New Development Bank

2019 Renminbi Bond (Series 1) (Bond Connect)

Prospectus

Issuer: New Development Bank

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

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

Joint Underwriter: Bank of China Limited

Joint Underwriter: Agricultural Bank of China Limited

Joint Underwriter: China Construction Bank Limited

February 2019

IMPORTANT NOTICE AND DECLARATION

The New Development Bank ("**NDB**", the "**Issuer**" or the "**Bank**") may, from time to time during the period of two years commencing on the date of issuance by the National Association of Financial Market Institutional Investors ("**NAFMII**") of a registration notice with respect to the Programme, issue Renminbi Bonds in an aggregate amount not exceeding RMB10,000,000,000 in the Interbank Market, including the first issuance of the Renminbi Bonds in an aggregate amount of up to RMB3,000,000,000 thereunder (consisting of the Tranche 1 of the Bonds and the Tranche 2 of the Bonds as set out under the terms of the Bonds).

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

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

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

The Issuer undertakes that it will perform its obligations in accordance with the applicable laws and regulations and the terms set out in this Prospectus

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

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

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

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

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

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

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

Statement relating to forward-looking statements

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

Statement relating to the language used for information disclosure

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

Statement relating to accounting standards

For the purpose of preparing and presenting the financial statements, NDB has consistently applied International Accounting Standards ("**IASs**"), International Financial Reporting Standards ("**IFRSs**"), amendments and the related Interpretations ("**IFRICs**") (herein collectively referred to as the "**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") which are effective for the accounting period set out under the relevant financing statements. Investors should read the financial data and indicators referred to in this Prospectus in conjunction with the financial statements of NDB and the notes thereto.

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

Access to Information

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

Statement relating to "Bond Connect"

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

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

Statement relating to Governing Law of the Bonds

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

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.

CERTAIN ENGLISH DISCLOSURE IN THE PROSPECTUS

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

THE ENGLISH DISCLOSURE:

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

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

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

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

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SECTION 1 DEFINITIONS

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

"**Agreement on the New Development Bank**" or "**Agreement**"	means	the Agreement on the New Development Bank signed on 15 July 2014 by the Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa.
"**Articles of Agreement of the New Development Bank**" or "**Articles of Agreement**"	means	the Articles of Agreement of the New Development Bank as the Annex to the Agreement on the New Development Bank.
"**BFAE**"	means	Beijing Financial Assets Exchange, which is a PBOC authorized platform for the issuance and trading of bonds, a state-owned financial assets transaction platform designated by the Ministry of Finance of the People's Republic of China, and a transaction platform designated by NAFMII.
"**Bonds**"	means	the New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect).
"**Bondholder**"	means	a holder of the Bonds.
"**Bookbuilding**"	means	the process of determining the final interest rate/price and placement by the Issuer and the Bookrunner through recording the interest rate/price and quantity of the Bonds to be subscribed for by the Underwriting Syndicate and/or investors, in accordance with an agreed mode of pricing and placement, after NDB, the Lead Underwriter and the Joint Underwriters have determined the range of interest rates/prices and the members of the Underwriting Syndicate and/or investors have issued the subscription orders. The Bookbuilding may be undertaken through a centralized bookbuild, which will be handled through a centralized online process at BFAE's central bookbuilding system.
"**Bookrunner**"	means	the institution designated by the Issuer to be responsible for the Bookbuilding for the Bonds, being Industrial and Commercial Bank of China Limited.
"**BRICS countries**" or "**founding members**"	means	the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa.

"**Business Day**"	means	any day (other than Public Holiday or a Saturday or Sunday) when commercial banks are open for general business in China.
"**China**" or "**PRC**"	means	the People's Republic of China, and for the purpose of this Prospectus only and except where the context requires, excluding the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), Macau Special Administrative Region of the People's Republic of China ("**Macau**") and Taiwan, China ("**Taiwan**").
"**Custody Institution**"	means	Interbank Market Clearing House Co., Ltd., also referred to as the "Shanghai Clearing House".
"**Disclosure Documents**"	means	this Prospectus and the documents listed under Section 10 (*Disclosure Arrangement*) and Section 16 (*Documents Available for Inspection*), including any amendments or supplements thereto, by way of incorporation by reference or otherwise, as further described in Section 10 (*Disclosure Arrangement*) and Section 16 (*Documents Available for Inspection*).
"**day**"	means	a calendar day.
"**HKMA-CMU**"	means	the Central Moneymarkets Unit of Hong Kong Monetary Authority.
"**Interbank Market**"	means	the PRC national interbank bonds market.
"**Issuer**", "**NDB**" or the "**Bank**"	means	New Development Bank.
"**Joint Underwriters**"	means	the joint underwriters designated as such by the Issuer for the Bonds, being Bank of China Limited, Agricultural Bank of China Limited and China Construction Bank Limited.
"**Lead Underwriter**"	means	the lead underwriter designated as such by the Issuer for the Bonds, being Industrial and Commercial Bank of China Limited.
"**NAFMII**"	means	the National Association of Financial Market Institutional Investors.
"**PBOC**"	means	the People's Bank of China, the central bank of China.
"**Programme**"	means	the New Development Bank 2018-2020 Renminbi Bonds Issuance Programme under which the Issuer

		may, from time to time during the period of two years commencing on the date of issuance by NAFMII of a registration notice with respect to the Programme, issue bonds in an aggregate amount not exceeding RMB10,000,000,000.
"**Prospectus**"	means	the "New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect) Prospectus" relating to the Bonds as revised, supplemented, amended or updated by any supplement or update to the Prospectus or by documents incorporated by reference from time to time as further described in Section 10 (*Disclosure Arrangement*) and Section 16 (*Documents Available for Inspection*).
"**Public Holiday**"	means	a day which is a public holiday in China.
"**Renminbi**" or "**RMB**"	means	the lawful currency of the PRC.
"**SHIAC**"	means	Shanghai International Economic and Trade Arbitration Commission (also known as the Shanghai International Arbitration Center).
"**Supervisor**"	means	the supervisor designated as such by the Issuer for the Bonds, being Industrial and Commercial Bank of China Limited.
"**Underwriter**"	means	the single entity, number of entities or all institutions responsible for underwriting the Bonds (as the context may determine).
"**Underwriting Agreement**"	means	the underwriting agreement entered into between NDB, the Lead Underwriter and the Joint Underwriters for the Bonds, as amended by the parties from time to time.
"**Underwriting Syndicate**"	means	an underwriting syndicate for the Bonds comprising the Lead Underwriter, the Joint Underwriters and other members of the Underwriting Syndicate identified in the Underwriting Syndicate Agreement.
"**Underwriting Syndicate Agreement**"	means	the underwriting syndicate agreement entered into between the Lead Underwriter, the Joint Underwriters and other members of the Underwriting Syndicate, pursuant to the Underwriting Agreement, in connection with the Bonds.
"**United States**" or "**US**"	means	the United States of America.

"**USD**" or "**US dollars**"	means	United States dollars, the lawful currency of the United States.
"**year**"	means	a calendar year.

SECTION 2 SUMMARY OF THIS PROSPECTUS

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

1. Basic Information of the Issuer

The Bank was established on the signing of the Articles of Agreement of the New Development Bank on 15 July 2014 by the Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa. The Articles of Agreement entered into force on 3 July 2015. The Bank has its headquarters in Shanghai, the PRC.

The initial authorised capital of NDB is USD 100 billion and the initial subscribed capital of NDB is USD 50 billion according to the Articles of Agreement on the New Development Bank. Each founding member initially subscribed for 100,000 shares, which total USD 10 billion; of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each founding member to the paid-in capital shall be made in dollars and in 7 installments pursuant to the Articles of Agreement.

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

As at December 31, 2018, NDB had 144 staff members, including the President and 4 Vice-Presidents.

2. Basic Information of the Bonds

(1) Name of the Bonds

New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect)

(2) Issuer

New Development Bank

(3) Lead Underwriter for the Bonds

Industrial and Commercial Bank of China Limited

(4) Joint Underwriters for the Bonds

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

(5) Bookrunner

Industrial and Commercial Bank of China Limited

(6) Debt Financing Instruments Outstanding by the Issuer

As of the date of the signing of this Prospectus, the outstanding amount of the green financial bonds issued by the Issuer is RMB 3 billion.

