sustainable Cities and Communities (15.3% of the portfolio), SDG 8 on Decent Work and Economic Growth (14.2% of the portfolio), SDG 7 on Affordable and Clean Energy (11.6% of the portfolio) and SDG 3 on Good Health and Well-being (10.0% of the portfolio). In line with the spirit of SDG 17 on Partnerships for the Goals, NDB undertook its operations in collaboration with a wide range of development partners, including peer MDBs, national financial intermediaries, commercial banks, and government agencies.

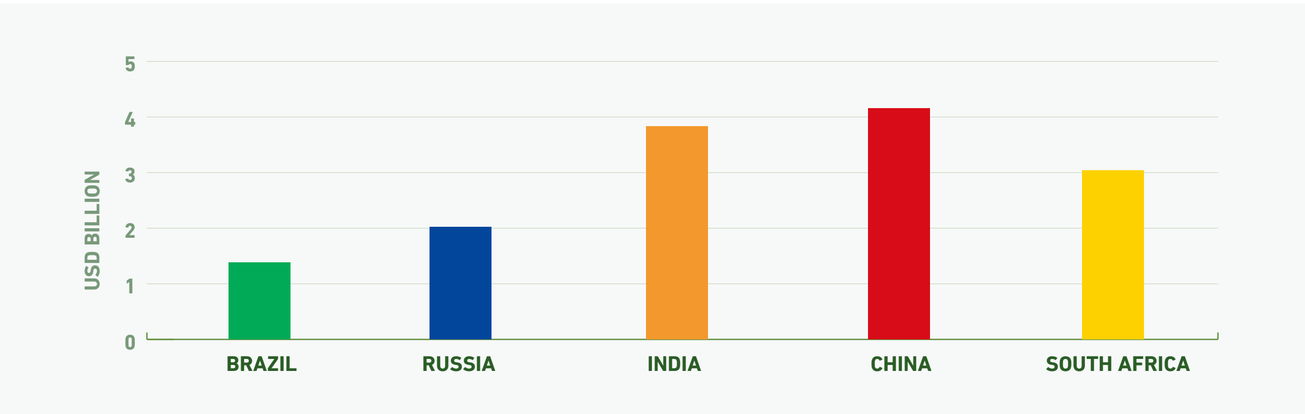
PROJECT PORTFOLIO BY PRIMARY SDG ALIGNMENT (AS AT DECEMBER 31, 2022)



Furthermore, in line with its commitment to assist member countries in realising their climate goals, NDB strengthened its efforts to support projects that contribute to climate change mitigation and adaptation. At the end of 2022, climate finance represented 18.5% of the Bank's portfolio, amounting to USD 5.6 billion, of which around USD 5.0 billion was dedicated to activities that reduce or avoid GHG emissions. If the COVID-19 emergency programme loans are excluded, climate finance would represent 26.4% of the Bank portfolio at the end of 2022.

In 2022, NDB disbursed a total of USD 1.2 billion to 32 projects, which brought the Bank's outstanding disbursements to USD 14.4 billion for 53 projects by the end of the year.[30] The pace of disbursements slowed down in 2022, as compared to the previous two years during which the large-sized COVID-19 emergency programme loans were disbursed on a fast-track basis. If these COVID-19-related loans are excluded, the Bank's outstanding disbursements would stand at USD 6.5 billion at the end of 2022.

OUTSTANDING DISBURSEMENTS BY COUNTRY (AS AT DECEMBER 31, 2022)



30 As at December 31, 2022, the Bank's cumulative disbursements and cumulative repayments stood at USD 15.4 billion and USD 953 million, respectively.

4.3
ESG AND PROJECT PROCUREMENT

NDB seeks to ensure that all projects it finances are implemented in a sustainable manner and that their adverse ESG impacts are assessed, minimised, and mitigated. To this end, NDB takes a risk-based and outcome-oriented approach to manage the ESG performance of its projects, while promoting the use of strong country and corporate systems in its member countries whenever possible.

As a key component of this approach, NDB assigns an E&S category to each project based on its E&S risks and the financing modality employed, in accordance with the criteria set out in the Bank's Environment and Social Framework (ESF). The E&S category ranges from Category A or FI-A to Category C or FI-C, where the former represents significant adverse E&S impacts, the latter represents minimal or no negative E&S impacts, and FI indicates projects involving financial intermediaries.[31] The E&S category assigned to a project determines the level of scrutiny and depth of analysis required for the monitoring of the project. At the end of 2022, about 65% of the projects in the Bank's portfolio were classified as Category B or FI-B, and around one-third were classified as Category A or FI-A, while only two projects fell under Category C.

PORTFOLIO BY E&S CATEGORY (AS AT DECEMBER 31, 2022)

E&S Category	Number of projects	Percentage of total projects
CATEGORY A	23	27.1
CATEGORY FI-A	5	5.9
CATEGORY B	40	47.1
CATEGORY FI-B	15	17.6
CATEGORY C	2	2.4
TOTAL	**85**	**100.0**

NDB's Environmental and Social Standards (ESSs) set out the mandatory requirements for NDB-supported projects to manage and mitigate negative E&S impacts and risks in line with the Bank's ESF. These ESSs include ESS 1: "E&S Assessment"; ESS 2: "Involuntary Resettlement"; and ESS 3: "Indigenous Peoples". A project may trigger multiple ESSs, depending on its E&S risks. At the end of 2022, almost all projects in the Bank's portfolio required E&S assessments, while close to half of them triggered ESS 2 and less than 10% triggered ESS 3.

ESS TRIGGERED BY PROJECTS IN THE PORTFOLIO (AS AT DECEMBER 31, 2022)

ESS	Number of projects triggered ESS	Percentage of total projects
ESS1: E&S ASSESSMENT	83	97.6
ESS2: INVOLUNTARY RESETTLEMENT	42	49.4
ESS3: INDIGENOUS PEOPLES	8	9.4

31 A project is classified as Category A or FI-A if it is likely to have significant adverse E&S impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subjected to physical works. Category B or FI-B is assigned to projects with lesser potential adverse impacts, i.e., where the impacts are site-specific, few or none of them are irreversible and mitigation measures can be readily designed. Category C or FI-C is assigned to projects with minimal or no adverse E&S impacts.

DELHI-GHAZIABAD-MEERUT REGIONAL RAPID TRANSIT SYSTEM PROJECT IN INDIA

During project implementation, NDB proactively engages with its clients to address the identified E&S risks and impacts. Such engagements provide opportunities for NDB to add value by strengthening its clients' compliance with the requirements, as set out in country E&S systems, building their capacity to manage projects' E&S risks and impacts, and improving their operational practices through the adoption of good international practices in project management and implementation. Overall, NDB's project-level interventions had contributed to improving the E&S performance of 78% of the projects included in the Bank's portfolio at the end of 2022.

With the expansion of the Bank's operational capacity and the introduction of the governance dimension in the Bank's project processing and management, NDB has developed a governance risk management framework, which is based on existing legal frameworks of member countries and good international governance practices. The main objective is to ensure that NDB-supported projects follow good corporate governance practices and their governance risks are thoroughly assessed, clearly understood, and adequately mitigated. Moreover, the Bank seeks to support its clients in building their governance capacity, which in turn will contribute to improving projects' overall ESG performance, mainstreaming sustainability considerations, and enhancing transparency.

Similar to its approach to ESG management, NDB also promotes the use of strong country systems in project procurement practices, with a view to ensuring that funds provided by the Bank are utilised for their intended purposes with due considerations of economy, efficiency, value for money, competition and transparency. While NDB's financing is primarily used by its clients for the procurement of goods and services produced within the Bank's member countries, procurement from non-member countries could also be approved by the BoD on a case-by-case basis. In response to requests from clients, by the end of 2022, the BoD had permitted 37 projects to source goods and services from non-member countries.

4.4
PROJECT PREPARATION FUND

PROJECT FINANCE FACILITY FOR ESKOM IN SOUTH AFRICA

To support the preparation of quality and bankable projects that can attract financing from NDB and other sources, the NDB-PPF was established in 2017 as a multi-donor fund to provide technical assistance to the Bank's borrowing members for project preparation. China and Russia respectively committed contributions of USD 4 million and USD 1.5 million to the NDB-PPF in 2017, and another contribution of USD 1.5 million was committed by India in 2018. In March 2022, South Africa also entered into a contribution agreement with the Bank, making an additional commitment of USD 2 million to the fund in two equal instalments. As of end-2022, the NDB-PPF had received commitments totalling USD 9 million, and apart from the second instalment of USD 1 million from South Africa, all the contributions had been paid by the contributors.[32] However, no disbursement had been made under the fund to its recipients.

CONTRIBUTIONS TO THE NDB-PPF (AS AT DECEMBER 31, 2022)

Contributor	Contribution committed (USD million)	Contribution paid (USD million)
RUSSIA	1.5	1.5
INDIA	1.5	1.5
CHINA	4.0	4.0
SOUTH AFRICA	2.0	1.0
TOTAL	**9.0**	**8.0**

To allow for effective and efficient utilisation of the technical assistance resources for preparing projects, NDB conducted a review of the NDB-PPF in 2022 and expanded its eligibility criteria by including sub-national governments as eligible recipients. Additional amendments were also made to enhance the involvement of NDB's regional offices in project preparation, increase the maximum amount of individual technical assistance transactions, and streamline the approval process. The objective is to turn the underutilised NDB-PPF into an effective vehicle leading to the delivery of well-prepared infrastructure and sustainable development projects.

32 Subsequent to December 31, 2022, the second instalment of USD 1 million was received from South Africa.

05 RISK MANAGEMENT AND TREASURY ACTIVITIES

INDIA
Meghalaya Ecotourism Infrastructure Development Project

5.1 RISK MANAGEMENT

NDB adopts a conservative and integrated approach to managing both financial and non-financial risks, in accordance with the Enterprise Risk Management and Risk Appetite Framework approved by the BoD. This framework guides the Bank's decision-making processes to ensure effective, consistent, transparent, and accountable management of all types of risks. Based on the "three lines of defence" model, the framework covers key elements across the lifecycle of risk management, including risk governance and risk appetite, risk assessment and measurement, risk monitoring and reporting, as well as risk awareness and culture.

To safeguard its capital base and ensure effective delivery of its mandate, NDB follows international standards to actively manage all inherent risks in its activities, such as credit, market, liquidity, and operational risks. In 2022, amidst a challenging macroeconomic and geopolitical environment, the Bank operated within its risk appetite limits and remained adequately capitalised with sufficient liquidity to cover its financial commitments.

CREDIT RISK

NDB's Credit Risk Management Policy and the Provisioning and Write-off Policy establish key principles governing the assessment, measurement, mitigation, and monitoring of credit risk. Guided by these principles, the Bank uses credit risk data from both external rating agencies and internal credit analysis to conduct risk assessment and monitoring. In 2022, the credit quality of the Bank's loan portfolio measured by the weighted average risk rating (WARR) reduced from BBB- to BB+, one notch below the investment-grade band. At the end of 2022, the expected credit loss (ECL) provisioning under IFRS 9 for the Bank's loan and treasury portfolio as a share of the Bank's total credit exposure stood at 0.60%, higher than the level of 0.18% recorded a year ago. The increase was mainly due to rating downgrades triggered by geopolitical events, which resulted in the migration of certain exposures of NDB from Stage One to Stage Two, as per the Bank's three-stage model for credit impairment. Despite the challenging operating environment, the Bank had no loan in Stage Three by the end of 2022.

The Bank applies credit risk concentration limits to exposures to a single borrower, sector, and jurisdiction. The Bank's loan portfolio was reasonably diversified among the five founding member countries.

MARKET AND LIQUIDITY RISKS

NDB has a limited appetite for market risk and thus strives to minimise its exposure to losses resulting from interest rate and exchange rate risks. In 2022, the Bank's exposure to interest rate and exchange rate risks remained low with relevant metrics well within the established limits.

The Bank takes a prudent approach to managing liquidity risk and maintains an extremely strong liquidity position in high-quality investments. Over 2022, the primary liquidity ratio, which considers cash flows over a 12-month horizon without raising additional funds, mostly remained within the indicative target range of 110% and 150% to balance liquidity risks and opportunity costs.

OPERATIONAL RISK

NDB manages its non-financial risks in line with its Operational Risk Policy, which was developed for identifying, measuring, monitoring, controlling and mitigating losses arising from failure or inadequacy of systems and controls, human errors, fraud or external events. Although there were no material operational risk losses in 2022, the ongoing COVID-19 pandemic brought forward challenges and pressures on the resilience of processes, technology, and people. Even in this complex scenario, no impact was experienced by the Bank's critical processes, demonstrating NDB's resilience through business continuity management.

CAPITAL ADEQUACY

NDB takes a conservative approach to capital management and maintains its capital adequacy ratios at strong levels. Bank-wide stress testing and sensitivity tests are performed regularly to complement the analysis of capital adequacy under extreme adverse scenarios. At the end of 2022, the Bank remained adequately capitalised with a capital utilisation ratio of 14.2%, far below is upper limit of 90%, and an equity-to-asset ratio of 40%, well above its lower limit of 25%.

5.2
CREDIT RATINGS

NDB's strong credit profile underpins the Bank's operating model by enabling it to raise funds at competitive terms and pass the benefits to its clients.

INTERNATIONAL CREDIT RATINGS (AS AT DECEMBER 31, 2022)

	Credit rating	Outlook	Latest rating affirmation
S&P GLOBAL RATINGS	AA+ (Long-term issuer credit rating) A-1+ (Short-term issuer credit rating)	Stable	February 2022[33]
FITCH RATINGS	AA+ (Long-term issuer default rating) F1+ (Short-term issuer default rating)	Negative	July 2022[34]
JAPAN CREDIT RATING AGENCY	AAA (Long-term issuer rating)	Stable	December 2021
ANALYTICAL CREDIT RATING AGENCY	AAA (International scale credit rating)	Stable	November 2022[35]

DOMESTIC CREDIT RATINGS (AS AT DECEMBER 31, 2022)

	Credit rating	Outlook	Latest rating affirmation
ANALYTICAL CREDIT RATING AGENCY	AAA (RU) (National scale credit rating)	Stable	November 2022[36]
CHINA CHENGXIN INTERNATIONAL CREDIT RATING	AAA (Local currency issuer rating)	Stable	July 2022
CHINA LIANHE CREDIT RATING	AAA (Long-term local currency issuer rating)	Stable	July 2022

The macroeconomic environment in 2022, which was characterised by a rapid rise in interest rates, inflationary pressures, credit risks, and geopolitical tensions, presented a range of challenges to financial institutions globally, from which NDB was not exempt. While NDB's international credit ratings from S&P Global Ratings, Japan Credit Rating Agency and Analytical Credit Rating Agency were kept unchanged within the year, Fitch Ratings adjusted NDB's long-term issuer default rating to AA from AA+. NDB's high domestic credit ratings and stable outlooks were confirmed by credit rating agencies in 2022. The Bank's robust balance sheet and sound credit profile will continue to provide a solid base for the Bank to strengthen its operational capacity and expand its role in financing development projects across its member countries.

33 In February 2023, S&P Global Ratings affirmed NDB's long-term issuer credit rating at AA+ with a stable outlook.
34 In May 2023, Fitch Ratings affirmed NDB's long-term issuer default rating at AA and revised the outlook from negative to stable.
35 In May 2023, Analytical Credit Rating Agency affirmed NDB's international scale credit rating at AAA with a stable outlook.
36 In May 2023, Analytical Credit Rating Agency affirmed NDB's national scale credit rating at AAA (RU) with a stable outlook.

5.3
FUNDING STRATEGY AND ACTIVITIES

NDB's funding strategy aims to ensure that sufficient resources are available to meet the Bank's liquidity requirements while minimising borrowing costs. The Bank's funding activities are primarily driven by the need to support the Bank's growing project portfolio and refinancing needs.

As part of its funding strategy, NDB intends to develop and expand its investor base through consistent and regular engagements with investors and other market participants. When issuing debt instruments, the Bank considers not only its financing requirements, but also investor preferences in terms of issuance formats, use of proceeds, ESG criteria, currencies, tenors, and types of interest rate, with due regard to the availability of appropriate hedging instruments in line with the Bank's risk management policies.

KEY ELEMENTS OF NDB'S FUNDING STRATEGY

- Establishing and maintaining NDB's curve through regular benchmark issuances in major hard currencies
- Maintaining a consistent presence in key funding markets
- Diversifying funding by market, instrument, currency, and tenor
- Local currency financing in national currencies of member countries
- Issuing thematic debt instruments, such as green, social, and sustainability bonds
- Aligning with the 2030 Agenda

The Bank has established a number of borrowing programmes in international markets as well as domestic markets of member countries. These programmes serve as funding platforms for the Bank to mobilise resources in various currencies through both public and private transactions.

BENCHMARK BONDS ISSUED IN 2022

Bond	Amount	Issue date	Maturity date	Annual coupon rate
2022 RMB BOND (SERIES 1)	RMB 3 billion	January 27, 2022	January 27, 2025	2.45%
2022 RMB BOND (SERIES 2)	RMB 7 billion	May 20, 2022	May 20, 2024	2.70%
2022 RMB BOND (SERIES 3)	RMB 3 billion	October 26,2022	October 26,2025	2.53%

In 2022, NDB continued to diversify its borrowing across markets, currencies and maturities in order to support its business activities. During the year, the Bank raised a total of USD 2.14 billion equivalent funds through public issuance and private placements of bonds in USD, RMB, and AUD. The RMB 7 billion bond issued by the Bank in May 2022 marked the largest ever panda bond issuance by an MDB. The scale of the issuance set up a new benchmark for top panda bond issuers and made NDB one of the largest and the most prodigious MDB issuers in the panda bond market.

Furthermore, the Bank continued to build its short-term liquidity management capabilities by regularly issuing commercial papers under its USD 8 billion Euro Commercial Paper Programme. The outstanding commercial papers issued under this programme averaged around USD 3 billion over 2022.

5.4
TREASURY PORTFOLIO MANAGEMENT

NDB's treasury portfolio is focused on preserving the Bank's capital, maintaining a strong liquidity position, and delivering returns, while providing efficient management of the Bank's funds within the established risk limits. The Bank's treasury investment portfolio primarily consists of highly-rated fixed-income instruments, such as bank deposits, interbank money market instruments, sovereign bonds, debt instruments of banks, and highly-rated corporate bonds. The actual composition of the portfolio depends on the market condition, investment outlook and the Bank's various risk limits.

During 2022, NDB made treasury investments in USD, RMB and EUR. Continued efforts have also been made to further diversify the treasury investment portfolio in terms of instruments, jurisdictions, and counterparties, with due regard to the Bank's conservative risk management policies and guidelines. As the Bank makes disbursements in local currencies and actively manages its asset-liability and currency risks, it undertook hedging transactions in the form of cross-currency swaps, interest rate swaps, and foreign exchange forwards, wherever needed. In 2022, NDB started collateralisation of derivative exposures using the International Swaps and Derivatives Association (ISDA) Credit Support Annex to reduce the counterparty exposures arising out of such hedging transactions. This will further reduce the Bank's credit risk and improve its cost of hedging. At the end of 2022, the Bank's treasury investment portfolio stood at USD 11.4 billion and continued to have a robust credit rating profile.

5.5
LIBOR TRANSITION

The London Interbank Offered Rate (LIBOR) was the main interest rate benchmark used widely in the global financial system over the past four decades, but is being phased out by June 30, 2023. To ensure a smooth transition to post-LIBOR markets, NDB established a LIBOR Transition Steering Committee and a LIBOR Transition Working Group in 2020, to oversee and conclude the process.

Based on NDB's LIBOR transition strategy and approach approved by the BoD in 2021, the Bank has been transitioning its balance sheet from LIBOR to the Secured Overnight Financing Rate (SOFR) since 2022, by offering an option to borrowers to convert their USD LIBOR-based loans into loans linked to SOFR. Where borrowers accepted this conversion option, the reference rate of associated funding was also converted from LIBOR to SOFR. The Bank successfully aligned all assets and liabilities to mitigate the risks rising from the LIBOR transition process.

On the project financing side, SOFR-based loan products were launched by NDB on January 1, 2022, and the Bank stopped offering LIBOR-based loan products on the same day. Fallback language has also been included in all legacy LIBOR-based loans to facilitate transition from LIBOR to SOFR. It also serves as an enabling provision to facilitate transition to new benchmarks in the future.

06

INSTITUTIONAL DEVELOPMENT

6.1 TALENT MANAGEMENT

NDB's staff plays a critical role in boosting the Bank's capabilities and enabling the Bank to evolve into a leading development bank for EMDCs. By attracting talent from diverse backgrounds and nurturing a capable workforce, continued efforts have been made to ensure that the Bank has the necessary competencies to achieve its goals.

TALENT ACQUISITION

In 2022, NDB continued to attract top talent globally to build a diverse workforce in terms of professional background, experience, nationality, and other parameters. Leveraging on NDB's strong employer brand, the 51 job openings advertised by the Bank during the year generated nearly 7,000 applications. Through these job openings and a merit-based selection process, the Bank recruited and onboarded well-qualified new staff, including for some key positions at the managerial level. At the end of 2022, the Bank had a total workforce of 224 employees, which was made up of five members of the Management, 204 professional and support staff members, and 15 short-term consultants, secondees and outsourced staff.

EMPLOYEES BY CATEGORY (AS AT DECEMBER 31, 2022)

	Number	Percentage of total employees
PRESIDENT AND VICE PRESIDENTS	5	2.2
PROFESSIONAL STAFF (MANAGERIAL)	31	13.9
PROFESSIONAL STAFF (NON-MANAGERIAL)	162	72.3
SUPPORT STAFF	11	4.9
SHORT-TERM CONSULTANTS, SECONDEES AND OUTSOURCED STAFF	15	6.7
TOTAL	**224**	**100.0**

Recognising the importance of gender balance, NDB strives to achieve higher representation of women at all levels of its organisational structure. In accordance with its General Strategy for 2022–2026, the Bank intends to increase the female representation in its professional staff, including both managerial and non-managerial, from the level of 32% recorded at the end of 2022 to 40% by the end of the five-year strategy cycle. Overall, women represented 37% of NDB's entire workforce as of end-2022.

TALENT DEVELOPMENT

Developing staff and intensifying learning remain a priority for NDB on its journey to build a talent-intensive institution. In 2022, NDB partnered with Coursera, a global online course provider, and launched a virtual learning platform that aims to equip NDB staff with necessary skills to thrive in the rapidly changing and competitive business environment. Meanwhile, a series of knowledge-sharing events and capacity-building sessions were also conducted in-house by various NDB teams throughout the year, covering a number of topics pertaining to the Bank's

operations and activities, such as regulatory frameworks in member countries, project procurement, cyber security, and independent evaluation.

Furthermore, NDB continued to promote a culture of consistent high performance and to create a positive work environment. In this regard, the Bank implemented SAP SuccessFactors, a cloud-based human resources management system, as part of its efforts to provide better experience for staff. In order to gain feedback from its staff and make NDB a better place to work, the Bank launched its first staff engagement survey towards the end of 2022.

6.2 DIGITAL TRANSFORMATION

In 2022, NDB made significant strides in strengthening its cloud-based information technology (IT) infrastructure and systems to support its business activities and institutional development. This enabled the Bank to provide uninterrupted and enhanced digital services in all member countries, and helped the Bank overcome the challenges posed by the COVID-19 pandemic and the associated control measures.

Over the year, the Bank further developed its IT infrastructure in the headquarters and expanded its IT facilities in regional offices, which led to improved accessibility, performance and resilience. New tools and functionalities, including a new human resources system and a new budget planning solution, were introduced to the Bank's online service portfolio, with a view to enhance user experience, promote internal collaboration, and improve processing efficiency. Considerable progress was made in the application system domain to facilitate the LIBOR transition. In addition, a client portal is currently under development, which will provide a more efficient interface through which the Bank can better deliver its services to clients.

NDB continued to prioritise its technology governance and information security, with relevant internal procedures and policies strengthened during the year. Furthermore, a cyber security operation centre was launched in 2022. It provides a comprehensive solution to identify and respond to cyber threats, ensuring the security and integrity of the Bank's IT infrastructure.

6.3 REGIONAL PRESENCE

NDB's regional offices and centres have been instrumental in developing project pipelines and monitoring project implementation in their respective geographies. Following the establishment of NDB's Africa Regional Centre in 2017, Americas Regional Office in 2019, and Eurasian Regional Centre in 2020, the Bank inaugurated its IRO in June 2022 in India's Gujarat International Finance Tech-City, commonly known as the "GIFT City".

During the short period of time since its establishment, the IRO has deepened NDB's engagement with the government and other stakeholders in India through a variety of activities, including meetings and consultations with government officials at the national and sub-national levels as well as with senior management of leading infrastructure companies and financial institutions to develop project pipelines for both sovereign and non-sovereign operations. Going forward, the IRO will expand its engagement with other stakeholders in the Indian sub-continent, catering to infrastructure and sustainable development needs not only in India, but also in Bangladesh and future new members in the region.

The launch of the IRO was an important milestone for NDB's institutional development as it marked the fulfilment of a commitment made by the Bank to establish its on-the-ground presence in all founding members. Under the guidance of the headquarters, NDB's global network of regional offices and centres will help the Bank to build stronger relationships with its local stakeholders, have more efficient and timely interactions with its clients, and collaborate more closely with peer MDBs and other development partners present in these regions.

6.4 PARTNERSHIPS AND ENGAGEMENTS

Building and implementing effective partnerships allows NDB to leverage the expertise of partner institutions and strengthen its ability to provide development services in member countries. In 2022, NDB entered into four memoranda of understanding (MoUs) on general cooperation with new partners, namely the BRICS Partnership on New Industrial Revolution Innovation Center, Associação Brasileira de Instituições Financeiras de Desenvolvimento, Banco de Desenvolvimento de Minas Gerais S.A., and Caixa Econômica Federal. Additionally, the Bank also entered into two new MoUs with existing partners, namely the Asian Development Bank and the members of the BRICS Interbank Cooperation Mechanism, with a view to continue and strengthen ongoing collaboration. At the end of 2022, NDB had a total of 37 effective MoUs on general cooperation with a wide range of partners. Through these MoUs, the Bank seeks to establish frameworks for cooperation at the strategic, operational and technical levels with its partners for the realisation of their common goals.

With the enhancement of its internal capacity, NDB's engagements with the global development community also intensified over the year, making the Bank an increasingly active contributor to the international development discourse. In addition to continued participation in various working groups and collaboration platforms led by DFIs and international organisations, the Bank augmented its engagements with the Group of Twenty (G20) and the associated working groups in 2022, particularly the International Financial Architecture Working Group, the Infrastructure Working Group, and the Sustainable Finance Working Group. These engagements not only provided opportunities to enhance the Bank's collaboration with the key global stakeholders, but also raised the Bank's profile in the global development community.

07

THE YEAR AHEAD

BRAZIL

Urban and Sustainable Infrastructure Programme – Aracaju City of the Future

Looking ahead, 2023 will be a very special year for NDB. A transition of the Bank's leadership took place early in the year, which was conducted in a mutually agreed manner and in full accordance with the Bank's governance standards and procedures. On March 24, 2023, NDB's BoG unanimously elected Mrs. Dilma Rousseff as the President of the Bank, with immediate effect. As a former President of the Federative Republic of Brazil, who played an instrumental role in creating NDB, President Rousseff brings her extensive knowledge of public policies, deep understanding of EMDCs, great passion for sustainable development, as well as her visionary leadership and international influence, all of which will contribute to strengthening NDB's role in representing the development aspirations of EMDCs.

In 2023, NDB's participation in international forums and engagements with the global development community will be further intensified. As the Chair of the Group of Heads of MDBs for the year,[37] the Bank will coordinate the collaboration among the major MDBs and represent the group at the G20 and other international forums, contributing actively and constructively to addressing the shared global challenges of the 21st century, including those caused by climate change and pandemics.

In response to the urgent call for MDBs to boost their investing capacity by reforming their capital adequacy frameworks, NDB will carefully examine the recommendations of the G20 Independent Panel. These recommendations provide valuable inputs for NDB, at a time when the Bank is expediting its plans for balance sheet optimisation and aiming to scale up its development support to member countries. The Bank will engage with its shareholders and other key stakeholders to determine a concrete action plan with a clear timeline and measurable benefits.

With a view to extend its global reach and bolster its role as a platform for wider collaboration among EMDCs, NDB will continue expanding its membership. Under the guidance of its BoG and BoD, the Bank will continue engaging with potential new members to pursue a gradual and balanced expansion, ensuring geographic diversity and a reasonable mix of countries at different stages of development.

To further guide NDB's evolution over the 2022–2026 strategy cycle, NDB will undertake a Bank-wide exercise to develop and roll out relevant initiatives to implement its General Strategy for 2022–2026. A wide variety of initiatives have been proposed across the Bank's lines of work. Once approved, these proposed initiatives, will be sequenced and implemented throughout the strategy cycle, and collectively help transform NDB into a leading development bank for BRICS and other EMDCs.

37 The Group of Heads of MDBs is an informal forum for engagement and free exchange of views among the leaders of major MDBs, namely the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, the International Financial Corporation, the New Development Bank, and the World Bank, plus the International Monetary Fund.

NDB ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022
(Prepared in accordance with International Financial Reporting Standards)

SOUTH AFRICA
Expansion and Modernization of the Durban Container Terminal

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF THE NEW DEVELOPMENT BANK

Opinion

We have audited the financial statements of the New Development Bank (the Bank), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Key audit matter

Measurement of Expected Credit Loss (ECL) of loans and advances

We identified the measurement of ECL for the Bank's loans and advances as a key audit matter due to the significance of these assets to the Bank's financial statements and the significant management judgement and estimation required in the measurement.

As disclosed in Note 4 to the financial statements, significant management judgement and estimation required in the measurement of ECL includes assessing whether the credit risk of an asset has significantly increased, using appropriate models and assumptions, determining the key inputs including probability of default (PD) and loss given default (LGD), selecting forward-looking scenarios and their probability weighting.

As at 31 December 2022, the Bank held loans and advances to customers of USD 14,538 million, less impairment allowance of USD 133 million as disclosed in Note 19 to the financial statements.

How our audit addressed the key audit matter

Our procedures in relation to management's measurement of ECL for loans and advances included:

- Understanding and evaluating key controls of the management over the measurement of ECL;
- Evaluating the appropriateness of the ECL model, and the critical assumptions and parameters used in the model, including PD, LGD and weighting of forward-looking scenarios;
- Evaluating the determination of the criteria for significant increase in credit risk by management and, on a sample basis, testing its application;
- On a sample basis, checking the weighted calculation of the ECL for the selected loans and advances.

Other Information

Management of the Bank is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the jurisdiction.