(7) Registration Acceptance Notice Number

NAFMII Notice [2019]RB1

(8) Registration Amount of the Programme

Up to RMB10,000,000,000

(9) Size of the Bonds

RMB3,000,000,000 in aggregate, consisting of the Tranche 1 of the Bonds (the basic issue size of which is RMB2,000,000,000) and the Tranche 2 of the Bonds (the basic issue size of which is RMB1,000,000,000). The Issuer and the Bookrunner have the right to clawback and adjust the final issue size of the tranches of the Bonds based on the bookbuilding results by reducing the issue size of one tranche and at the same time increase the issue size of the other tranche by the same amount; the clawback option is between the two tranches without restriction on the clawback percentage. The final issue size of the two tranches in aggregate is RMB3,000,000,000.

(10) Tenor and Tranche of the Bonds

The Bonds consist of two tranches. The tenor of the Tranche 1 of the Bonds is three years. The tenor of the Tranche 2 of the Bonds is five years.

(11) Nature of the Bonds

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

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT

(12) Priority of the Bonds

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

(13) Guarantee

The Bonds are not guaranteed by any third party.

(14) Form of the Bonds

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

(15) Use of Proceeds

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

Under this Programme, not less than 50% of the registration amount of the Programme will be used in the PRC.

(16) Denomination

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

(17) Issue Price

The Bonds will be issued at par.

(18) Minimum Subscription Amount

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

(19) Interest Basis

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

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

(20) Rate of Interest

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

(21) Form of underwriting

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

(22) First Issuance Date/Bookbuilding Date for the Bonds

22 February 2019

(23) Offering Period for the Bonds

From 22 February 2019 to 25 February 2019

(24) Distribution Dates of the Bonds

From 22 February 2019 to 26 February 2019

(25) Settlement Date for the Bonds

26 February 2019

(26) Interest Accrual Start Date for the Bonds

26 February 2019

(27) Bond Registration Date

27 February 2019

(28) Interest Payment Period for the Bonds

The interest payment period for the Tranche 1 of the Bonds shall be from 26 February 2019 to 25 February 2022; the interest payment period for the Tranche 2 of the Bonds shall be from 26 February 2019 to 25 February 2024.

(29) Interest Payment Date for the Bonds

The interest payment dates for the Tranche 1 of the Bonds shall be 26 February of each year during its tenor; the first interest payment date shall be on 26 February 2020, and the last interest payment date shall be on 26 February 2022. The interest payment dates for the Tranche 2 of the Bonds shall be 26 February of each year during its tenor; the first interest payment date shall be on 26 February 2020, and the last interest payment date shall be on 26 February 2024. If an interest payment date falls on a day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of each such postponed payment.

(30) Maturity Date for the Bonds

The maturity date for the Tranche 1 of the Bonds shall be 26 February 2022. The maturity date for the Tranche 2 of the Bonds shall be 26 February 2024. If a maturity date falls on a day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponed payment.

(31) Repayment Amount

Payment based on the face value and interest

(32) Interest Payment and Principal Repayment for the Bonds

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

(33) Method of Interest Payment and Principal Repayment

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

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

(34) Method of the Offering

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

(35) Technology Supporting Institution for the Centralized Bookbuilding

BFAE

(36) Early Redemption

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

(37) Put Right

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

(38) Credit Rating Agencies and Credit Rating

Each of China Chengxin International Credit Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. has assigned a credit rating of AAA to the Issuer and a credit rating of AAA rating to the Bonds.

(39) Trading

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

(40) Custody Institution

Shanghai Clearing House

(41) Taxation

Any tax payable on the Bonds pursuant to any applicable taxation laws, rules and regulations shall be borne by the Bondholders.

(42) Applicable Law

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

(43) Dispute Resolution

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

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

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

(iii) Language

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

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

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

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

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

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

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

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

(44) Payment Event of Default

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

(45) Modification, Waiver and Substitution

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

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

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

(46) Meeting of Bondholders

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

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

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

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

(47) Target Investors

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

3. Risk Factors

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

(1) Risks relating to the Issuer

(2) Risks relating to the Bonds

(3) Risks relating to Cross-border Issuance

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

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

SECTION 3 ISSUE TERMS AND ARRANGEMENTS FOR ISSUE

1. Key Issue Terms of the Bonds

(1) Name of the Bonds

New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect)

(2) Issuer

New Development Bank

(3) Lead Underwriter for the Bonds

Industrial and Commercial Bank of China Limited

(4) Joint Underwriters for the Bonds

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

(5) Bookrunner

Industrial and Commercial Bank of China Limited

(6) Debt Financing Instruments Outstanding by the Issuer

As of the date of the signing of this Prospectus, the outstanding amount of the green financial bonds issued by the Issuer is RMB 3 billion.

(7) Registration Acceptance Notice Number

NAFMII Notice [2019]RB1

(8) Registration Amount of the Programme

Up to RMB10,000,000,000

(9) Size of the Bonds

RMB3,000,000,000 in aggregate, consisting of the Tranche 1 of the Bonds (the basic issue size of which is RMB2,000,000,000) and the Tranche 2 of the Bonds (the basic issue size of which is RMB1,000,000,000). The Issuer and the Bookrunner have the right to clawback and adjust the final issue size of the tranches of the Bonds based on the bookbuilding results by reducing the issue size of one tranche and at the same time increase the issue size of the other tranche by the same amount; the clawback option is between the two tranches without restriction on the clawback percentage. The final issue size of the two tranches in aggregate is RMB3,000,000,000.

(10) Tenor and Tranche of the Bonds

The Bonds consist of two tranches. The tenor of the Tranche 1 of the Bonds is three years. The tenor of the Tranche 2 of the Bonds is five years.

(11) Nature of the Bonds

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

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.

(12) Priority of the Bonds

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

(13) Guarantee

The Bonds are not guaranteed by any third party.

(14) Form of the Bonds

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

(15) Use of Proceeds

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

Under this Programme, not less than 50% of the registration amount of the Programme will be used in the PRC.

(16) Denomination

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

(17) Issue Price

The Bonds will be issued at par.

(18) Minimum Subscription Amount

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

(19) Interest Basis

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

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

(20) Rate of Interest

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

(21) Form of underwriting

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

(22) First Issuance Date/Bookbuilding Date for the Bonds

22 February 2019

(23) Offering Period for the Bonds

From 22 February 2019 to 25 February 2019

(24) Distribution Dates of the Bonds

From 22 February 2019 to 26 February 2019

(25) Settlement Date for the Bonds

26 February 2019

(26) Interest Accrual Start Datefor the Bonds

26 February 2019

(27) Bond Registration Date

27 February 2019

(28) Interest Payment Period for the Bonds

The interest payment period for the Tranche 1 of the Bonds shall be from 26 February 2019 to 25 February 2022; the interest payment period for the Tranche 2 of the Bonds shall be from 26 February 2019 to 25 February 2024.

(29) Interest Payment Date for the Bonds

The interest payment date for the Tranche 1 of the Bonds shall be 26 February of each year during its tenor; the first interest payment date shall be on 26 February 2020, and the last interest payment date shall be on 26 February 2022. The interest payment date for the Tranche 2 of the Bonds shall be 26 February of each year during its tenor; the first interest payment date shall be on 26 February 2020, and the last interest payment date shall be on 26 February 2024. If an interest payment date falls on a day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of each such postponed payment.

(30) Maturity Date for the Bonds

The maturity date for the Tranche 1 of the Bonds shall be 26 February 2022. The maturity date for the Tranche 2 of the Bonds shall be 26 February 2024. If a maturity date falls on a day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponed payment.

(31) Repayment Amount

Payment based on the face value and interest.

(32) Interest Payment and Principal Repayment for the Bonds

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

(33) Method of Interest Payment and Principal Repayment

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

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

(34) Method of the Offering

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

(35) Technology Supporting Institution for the Centralized Bookbuilding

BFAE.