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

Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Governors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu CPA LLP

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

May 30, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022 EXPRESSED IN MILLIONS OF U.S. DOLLARS

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	7	569	271
Interest expense	7	(206)	(123)
Net interest income	7	363	148
Net fee income	8	11	8
Net gains/(losses) on financial instruments at fair value through profit or loss (FVTPL)	9	328	(46)
		702	110
Staff costs	10	(53)	(49)
Other operating expenses	11	(22)	(19)
Impairment losses under expected credit loss model, net of reversal	12	(125)	(2)
Foreign exchange (losses)/gains		(393)	60
Other expense		(2)	(11)
Operating profit for the year		107	89
Unwinding of interest on paid-in capital receivables		2	21
Profit for the year		109	110
Other comprehensive expense Items that may be reclassified subsequently to profit or loss:			
Fair value loss on debt instruments at fair value through other comprehensive income (FVTOCI)		(27)	(7)
Impairment loss for debt instruments at FVTOCI included in profit or loss		-*	1
Other comprehensive expense for the year		(27)	(6)
Total comprehensive income for the year		**82**	**104**

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

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022
EXPRESSED IN MILLIONS OF U.S. DOLLARS

	Notes	As at December 31, 2022	As at December 31, 2021
Assets			
Cash and cash equivalents	13	1,876	1,856
Due from banks other than cash and cash equivalents	14	4,023	4,916
Derivative financial assets	15	156	44
Financial assets at FVTPL	16	55	211
Debt instruments at FVTOCI	17	2,944	1,298
Debt instruments measured at amortised cost	18	2,579	2,258
Loans and advances	19	14,405	13,965
Paid-in capital receivables	20	269	335
Right-of-use assets		-*	-*
Property and equipment		1	1
Intangible assets		1	1
Other assets	21	42	3
Total assets		26,351	24,888
Liabilities			
Derivative financial liabilities	15	656	160
Financial liabilities designated at FVTPL	22	11,189	10,140
Note payables	23	3,041	3,296
Bond payables	24	551	499
Lease liabilities		-*	-*
Contract liabilities	25	47	46
Other liabilities	26	52	14
Total liabilities		15,536	14,155
Equity			
Paid-in capital	27	10,299	10,299
Reserves	28	(39)	(14)
Retained earnings		555	448
Total equity		10,815	10,733
Total equity and liabilities		**26,351**	**24,888**

* Less than USD half of a million

The annual financial statements on pages 56 to 117 were approved and authorised for issue by the Board of Governors on May 30, 2023 and signed on their behalf by:

Leslie Warren Maasdorp
Chief Financial Officer

Halima Nazeer
Director General, Finance, Budget and Accounting

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022 EXPRESSED IN MILLIONS OF U.S. DOLLARS

	Paid-in capital	Capital reserve	Revaluation reserve	Other reserves	Retained earnings	Total
As at January 1, 2022	10,299	-*	(5)	(9)	448	10,733
Operating profit for the year	-	-	-	-	107	107
Other comprehensive expense for the year	-	-	(27)	-	-	(27)
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	2	2
Total comprehensive (expense)/income for the year	-	-	(27)	-	109	82
Capital subscriptions	-	-	-	-	-	-
Special contribution from founding member	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables (Note 20)	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	2	(2)	-
As at December 31, 2022	**10,299**	-*	**(32)**	**(7)**	**555**	**10,815**

	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 year	-	-	-	-	89	89
Other comprehensive expense for the year	-	-	(6)	-	-	(6)
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	21	21
Total comprehensive (expense)/income for the year	-	-	(6)	-	110	104
Capital subscriptions	299	-	-	-	-	299
Impact on discounting of paid-in capital receivables (Note 20)	-	-	-	(10)	-	(10)
Special contribution from founding member	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables (Note 20)	-	-	-	7	-	7
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	21	(21)	-
As at December 31, 2021	**10,299**	-*	**(5)**	**(9)**	**448**	**10,733**

* Less than USD half of a million

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 EXPRESSED IN MILLIONS OF U.S. DOLLARS

	Year ended December 31, 2022	Year ended December 31, 2021
OPERATING ACTIVITIES		
Profit for the year	109	110
Adjustments for:		
Interest expense	206	123
Interest income from debt instruments measured at amortised cost	(32)	(15)
Interest income from debt instruments at FVTOCI	(50)	(2)
Depreciation and amortisation	-*	1
Unrealised (gains)/losses on financial instruments	(319)	9
Realised (gains)/losses on derivatives	(27)	21
Realised losses from bond designated at FVTPL	18	16
Unwinding of interest on paid-in capital receivables	(2)	(21)
Impairment losses under expected credit loss model, net of reversal	125	2
Exchange losses on debt instruments at FVTOCI	11	-
Exchange losses/(gains) on debt instruments measured at amortised cost	-*	(1)
Exchange gains on note payables	(11)	(2)
Exchange losses/(gains) on lease liabilities	-*	-*
Debt issuance cost	2	11
Operating cash flows before changes in operating assets and liabilities	30	252
Net decrease in due from banks	895	1,847
Net increase in loans and advances	(536)	(7,349)
Net decrease in financial assets held under resale agreements	-	66
Net decrease in financial assets at FVTPL	200	400
Net increase in other assets	(39)	-*
Net increase in other liabilities and contract liabilities	8	14
Cash generated from/(used in) operations	558	(4,770)
Interest paid on bonds and borrowings	(141)	(79)
Interest paid on note payables	(10)	(14)
Interest paid on lease liabilities	-*	-*
Interest received on debt instruments measured at amortised cost	28	12
Interest received on debt instruments at FVTOCI	12	4
Proceeds from settlement on derivatives	9,159	1,952
Payment of settlement on derivatives	(9,107)	(2,003)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**499**	**(4,898)**

* Less than USD half of a million

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 EXPRESSED IN MILLIONS OF U.S. DOLLARS

	Year ended December 31, 2022	Year ended December 31, 2021
INVESTING ACTIVITIES		
Purchase of debt instruments measured at amortised cost	(1,105)	(2,133)
Proceeds from redemption of debt instruments measured at amortised cost	788	641
Purchase of debt instruments at FVTOCI	(2,919)	(1,256)
Proceeds from redemption of debt instruments at FVTOCI	1,273	79
Purchase of financial assets at FVTPL	(42)	(212)
Proceeds from settlement on derivatives	16	15
Payment of settlement on derivatives	(15)	(18)
Purchase of property and equipment and intangible assets	-*	(1)
NET CASH USED IN INVESTING ACTIVITIES	(2,004)	(2,885)
FINANCING ACTIVITIES		
Paid-in capital received	68	1,867
Special contribution from founding member	-*	-*
Proceeds from issuance of bonds	2,131	5,533
Repayment from bonds	(367)	(464)
Proceeds from issuance of note payables	5,089	5,421
Repayments from note payables	(5,368)	(4,933)
Payment of issuance cost of bond	(2)	(11)
Payment of issuance cost on note payables	-*	-*
Proceeds from settlement on derivatives	134	405
Payment of settlement on derivatives	(160)	(372)
Repayments of lease liabilities	-*	-*
NET CASH FROM FINANCING ACTIVITIES	1,525	7,446
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20	(337)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,856	2,193
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,876	1,856
Interest received	**354**	**299**
Interest paid	**(151)**	**(93)**

* Less than USD half of a million

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. GENERAL INFORMATION

The New Development Bank (the Bank) was established on the signing of the Agreement on the New Development Bank (the Agreement) on July 15, 2014 by the Government of the Federative Republic of Brazil (Brazil), the Russian Federation (Russia), the Republic of India (India), the People's Republic of China (China) and the Republic of South Africa (South Africa), collectively known as the "BRICS" countries or founding members. The Agreement took effect on July 3, 2015 according to the notification endorsed by Brazil in its capacity as depositary. The headquarters of the Bank is located in Shanghai, China. The Bank has established Africa Regional Centre in Johannesburg, Americas Regional Office in Sao Paulo with a sub-office in Brasilia, Eurasian Regional Centre in Moscow and Indian Regional Office in Gujarat International Finance Tec-City.

As at December 31, 2022, the Bank had seven member countries. More details of member countries' paid-in capital are disclosed in Note 27. Additionally, the Bank's Board of Governors admitted two prospective members that will officially become a member country once they deposit their instrument of accession.

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

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing the annual financial statements, the Bank has consistently applied International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), amendments and the related Interpretations (IFRICs) (herein collectively referred to as IFRSs) issued by the International Accounting Standards Board (IASB) which are effective for the accounting year.

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Bank has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Bank's financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS - CONTINUED

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after January 1, 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after January 1, 2024.

The Bank anticipates that the application of all above new and amendments to IFRSs will have no material impact on the financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation of financial statements

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

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

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

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

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

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

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

Revenue

The Bank recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs;
- the Bank's performance creates or enhances an asset that the customer controls as the Bank performs; or
- the Bank's performance does not create an asset with an alternative use to the Bank and the Bank has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Bank's obligation to transfer goods or services to a customer for which the Bank has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION
- CONTINUED

remaining goods or services promised under the contract, that best depict the Bank's performance in transferring control of goods or services.

Interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments at fair value through other comprehensive income.

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

Front-end fee

Front-end fees relating to the origination or acquisition of a financial asset are recognised as deferred income at the date of the first drawdown. They are subsequently amortised over the period of the contract when they satisfy the performance obligation.

Commitment fee

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent expenditure incurred on property and equipment is included in the cost of the property and equipment if it is probable that economic benefits associated with the asset will flow to the Bank and the subsequent expenditure can be measured reliably. Costs relating to repairs and maintenance are recognised in profit or loss, in the period in which they incurred.

Depreciation is recognised so as to write-off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment are as follows:

Classes	Estimated residual value rates	Useful lives
IT equipment	0%	5 years
Appliance	0%	5 years
Furniture	0%	5 years
Vehicle	20%	4-7 years
Others	0%	5 years

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis, over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as an intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The estimated useful lives of this class of intangible assets are as follows:

IT software	5 years

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Bank assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION - CONTINUED

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

The Bank also applies the recognition exemption for lease of low-value assets. Leases of which the underlying lease asset is valued lower than USD 5,000 are considered as low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Bank; and
- an estimate of costs to be incurred by the Bank in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for short-term leases and leases of low value assets, the Bank recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Bank leases various buildings for its operations and presents right-of-use assets as a separate line item on the statement of financial position.

Lease liabilities

At the commencement date of a lease, the Bank recognises and measures the lease liability at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Bank under residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Bank exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Bank presents lease liabilities as a separate line item on the statement of financial position.

Lease modifications

The Bank accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Bank remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Impairment on property and equipment, right-of-use assets and intangible assets other than financial assets

At the end of the reporting period, the Bank reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating unites.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Bank compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated *pro rata* to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Initial recognition and measurement

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

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION
- CONTINUED

Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Classification and subsequent measurement of financial instruments

Financial assets

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

Financial assets measured at amortised cost

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

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

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

Financial assets classified as at FVTOCI

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

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

Financial assets at FVTPL

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

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

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings. Dividends from these investments in equity instruments are recognised in profit or loss when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed and effective as a hedging instrument or a financial guarantee contract.

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

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

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

The Bank applies the fair value measurement option to the bonds issued in 2019, 2020, 2021 and 2022 respectively to reduce the measurement or recognition inconsistency resulting from the economically related interest rate swap and cross currency swap with the same notional amount in total.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION - CONTINUED

Financial liabilities measured at amortised cost

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

Derivative financial instruments

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

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

Impairment

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

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

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

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

(i) Stage 1: 12-month ECL

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

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

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

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

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

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

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

Measurement of ECL

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

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

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

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

Write-off policy

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

Derecognition/modification of financial instruments

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

On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the Bank has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION - CONTINUED

Modification of financial liabilities

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Bank applies the practical expedient, when the contractual terms of a financial liability are modified, the Bank assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Bank considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent. For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Bank applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Bank then applies the applicable requirements in IFRS 9 on modification of a financial asset or a financial liability (see accounting policy above) to the additional changes to which the practical expedient does not apply.

Offsetting

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

Net gains/losses on financial instruments at FVTPL

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

Employee benefits

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

The amounts payable arising on the Bank's defined contribution scheme are recognised in the financial statements in the period in which the related service is provided. The Bank has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to pay any employee the benefits relating to services rendered in any current and prior period.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Paid-in capital

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

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

Taxation

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

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

Cash and cash equivalents

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

Foreign currencies

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS APPLIED BY MANAGEMENT

In the application of the Bank's accounting policies, which are described in Note 3, the Bank is required to make estimates and judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

Measurement of the ECL allowance for the financial assets measured at amortized cost, fair value through other comprehensive income and certain unrecognized financial instruments, such as loan commitments

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

- Determining criteria for significant increase in credit risk and credit impairment;

Key sources of estimation uncertainty

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

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

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

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

Valuation of bonds designated at FVTPL

Certain of the financial liabilities are measured at FVTPL. The valuation models of the bonds designated at FVTPL are based on underlying observable market data and market accepted valuation techniques. The discount rate was calculated on the basis of zero-coupon yield curve and adjusted spread.

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

Discounting of paid-in capital receivables

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

5. FINANCIAL RISK MANAGEMENT

Overview

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

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

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

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

Credit risk

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

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

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

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

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

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

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

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

ECL measurement

The Bank adopts a three-stage model for impairment based on changes in credit quality since initial recognition. The ECL calculation tool designed by Moody's is used for the year ended December 31, 2022 and 2021.

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Significant increases in credit risk

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

Quantitative criteria:

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

Qualitative criteria:

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

Credit-impaired financial assets

The ECL is calculated on a 12-month basis for assets without a significant increase in credit risk since their initial recognition or on a lifetime basis for assets with a significant increase in credit risk. For financial assets that are credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount from the beginning of the next reporting period. A financial asset is credit-impaired when one or more events that have a material detrimental impact on the estimated future cash flows of that financial asset have occurred. The following criteria is applied in assessing credit impaired financial asset for the Bank's portfolio.

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

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

Definition of default

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

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

12-month ECL measurement

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

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

- Unconditional Point-in-time Probability of Default (PIT-PD) is derived based on Moody's model considering specific rating, country and industry information for sovereign and non-sovereign exposures, due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI. It is then conditioned on three future macro-economic scenarios (baseline, optimistic and pessimistic);

- LGD for the sovereign loans is set at a range of 10% - 45% and LGD is set at 45% for non-sovereign loans with senior unsecured claims and 75% for the non-sovereign loans with subordinated claim. LGD of 10% is adopted for sovereign debt instruments measured at amortised cost and sovereign debt instruments at FVTOCI. LGD of 45% is adopted for due from banks, non-sovereign debt instruments measured at amortised cost and non-sovereign debt instruments at FVTOCI.
- EAD includes the sum of loans disbursed, interest receivable and net projected disbursement schedule over the next 12 months for sovereign and non-sovereign loans and/or loan commitments. The EAD includes the sum of principal and interest receivable over the next 12 months for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI; and
- Discount rate is equal to the effective interest rate.

Lifetime ECL measurement

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

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

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

Forward-looking information incorporated in ECL

Macro scenario development

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

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

The baseline, optimistic and pessimistic scenarios were given weightings of 50%, 25% and 25% respectively. The estimation is based on the best representative management judgment and use of forward looking information available without undue cost or effort, whereby, going forward the current path of macro-economic projections is judged to have an equal chance of being worse (pessimistic scenario) or better (optimistic scenario).

Significant event that has impact on ECL measurement

The Bank is closely monitoring the recent global macroeconomic developments and has incorporated the impact of relevant changes in PIT-PD considered when estimating expected credit losses in the current interim period. The financial position and performance of the Bank has been affected on account of an increase in expected credit losses as shown in the disclosures in Notes 19 and 26 respectively.

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Sensitivity Analysis

The weights of the scenarios used, is another source of sensitivity. Should the Bank have changed the weightings to 45%, 25% and 30% respectively for baseline, optimistic and pessimistic scenarios, the amount of ECL would have been USD 177.0 million (December 31, 2021: USD 48.4 million) or increased by USD 5.6 million (December 31, 2021: USD 2.4 million).

The table below represents an analysis of the credit quality of loan facilities that are neither past due nor credit impaired, based on the external rating of the counterparties:

Credit exposure on loan facilities

As at December 31, 2022	Maximum facility	Effective facility	Utilised	Unutilised loan commitments
	USD million	USD million	USD million	USD million
Senior investment grade	7,242	6,843	4,153	2,690
Investment grade	7,044	6,831	4,277	2,554
Sub-investment grade	7,983	7,840	5,944	1,896
Total	22,269	21,514	14,374	7,140
Interest receivable			164	
Less: ECL allowance			(133)	
Net carrying amount as at December 31, 2022			**14,405**	

As at December 31, 2021	Maximum facility	Effective facility	Utilised	Unutilised loan commitments
	USD million	USD million	USD million	USD million
Senior investment grade	6,645	6,645	3,978	2,667
Investment grade	10,025	9,405	5,777	3,628
Sub-investment grade	5,073	5,073	4,182	891
Total	21,743	21,123	13,937	7,186
Interest receivable			63	
Less: ECL allowance			(35)	
Net carrying amount as at December 31, 2021			**13,965**	

Additional disclosures on the stage classification and ECL allowance of loans and advances and loan commitments are set out in Note 19 and Note 26, respectively.