(36) Early Redemption

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

(37) Put Right

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

(38) Credit Rating Agencies and Credit Rating

Each of China Chengxin International Credit Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. has assigned a credit rating of AAA to the Issuer and a credit rating of AAA rating to the Bonds.

(39) Trading

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

(40) Custody Institution

Shanghai Clearing House

(41) Taxation

Any tax payable on the Bonds pursuant to any applicable taxation laws, rules and regulations shall be borne by the Bondholders.

(42) Applicable Law

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

(43) Dispute Resolution

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

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

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

(iii) Language

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

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

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

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

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

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

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

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

(44) Payment Event of Default

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

(45) Modification, Waiver and Substitution

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

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

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

(46) Meeting of Bondholders

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

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

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

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

(47) Target Investors

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

2. Subscription and Custody

(1) The Bonds will be issued by way of a public offering through centralized Bookbuilding and placement at BFAE. The methods and requirements for the investors to participate in the bookbuilding and allocation process will be specified in the Subscription Offer and Explanation in relation to the Bonds to be published by the Lead Underwriter.

(2) The investors shall subscribe for the Bonds by submitting the subscription offer as set out in the Subscription Offer and Explanation. Where there are any other requirements in any laws or regulations, such requirements shall be complied with.

(3) Shanghai Clearing House shall be the registration, custody and settlement institution for the Bonds, and (if applicable) HKMA-CMU will provide service for the registration, custody and settlement for the offshore investors who open accounts in HKMA-CMU.

(4) The Investors subscribing for the Bonds shall have a Type A or Type B custody account opened directly with the Custody Institution, or a Type C custody account opened indirectly through a bond settlement agent in the Interbank Market with the Custody Institution, or (if applicable) a nominee bond account or proprietary bond account with HKMA-CMU;

(5) During the Offering Period, members of the Underwriting Syndicate may distribute the Bonds to other prospective investors.

(6) No additional expenses will be charged to the investors when completing the subscription, registration and custody procedures, but such investors shall comply with the relevant rules of the custody institution of the Bonds.

(7) If there is any conflict or contravention between the above provisions relating to the subscription for, and custody of, the Bonds and any laws, regulations or rules of the Custody Institution currently in force or revised or enacted from time to time, the provisions of any laws, regulations or rules of the Custody Institution currently in force or revised or enacted from time to time shall prevail.

3. Representations and Warranties of the Issuer

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

(1) the Bank is established pursuant to the Agreement on the New Development Bank and has full power, authority and legal rights to own its assets and operate its businesses;

(2) the Bank has full power, authority and legal rights to issue the Bonds under the Programme and has taken all the corporate actions and other actions necessary for approving the issuance of the Bonds;

(3) the issuance of the Bonds, the performance of any obligation under the Bonds or the enforcement of any right under the Bonds will not conflict with any law, rule, regulation, judgment, order, authorization, agreement or obligation applicable to the Bank, and if there is any conflict, the Bank has obtained from relevant regulatory authorities and/or competent authorities the effective waivers which are legal, valid and enforceable under applicable laws;

(4) the Bank has, as required by the regulatory authorities, competent authorities and other relevant authorities, submitted to, or registered or filed with, such authorities in an appropriate form all the reports, resolutions, registration forms and other required documents on schedule;

(5) the information provided by the Bank to the investors is true, complete and accurate in all material respects; and

(6) the representations and warranties made by the Bank to the investors in respect of the current facts and conditions at the time of the issuance of the Bonds are true and accurate.

4. Investor's Representations and Warranties

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

(1) it has full power, rights and authority to subscribe for, purchase and acquire the Bonds and has taken all the corporate actions and other actions necessary for the subscription, purchase and acquisition of the Bonds;

(2) the subscription, purchase and acquisition of the Bonds, the performance of any obligation under the Bonds or the enforcement of any right under the Bonds will not conflict with any law, rule, regulation, judgment, order, authorization, agreement or obligation applicable to it;

(3) when making any assessment of the Bonds and upon the subscription, purchase and acquisition of the Bonds, it has fully understood and carefully considered the various risks related to the Bonds;

(4) it accepts, and agrees to be bound by, all the provisions contained in the Prospectus (including any supplements and updates thereto) with respect to its rights and obligations under the Bonds;

(5) to the extent required by the future business operations of the Issuer and subject to the approval of, or registration with, the relevant authorities, the Issuer may, after the completion of the issuance of the Bonds, continue to issue new bonds that have the same repayment order as, or senior to, the Bonds, without requiring the consent of any investor of the Bonds; and

(6) offshore investors participating in the subscription of the Bonds through the "Bond Connect" regime should, in connection with the registration, custody, clearing, and settlement of the Bonds and with the remittance and conversion of funds, comply with all applicable laws and regulations, including the *Interim Measures for the Connection and Cooperation between the Mainland and the Hong Kong Bond Market* published by PBOC, as well as applicable rules by other relevant parties.

SECTION 4 RISK FACTORS

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

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

1. Risks relating to the Issuer

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

(1) Credit risk

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

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

The Bank mainly relies on external credit rating results from major international rating agencies to have an initial assessment of the credit quality of the treasury obligors. For sovereign and non-sovereign loans the Operations Division collects the latest information on borrowers and conducts a preliminary review as needed for arriving at the creditworthiness of the obligors. In cases where the loans are guaranteed by the Governments of the individual countries, the credit risk is assessed on the guarantor. The risk division of the bank monitors the overall credit risk profile of the Bank on a periodic basis.

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

The Bank can use an external rating, from global rating agencies, ie, Moody's, Standard and Poor's and Fitch. Apart from this the credit rating from the approved agency can also be used for the obligors who do not have a credit rating from above global rating agencies. In accordance with the Board approved policy, the Finance Committee of the Bank is authorised to approve the usage of such ratings. The Risk Division obtains the latest rating result of the obligors to measure credit risk profile of the Bank.

The Bank had deposits with other banks that are subject to credit risk. These deposits are placed with highly rated banks in mainland China, Hong Kong and Singapore. The Bank reviewed and concluded that the probability of loss from these deposits is remote at the inception of each transition.

Credit risk on derivatives

The Bank has entered into derivative transactions for the purpose of achieving economic hedge of currency and interest rate risk associated with the bonds issued by the Bank. The Bank chose counterparties with high credit rating in mainland China and Hong Kong and entered ISDA agreement with each of them. Under the ISDA master agreement, if a default of counterparty occurs all contracts with the counterparty will be terminated. At any point of time the maximum exposure to credit risk is limited to the current fair value of instruments that are favorable to the Bank.

Risk Concentrations

The Bank manages concentration through counterparty credit risk limits, on the basis of the individual counterparties and geographical region through the Board approved policy. The Board reviews the Bank's counterparty credit risk limits annually.

(2) Liquidity risk

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

(i) Insufficient redeemable, liquid assets 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 without incurring loss within the period of time required for the redemption.

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

(3) Market risk

Market risk is the risk that variations in interest rates, currency exchange rates and prices of its assets, liabilities and off-balance sheet positions result in losses to the Bank. The Treasury and Portfolio Management Division of the Bank undertakes investment and hedging decisions within the guidelines set in Board approved polices to manage inherent market risks.

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 borrowing, lending and investment activities may expose the Bank to interest rate risk. Macro-economic factors have an influence on the movement of interest rate exposures of the Bank in different currencies.

The Bank has limited tolerance for interest rate risks. The primary strategy for management of interest rate risk is to match the interest rate sensitivity on both sides of the balance sheet in individual currencies. The tenor for which the interest is fixed on a financial instrument is an indicator of exposure to interest rate risk. Interest rate risk also arises from the sensitivity associated with the net spread between the rate the Bank earns on its assets and the cost of borrowings which funds those assets and the sensitivity of the income earned from funding a portion of the Bank's assets with equity.

Exchange Rate Risk

The Bank faces exchange rate risk arising from the variability of exchange rates associated with some its liabilities, assets and off-balance sheet obligations relative to its functional currency (the U.S. dollar).

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 applies anet open position limit in aggregate and in separate currencies, to contain the exchange rate risk.

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.

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

The unaudited financial statements of the Issuer for the period of nine (9) months ended 30 September 2018 have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such information to evaluate the Issuer's financial condition, results of operations and results (financial or otherwise).