Concentration risk

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

As at December 31, 2022	Effective facility	Utilised	Unutilised loan commitments
	USD million	USD million	USD million
Brazil	1,665	1,353	312
Russia	3,091	2,024	1,067
India	6,175	3,806	2,369
China	6,843	4,153	2,690
South Africa	3,740	3,038	702
Total	21,514	14,374	7,140
Interest receivable		164	
Less: ECL allowance		(133)	
Net carrying amount as at December 31, 2022		**14,405**	

As at December 31, 2021	Effective facility	Utilised	Unutilised loan commitments
	USD million	USD million	USD million
Brazil	1,600	1,595	5
Russia	3,530	2,068	1,462
India	5,738	3,519	2,219
China	6,482	3,868	2,614
South Africa	3,773	2,887	886
Total	21,123	13,937	7,186
Interest receivable		63	
Less: ECL allowance		(35)	
Net carrying amount as at December 31, 2021		**13,965**	

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Credit exposure on deposits

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

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Cash and cash equivalents		
Senior investment grade	1,713	1,856
Investment grade	163	-*
Sub-investment grade	-*	-*
Due from banks other than cash and cash equivalents		
Senior investment grade	4,024	4,618
Investment grade	-	301
Total	5,900	6,775
Less: ECL allowance	(1)	(3)
Net carrying amount	**5,899**	**6,772**

* Less than USD half of a million

Credit exposure on debt instruments measured at amortised cost

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Senior investment grade	2,463	2,190
Investment grade	105	71
Sub-investment grade	14	-
Total	2,582	2,261
Less: ECL allowance	(3)	(3)
Net carrying amount	**2,579**	**2,258**

Credit exposure on debt instruments at FVTOCI

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Senior investment grade	2,944	1,298
Total	**2,944**	**1,298**

There has been no significant increase in credit risk since initial recognition associated with the amounts due from banks and debt instruments at FVTOCI up to December 31, 2022 and 2021. The credit exposure on cash and cash equivalents exclude cash on hand. Additional disclosures on the stage classification and ECL allowance of debt instruments at amortised cost is set out in Note 18.

Credit risk on derivatives

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

Liquidity risk

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

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

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

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

5. FINANCIAL RISK MANAGEMENT - CONTINUED

As at December 31, 2022	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity undefined	Total
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Non-derivatives								
Cash and cash equivalents	744	1,094	39	-	-	-	-	1,877
Due from banks other than cash and cash equivalents	-	904	981	2,070	103	-	-	4,058
Debt instruments measured at amortised cost	-	77	319	1,056	1,175	-	-	2,627
Loans and advances	-	-	320	537	4,615	19,448	-	24,920
Paid-in capital receivables	-	-	24	14	187	51	-	276
Other financial assets	-*	-	2	-	-	-	38	40
Financial liabilities designated at FVTPL	-	(33)	(28)	(2,451)	(9,581)	-	-	(12,093)
Bond payables	-	(1)	(5)	(17)	(576)	-	-	(599)
Note payables	-	(680)	(357)	(2,031)	-	-	-	(3,068)
Lease liabilities	-	-	-*	-*	-*	-	-	-*
Other financial liabilities	(5)	-	-	-	-	-	(10)	(15)
Sub-total	739	1,361	1,295	(822)	(4,077)	19,499	28	18,023
Derivatives								
Net setting derivatives								
Interest rate swap - cash inflow	-	9	11	176	273	-	-	469
Interest rate swap - cash outflow	-	(42)	(48)	(354)	(594)	-	-	(1,038)
Gross setting derivatives								
Cross currency swap - cash inflow	-	1	36	98	962	581	-	1,678
Cross currency swap - cash outflow	-	(2)	(26)	(30)	(934)	(682)	-	(1,674)
Foreign exchange forward - cash inflow	-	254	6	1,235	-	-	-	1,495
Foreign exchange forward - cash outflow	-	(239)	(6)	(1,213)	-	-	-	(1,458)
Sub-total	-	(19)	(27)	(88)	(293)	(101)	-	(528)
Net	**739**	**1,342**	**1,268**	**(910)**	**(4,370)**	**19,398**	**28**	**17,495**

* Less than USD half of a million

As at December 31, 2021	On demand	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Non-derivatives							
Cash and cash equivalents	1,300	379	177	-	-	-	1,856
Due from banks other than cash and cash equivalents	-	721	401	3,399	422	-	4,943
Debt instruments measured at amortised cost	-	152	3	459	1,704	-	2,318
Loans and advances	-	-	138	233	3,002	16,353	19,726
Paid-in capital receivables	-	45	14	8	172	105	344
Other financial assets	-*	-	2	-	-	-	2
Financial liabilities designated at FVTPL	-	-*	(355)	(142)	(10,112)	-	(10,609)
Bond payables	-	-	-*	(1)	(503)	-	(504)
Note payables	-	(320)	(566)	(2,412)	-	-	(3,298)
Lease liabilities	-	-	-*	-*	-*	-	-*
Other financial liabilities	(6)	-	-	-	-	-	(6)
Sub-total	1,294	977	(186)	1,544	(5,315)	16,458	14,772
Derivatives							
Net setting derivatives							
Interest rate swap - cash inflow	-	-	10	31	3	-	44
Interest rate swap - cash outflow	-	(2)	(2)	(12)	(124)	-	(140)
Gross setting derivatives							
Cross currency swap - cash inflow	-	-*	5	9	890	579	1,483
Cross currency swap - cash outflow	-	(1)	(6)	(17)	(826)	(661)	(1,511)
Foreign exchange forward - cash inflow	-	1,267	228	226	127	-	1,848
Foreign exchange forward - cash outflow	-	(1,269)	(227)	(226)	(127)	-	(1,849)
Sub-total	-	(5)	8	11	(57)	(82)	(125)
Net	**1,294**	**972**	**(178)**	**1,555**	**(5,372)**	**16,376**	**14,647**

* Less than USD half of a million

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Interest rate benchmark reform

As listed in Note 19 and Note 15 several of the Bank's LIBOR loans and advances and derivatives have been subject to the interest rate benchmark reform. The Bank is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

As at 31 December 2022, all LIBOR settings have been either ceased to be provided by any administrator or are no longer representative, except for US dollar settings (other than the 1-week and 2-month settings) which will be ceased immediately after 30 June 2023.

(i) Risks arising from the interest rate benchmark reform

The following are the key risks for the Bank arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Bank's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This may give rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Bank will manage the risks within the Bank's liquidity risk ratios and indicators, as prescribed in the liquidity risk management policy.

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Bank is working closely with all counterparties to avoid this from occurring.

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Bank will monitor this risk against its risk management policy.

(ii) Progress towards implementation of alternative benchmark interest rates

As part of the Bank's risk management for transition, new contracts entered into by the Bank are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Bank ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year ended December 31, 2022, certain loans agreements linked to USD LIBOR and CHF LIBOR have been transitioned to Secured Overnight Financing Rate (SOFR) and Swiss Average Rate Overnight (SARON) respectively. The Bank accounted for the changes using the practical expedient in IFRS 9 which allows the Bank to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

The Bank is planning to transition the rest of its USD LIBOR-linked loan agreements through introduction of, or amendments to, fallback clauses into the agreements which will change the basis for determining the interest cash flows from USD LIBOR to SOFR at an agreed point in time.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 December 2022. The amounts of loans and advances are shown at their carrying amounts and derivatives are shown at their notional amounts.

AS AT 31 DECEMBER 2022

Financial instruments prior to transition	Maturing in	Carrying amounts/ notional amounts USD million	Transition progress for financial instruments
Non-derivative financial assets			
Loans and advances linked to USD LIBOR	2035-2052	4,193	Expect to transition to SOFR in latest by June 30, 2023
Derivatives			
Pay 6-months USD LIBOR, receive USD fixed interest rate swaps	2023-2026	7,350	Expect to transition via International Swaps and Derivatives Association (ISDA) protocol*
Pay SOFR, receive 6-months USD LIBOR interest rate swaps	2023-2024	1,996	Expect to transition via ISDA protocol
Pay 3-months ZAR JIBAR/ 3-months SHIBOR, receive 6-months USD LIBOR cross currency swaps	2024-2026	625	Expect to transition via ISDA protocol
Pay 6-months SARON, receive 6-months USD LIBOR cross currency swaps	2029	516	Expect to transition via ISDA protocol
Pay USD fixed, receive 3-months USD LIBOR interest rate swaps	2023-2026	155	Expect to transition via ISDA protocol
Pay 6-months USD LIBOR, receive HKD/GBP fixed cross currency swaps	2024-2026	113	Expect to transition via ISDA protocol
Pay 3-months ZAR JIBAR, receive 3-months USD LIBOR cross currency swaps	2025	32	Expect to transition via ISDA protocol

* The Bank has adhered to ISDA IBOR Fallbacks Protocol for the IBOR fallback of its derivatives governed by ISDA.

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Market risk

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

Interest rate risk

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

The Bank has limited tolerance towards interest rate risks. The primary strategy for interest rate risk management is to match the interest rate sensitivity of individual currencies on both sides of the statement of financial position. The tenor (for which the interest is fixed) indicates the extent to which a financial instrument is exposed to interest rate risk. Interest rate risk arises principally from the 1) sensitivity associated with the net spread between the rate the Bank earns on its assets and the cost of borrowings which funds those assets, and 2) the sensitivity of the income earned from funding a portion of the Bank's assets with equity. Certain loans and advances of the Bank are subject to either floating 6-month LIBOR or floating 3-month SHIBOR. Given the cessation of LIBOR in mid-2023, the Bank is in the process of migrating to the SOFR benchmark instead. Therefore, the portion of SOFR loans and associated instruments is increasing, with LIBOR-based instruments to be converted to SOFR benchmark by mid-2023. The Bank uses interest rate swaps to convert liabilities and certain financial instruments into SOFR or 3-month SHIBOR. At the same time, the Bank still holds 6-month LIBOR and 3-month LIBOR instruments that, as mentioned earlier, will be converted to SOFR due to LIBOR cessation during the first half of 2023.

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

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

Interest rate sensitivity analysis

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

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

When reporting to the management on the interest rate risk, in order to consider the possible change in interest rates, a 25 basis points increase or decrease in the relevant interest rates is adopted for sensitivity analysis, The impact of a change in interest rates on the last date of the reporting period is shown below.

	Impact on profit	
	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
+ 25 basis points	14	18
- 25 basis points	(14)	(18)

Exchange rate risk

The Bank's exchange rate risk arises from the impact of exchange rate movements on net open positions. Accordingly, movements in currencies in which the Bank transacts, relative to its functional currency (USD), can affect the Bank's financial results. The Bank's main exposure to the exchange rate risk is associated with Renminbi (RMB) for the year ended December 31, 2022, and 2021. The RMB exposures are mainly hedged through swaps or forwards.

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

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

Exchange rate sensitivity analysis

The following table shows the impact of an appreciation or depreciation of USD against foreign currencies as at December 31, 2022 and 2021 assuming that all other variables remain constant. The sensitivity analysis includes outstanding foreign currency denominated monetary items in their net carrying amounts as at December 31, 2022 and 2021.

	Impact on profit	
	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
10% appreciation	9	-*
10% depreciation	(9)	-*

* Less than USD half of a million

Other price risk

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

Capital management

The Bank monitors its capital adequacy level within a Capital Management Framework (CMF), which seeks to ensure that the Bank'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.

The Bank sets early warning indicators for the pillars (95% for Limitation on Operations, 30% for Equity-to-Loan Ratio, 30% for Equity-to-Asset Ratio and 85% for Capital Utilisation Ratio) and monitors the capital adequacy level on an 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 has been equally distributed amongst the founding members and the payment of the amount initially subscribed to the paid-in capital stock of the Bank has been paid in full.

According to Article 7d of the Agreement, an increase of the authorised and subscribed capital stock of the Bank, as well as the proportion between the paid-in shares and the callable shares may be decided by the Board of Governors at such time and under such terms and conditions as it may deem advisable, by a special majority of the Board of Governors. In such case, each member shall have a reasonable opportunity to subscribe, under the conditions established in Article 8 and under such other conditions as the Board of Governors shall decide. 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 the Bank as per Article 7e of the Agreement.

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Bank's financial instruments that are measured subsequent to initial recognition at fair value mainly included financial liabilities designated at FVTPL, derivatives, financial assets at FVTPL, and debt instruments at FVTOCI as at December 31, 2022.

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

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

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

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

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

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

- The fair values of derivative assets and liabilities, including foreign exchange forwards, interest rate swaps and cross currency swaps are obtained from discounted cash flow models and other valuation techniques that are commonly used by market participants using observable inputs as appropriate in the market and published by reputable agencies like Bloomberg.
- The fair value of the financial liabilities designated at FVTPL is measured using market accepted valuation techniques. The techniques serve the purpose of tracking the value impact in respect of both interest rate and foreign exchange rate movement.
- The fair value of money market fund is based on the net asset value that is determined with reference to observable prices of underlying investment portfolio and adjustments of related expenses.
- The fair value of private equity fund is based on the shares of the net asset values of the fund, determined with reference to fair value of the underlying investments by using valuation techniques, including valuation methods such as discounted cash flow model.
- The fair value of debt instruments at FVTOCI is based on quoted price in an active or inactive market or independent valuation services.

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

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

	Level 1	Level 2	Level 3	Total
	USD million	USD million	USD million	USD million
As at December 31, 2022				
Financial assets				
Financial assets at FVTPL	-	-	55	55
Debt instruments at FVTOCI	881	2,063	-	2,944
Derivative financial assets	-	156	-	156
Total financial assets measured at fair value	881	2,219	55	3,155
Financial liabilities				
Derivative financial liabilities	-	656	-	656
Financial liabilities designated at FVTPL	-	11,189	-	11,189
Total financial liabilities measured at fair value	**-**	**11,845**	**-**	**11,845**

	Level 1	Level 2	Level 3	Total
	USD million	USD million	USD million	USD million
As at December 31, 2021				
Financial assets				
Financial assets at FVTPL	-	200	11	211
Debt instruments at FVTOCI	576	722	-	1,298
Derivative financial assets	-	44	-	44
Total financial assets measured at fair value	576	966	11	1,553
Financial liabilities				
Derivative financial liabilities	-	160	-	160
Financial liabilities designated at FVTPL	-	10,140	-	10,140
Total financial liabilities measured at fair value	**-**	**10,300**	**-**	**10,300**

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2022 and the year ended December 31, 2021.

There was no third-party credit enhancement in the fair value measurement for financial liabilities designated at FVTPL as at December 31, 2022 and 2021.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AT FVTPL

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
As at beginning of the year	11	-
Purchased	42	11
Unrealised changes in fair value recognised in profit or loss	2	(1)
Transfer from level 2	-	1
As at end of the year	**55**	**11**

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - CONTINUED

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

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

	As at December 31, 2022		As at December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD million	USD million	USD million	USD million
Financial assets				
Debt instruments measured at amortised cost	2,579	2,458	2,258	2,238
Loans and advances	14,405	15,456	13,965	14,312

AS AT DECEMBER 31, 2022

	Level 1	Level 2	Level 3	Total
	USD million	USD million	USD million	USD million
Financial assets				
Debt instruments measured at amortised cost	1,305	1,153	-	2,458
Loans and advances	-	-	15,456	15,456

AS AT DECEMBER 31, 2021

	Level 1	Level 2	Level 3	Total
	USD million	USD million	USD million	USD million
Financial assets				
Debt instruments measured at amortised cost	1,091	1,147	-	2,238
Loans and advances	-	-	14,312	14,312

The fair value of the debt instruments measured at amortised cost is obtained from active market quotes or independent valuation services. The fair value of the loans and advances above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of respective counterparties.

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

7. NET INTEREST INCOME

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Interest income calculated using the effective interest rate method		
- Banks	97	67
- Loans and advances	390	186
- Debt instruments measured at amortised cost	32	15
- Financial assets held under resale agreements	-*	1
- Debt instruments at FVTOCI	50	2
Total interest income	569	271
Interest expense calculated using the effective interest rate method		
- Note payables	(45)	(9)
- Bond payables	(10)	-*
Interest expense on financial liabilities at FVTPL	(151)	(114)
Interest expense on lease liabilities	-*	-*
Total interest expense	(206)	(123)
Net interest income	**363**	**148**

* Less than USD half of a million

8. NET FEE INCOME

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Front-end fee recognised	3	3
Commitment fee	8	5
Total	**11**	**8**

* Less than USD half of a million

9. NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS AT FVTPL

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Derivatives	(357)	(66)
Bonds	683	21
Money market funds	-*	-*
Others	2	(1)
Total	**328**	**(46)**

The realised gains arising from derivative financial instruments for the year ended December 31, 2022 were USD 27 million (year ended December 31, 2021: realised losses of USD 21 million) and the realised losses arising from the bond redemption for the year ended December 31, 2022 were USD 18 million (year ended December 31, 2021: realised losses of USD 16 million).