2. Risks relating to the Bonds

(1) Liquidity Risks

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

(2) Interest Rate Risk

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

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

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

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

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

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

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear potential losses emanating from the risks arising from an investment in the Bonds;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of financial markets; and

(v) be able to evaluate (either alone or with the help of financial and legal advisors) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

(4) Macroeconomic Volatility Risk

NDB is the first multilateral development bank founded by the emerging economies of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa (BRICS). In view of the current uncertainty of macroeconomic trends worldwide, particularly in developing countries, if the domestic macroeconomy of the BRICS countries fluctuates in the future, it may affect the business of NDB.

(5) Legal Risk

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

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

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

3. Risks relating to cross-border issuance

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

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

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

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

SECTION 5 DESCRIPTION OF THE ISSUER

1. Details of NDB

English Name:	New Development Bank
Chinese Name:	新开发银行
Abbreviation:	NDB
President:	Mr. K.V. Kamath
Contact Person:	Mr. Levan Zolotarev
Telephone:	+86 (0)21- 80211851
Email:	ir@ndb.int
Website:	https://www.ndb.int/

2. General Information of NDB

The New Development Bank (the "**Bank**") was established on signing of the Articles of Agreement of the New Development Bank (the "**Articles of Agreement**") signed on 15 July 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 the "**BRICS**" countries or "**founding members**". The Articles of Agreement entered into force on 3 July 2015. The Bank has its headquarters in Shanghai, the PRC.

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

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

As at December 31, 2018, NDB had 144 staff members, including the President and 4 Vice-Presidents.

3. Business Operations

(1) Lending Approach

NDB's main operational objectives are:

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

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

(2) Funding

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

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

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

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

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

(3) Investments

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

4. Governance

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

(1) Board of Governors

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

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

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

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

The following is a list of the Board of Governors:

Name	*Position*
Paulo Guedes	Minister of Economy of Brazil
Anton Siluanov	Minister of Finance of Russia
Arun Jaitley	Minister of Finance of India
Kun Liu	Minister of Finance of China
Tito Titus Mboweni	Chairman of the Board of Governors, Minister of Finance of South Africa

(2) Board of Directors

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

The Board of Directors is responsible for general operations of NDB, including decisions on business strategies, country strategies, loans, guarantees, equity investments, borrowing, basic operational procedures, technical assistance and other operations of NDB. The Board also approves the budget of NDB. The Board is required to meet at least quarterly. Until September 2018, the Board has met sixteen times.

The Board of Directors approved a budget of USD 55.36 million for the financial year 2018.

The following is a list of the Board of Directors:

Name	*Country*
Marcos Troyjo	Brazil
Sergei Storchak	Russia
K Rajaraman	India
Wencai Zhang	China
Dondo Mogajane	South Africa
K.V. Kamath	India

(3) Committees

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

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

Audit, Risk and Compliance Committee

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

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

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

The Chairperson is Mr. Dondo Mogajane of South Africa. The Corporate Secretary shall act as the secretary to the Audit, Risk and Compliance Committee.

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

Budget, Human Resources and Compensation Committee

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

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

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

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

Credit and Investment Committee

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

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

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

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

Finance Committee

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

The Finance Committee shall comprise of the President and 4 Vice-Presidents. The Finance Committee would be chaired by the President. In the absence of the President, the Vice-Presidents may elect amongst themselves to appoint one of the Vice-Presidents to chair the meeting. If a member of the Finance Committee ceases to be a staff of NDB, a replacement will be appointed. The designated person from the Treasury department shall act as the Secretary to the Finance Committee.

The Finance Committee shall meet monthly or as needed.

Operations Sub-Committee

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

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

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

Treasury Sub-Committee

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

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

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

(4) Management

The Management team is composed of the President and four Vice Presidents. The Vice Presidents shall be appointed from each founding member country other than the country of the President.

The Board of Governors elected Mr. K. V. Kamath from India as the first President of the Bank. The President is also a member of the Board of Directors, but has no vote except a deciding vote in case of an equal division.

The four Vice Presidents were appointed by the Board of Governors on the recommendation of the President.

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

Name	*Profile*
K. V. Kamath (President)	Mr. K.V. Kamath is one of India's most accomplished and acknowledged business leaders. He started his illustrious career in 1971 with ICICI, India's largest private sector bank. In 1988, he joined the Asian Development Bank in Private Sector department. He came back to India in 1996 as MD & CEO at ICICI Bank. In the following years, ICICI Bank expanded its boundaries and became India's first 'universal bank'. Mr. Kamath spearheaded this transition that became a pivotal point in Indian banking. He retired as MD & CEO to become the non-executive Chairman from 2009 to 2015. Mr. Kamath served as Chairman, Infosys Limited, India's

	largest software company. He also served on the board of Schlumberger Limited.
Sarquis José Buainain Sarquis (Vice President, Chief Risk Officer)	Mr. Sarquis J. B. Sarquis has held several positions at the Ministry of External Relations of Brazil since 1991. More recently, he has been Deputy Chief of Mission at the Embassy in Tokyo and, previously, he was Minister-Counsellor for economic and OECD affairs at the Brazilian Embassy in Paris. Over his career, as a Brazilian diplomat, Mr. Sarquis has been responsible for economic negotiations and policy analysis, in the fields of international trade and investments, development, international finance, macroeconomics and monetary affairs. In this capacity, he has also been a delegate to various intergovernmental conferences – at the WTO, the World Bank, the IMF, the OECD and the United Nations (ECLAC and UNCTAD). He received his MSc degree and a PhD in Economics from the London School of Economics (LSE) and holds a BSc in Electronic Engineering from the Polytechnic School of Federal University of Rio de Janeiro. Mr. Sarquis J. B. Sarquis was granted research prizes, such as the Gilbert de Botton Award in Finance Research.
Vladimir Kazbekov (VP, HR, IT Communications, Chief Administrative Officer)	Mr. Vladimir Kazbekov is Vice President and CAO of NDB. Mr. Kazbekov worked in executive position for the Russian National Development Bank (Vnesheconombank) for more than 15 years. He has greatly contributed to the development of BRICS Interbank cooperation mechanism that includes the national development banks of BRICS countries. Prior to his appointment in Vnesheconombank, Mr. Kazbekov served as the Deputy Director of the Foreign Policy Department of the Presidential Executive Office of the Russian Federation. He has nearly 20 years of experience in the Russian Ministry of Foreign Affairs, predominantly in Asian countries.
Xian Zhu (Vice President, Chief Operations Officer)	Mr. Xian Zhu is Vice President and COO of NDB. Over the past three decades, Mr. Zhu assumed various senior management roles in the public sector. Most recently Mr. Zhu served as Vice President and Chief Ethics Officer at World Bank Group from 2012 to 2015. Since 2002, he served as Strategy and Operations Director for South Asia, Country Director for Bangladesh and Country Director for the Pacific Islands, Papua New Guinea, and Timor Leste. From 1999 to 2001, Mr. Zhu served as Executive Director for China in the World Bank Group. In 2001, Mr. Zhu served in Asian Development Bank. Until the late 1990s, Mr. Zhu worked at China's Ministry of Finance in various capacities.
Leslie Maasdorp (Vice President, Chief Financial Officer)	Mr. Leslie Maasdorp is Vice President and CFO of NDB. Over the past 25 years, Mr. Maasdorp has occupied senior leadership roles in both private and public sectors. Most recently he served as President of Bank of America Merrill Lynch for Southern Africa. Prior to that he served in a dual role as Vice Chairman of Barclays Capital and Absa Capital. In 2002 he was the first African to be appointed as International Advisor to Goldman Sachs International. Before his 13 years as a global investment banker, he served in several senior leadership roles in the Government of South Africa. In 1994 after the transition to democracy, he was appointed as Special Advisor to the Minister of Labour and in 1999 was appointed as Deputy Director General of the Department of Public Enterprises. He is a former Chairman and CEO of Advtech, a leading provider of private education in South Africa.

5. Financial Risk Management

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

NDB has established various Board approved risk management policies in line with its Agreement on the New Development Bank 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 senior management monitors related risk management parameters and tolerance through policies and procedures under the strategy approved by designated committees.