Others mainly represent unrealised gains on investments in private equity fund.

* Less than USD half of a million

10. STAFF COSTS

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Salaries and allowances	40	37
Other benefits	13	12
Total	**53**	**49**

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

The charge recognised for the year ended December 31, 2022 for the SRP and PRP was USD 8 million (year ended December 31, 2021: USD 8 million) and USD 1 million (year ended December 31, 2021: USD 1 million) respectively and is included in “Other benefits”. There are two retirement plans in operation. Both SRP and PRP are defined contribution schemes and are operated through trust funds. For SRP, both the Bank and staff contribute. For PRP, only the Bank contributes.

The Bank did not incur any salary expenses and other employee benefits for members of the Board of Governors and the Board of Directors except the President of the Bank for the year ended December 31, 2022 and 2021. According to Article 11 of the Agreement, the Board of Governors shall determine the salary and terms of the service contract of the President of the Bank.

11. OTHER OPERATING EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Office expenses	7	5
IT expenses	7	6
Professional fees	5	6
Travel expenses	2	-*
Auditor's remuneration	1	1
Lease rentals in respect of short-term leases/low value assets	-*	-*
Hospitality expenses	-*	-*
Depreciation and amortisation	-*	1
Others	-*	-*
Total	**22**	**19**

* Less than USD half of a million

12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Impairment losses recognised/(reversed) on:		
- Due from banks other than cash and cash equivalents	(2)	(1)
- Debt instruments at FVTOCI	-*	1
- Debt instruments measured at amortised cost	-*	2
- Loans and advances	98	4
- Loan commitments	29	(4)
Total	**125**	**2**

* Less than USD half of a million

13. CASH AND CASH EQUIVALENTS

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Cash on hand	-*	-*
Demand deposit	744	1,300
Time deposit with original maturity within three months	1,132	556
Total	**1,876**	**1,856**

* Less than USD half of a million

14. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Commercial banks	5,156	5,475
Less: ECL allowance	(1)	(3)
	5,155	5,472
Less: Time deposit with original maturity within three months	(1,132)	(556)
Total	**4,023**	**4,916**

RECONCILIATION OF PROVISION FOR DUE FROM BANKS:

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
ECL allowance of due from banks as at beginning of the year	3	4
Additions	1	2
Derecognition	(3)	(3)
Change in risk parameters	-*	-*
ECL allowance of due from banks as at end of the year	**1**	**3**

* Less than USD half of a million

For the year ended December 31, 2022, the additions to the ECL allowance of USD 1 million (December 31, 2021: USD 2 million) was due to increase or origination of due from banks with gross carrying amount of USD 4,744 million (December 31, 2021: USD 4,824 million).

For the year ended December 31, 2022, the derecognition to the ECL allowance of USD 3 million (December 31, 2021: USD 3 million) was due to decrease of due from banks with gross carrying amount of USD 5,062 million (December 31, 2021: USD 6,208 million).

15. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

During the year ended December 31, 2022, the Bank entered into derivative contracts in connection with the Renminbi (RMB) bond (Series 1) issued in January 2022, RMB bond (Series 2) issued in May 2022 and RMB bond (Series 3) issued in October 2022, that were paired with swaps of which the total notional amounts in RMB 3 billion, RMB 7 billion and RMB 3 billion, to convert the issuance proceeds into the interest rate structure sought by the Bank.

Similarly, the Bank also entered into derivative contracts for the Euro Medium Term Note, including Series 11, 12 both issued in May 2022 and Series 13, issued in September 2022, that were paired with swaps of which the total notional amounts are USD 50 million, USD 50 million and Australian Dollar (AUD) 73 million respectively, to convert the issuance proceeds into the currency and/or interest rate structure sought by the Bank.

Besides, the Bank has entered into derivative contracts in connection with loans and advances, debt instruments measured at amortised cost, debt instruments at FVTOCI and due from banks that were paired with swaps to convert the notional amounts into the currency and/or interest rate structure sought by the Bank. The Bank has also entered into forward contracts in connection with loans and advances and due from banks other than cash and cash equivalents to convert the notional amounts into the currency structure sought by the Bank.

Notwithstanding the purpose for achieving an economic hedge, the Bank opted not to apply hedge accounting to any derivative contracts entered into for the year ended December 31, 2022 and 2021.

As at December 31, 2022	Notional USD	Fair Value Asset	Fair Value Liability
	USD million	USD million	USD million
Interest Rate Swap	14,129	58	612
Forward Contract	1,494	38	2
Cross Currency Swap	1,381	60	42
Total	**17,004**	**156**	**656**

As at December 31, 2021	Notional USD	Fair Value Asset	Fair Value Liability
	USD million	USD million	USD million
Interest Rate Swap	10,227	31	124
Forward Contract	1,620	2	4
Cross Currency Swap	1,308	11	32
Total	**13,155**	**44**	**160**

15. DERIVATIVE FINANCIAL ASSETS/LIABILITIES - CONTINUED

Interest Rate Swap: As at December 31, 2022, fixed rates received ranged from 0.353% to 3.334% (December 31, 2021: 0.353% to 3.320%), and floating reference rates paid were 3-month SHIBOR, 6-month USD LIBOR or SOFR (December 31, 2021: 3-month SHIBOR or 6-month USD LIBOR). Besides, fixed rates paid ranged from 0.2635% to 0.8570% (December 31, 2021: 0.2635% to 0.8570%), and floating reference rate received was 3-month USD LIBOR (December 31, 2021: 3-month USD LIBOR).

Cross Currency Swap: As at December 31, 2022 and 2021, the Bank's cross currency swap is related to swap contracts with exchange of RMB, South African Rand (ZAR), Swiss Franc (CHF), Russian Rubles (RUB), Hong Kong Dollar (HKD), Great Britain Pound (GBP) or AUD to USD. As at December 31, 2022, fixed rates received ranged from 0.56% to 4.12% (December 31, 2021: 0.56% to 1.88%), and floating reference rates paid were 6-month USD LIBOR, 3-month ZAR JIBAR, 3-month SHIBOR or SARON (December 31, 2021: 6-month USD LIBOR, 6-month CHF LIBOR, 3-month ZAR JIBAR or 3-month SHIBOR). Besides, fixed rate paid ranged from 2.98% to 5.945% (December 31, 2021: 2.98% to 5.945%), and floating reference rates received were 6-month USD LIBOR or 3-month USD LIBOR (December 31, 2021: 6-month USD LIBOR or 3-month USD LIBOR).

Forward contract: As at December 31, 2022, the exchange rates of forward contracts with exchange of RMB to USD were ranged from USD 1: RMB 6.3490 to USD 1: RMB 6.5125 (December 31, 2021: USD 1: RMB 6.4283 to USD 1: RMB 6.5317). As at December 31, 2022, the exchange rates of forward contracts with exchange of European Monetary Unit (EUR) to USD were ranged from USD 1: EUR 1.0069 to USD 1: EUR 1.1092 (December 31, 2021: USD 1: EUR 0.8808 to USD 1: EUR 0.8872). As at December 31, 2022, the exchange rates of forward contracts with exchange of ZAR to USD were ranged from USD 1: ZAR 16.6478 and USD 1: ZAR 17.07761 (December 31, 2021: Nil).

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

The Bank or counterparties require collateral in the form of cash against the exposures to derivative counterparties. The Bank records cash collateral in respect of the interest rate swaps and cross currency swaps based on the fair value of the swaps. The collateral would only be applied against amounts due in the event that some or all the corresponding swaps are terminated early, including but not limited to, as a result of a default by the relevant counterparty. As at December 31, 2022, the Bank has paid cash collateral of USD 38 million (Note 21) (December 31, 2021: Nil) to the swap counterparties, and has received cash collateral of USD 10 million (Note 26) (December 31, 2021: Nil) from the swap counterparties.

16. FINANCIAL ASSETS AT FVTPL

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Mandatorily measured at FVTPL:		
- Money market fund	-	200
- Private equity fund	55	11
Total	**55**	**211**

17. DEBT INSTRUMENTS AT FVTOCI

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Government bonds	190	98
Bank bonds	2,482	918
Corporate bonds	272	282
Total	**2,944**	**1,298**

RECONCILIATION OF PROVISION FOR DEBT INSTRUMENTS AT FVTOCI

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
ECL allowance of debt instruments at FVTOCI as at beginning of the year	1	-*
Additions	1	1
Derecognition	(1)	-*
Change in risk parameters	-*	-*
ECL allowance of debt instruments at FVTOCI as at end of the year	**1**	**1**

* Less than USD half of a million

For the year ended December 31, 2022, the additions to the ECL allowance of USD 1 million (December 31, 2021: USD 1 million) was due to increase or purchase of debt instruments at FVTOCI with gross carrying amount of USD 2,529 million (December 31, 2021: USD 1,249 million).

For the year ended December 31, 2022, the derecognition to the ECL allowance of USD 1 million (December 31, 2021: USD half of a million) was due to redemption of debt instruments at FVTOCI with gross carrying amount of USD 856 million (December 31, 2021: USD 74 million).

18. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Government bonds	100	100
Bank bonds	2,165	1,842
Corporate bonds	317	319
Less: ECL allowance	(3)	(3)
Net carrying amount	**2,579**	**2,258**

RECONCILIATION OF PROVISION FOR DEBT INSTRUMENTS MEASURED AT AMORTISED COST:

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
ECL allowance of debt instruments measured at amortised cost as at beginning of the year	3	1
Additions	1	3
Derecognition	(1)	(1)
Change in risk parameters	-*	-*
Transfer to lifetime ECL - not credit-impaired	-*	-*
ECL allowance of debt instruments measured at amortised cost as at end of the year	**3**	**3**

* Less than USD half of a million

For the year ended December 31, 2022, the additions to the ECL allowance of USD 1 million (December 31, 2021: USD 3 million) was due to increase or purchase of debt instruments measured at amortised cost with gross carrying amount of USD 915 million (December 31, 2021: USD 2,134 million).

For the year ended December 31, 2022, the derecognition to the ECL allowance of USD 1 million (December 31, 2021 USD 1 million) was due to redemption of debt instruments measured at amortised cost with gross carrying amount of USD 594 million (December 31, 2021: USD 638 million).

19. LOANS AND ADVANCES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Principal	14,374	13,937
Interest receivable	164	63
Gross carrying amount	14,538	14,000
Less: ECL allowance	(133)	(35)
Net carrying amount	**14,405**	**13,965**

As at December 31, 2022, the net carrying amount of loans and advances denominated in RMB, CHF, ZAR or EUR amounted to USD 5,118 million (December 31, 2021: USD 5,158 million).

As at December 31, 2022, the floating reference rates of the Bank's loans and advances were SOFR, SARON, 6-month USD LIBOR, 6-month EURIBOR, 3-month SHIBOR or 3-month ZAR JIBAR (December 31, 2021: 6-month USD LIBOR, 6-month CHF LIBOR, 6-month EURIBOR, 3-month SHIBOR or 3-month ZAR JIBAR).

RECONCILIATION OF PROVISION FOR LOANS AND ADVANCES

	12 month ECL	Lifetime ECL - not credit-impaired	Total
	USD million	USD million	USD million
ECL allowance of loans as at January 1, 2022	18	17	35
Additions	1	3	4
Derecognition	(5)	-*	(5)
Change in risk parameters	(8)	107	99
Transfer to lifetime ECL – not credit-impaired	(2)	2	-
Transfer to 12 month ECL	17	(17)	-
ECL allowance of loans as at December 31, 2022	**21**	**112**	**133**

	12 month ECL	Lifetime ECL - not credit-impaired	Total
	USD million	USD million	USD million
ECL allowance of loans as at January 1, 2021	18	13	31
Additions	10	1	11
Derecognition	(5)	-*	(5)
Change in risk parameters	(5)	3	(2)
ECL allowance of loans as at December 31, 2021	**18**	**17**	**35**

* Less than USD half of a million

19. LOANS AND ADVANCES - CONTINUED

For the year ended December 31, 2022, the additions to the ECL allowance of USD 4 million (December 31, 2021: USD 11 million) was due to increase or origination of loans and advances with gross carrying amount of USD 1,285 million (December 31, 2021: USD 7,666 million).

For the year ended December 31, 2022, the derecognition to the ECL allowance of USD 5 million (December 31, 2021: 5 million) was due to repayment of loans and advances with gross carrying amount of USD 394 million (December 31, 2021: USD 338 million).

For the year ended December 31, 2022, the change in risk parameters to the ECL allowance of USD 99 million (for the year ended December 31, 2021: USD 2 million) was mainly due to change in the PD, LGD and EAD as a result of transfer of stages of loans and advances to the lifetime ECL - not credit-impaired. The additions to the ECL allowance of USD 107 million (for the year ended December 31, 2021: USD 3 million) were made under lifetime ECL - not credit-impaired, in relation to loans and advances with gross carrying amount of USD 2,033 million (December 31, 2021: USD 302 million).

As at December 31, 2022	12 month ECL	Lifetime ECL - not credit-impaired	Total
	USD million	USD million	USD million
Gross carrying amount	12,505	2,033	14,538

As at December 31, 2021	12 month ECL	Lifetime ECL - not credit-impaired	Total
	USD million	USD million	USD million
Gross carrying amount	13,679	321	14,000

20. PAID-IN CAPITAL RECEIVABLES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Balance as at the beginning of year (Note 1 below)	344	1,912
Add: Paid-in capital receivables originated during the year (Note 2 below)	-	299
Less: Installment received during the year	(68)	(1,867)
Total nominal amounts of receivable at the end of the year (Note 4 below)	276	344
Less: Interest on paid-in capital receivables to be unwound in the future year (Note 3 below)	(7)	(9)
Balance as at the end of the year	**269**	**335**

Note 1: The Bank established the rights to receive the initial subscribed paid-in capital of founding members of 100,000 shares, which total USD 10 billion upon the effective date of the Agreement. Each founding member shall initially and equally subscribe to 20,000 shares that correspond to paid-in capital. The payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments. The first installment of paid-in capital shall be paid by each member within six months of the Agreement coming in force and the second installment shall become due 18 months from the date the Agreement came into force. The remaining five installments shall each become due successively one year from the date on which the preceding installment becomes due.

Note 2: The Bank established the rights to receive the initial subscribed paid-in capital of the Bangladesh and the United Arab Emirates of 1,884 shares and 1,112 shares respectively, which total USD 188 million and USD 111 million upon the effective date of the Board of Governors' Resolutions of admission of the Bangladesh as a Borrowing Member and the United Arab Emirates as a Non-Borrowing Member of the New Development Bank (the Resolutions). The payment of the amount of Bangladesh and the United Arab Emirates initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments, respectively. The first installment of paid-in capital of Bangladesh and the United Arab Emirates shall be paid within six months of the Resolutions coming in force respectively and the second installment shall become due 18 months from the date the Resolutions came into force. The remaining five installments shall each become due successively one year from the date on which the preceding installment becomes due.

Note 3: The discounting method is applied to derive the interest to be unwound over the installment period. The balance includes an initial discount of USD 632 million (December 31, 2021: USD 632 million) less USD 589 million of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2021: USD 587 million) and USD 36 million of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of December 31, 2022 (December 31, 2021: USD 36 million).

Note 4: As at December 31, 2022, there was no overdue instalments of paid-in capital receivables. The total paid-in capital receivables that will become due within one-year amounted to an undiscounted value of USD 37 million, and that will become due over one-year amounted to an undiscounted value of USD 239 million.

21. OTHER ASSETS

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Swap related collateral	38	-
Others (Note 1 below)	2	1
Commitment fee receivables	2	2
Other receivables	-*	-*
Total	**42**	**3**

* Less than USD half of a million

Note 1: Others mainly include prepayment.

22. FINANCIAL LIABILITIES DESIGNATED AT FVTPL

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Bond - Principal	11,744	10,012
- Interest payable	98	80
- Fair value adjustment	(653)	48
Total	**11,189**	**10,140**

In February 2019, the Bank issued a RMB 3 billion (USD 448 million equivalent) new panda bond consisting of two tranches, RMB 2 billion for a three-year tenor with the maturity date on February 26, 2022 at an annual fixed coupon rate of 3.00% and RMB 1 billion for a five-year tenor with the maturity date on February 26, 2024 at an annual fixed coupon rate of 3.32%. Tranche 1 of the bond with par value of RMB 2 billion has been fully repaid on February 26, 2022.

In April 2020, the Bank issued a three-year coronavirus combating bond with par value of RMB 5 billion (USD 704 million equivalent) with the maturity date on April 3, 2023. The interest is paid by the Bank annually with fixed coupon rate of 2.43%.

In June 2020, the Bank issued a three-year Euro Medium Term Note (series 1) with par value of USD 1.5 billion at a discount with the maturity date on June 23, 2023. The interest is paid by the Bank annually with fixed coupon rate of 0.625%.

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

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

In December 2020, the Bank issued a two-year note with par value of USD 50 million under the Euro Medium Term Note Programme as a private placement, with the maturity date on December 23, 2022. The interest is paid by the Bank annually with fixed coupon rate of 0.435%. The note has been fully repaid on December 23, 2022.

In March 2021, the Bank issued a three-year RMB bond with par value of RMB 5 billion (USD 767 million equivalent) with the maturity date on March 25, 2024. The interest is paid by the Bank annually with fixed coupon rate of 3.22%.

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

In July 2021, the Bank issued four notes with par value of USD 50 million, USD 50 million, GBP 35 million and HKD 500 million under the Euro Medium Term Note Programme as private placements, with the maturity date on July 5, 2023, July 6, 2023, July 15, 2024 and July 2, 2026 respectively. The interests are paid by the Bank annually with fixed coupon rate of 0.38%, 0.36%, 0.56% and 1% respectively.

In July 2021, the Bank issued a three-year Euro Medium Term Note (series 9) with par value of USD 2.25 billion at a discount with the maturity date on July 22, 2024. The interest is paid by the Bank annually with fixed coupon rate of 0.625%.

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

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

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

In May 2022, the Bank issued two two-year Euro Medium Term Notes (series 10 and 11) with par value of USD 50 million each with the maturity date on May 6, 2024 and May 17, 2024. The interest is paid by the Bank annually with fixed coupon rate of 3.205% and 3.210% respectively.

In September 2022, the Bank issued a two-year AUD note (series 12) with par value of AUD 73 million (USD 51 million equivalent) under the Euro Medium Term Note Programme as a private placement with the maturity date of September 1, 2024. The interest is paid by the Bank annually with fixed coupon rate of 4.12%.

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

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the year ended December 31, 2022 and the year ended December 31, 2021. The contractual principal amount to be paid at maturity in original currency are RMB 28 billion (December 31, 2021: RMB 17 billion) for RMB denominated bonds, USD 7 billion, GBP 35 million, HKD 500 million and AUD 73 million (December 31, 2021: USD 7 billion, GBP 35 million and HKD 500 million) for USD, GBP, HKD and AUD denominated notes respectively.

23. NOTE PAYABLES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Note payables	3,041	3,296
Total	**3,041**	**3,296**

Notes payables includes various zero-coupon note issuances with maturity within 1 year.

24. BOND PAYABLES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Bond payables	551	499
Total	**551**	**499**

In December 2021, the Bank issued a three-year note with par value of USD 500 million at a discount under the Euro Medium Term Note Programme with the maturity date on December 9, 2024. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 28 basis points.

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

25. CONTRACT LIABILITIES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Deferred income (Note 1 below)	47	46
Total	**47**	**46**

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front end fees as at December 31, 2022 and 2021. Revenue recognised for the year ended December 31, 2022 that was included in the contract liabilities balance at beginning of the period is USD 3 million (year ended December 31, 2021: USD 2 million).

26. OTHER LIABILITIES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Impairment provision of loan commitments	33	4
Swap related collateral	10	-
Annual leave provision	4	4
Accrued expenses	4	6
Employee benefits payable	1	-*
Total	**52**	**14**

* Less than USD half of a million

RECONCILIATION OF PROVISION FOR LOAN COMMITMENTS

	12 month ECL	Lifetime ECL - not credit-impaired	Total
	USD million	USD million	USD million
ECL allowance of loan commitments as at January 1, 2022	1	3	4
Additions	3	6	9
Derecognition	-*	-*	-*
Change in risk parameters	1	19	20
Transfer to lifetime ECL – not credit-impaired	-*	-*	-
ECL allowance of loan commitments as at December 31, 2022	**5**	**28**	**33**

	12 month ECL	Lifetime ECL - not credit-impaired	Total
	USD million	USD million	USD million
ECL allowance of loan commitments as at January 1, 2021	4	4	8
Additions	-*	-	-*
Derecognition	(2)	-	(2)
Change in risk parameters	(1)	(1)	(2)
ECL allowance of loan commitments as at December 31, 2021	**1**	**3**	**4**

* Less than USD half of a million

For the year ended December 31, 2022, the additions to the ECL allowance of USD 9 million (December 31, 2021: less than USD half of a million) was due to origination of loan commitments that is expected to be drawn down within 12 months from December 31, 2022 and/or over the remaining loan contract period of USD 858 million (December 31, 2021: USD 731 million).

For the year ended December 31, 2022, the derecognition to the ECL allowance of less than USD half of a million (December 31, 2021: 2 million) was due to expiry or full utilisation of loan commitments of USD 469 million (December 31, 2021: USD 1,405 million).

For the year ended December 31, 2022, the change in risk parameters to the ECL allowance of USD 20 million (December 31, 2021: USD 2 million) was due to change in the PD, LGD and EAD mainly as a result of transfer of stages of loan commitments to the lifetime ECL - not credit-impaired.

27. PAID-IN CAPITAL

A statement of capital subscriptions showing the amount of paid-in and callable shares subscribed to by each member according to the Agreement and the Resolution, is set out in the following table. There is no amendment to the terms of subscription payment in the Agreement and the Resolution as at December 31, 2022. The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank according to the Agreement and the Resolution.

	As at December 31, 2022		As at December 31, 2021	
	Number of shares	Amount in USD million	Number of shares	Amount in USD million
Authorised shared capital	1,000,000	100,000	1,000,000	100,000
Less: unsubscribed by members	(485,020)	(48,502)	(485,020)	(48,502)
Total subscribed capital	514,980	51,498	514,980	51,498
Less: callable capital	(411,984)	(41,199)	(411,984)	(41,199)
Total paid in capital	**102,996**	**10,299**	**102,996**	**10,299**

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

As at December 31, 2022	Total shares	Total capital	Callable capital	Paid-in capital	Paid-in capital[1] received	Paid-in capital outstanding
	Numbers	USD million	USD million	USD million	USD million	USD million
Brazil	100,000	10,000	8,000	2,000	2,000	-
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	2,000	-
Bangladesh	9,420	942	754	188	14	174
United Arab Emirates	5,560	556	445	111	9	102
Total	**514,980**	**51,498**	**41,199**	**10,299**	**10,023**	**276**

As at December 31, 2022	Total shares	Total capital	Callable capital	Paid-in capital	Paid-in capital[1] received	Paid-in capital outstanding
	Numbers	USD million	USD million	USD million	USD million	USD million
Brazil	100,000	10,000	8,000	2,000	1,973	27
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	1,982	18
Bangladesh	9,420	942	754	188	-	188
United Arab Emirates	5,560	556	445	111	-	111
Total	**514,980**	**51,498**	**41,199**	**10,299**	**9,955**	**344**

[1] Pursuant to Article 9 and attachment 2 of the Agreement each founding members' paid in capital stock is received in seven installments. Besides, the Bangladesh's and United Arab Emirates' paid in capital stock is also received in seven installments according to annexure of the Resolutions.

28. RESERVES

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Capital reserve (Note 1 below)	-*	-*
Revaluation reserve	(32)	(5)
Other reserves (Note 2 below)	(7)	(9)
Total	**(39)**	**(14)**

* Less than USD half of a million

Note 1: As at December 31, 2022, the Bank has received cash contributions amounting to USD 0.30 million (December 31, 2021: USD 0.20 million) from Russian Federation for the reimbursement of relevant payments for the Eurasian Regional Centre. The Bank recognises such cash contributions from Russian Federation as capital reserve on the basis that the contribution agreement does not include a contractual obligation of the Bank to repay cash or another financial asset, and there are no other features that would meet the definition of a financial liability.

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

29. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

			Non-cash movements			
	As at January 1, 2022	Net financing cash outflows/ (inflows)	Unwinding of interest	Impact of early payment	Fair value changes and others[1]	As at December 31, 2022
	USD million	USD million	USD million	USD million	USD million	USD million
Derivative financial assets	28	5	-	-	12	45
Paid-in capital receivables	335	(68)	2	-*	-	269
Total assets from financing activities	**363**	**(63)**	**2**	**-***	**12**	**314**

			Non-cash movements					
	As at January 1, 2022	Net financing cash inflows/ (outflows)	Interest accrued movements	Fair value changes and others[1]	Foreign exchange movements	Debt issuance costs	Operating cash outflows[2]	As at December 31, 2022
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Derivative financial liabilities	127	(21)	-	523	-	-	-	629
Financial liabilities designated at FVTPL	10,140	1,714	151	(683)	-	-	(133)	11,189
Bond payables	499	50	10	-	-	-	(8)	551
Note payables	3,296	(279)	45	-	(11)	-	(10)	3,041
Lease liabilities	-*	-*	-*	-*	-*	-	-*	-*
Other liabilities	-	(2)	-	-	-	2	-	-
Total liabilities from financing activities	**14,062**	**1,462**	**206**	**(160)**	**(11)**	**2**	**(151)**	**15,410**

* Less than USD half of a million

[1] USD 12 million represents fair value changes and realised gains of derivative financial assets hedging transactions which are financing in nature economically. USD 523 million represents fair value changes and realised gains of derivative financial liabilities hedging transactions which are financing in nature economically.

[2] USD 133 million and USD 8 million represent interest payments for the interest portion of bonds which are recorded in the Bank's statement of cash flows as net cash used in operating activities. USD 10 million represents an interest payment for the interest portion of note payables which is recorded in the Bank's statement of cash flows as net cash used in operating activities.

			Non-cash movements					
	As at January 1, 2021	Net financing cash inflows	Unwinding of interest	Impact of early payment	Capital subscriptions	Impact of discounting	Fair value changes and others[3]	As at December 31, 2021
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Derivative financial assets	27	(6)	-	-	-	-	7	28
Paid-in capital receivables	1,885	(1,867)	21	7	299	(10)	-	335
Total assets from Financing activities	**1,912**	**(1,873)**	**21**	**7**	**299**	**(10)**	**7**	**363**

			Non-cash movements					
	As at January 1, 2021	Net financing cash inflows/ (outflows)	Interest accrued movements	Fair value changes and others[3]	Foreign exchange movements	Debt issuance costs	Operating cash outflows[4]	As at December 31, 2021
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million
Derivative financial liabilities	19	27	-	81	-	-	-	127
Financial liabilities designated at FVTPL	5,556	4,570	114	(21)	-	-	(79)	10,140
Bond payables	-	499	-*	-	-	-	-	499
Note payables	2,815	488	9	-*	(2)	-	(14)	3,296
Lease liabilities	-*	-*	-*	-*	-*	-	-*	-*
Other liabilities	-	(11)	-	-	-*	11	-	-
Total liabilities from Financing activities	**8,390**	**5,573**	**123**	**60**	**(2)**	**11**	**(93)**	**14,062**

* Less than USD half of a million

[3] USD 7 million represents fair value changes and realised gains of derivative financial assets hedging transactions which are financing in nature economically. USD 81 million represents fair value changes and realised gains of derivative financial liabilities hedging transactions which are financing in nature economically.

[4] USD 79 million represents an interest payment for the interest portion of bond which is recorded in the Bank's statement of cash flows as net cash used in operating activities. USD 14 million represents an interest payment for the interest portion of note payables which is recorded in the Bank's statement of cash flows as net cash used in operating activities.

30. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL INSTRUMENTS

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Financial assets		
Financial assets at FVTPL	211	255
Debt instruments at FVTOCI	2,944	1,298
Financial assets measured at amortised cost	23,192	23,332
Total	**26,347**	**24,885**
Financial liabilities		
Financial liabilities at FVTPL	11,845	10,300
Financial liabilities measured at amortised cost	3,607	3,801
Total	**15,452**	**14,101**

31. COMMITMENTS

1) Capital commitments

As at December 31, 2022 and 2021, the Bank had no irrevocable capital expenditures commitment.

2) Credit Commitments

	As at December 31, 2022	As at December 31, 2021
	USD million	USD million
Letters of effectiveness signed	7,140	7,186
Letters of effectiveness yet to be signed	755	620
Total	**7,895**	**7,806**

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

32. RELATED PARTY DISCLOSURE

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

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

The name and relationship with founding member governments are disclosed below. As December 31, 2022 and 2021, no transactions, individually or collectively with governments are considered significant to the Bank.

(1) Name and relationship

Name of related parties	Relationship
The Federative Republic of Brazil	The Bank's shareholder
The Russian Federation	The Bank's shareholder
The Republic of India	The Bank's shareholder
The People's Republic of China	The Bank's shareholder
The Republic of South Africa	The Bank's shareholder
The People's Republic of Bangladesh	The Bank's shareholder
The United Arab Emirates	The Bank's shareholder

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

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

According to the Agreement between the Government of the Russian Federation and the Bank on the Hosting of the New Development Bank Eurasian Regional Centre (ERC) in the Russian Federation, the Government of the Russian Federation has agreed to transfer special purpose contribution to the Bank for reimbursement of rent payment of ERC office premises and the cost of purchasing of furniture, equipment, and other facilities for the operation of ERC. Details of the cash contribution received from the Russian Federation as at December 31, 2022 and 2021 are set out in Note 28.

Details of the paid-in capital receivables as at December 31, 2022 and 2021 are set out in Note 20, and unwinding of interest on paid-in capital receivables for the year ended December 31, 2022 and the year ended December 31, 2021 are set out in the statement of profit or loss and other comprehensive income.

32. RELATED PARTY DISCLOSURE - CONTINUED

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

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

The following persons were KMP of the Bank during the year ended December 31, 2022 and 2021:

FOR THE YEAR ENDED DECEMBER 31, 2022

Name	Countries	Positions
Marcos Prado Troyjo	Brazil	President
Anil Kishora	India	Vice President; Chief Risk Officer
Vladimir Kazbekov	Russia	Vice President; Chief Operating Officer
Qiangwu Zhou	China	Vice President; Chief Administrative Officer
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer

FOR THE YEAR ENDED DECEMBER 31, 2021

Name	Countries	Positions
Marcos Prado Troyjo	Brazil	President
Vladimir Kazbekov	Russia	Vice President; Chief Operating Officer (with effect from July 7, 2021) Vice President; Chief Administrative Officer (up to July 6, 2021)
Anil Kishora	India	Vice President; Chief Risk Officer
Qiangwu Zhou	China	Vice President; Chief Administrative Officer (with effect from July 7, 2021)
Xian Zhu	China	Vice President; Chief Operating Officer (up to July 6, 2021)
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer

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

	Year ended December 31, 2022	Year ended December 31, 2021
	USD million	USD million
Salary and allowance	3	3
Staff Retirement Plan	-*	-*
Post-Retirement Insurance Plan	-*	-*
Other short-term benefits	-*	1
Total	**3**	**4**

* Less than USD half of a million

33. SEGMENT INFORMATION

For the year ended December 31, 2022 and 2021, the Bank has a single reportable segment and evaluates the financial performance of the Bank as a whole.

34. UNCONSOLIDATED STRUCTURED ENTITY

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

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

As at December 31, 2022, the NDB-PPF had received contributions amounting to USD 8 million (December 31, 2021 USD 7 million). The Bank has not earned any income from NDB-PPF for the year ended December 31, 2022 and 2021.

35. SUBSEQUENT EVENTS

On February 23, 2023, second instalment of paid-in capital of USD 24 million was received ahead of schedule from Bangladesh.

On March 1, 2023, second instalment of paid-in capital of USD 14 million received ahead of schedule from United Arab Emirates.

On February 20, 2023, the Arab Republic of Egypt became a member of the Bank and the Board of Governors' resolution of admission of the Arab Republic of Egypt as a Borrowing Member of the New Development Bank became effective.

On March 15, 2023, the Bank issued a one-year note with par value of USD 500 million under the Euro Medium Term Note Programme with the maturity date on March 15, 2024. The interest is paid by the Bank annually with fixed coupon rate of 5.869%.