The main types of financial risks of NDB are credit risk, liquidity risk and market risk which includes foreign exchange risk and interest rate risk. NDB utilizes a set of risk measurement tools for monitoring and assessing these risks, including monitoring external credit ratings, applying risk assessments of new projects/treasury counterparties, monthly risk assessment on outstanding businesses and monitoring key liquidity and market risk ratios and indicators. There are also established reporting and reviewing procedures, including without limitation, the monthly risk report to the Finance Committee, the quarterly risk report to the Audit, Risk and Compliance Committee, the quarterly internal audit and the annual review of risk policies

6. Lending Activities

NDB aims to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development and to build a balanced and diversified loan portfolio while supporting the development agenda of its member countries.

All loans are approved by the Board of Directors. Presently, a majority of the NDB's projects are either sovereign operations or under sovereign guarantee, or are loans to the national financial institutions. The Bank has started the operations in non-sovereign loans.

Key areas of lending activities operation include, but are not limited to: clean energy; transport infrastructure; irrigation, water resource management and sanitation; sustainable urban development; and economic cooperation and integration among member countries.

All NDB's projects undergo a rigorous review and appraisal. The rigorous screening and approval process will be carried out with the early involvement of risk management, legal treasury and compliance. Environmental, anti-money laundering and counter terrorism management checks will be included in the loan approval process. The Credit and Investment Committee also considered all the projects before they are submitted to the Board of Directors meeting for approval.

As of 31 December 2018, the Board of Directors of NDB approved thirty (30) loans in NDB's member countries for a total amount of about USD 8 billion. Ten (10) of these are renewable energy projects that spread across a spectrum of sub-sectors such as solar, wind (both onshore and offshore), small hydro and green energy transmission. Eleven (11) of these are ecological and sustainable industrial development and energy conservation projects. Eight (8) projects are to support to the improvement of roads, bridges and airport. One (1) project is to enhance protection of judicial rights of citizens of the country.

7. Loans Overview

Projects in China

(1) Loan of RMB 525 million with sovereign guarantee from China to Shanghai Lingang Hongbo New Energy Development Co. Ltd. for Lingang Distributed Solar Power Project

On April 13, 2016, NDB approved the first project in China, a RMB 525 million loan to the PRC for 100,000 kWh rooftop solar photovoltaic power project proposed to be implemented in the Shanghai Lingang Industrial Area (SLIA). This is also the Bank's first local currency sovereign loan in China.

The project would benefit end users in the SLIA, Shanghai and the PRC in general given the production of electricity in an environmentally sustainable manner leading to emissions reduction.

The project is estimated to reduce carbon dioxide emissions by approximately 73,000 tons per year, NOx emissions by 1,300 tons per year and provide electricity generated through 100 MW roof-top solar photovoltaic power with 1,155 effective generation hours per year. The project will save gas consumption by 23,000 tons per year and save coal consumption by about 32,000 tons per year.

(2) Loan of RMB 2 billion to China for the Putian Pinghai Bay Offshore Wind Power Project being implemented by Fujian Investment and Development Group Co. Ltd.

On November 22, 2016, NDB approved a sovereign project loan of RMB 2 billion for an offshore wind power project proposed to be implemented in the Fujian Province, China.

The objective of the project is to increase offshore wind power capacity in Putian Pinghai Bay to provide adequate electricity supply to Fujian province and to catalyze offshore wind energy development with technological advances. The project is estimated to have a capacity of 3,490 hours of effective electricity generation per year. This capacity will provide electricity of 873 million kWh per year, to meet the demand of rising power consumption in Fujian province.

The project will have a positive impact of avoiding 869,900 tons of carbon emissions per year. It is further estimated that the project will avoid emissions of 13,090 tons of NOX, 26,175 tons of SO2 and 237,300 tons of flue gas. It will avoid consumption of coal by 314,100 tons.

The project is also expected to enhance confidence in China's large-scale adoption of offshore wind power generation under various technical challenges.

(3) Loan of RMB 2 billion to China for Comprehensive Ecological Development Project in the Green Heart Center of the Hunan Chang-Zhu-Tan City Cluster

On August 30, 2017, NDB approved a RMB 2billion loan to China for a comprehensive ecological development project in the green heart center of the Hunan Chang-Zhu-Tan city cluster.

The project contributes to improve water quality and flood control in the main streams and tributaries of Xiang River.

(4) Loan of USD 200 million to China for Jiangxi Industrial Low Carbon Restructuring and Green Development Pilot Project

On August 30, 2017, NDB approved a USD 200 million loan to China for a Jiangxi industrial low carbon restructuring and green development pilot project.

The objective of the project is to promote energy conservation, resources recycling and pollutants reduction through technology upgrade.

The project aims to save 95,118 tons of coal equivalent energy every year and to avoid 263,476 tons of carbon dioxide emission annually.

(5) Loan of USD 300 million to China for Chongqing Small Cities Sustainable Development Project

On May 28, 2018, NDB approved a USD 300 million loan to China for Chongqing Small Cities Sustainable Development Project.

The objective of the project is to support the sustainable infrastructure development of seven small cities in Chongqing Municipality, through an integrated sustainable urban infrastructure development scheme, consisting of sub-projects for urban infrastructure and ecological restoration, with the objective of improving the living conditions of the local residents and supporting sustainable economic development.

(6) Loan of USD 300 million to China for Luoyang Metro Project

On July 20, 2018, NDB approved a USD 300 million loan to China for Luoyang Metro Project.

The Project contributes to a lower carbon environment. Congestion on the roads is expected to be reduced. Travel conditions for residents and visitors will be improved. Commuters will have an alternative and more time-efficient way to travel daily. The Project will benefit metro riders as an efficient, safe and comfortable means of transportation, and will also benefit non-riders in Luoyang by diverting traffic away from the current overburdened transport infrastructure.

(7) Loan of RMB 2 billion to China for Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project

On November 16, 2018, NDB approved a loan of RMB 2 billion to China for on-lending to the People's Government of Guangdong Province for Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project.

The objective of the Project is through financing the construction of an offshore wind farm, to provide clean power supply and improve energy structure of Guangdong Province. The Project will develop 300 MW of offshore wind capacity in Yangjiang's shallow water area.

The Project aligns with the priority of the People's Government of Guangdong Province to achieve the objective of accelerating offshore wind power development and increasing power supply through clean energy. As the replacement of coal-fired power plants, wind power can save coal consumption of 247,200 tons annually.

(8) Loan of RMB 4.2 billion to China for Hohhot New Airport Project

On November 16, 2018, NDB approved a loan of RMB 4.2 billion to China for on-lending to the People's Government of Inner Mongolia Autonomous Region for the construction of the new airport in Hohhot.

The objective of the Project is through financing the new airport in Hohhot, to address the existing concerns and risks of the Baita International Airport, meet the growing demand of the city's air traffic, and support the sustainable economic development of the region.

The Project will contribute to meeting the growing demand of the city's air traffic and will ultimately support sustainable economic development of Hohhot and Inner Mongolia Autonomous Region.

(9) Loan of USD 400 million to China for Jiangxi Natural Gas Transmission System Development Project

On November 16, 2018, NDB approved a loan of USD 400 million to China for on-lending to the People's Government of Jiangxi Province for development of the natural gas transmission system in Jiangxi.

The objective of the Project is through the provision of natural gas as a clean, efficient and convenient energy source, to promote sustainable economic development of Jiangxi Province with improved environmental footprints and to improve the local residents' quality of living with improved conditions of urban environment.

In addition to achieving significant reduction of harmful emissions (CO2, NOx, SO2, solid particulates), the Project will help build the Province's capacity for developing and managing the natural gas supply system.

Projects in Brazil

(1) *Two-step loan of USD 300 million without sovereign guarantee to Banco Nacional de Desenvolvimento Econômico e Social (BNDES)*

On April 26, 2017, NDB approved the first project in Brazil, a USD 300 million loan to Banco Nacional de Desenvolvimento Econômico e Social (BNDES) in Brazil.