Dilma Vana Rousseff was appointed as the President on March 24, 2023, replacing Marcos Prado Troyjo, who was appointed as the President on July 7, 2020.

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

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

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

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

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

36. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the Board of Governors and authorised for issuance on May 30, 2023.

NDB-PPF ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022
(Prepared in accordance with International Financial Reporting Standards)

CHINA
Qingdao Metro Line Six (Phase I) Project

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF THE NEW DEVELOPMENT BANK (THE BANK)

Opinion

We have audited the financial statements of the New Development Bank Project Preparation Fund (the NDB-PPF), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the NDB-PPF as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the NDB-PPF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Governors of the Bank is responsible for overseeing the NDB-PPF's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu CPA LLP

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

May 30, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	6	130	34
Impairment losses under expected credit loss model, net of reversal		-*	(5)
Operating expenses	7	(25)	(50)
Profit/(loss) for the year		105	(21)
Total comprehensive income/(expense) for the year		**105**	**(21)**

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

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Notes	As at December 31, 2022	As at December 31, 2021
Assets			
Cash and cash equivalents	8	278	3,295
Due from banks other than cash and cash equivalents	9	8,101	3,998
Other assets		5	2
Total assets		8,384	7,295
Labilities			
Other liabilities	10	17	33
Total liabilities		17	33
Equity			
Contribution	11	8,000	7,000
Retained earnings		367	262
Total equity		8,367	7,262
Total equity and liabilities		**8,384**	**7,295**

The financial statements on pages 119 to 136 were approved and authorised for issuance by Board of Governors on May 30, 2023 and signed on their behalf by:

Leslie Warren Maasdorp
Chief Financial Officer

Halima Nazeer
Director General, Finance, Budget and Accounting

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Note	Contribution	Retained earnings	Total
As at January 1, 2022		7,000	262	7,262
Profit for the year		-	105	105
Total comprehensive income for the year		-	105	105
Contribution	11	1,000	-	1,000
As at December 31, 2022		**8,000**	**367**	**8,367**

	Contribution	Retained earnings	Total
As at January 1, 2021	7,000	283	7,283
Loss for the year	-	(21)	(21)
Total comprehensive expense for the year	-	(21)	(21)
As at December 31, 2021	**7,000**	**262**	**7,262**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Year ended December 31, 2022	Year ended December 31, 2021
OPERATING ACTIVITIES		
Profit/(loss) for the year	105	(21)
Impairment losses under expected credit loss model, net of reversal	-*	5
Operating cash flows before changes in operating assets and liabilities	105	(16)
Net increase in due from banks other than cash and cash equivalents	(4,103)	(4,003)
Net (increase)/decrease in other assets	(3)	2
Net decrease in other liabilities	(16)	(10)
NET CASH USED IN OPERATING ACTIVITIES	**(4,017)**	**(4,027)**
FINANCING ACTIVITIES		
Contribution received	1,000	-
NET CASH FROM FINANCING ACTIVITIES	**1,000**	**-**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,017)	(4,027)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,295	7,322
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**278**	**3,295**

* Less than USD half of a thousand

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. GENERAL INFORMATION

The Board of Governors of the New Development Bank (NDB or the Bank) approved the establishment of the NDB Project Preparation Fund (the NDB-PPF) on January 20, 2017 (the establishment date of the NDB-PPF) in accordance with Article 23a of the Agreement on the New Development Bank (the Agreement).

The NDB-PPF is established as a multi-donor fund which is open to contributions by all the Bank's members (the Contributors). The objective of the NDB-PPF is to help NDB achieve its purpose of promoting infrastructure and sustainable development by supporting the preparation of bankable projects to facilitate borrowing member countries to raise funds for such projects from NDB and other financial institutions. As stipulated in Article 18c of the Agreement, the ordinary capital resources and the NDB-PPF resources of the Bank shall be held, used, committed, invested, or otherwise disposed of entirely separate from each other.

On September 4, 2017, the Bank signed a contribution agreement with the People's Republic of China (China) in respect of the commitment and contribution from China in an amount of USD 4,000,000 to the NDB-PPF. The Bank also signed a contribution agreement with the Ministry of Finance of the Russian Federation (the Russian MOF) on October 15, 2017 in respect of the commitment and contribution from the Russian MOF in an amount of USD 1,500,000 which shall be paid in three instalments to the NDB-PPF. On April 19, 2018, the Bank signed a contribution agreement with the Republic of India (India), for USD 1,500,000 which was paid in one instalment. On March 31, 2022, the Bank signed a contribution agreement with the Republic of South Africa (South Africa) for USD 2,000,000 which shall be paid in two instalments to the NDB-PPF. On April 18, 2022, first instalment USD 1,000,000 has been received from South Africa.

As of December 31, 2022, apart from second instalment USD 1,000,000 from South Africa which shall be paid no later than December 31, 2023, all the contribution of USD 4,000,000, USD 1,500,000, USD 1,500,000 and USD 1,000,000 has been received from China, India, the Russian MOF and South Africa.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing the annual financial statements, the NDB-PPF has consistently applied International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), amendments and the related Interpretations (IFRICs) (herein collectively referred to as IFRSs) issued by the International Accounting Standards Board (IASB) which are effective for the accounting year.

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the NDB-PPF has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the NDB-PPF's financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the NDB-PPF's financial positions and performance for the current and prior periods and/or on the disclosures set out in these financial statements.

New and amendments to IFRSs in issue but not yet effective

The NDB-PPF has not early adopted the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January, 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

The NDB-PPF anticipates that the application of all the above new and amendments to IFRSs will have no material impact on the financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation of financial statements

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

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

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

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

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

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

The preparation of the annual financial statements requires the use of certain accounting estimates. This requires management to exercise its judgement in preparing the annual financial statements.

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

Revenue

Interest income

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

Financial instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The NDB-PPF's financial instruments mainly consist of cash and cash equivalents and due from banks other than cash and cash equivalents.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Classification and subsequent measurement of financial instruments

Financial assets

The NDB-PPF classifies its financial assets under IFRS 9 Financial instruments depending on the NDB-PPF's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets measured at amortised cost

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

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

The NDB-PPF applies the effective interest method to the amortised costs of a financial asset. Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at fair value through other comprehensive income (FVTOCI).

Financial assets classified as at FVTOCI

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

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

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION
- CONTINUED

Financial assets at FVTPL

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the NDB-PPF manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed and effective as a hedging instrument or a financial guarantee contract.

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

- It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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

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

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Impairment

The NDB-PPF performs impairment assessment under expected credit loss (ECL) model on financial assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. ECL of a financial instrument should be measured in a way that reflects:

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

The NDB-PPF applies a three-stage approach to measuring ECL on financial assets accounted for at amortised cost. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

i) *Stage 1: 12-month ECL*

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

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

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

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

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

More details about credit risk analysis are provided in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION - CONTINUED

Measurement of ECL

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

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

Derecognition of financial instruments

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

On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in FVTOCI reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the NDB-PPF has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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

Cash and cash equivalents

Cash comprises of cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the NDB-PPF's short-term, highly liquid investments that are readily convertible to cash within three months and are subject to an insignificant risk of changes in value.

4. FINANCIAL RISK MANAGEMENT

Overview

All the financial instruments of the NDB-PPF as of December 31, 2022 and 2021 are measured at amortised cost.

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

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

The NDB-PPF was not exposed to many financial risks with the exception of credit risk and interest rate risk associated with the financial institutions with which it deposited its cash resources for the year ended December 31, 2022. The impact of a change in interest rates during the reporting year is not considered significant by management.

Credit risk

The NDB-PPF takes on exposure to credit risk, which is a risk that one counterparty to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The NDB-PPF placed its cash equivalents and deposits with highly-rated banks (senior investment grade credit ratings) in mainland China and Hong Kong. There has been no significant increase in credit risk since initial recognition associated with the amounts due from banks up to December 31, 2022.

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

The NDB-PPF considered that the carrying amounts of financial assets and financial liabilities measured at amortised cost, in the NDB-PPF's statement of financial position, approximate their fair values.

6. INTEREST INCOME

	Year ended December 31,2022	Year ended December 31,2021
	USD'000	USD'000
Interest income from banks	130	34
Total	**130**	**34**

7. OPERATING EXPENSES

	Year ended December 31,2022	Year ended December 31,2021
	USD'000	USD'000
Auditor's remuneration	25	50
Total	**25**	**50**

8. CASH AND CASH EQUIVALENTS

	As at December 31,2022	As at December 31,2021
	USD'000	USD'000
Demand deposit	278	1,294
Time deposit with original maturity within three months	-	2,001
Total	**278**	**3,295**

9. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	As at December 31,2022	As at December 31,2021
	USD'000	USD'000
Commercial banks	8,106	6,004
Less: ECL allowance	(5)	(5)
	8,101	5,999
Less: time deposit with original maturity within three months	-	(2,001)
Total	**8,101**	**3,998**

RECONCILIATION OF PROVISION FOR DUE FROM BANKS

	As at December 31,2022	As at December 31,2021
	USD'000	USD'000
ECL allowance of due from banks as at January 1	5	-
(Reversal)/Additions	-*	5
ECL allowance of due from banks as at December 31	**5**	**5**

* Less than USD half of a thousand

10. OTHER LIABILITIES

	As at December 31,2022	As at December 31,2021
	USD'000	USD'000
Accrued expenses	17	33
Total	**17**	**33**

11. Contribution

As at December 31, 2022	Contribution committed	Contribution received
	USD'000	USD'000
China	4,000	4,000
Russia	1,500	1,500
India	1,500	1,500
South Africa	2,000	1,000
Total	**9,000**	**8,000**

As at December 31, 2021	Contribution committed	Contribution received
	USD'000	USD'000
China	4,000	4,000
Russia	1,500	1,500
India	1,500	1,500
Total	**7,000**	**7,000**

12. RELATED PARTY DISCLOSURES

The NDB-PPF's related parties are the Bank and the Contributors.

The Bank is entrusted with the administration of the NDB-PPF to fulfill its purpose. The NDB-PPF has not incurred any management fees to the Bank for its administration of the NDB-PPF for the year ended December 31, 2022 and 2021.

13. SUBSEQUENT EVENTS

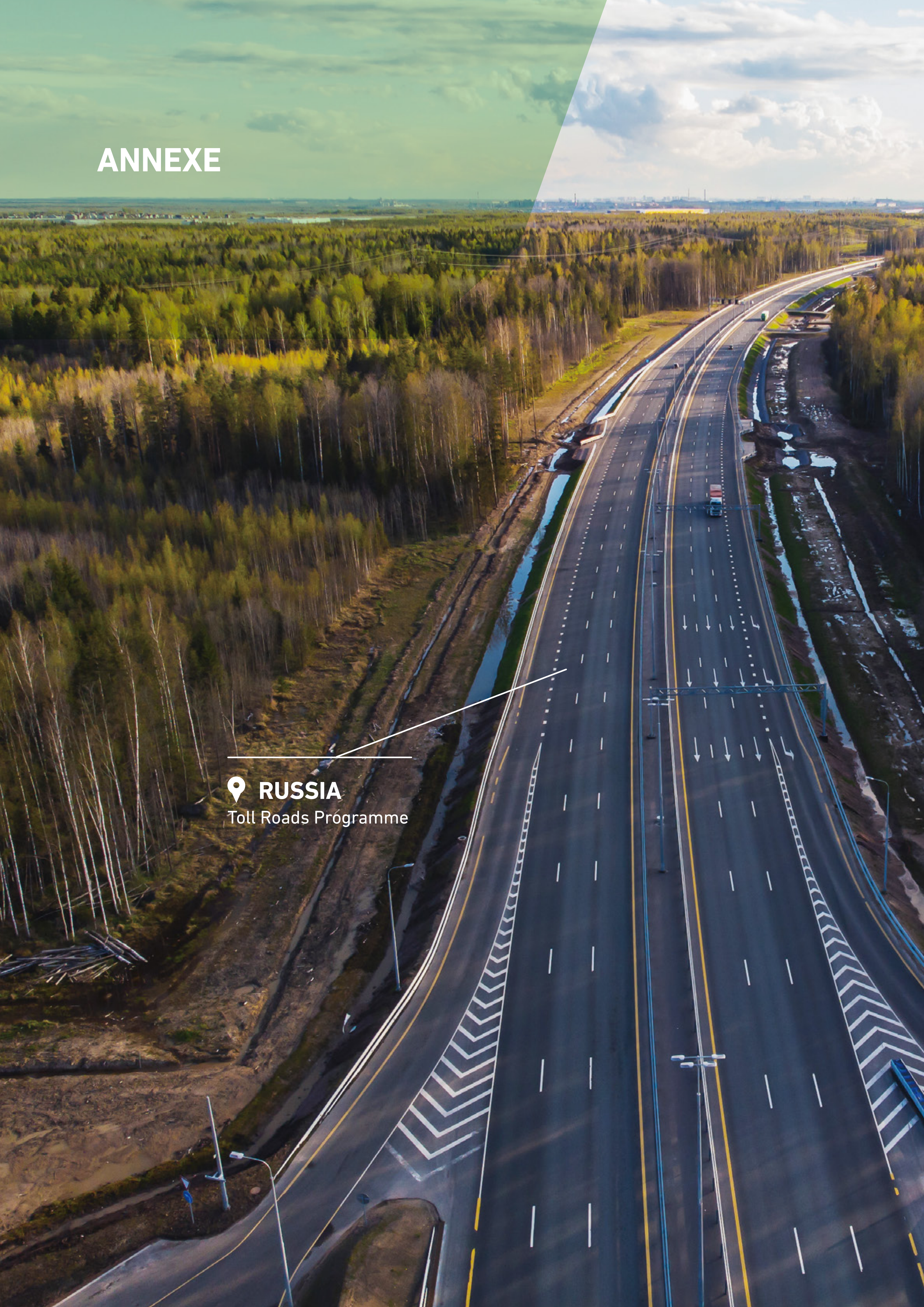
Subsequent to December 31, 2022, USD 1,000,000.00 of contribution was received from a founding member.

On March 24, 2023, Dilma Vana Rousseff was appointed as the President, replacing Marcos Prado Troyjo, who was appointed as the President on July 7, 2020.

14. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The financial statements were approved by the Management and the Board of Governors of the Bank and authorised for issuance on May 30, 2023.