The objective of the NDB's financing is to provide an alternative financing source for BNDES to facilitate development of infrastructure.

The project contributes to a diversified renewable energy portfolio for Brazil's energy sector, to reduce reliance on hydel and increase the country's resilience in energy supply. It is estimated to generate 600 MW of renewable energy every year and to avoid 1,000,000 tons of carbon dioxide emission annually.

(2) *Loan of USD 50 million to the State of Pará for Pará Sustainable Municipalities Project, Guaranteed by the Federative Republic of Brazil*

On March 2, 2018, NDB approved sovereign project of USD 50 million to the State Government of Pará for the Pará Sustainable Municipalities Project, guaranteed by the Federative Republic of Brazil. The loan will be used by the State Government to develop urban roads & drainage, sanitation and telecommunication in small urban cities alongside a loan from the Development Bank of Latin America (CAF). The Loan will finance the costs of paving and drainage of urban roads and capacity building.

The Sustainable Municipalities Project aims to promote sustainable development and reduce inequalities through the implementation of mobility, sanitation and communication programs. These programs shall provide better public services to the population along the Trans-Amazonian highway, a region that has urbanized very rapidly, but remains isolated. It will contribute to the development of the local economy and improve living conditions of the underdeveloped municipalities.

(3) *Loan of USD 71 million to the State of Maranhão for Maranhão Road Corridor – South North Integration, Guaranteed by the Federative Republic of Brazil*

On March 2, 2018, NDB approved sovereign project of USD 71 million to the State Government of Maranhão for the Maranhão Road Corridor – South North Integration Project guaranteed by the Federative Republic of Brazil The Loan will be used by the State Government to rebuild sections of the MA-006 alongside a loan from the Development Bank of Latin-America (CAF). The proposed Loan will finance the costs of rebuilding a section of the road spanning 143 km.

The main objective of the Project is to improve the road conditions of the corridor, thereby reducing logistic costs and time spent for transport of produce from the grain producing area in the south of the state to the Itaqui Port in the north. The Project will also interconnect municipalities that are currently isolated due to the poor road condition. The Project will contribute to economic development of the State of Maranhão and social development for the municipalities near the road.

(4) *Loan of USD 200 million to Petroleo Brasileiro S.A., "Petrobras" for the Petrobras Environmental Protection Project at Reduc and Regap Refineries*

On May 28, 2018, NDB approved non-sovereign loan of USD 200 million to Petroleo Brasileiro S.A "Petrobras" for the Petrobras Environmental Protection Project at Reduc and Regap Refineries.

The main objective of the Project is to improve the company's environmental footprints and to comply with new environmental regulatory requirements, through upgrading the infrastructure of two existing refineries with the objective of reducing harmful emissions and avoiding water and soil contamination.

Projects in Russia

(1) Loan without sovereign guarantee of USD 50 million to Eurasian Development Bank and USD 50 million to International Investment Bank

On July 16, 2016, NDB approved the first project in Russia, a USD 100 million loan to Eurasian Development Bank (EDB) and International Investment Bank (IIB) in Russian Federation.

The project, with Nord-Hydro as a model project, is designed to enhance power generation capacity in the region and facilitate renewable energy development. The two loans will finance the Nord-Hydro project to increase energy supply in Karelia region through renewable energy resource. The project is supported by the Russian government with a preferential tariff.

With this project, a small dam and two hydroelectric generation plants will be constructed, providing a total installed capacity of 49.8 MW. A 220 kV power transmission line of 10-km will be constructed. The proposed hydro power generation will avoid 48,000 tons of carbon dioxide emissions per year.

(2) Loan of USD 460 million to the Government of the Russian Federation for the Judicial System Support Project

On August 30, 2017, NDB approved a USD 460 million loan to the Government of Russian Federation for the judicial system support project.

The objective of the project is to develop the infrastructure and implement the information technology systems of the judicial system in Russia and contribute to the Federal Targeted Program "Development of the Judiciary System in Russia in 2013-2020".

The project will increase judicial transparency and efficiency, and enhance protection of judicial rights of citizens of the country.

(3) Loan of USD 68,812,100 to the Government of the Russian Federation for the Ufa Eastern Exit Project

On November 20, 2017, NDB approved a USD 68.8 million loan to the Government of Russian Federation for the Ufa eastern exit project.

The objective of the project is to construct a toll transport corridor connecting the Ufa city center to the M-5 federal highway.

The project aims to reduce congestion and aid faster commute for residents, enhance safety of traffic by diverting dangerous goods away from city center, build up a balanced spatial residential and industrial development and strengthening Ufa's position as a strategic transportation hub.

(4) Loan of USD 220million to the Russian Federation for the Small Historic Cities Development Project

On May 28, 2018, NDB approved a USD 220million loan to the Government of Russia Federation for the Small Historic Cities Development Project.

The objective of the project is to support infrastructure development in nine small historic cities of national significance through tourism infrastructure development with a focus on preservation of cultural heritages and development of urban infrastructure.

(5) Loan of USD 320million to the Russian Federation for the development of water supply and sanitation systems project

On May 28, 2018, NDB approved a USD 320mllion loan to the Russia for the development of water supply and sanitation systems project

The objective of the project is to modernize water supply and sanitation systems in 5 selected cities in the Volga River Basin though construction of advanced facilities and improvement of process efficiency of existing infrastructure.

(6) Loan of USD 300 million to PJSC SIBUR Holding for environmentally sustainable infrastructure development

On July 20, 2018, NDB approved a USD 300 million loan to PJSC SIBUR Holding for environmentally sustainable infrastructure development related to ZapSibNefteKhim project.

NDB will provide financing including reimbursement of expenses for construction of utilities including water treatment facilities, transport and logistics infrastructure.

Projects in India

(1) Loan of USD 250 million with sovereign guarantee from the Government of India to Canara Bank for Renewable Energy Financing Scheme

On April 13, 2016, NDB approved the first project in India, a USD 250 million loan to Canara Bank in India to Canara Bank for renewable energy financing scheme. This loan is guaranteed by the Government of India.

The objective of the project is to support renewable energy financing through the Renewable Energy Financing Scheme, established by Canara Bank. The loan provided by NDB will be on-lent through Canara Bank to renewable energy sub-projects, including wind, solar, small hydropower, biomass, geo-thermal, waste-to-energy, and other renewable energy projects.

The project will increase power generation capacity from non-fossil fuel based energy resources in the country. It is estimated to generate 500 MW of renewable energy every year and to avoid 815,000 tons of carbon dioxide emission annually.

(2) Loan of USD 350 million to the Government of India for the Madhya Pradesh Major District Roads Project being implemented by MP Road Development Corporation Ltd.

On November 22, 2016, NDB approved a USD 350 million loan to the Government of India for the Madhya Pradesh major district roads project being implemented by MP Road Development Corporation Ltd.

The objective of NDB's facility is to support the projects for improving Madhya Pradesh state's connectivity of the current rural interior and achieve a larger coverage of the national highway and state highway. The loan from NDB will be on-lent to the Government of Madhya Pradesh for upgrading the state's Major District Roads, with construction of associated bridges and railway-overhead-bridges.

Under this project, not less than 1,500 km of Major District Roads in Madhya Pradesh will be upgraded to intermediate lane width, with 5.5m wide carriageway. Travel time is estimated to be reduced by 25%.

(3) Loan of USD 470 million to Government of India for the Madhya Pradesh Multi Village Water Supply Project

On August 30, 2017, NDB approved a USD 470 million loan to the Government of India for the Madhya Pradesh multi village water supply project.

The objective of the project is to develop the rural drinking water supply scheme in the state of Madhya Pradesh.

The project covers more than 3,400 villages and will benefit over 3 million rural populations.

(4) Loan of USD 345 million in the form of a Multi-tranche Financing Facility (Tranche 1: USD 100 million) to the Government of the Republic of India for Rajasthan Water Sector Restructuring Project for Desert Areas

On November 20, 2017, NDB approved a USD 345 million loan to the Government of India for Rajasthan water sector restructuring project for desert areas.

The facility will be used by the Government of India for on-lending to the Government of Rajasthan for rehabilitating the Indira Gandhi canal system.

The project aims to provide additional 1.25 million acre feet of water available for land cultivation, 33,312 hectares of water-logged area rehabilitated for cultivation and improve the water use efficiency by 10%.

(5) Loan of USD 350 million in the form of a Multi-tranche Financing Facility to the Government of India for BIHAR Rural Roads Project

On May 28, 2018, NDB approved a USD 350million loan to the Republic of India for Bihar Rural Roads Project.

The objective of the project is to enhance local connectivity and improve transportation infrastructure through constructing and upgrading rural roads with total length of 4,000 km, spreading across 26 districts in the state of Bihar.

(6) Loan of USD 175 million to the Government of the Republic of India for Madhya Pradesh Bridges Project

On September 18, 2018, NDB approved a USD 175 million loan to the Government of the Republic of India for Madhya Pradesh Bridges Project.

The objective of the Project is to tackle the weak links of the road network, the bridges of Madhya Pradesh State, to realize the full benefits of upgrading the State Highways and Major Districts Roads, through constructing and upgrading about 350 bridges in Madhya Pradesh.

The positive impacts of the Project include promoting inclusive development of the rural communities of the State of Madhya Pradesh and stimulating regional economic development through improved connectivity, enhanced accessibility and increased job opportunities, which will ultimately contribute to the well-being of the connected population.

(7) Loan of USD 350 million to the Government of the Republic of India for Madhya Pradesh Major District Roads Project II

On September 18, 2018, NDB approved a USD 350 million loan to the Government of the Republic of India for Madhya Pradesh Major District Roads Project II.

The objective of the Project is to improve Madhya Pradesh’s connectivity of the current rural interior. The Project complements the MP Roads I Project financed by NDB in 2016, and will maximize the benefits of the MP Roads I Project by further removing the bottlenecks and smoothing the traffic flows.

The Project will improve road conditions and enhance transport capacity, which will lead to benefits of less travel time, reduced vehicles operating cost, reduced emissions, and improved road safety.

(8) Loan of USD 260 million to the Government of the Republic of India for Mumbai Metro Rail Project

On November 16, 2018, NDB approved a loan of USD 260 million to the Government of the Republic of India for on-lending to the Government of Maharashtra for the purpose of implementing 3 metro rail lines in the city of Mumbai with an aggregate length of about 58 km.

The objective of the Project is, through financing the construction of 3 metro lines in Mumbai with the total length aggregate about 58 km, to address the current transport challenges and to enhance the city's public transportation capacity.

The Project will supplement the existing suburban railway network, which is currently operating beyond its maximum capacity. The Project will also provide rail-based mass transit facility to areas that are not currently connected by the existing transport network.

Projects in South Africa

(1) Distributed Solar Power Project Loan of USD 180 million with sovereign guarantee from the Republic of South Africa to Eskom holdings state-owned-company limited for integrating renewable energy independent power producers (RE-IPP) projects and augmenting transmission capacity for further development of Soweto Area

On April 13, 2016, NDB approved the first project in South Africa, a USD loan to Eskom Holdings State-Owned-Company Limited (Eskom) in the Republic of South Africa for integrating renewable energy independent power producers (RE-IPP) projects and augmenting transmission capacity for further development of Soweto Area. This loan is guaranteed by the Government of the Republic of South Africa.

The objective of the project is to develop grid connection infrastructure. The grid connection infrastructure will be used for renewable energy projects and augmentation of the Eskom transmission network to the Soweto area.

The project will enhance the country's capacity for renewable energy while achieving sustainable growth. It is estimated to generate 670 MW of renewable energy every year and to avoid 1,300,000 tons of carbon dioxide emission annually.

(2) Loan of USD 200 million to Transnet State Owned Company Limited for the Durban Container Terminal Berth Reconstruction Project

On May 28, 2018, NDB approved a USD 200 million loan to Transnet State Owned Company Limited for the Durban Container Terminal Berth Reconstruction Project.

The project aimed at the development and rehabilitation of a maritime and onshore infrastructure of the existing Durban Container Terminal and the improvement of port facilities, equipment and services.

(3) Loan of USD 300 million to the Development Bank of Southern Africa (DBSA) for Greenhouse Gas Emissions Reduction and Energy Sector Development Project

On July 20, 2018, NDB approved a USD 300 million loan to the Development Bank of Southern Africa (DBSA) for Greenhouse Gas Emissions Reduction and Energy Sector Development Project.

The objective of the Project is to facilitate investments in renewable energy that will contribute to power generation mix and reduction in CO2 emissions in South Africa, in line with the South African Government's Integrated Resource Plan 2010 and its target of reducing greenhouse gas emissions as articulated in the National Development Plan 2030.

The Project will bring significant developmental impacts through the subprojects, particularly related to environmental and social benefits from reduction in carbon dioxide emissions, increase in generation capacity from renewable energy sources, and increase in the efficiency of the overall energy sector in South Africa.

8. Borrowing Activities

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

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

9. Promoting Infrastructure and Sustainable Development

In 2015, the international community adopted the Sustainable Development Goals (SDGs). These goals, which require considerable additional funding for emerging markets, provide fresh impetus to the agenda of reducing poverty and steering the world towards a more sustainable future. In addition, in December 2015, a new climate deal was reached in Paris, at the Conference of Parties on Climate Change, known as COP21. These landmark agreements underscore the importance of embracing a new framework to achieve long-term sustainable development.

Furthermore, at the 2016 G20 Summit China's Presidency emphasized the enhanced role of multilateral development banks on the way towards sustainable economic development.

Facilitating the provision of sustainable infrastructure development - especially infrastructure that is economically, socially and environmentally sustainable - is a defining priority for development will be the focus of NDB's operations. For instance, sustainable development is featured in the Bank's constitutional documents, most notably in the Articles of Agreement of NDB. Environmental sustainability is therefore firmly embedded into all aspects of NDB's operations. As a firm advocate of sustainable infrastructure development, NDB is strongly supportive of the SDG-related commitments of its member countries.

Significant new investment is required to meet the infrastructure needs of our member countries. Such investment in economic and social infrastructure leads to increased productivity, improved access to markets and higher employment. This in turn contributes in meaningful ways to the reduction of poverty.

SECTION 6 ANALYSIS OF THE FINANCIAL CONDITION OF THE ISSUER

1. Standards for Financial Statements

NDB has consistently applied International Accounting Standards ("**IASs**"), International Financial Reporting Standards ("**IFRSs**"), amendments and the related Interpretations ('**IFRICs**') (herein collectively referred to as the "**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") which are effective for the accounting period set out under the relevant financing statements, for the purpose of preparing and presenting such financial statements.

2. Financial Highlights

Total Assets – as at September 30, 2018, the total assets of NDB amounts to USD 10.35 billion, which is comprised primarily of assets due from banks other than cash and cash equivalent and paid-in capital receivables;

Total Liabilities – as at September 30, 2018, the total liabilities of NDB amounts to USD 453.81 million, which is comprised primarily of financial liabilities designated at fair value through profit or loss. These financial liabilities relate to NDB's first green bond issuance in the Chinese Interbank Market;

Total Equity – as at 31 December 2017, the paid-in capital of NDB amounts to USD 10 billion, which is contributed by all shareholders in accordance with the Articles of Agreement.;

Operating Profit – for the nine months period ended September 30, 2018, the operating profit of NDB amounted to USD 50.4 million.

3. Capital

The initial authorised capital of NDB is USD 100 billion and the initial subscribed capital of NDB is USD 50 billion according to the Articles of Agreement. Each founding member shall initially subscribe for 100,000 shares, which total USD 10 billion; of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each founding member to the paid-in capital shall be made in US dollars and in 7 installments pursuant to the Articles of Agreement. As at September 30, 2018, there were no overdue paid-in capital instalments payable to NDB.

4. Capital Management

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

NDB sets early warning indicators for the abovementioned pillars (95% for Limitation on Operations, 30% for Equity-to-Loan Ratio, 30% for Equity-to-Asset Ratio and 85% for Capital Utilization Ratio) and monitors the capital adequacy level on an on-going basis. Once an early warning indicator is hit, contingency actions should be triggered to bring the capital adequacy level to safe range.