ANNEXE



RUSSIA
Toll Roads Programme

LIST OF ABBREVIATIONS AND DEFINED TERMS

ABBREVIATION / DEFINED TERM	DEFINITION
2030 AGENDA	United Nations 2030 Agenda for Sustainable Development
AOA OR THE AGREEMENT	Articles of Agreement
ARC	Audit, Risk and Compliance Committee
AUD	Australian Dollar
BHRC	Budget, Human Resources and Compensation Committee
BOD	Board of Directors
BOG	Board of Governors
BRICS	Brazil, Russia, India, China and South Africa
BRL	Brazilian Real
CHF	Swiss Franc
CIC	Credit and Investment Committee
CMF	Capital Management Framework
CO_2	Carbon Dioxide
COP27	27th Conference of the Parties of the United Nations Framework Convention on Climate Change
COVID-19	Coronavirus Disease 2019
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DSP	Desenvolve SP
E&S	Environmental and Social
EAD	Exposure at Default
ECL	Expected Credit Loss
EMDCS	Emerging Market Economies and Developing Countries
EMTN	Euro Medium Term Note
ESF	Environment and Social Framework
ERC	Eurasian Regional Centre
ESG	Environmental, Social and Governance
ESSs	Environment and Social Standards
EUR	Euro
FC	Finance Committee
FONPLATA	Fondo Financiero para el Desarrollo de la Cuenca del Plata
FVTOCI	Fair Value through other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
G20	Group of Twenty
GBP	Great Britain Pound
GDP	Gross Domestic Product

LIST OF ABBREVIATIONS AND DEFINED TERMS - CONTINUED

ABBREVIATION / DEFINED TERM	DEFINITION
GHG	Greenhouse Gas
HKD	Hong Kong Dollar
IASs	International Accounting Standards
IASB	International Accounting Standards Board
IEO	Independent Evaluation Office
IFRSs	International Financial Reporting Standards
INR	Indian Rupee
IRO	Indian Regional Office
ISAs	International Standards on Auditing
ISDA	International Swaps and Derivatives Association
IT	Information Technology
KM	Kilometre
KMP	Key Management Personnel
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
M	Metre
M^2	Square Metre
M^3	Cubic Metre
MANAGEMENT	President and Vice Presidents
MDB	Multilateral Development Bank
MOF	Ministry of Finance
MOU	Memorandum of understanding
MW	Megawatt
NDB OR THE BANK	New Development Bank
NDB-PPF	NDB Project Preparation Fund
NII	Net Interest Income
PARIS AGREEMENT	Paris Agreement on Climate Change
PD	Probability of Default
PIT-PD	Point-in-time Probability of Default
PRP	Post Retirement Plan
RMB	Renminbi
RUB	Russian Ruble
SABESP	Companhia de Saneamento Básico do Estado de São Paulo
SARON	Swiss Average Rate Overnight
SDGs	Sustainable Development Goals

ABBREVIATION / DEFINED TERM	DEFINITION
SOFR	Secured Overnight Financing Rate
SPPI	Solely Payments of Principal and Interest
SRP	Staff Retirement Plan
UAE	United Arab Emirates
USD	United States Dollar
WARR	Weighted Average Risk Rating
ZAR	South African Rand

LIST OF PROJECTS APPROVED BY NDB

OPERATIONS APPROVED IN 2016

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
01	Financing of Renewable Energy Projects and Associated Transmission (BNDES)[38]	Non-sovereign	Brazil	USD	300
02	Canara Renewable Energy Financing Scheme[39]	Sovereign	India	USD	250
03	Lingang Distributed Solar Power Project[40]	Sovereign	China	RMB	525
04	Project Finance Facility for Eskom	Sovereign	South Africa	USD	180
05	Nord-Hydro Project (On-lending through EDB)[41]	Non-sovereign	Russia	USD	50
06	Nord-Hydro Project (On-lending through IIB)	Non-sovereign	Russia	USD	50
07	Madhya Pradesh Major District Roads Project	Sovereign	India	USD	350
08	Putian Pinghai Bay Offshore Wind Power Project	Sovereign	China	RMB	2,000

OPERATIONS APPROVED IN 2017

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
09	Judicial System Support Project	Sovereign	Russia	USD	460
10	Madhya Pradesh Multi Village Water Supply Project	Sovereign	India	USD	470
11	Hunan Ecological Development Project[42]	Sovereign	China	RMB	2,000
12	Jiangxi Industrial Low Carbon Restructuring and Green Development Pilot Project	Sovereign	China	USD	200
13	Ufa Eastern Exit Project[43]	Sovereign	Russia	USD	69
14	Rajasthan Water Sector Restructuring Project	Sovereign	India	USD	345

38 Fully repaid in 2022.
39 Cancelled in 2018.
40 Partially cancelled in 2020. Remaining amount is RMB 242.9 million.
41 Fully repaid in 2021.
42 Cancelled in 2020.
43 Cancelled in 2019.

OPERATIONS APPROVED IN 2018

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
15	Pará Sustainable Municipalities Project	Sovereign	Brazil	USD	50
16	Maranhão Road Corridor – South North Integration[44]	Sovereign	Brazil	USD	71
17	Environmental Protection Project[45]	Non-sovereign	Brazil	USD	200
18	Development of Water Supply and Sanitation Systems Project	Sovereign	Russia	USD	320
19	Small Historic Cities Development Project	Sovereign	Russia	USD	220
20	Bihar Rural Roads Project	Sovereign	India	USD	350
21	Chongqing Small Cities Sustainable Development Project[46]	Sovereign	China	USD	300
22	Expansion and Modernisation of the Durban Container Terminal[47]	Non-sovereign	South Africa	USD	200
23	Luoyang Metro Project	Sovereign	China	USD	300
24	Greenhouse Gas Emissions Reduction and Energy Sector Development Project	Non-sovereign	South Africa	USD	300
25	Sustainable infrastructure in relation to “ZapSibNefteKhim” Project[48]	Non-sovereign	Russia	USD	300
26	Madhya Pradesh Major District Roads II Project	Sovereign	India	USD	350
27	Madhya Pradesh Bridges Project	Sovereign	India	USD	175
28	Mumbai Metro Rail Project	Sovereign	India	USD	260
29	Hohhot New Airport Project	Sovereign	China	RMB	4,200
30	Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project	Sovereign	China	RMB	2,000
31	Jiangxi Natural Gas Transmission System Development Project	Sovereign	China	USD	400

44 Cancelled in 2021.
45 Fully repaid in 2021.
46 Cancelled in 2020.
47 Changed into a ZAR 3.5 billion loan in 2020.
48 Fully repaid in 2020.

LIST OF PROJECTS APPROVED BY NDB - CONTINUED

OPERATIONS APPROVED IN 2019

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
32	Zhejiang Green Urban Project – Shengzhou Urban and Rural Integrated Water Supply and Sanitation Project Phase II	Sovereign	China	RMB	825
33	Chongzuo Water Resource Rehabilitation and Ecological Conservation Project	Sovereign	China	USD	300
34	Lesotho Highlands Water Project Phase II (Project Loan to TCTA)	Sovereign	South Africa	ZAR	3,200
35	Environmental Protection Project for Medupi Thermal Power Plant	Sovereign	South Africa	USD	480
36	Renewable Energy Sector Development Project	Non-sovereign	South Africa	ZAR	1,150
37	Ningxia Yinchuan Integrated Green Transport Development Project	Sovereign	China	RMB	2,100
38	Lanzhou New Area Regional Hub Multimodal Logistics and Transport Infrastructure Demonstration Project	Sovereign	China	RMB	2,512
39	Assam Bridge Project	Sovereign	India	USD	300
40	Development of Renewable Energy Sector in Russia Project	Non-sovereign	Russia	USD	300
41	Andhra Pradesh Roads and Bridges Reconstruction Project	Sovereign	India	USD	323
42	Andhra Pradesh Mandal Connectivity and Rural Connectivity Improvement Project	Sovereign	India	USD	323
43	South African National Toll Roads Strengthening and Improvement Programme	Sovereign	South Africa	ZAR	7,000
44	Fundo Clima – Brazil National Climate Fund Project[49]	Sovereign	Brazil	USD	500
45	REC Renewable Energy Sector Development Project	Non-sovereign	India	USD	300
46	North Region Transportation Infrastructure Improvement Project	Non-sovereign	Brazil	USD[50]	300
47	Manipur Water Supply Project	Sovereign	India	USD	312
48	Indore Metro Rail Project	Sovereign	India	USD	225
49	Huangshi Modern Tram Project	Sovereign	China	RMB	2,760
50	Patria Infrastructure Fund IV	Non-sovereign	Brazil	USD	100
51	Locomotive Fleet Renewal Programme	Non-sovereign	Russia	CHF	500
52	Battery Energy Storage Project	Sovereign	South Africa	ZAR	6,000
53	Development of Educational Infrastructure for Highly Skilled Workforce[51]	Sovereign	Russia	EUR	USD 500 equivalent

49 Restructured in 2021 into a USD 500 million to BNDES with sovereign guarantee for BNDES Clima – Sustainable Financing to Support Global Climate Change Mitigation and Adaptation in Brazil.
50 Includes a USD 50 million portion, which could be delivered in RMB.
51 Cancelled in 2022.

OPERATIONS APPROVED IN 2020

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
54	NDB Emergency Assistance Programme in Combating COVID-19	Sovereign	China	RMB	7,000
55	National Investment and Infrastructure Fund: Fund of Funds – I	Non-sovereign	India	INR	USD 100 equivalent
56	Emergency Assistance Programme in Combating COVID-19	Sovereign	India	USD	1,000
57	Teresina Educational Infrastructure Programme	Sovereign	Brazil	USD	50
58	COVID-19 Emergency Programme	Sovereign	South Africa	USD	1,000
59	Small Historic Cities Development Project Phase II	Sovereign	Russia	EUR	205
60	Emergency Assistance Programme in Combating COVID-19	Sovereign	Brazil	USD	1,000
61	Mumbai Metro Rail II (Line 6) Project	Sovereign	India	USD	241
62	Delhi-Ghaziabad-Meerut Regional Rapid Transit System Project	Sovereign	India	USD	500
63	Russian Maritime Sector Support Programme[52]	Non-sovereign	Russia	EUR	100
64	Toll Roads Programme in Russia	Non-sovereign	Russia	USD	100
65	Water Supply and Sanitation Programme in Russia	Non-sovereign	Russia	USD	100
66	Brazil Emergency Assistance Programme for Economic Recovery	Sovereign	Brazil	USD	1,000
67	COVID-19 Emergency Programme Loan for Supporting India's Economic Recovery	Sovereign	India	USD	1,000
68	BNDES-NDB Sustainable Infrastructure Project	Sovereign	Brazil	USD	1,200
69	BRDE Urban, Rural and Social Infrastructure Programme to Achieve the SDGs	Sovereign	Brazil	EUR	135
70	Curitiba's Bus Rapid Transit Rideability Improvement Project	Sovereign	Brazil	USD	75
71	Cellular Network and Cloud Services Expansion Project	Non-sovereign	Russia	USD[53]	300
72	National Non-Toll Roads Management Programme	Sovereign	South Africa	USD	1,000

52 Partially cancelled in 2022. Remaining amount is EUR 53.1 million.
53 Multicurrency facility that could be delivered in USD, EUR or RMB.

LIST OF PROJECTS APPROVED BY NDB - CONTINUED

OPERATIONS APPROVED IN 2021

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
73	Emergency Assistance Programme in Supporting China's Economic Recovery from COVID-19	Sovereign	China	RMB	7,000
74	Beijing Gas Tianjin Nangang LNG Emergency Reserve Project	Sovereign	China	EUR	436
75	COVID-19 Emergency Programme Loan for Supporting Russia's Healthcare Response	Sovereign	Russia	EUR	USD 1,000 equivalent
76	Pará II – Transport Infrastructure for Regional Development[54]	Sovereign	Brazil	USD	153
77	COVID-19 Emergency Programme Loan for Supporting South Africa's Economic Recovery from COVID-19	Sovereign	South Africa	USD	1,000
78	Anhui Province Roads Development Project	Sovereign	China	EUR	340
79	Sorocaba Mobility and Urban Development Project	Sovereign	Brazil	USD	40
80	Affordable Housing and Urban Development Programme	Non-sovereign	Russia	USD	300
81	Himachal Pradesh Rural Water Supply Project	Sovereign	India	USD	80
82	Qingdao Metro Line Six (Phase I) Project	Sovereign	China	RMB	3,237

OPERATIONS APPROVED IN 2022

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
83	Desenvolve SP Sustainable Infrastructure Project	Sovereign	Brazil	USD	90
84	FONPLATA Sustainable Infrastructure Project	Non-sovereign	Brazil	USD	50
85	Banco do Brasil Sustainable Finance Project	Non-sovereign	Brazil	USD	200
86	SABESP Investment Programme	Sovereign	Brazil	USD	300
87	Lanzhou Zhongchuan International Airport Phase III Expansion Project	Sovereign	China	EUR	265
88	Xi'an Xianyang International Airport Phase III Expansion Project	Sovereign	China	CNY	805
89	Meghalaya Ecotourism Infrastructure Development Project	Sovereign	India	USD	79
90	Lamphelpat Waterbody Rejuvenation Project	Sovereign	India	USD	70
91	Guangxi Trunk Road Network Improvement Programme	Sovereign	China	EUR	465

54 Cancelled in 2022.

OPERATIONS APPROVED IN 2022

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
92	Corridor 4 of Phase II of Chennai Metro Rail Project	Sovereign	India	USD	347
93	Anhui Tongling G3 Road-Rail Bridge Project	Sovereign	China	CNY	2,190
94	Urban and Sustainable Infrastructure Programme – Aracaju City of the Future	Sovereign	Brazil	USD	84
95	Water and Wastewater Services Expansion Project in Manaus	Non-sovereign	Brazil	USD	80
96	DBSA Sustainable Infrastructure Project[55]	Non-sovereign	South Africa	USD	200

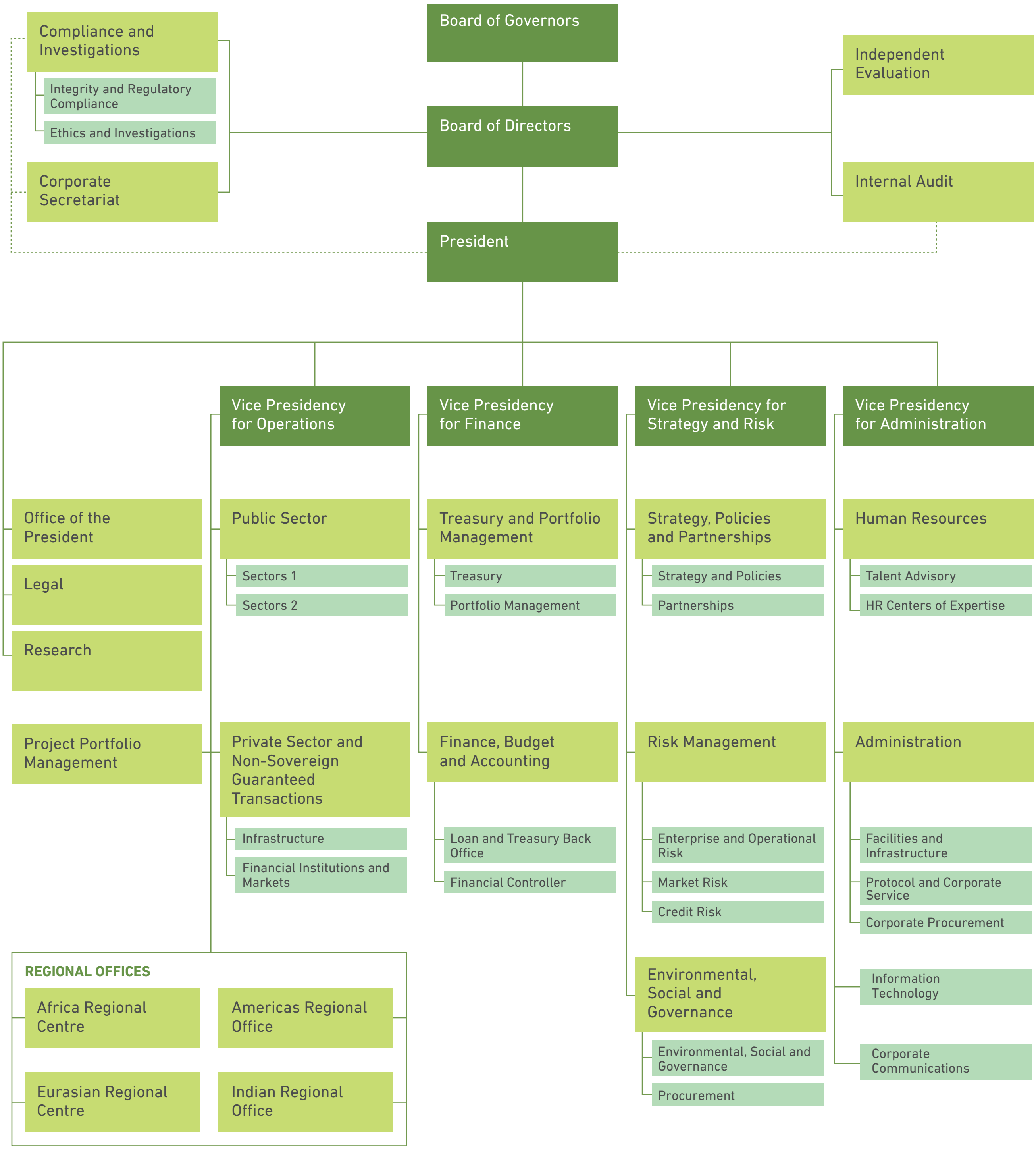
55 Revised in 2023 to a USD 100 million loan.

NDB'S ORGANISATIONAL STRUCTURE

ORGANISATIONAL UNIT

- Department
- Division

Note:
1. NDB has 21 Departments that are led by Directors General or equivalent.
2. NDB has 24 Divisions that are led by Chiefs and 4 Chief positions (total 28) under the Corporate Secretariat, Internal Audit, Legal and Office of the President.
3. Corporate Secretariat, Internal Audit, and Compliance and Investigations functionally report to the Board of Directors and administratively/operationally to the President.
4. Independent Evaluation Office reports directly and exclusively to the Board of Directors.



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