As at December 31, 2017, NDB had complied with its capital management policies.

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

5. Borrowings

On July 18, 2016, NDB issued its first green bond for an amount of RMB 3 billion (equivalent to approximately USD 448 million) with the maturity date of July 19, 2021.

SECTION 7 SELECTED FINANCIAL INFORMATION

The following information is extracted from audited financial statements of NDB for the year ended December 31, 2017 and the period from July 3, 2015 to December 31, 2016, as well as from the unaudited financial statements for the nine (9) months ended September 30, 2018.

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

1. Statement of Profit or Loss and Other Comprehensive Income

For the nine months period ended September 30, 2018, the year ended 31 December 2017 and the period July 3, 2015 to December 31, 2016 respectively:

Expressed in thousands of U.S. Dollars

	Nine months ended 30 September 2018 USD'000 (*unaudited*)	Year ended 31 December 2017 USD'000 (*audited*)	From 3 July 2015 to 31 December 2016 USD'000 (*audited*)
Interest income	86,067	63,863	28,244
Interest expense	(10,229)	(14,020)	(5,979)
Net interest income	75,838	49,843	22,265
Net fee income	100	21	-
Net gains/(losses) on financial instruments at fair value through profit or loss	7,265	1,291	2,486
Revenue	83,203	51,155	24,751
Other income	219	74	-
Staff costs	(17,904)	(18,823)	(11,259)
Other operating expenses	(8,625)	(7,342)	(6,690)
Impairment provision	(1,632)	(23)	-
Foreign exchange gains/(losses)	(4,840)	5,811	(2,399)
Operating profit for the year/period	50,421	30,852	4,403
Unwinding of interest on paid-in capital receivables	71,581	127,160	223,304
Profit for the year/period	122,002	158,012	227,707
Total comprehensive income for the year/period	122,002	158,012	227,707

2. Statement of Financial Position

As at September 30, 2018, December 31, 2017 and December 31, 2016 respectively:

Expressed in thousands of U.S. Dollars

	As at 30 September 2018 USD'000 (*unaudited*)	As at 31 December 2017 USD'000 (*audited*)	As at 31 December 2016 USD'000 (*audited*)
Assets			
Cash and cash equivalents	227,310	1,019,854	347,816
Due from banks other than cash and cash equivalents	4,250,985	3,212,404	2,284,894
Loans and advances	381,449	23,857	-
Paid-in capital receivables	5,414,830	5,933,354	7,401,019
Property and equipment	883	594	476
Intangible assets	631	54	38
Other assets	78,228	34,001	19,447
Total assets	10,354,316	10,224,118	10,053,690
Liabilities			
Derivative financial liabilities	18,234	3,331	43,969
Financial liabilities designated at fair value through profit or loss	429,169	449,367	403,064
Other liabilities	6,407	2,811	1,235
Total liabilities	453,810	455,509	448,268
Equity			
Paid-in capital	10,000,000	10,000,000	10,000,000
Other reserves	(185,170)	(266,646)	(398,981)
Retained earnings	85,676	35,255	4,403
Total equity	9,900,506	9,768,609	9,605,422
Total equity and liabilities	10,354,316	10,224,118	10,053,690

3. Statement of Changes in Equity

For the nine months period ended September 30, 2018:

Expressed in thousands of U.S. Dollars

	Paid-in capital USD'000 (un*audited*)	Other reserves USD'000 (un*audited*)	Retained earnings USD'000 (un*audited*)	Total USD'000 (un*audited*)
As at 1 January 2018	10,000,000	(266,646)	32,255	9,768,609
Operating profit for the period	-	-	50,421	50,421
Unwinding of interest on paid-in capital receivables for the period	-	-	71,581	71,581
Profit and total comprehensive income for the period	-	-	122,002	122,002
Impact of early payment on paid-in capital receivables	-	9,895	-	9,895
Reclassification of unwinding of interest arising from paid-in capital receivables	-	71,581	(71,581)	-
As at 30 September 2018	10,000,000	(185,170)	85,676	9,900,506

For the year end December, 31 2017:

Expressed in thousands of U.S. Dollars

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

Pursuant to NDB's unaudited financial statements for the nine (9) months ended September 30, 2018, NDB's operating profit and total comprehensive income for the period was USD 50.4 million and USD 122 million respectively. Total equity amounted to USD 9.9 billion as at September 30, 2018, compared to total equity of USD 9.77 billion as at December 31, 2017.

4. Statement of Cash Flows

For the nine months period ended September 30, 2018,the year ended 31 December 2017 and the period from July 3, 2015 to December 31, 2016 respectively:

Expressed in thousands of U.S. Dollars

	Nine months ended 30 September 2018 USD'000 (un*audited*)	Year ended 31 December 2017 USD'000 (*audited*)	From 3 July 2015 to 31 December 2016 USD'000 (*audited*)
OPERATING ACTIVITIES			
Profit for the year/period	122,002	158,012	227,707
Adjustments for:			
Interest expense accrual	10,229	420	5,979
Depreciation and amortisation	146	102	8
Realised (gains) on financial instruments	-	-	(1)
Unrealised losses/ (gains) on financial instruments	(1,614)	5,245	(3,023)
Unwinding of interest on paid-in capital receivables	(71,581)	(127,160)	(223,304)
Bond issuance expenses	-	-	681
Impairment provisions for loans and commitments	1,632	23	-
Operating cash flows before changes in operating assets and liabilities	60,814	36,642	8,047
Net increase in due from banks	(1,038,581)	(927,510)	(2,284,894)
Net increase in loans and advances	(356,622)	(22,789)	-
Net increase in other assets and receivables	(44,227)	(14,554)	(23,381)
Net increase in other liabilities	994	485	1,235
Interest paid	(13,910)	-	-
NET CASH USED IN OPERATING ACTIVITIES	(1,391,532)	(927,726)	(2,298,993)
INVESTING ACTIVITIES			
Proceeds on disposal of debt instruments at fair value	-	-	1,441
Purchases of debt instruments at fair value	-	-	(1,440)
Purchase of property and equipment, intangible assets	(1,012)	(236)	(522)
NET CASH USED IN INVESTING ACTIVITIES	(1,012)	(236)	(521)
FINANCING ACTIVITIES			
Paid-in capital received	600,000	1,600,000	2,200,000
Proceeds from short-term borrowings	13,000	-	-
Repayment of short-term borrowings	(13,000)	-	-
Proceeds from issue of bonds, net of costs	-	-	447,330
NET CASH PROVIDED BY FINANCING ACTIVITIES	600,000	1,600,000	2,647,330
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(792,544)	672,038	347,816
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	1,019,854	347,816	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	227,310	1,019,854	347,816

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

1. Use of Proceeds from the Offering of the Bonds

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

Under this Programme, not less than 50% of the registration amount of the Programme will be used in the PRC.

2. Details of Historic Bond Offering

On July 18, 2016, the Bank issued the RMB3,000,000,000 green financial bonds in the Interbank Market with the maturity date of July 19, 2021.

SECTION 9 CREDIT RATING

1. Summary of Rating Reports

(1) Rating Report by China Chengxin International Credit Rating Co., Ltd.

Pursuant to the rating report issued by China Chengxin International Credit Rating Co., Ltd. ("**CCXI**") on February 1, 2019, CCXI assigns a national scale credit rating AAA to the Bank with a stable rating outlook, and AAA credit rating to the New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect).

Basic Opinions

In CCXI's opinion, the NDB receives strong support from its members, with relatively big amount of paid-in capital, which is also in place as scheduled; the Bank holds a clearly-cut strategy for development, and the flat governance structure and relatively concentrated decision-making mechanism enable it to operate efficiently; the increasingly improved risk management system guarantees the security of business operation; and so far, the loans approved by NDB are mainly sovereign or sovereign guaranteed loans, and the risk of default is very low. However, CCXI also notices that due to its relatively short history, the performance in business operation, financial position, corporate governance, and risk management still need to be observed. Furthermore, changes in sovereign credit standing of some members might influence their support for the Bank and impact its business in these countries as well. CCXI will keep abreast of the relevant situation.

As a beneficial complement to the existing international multilateral development institutions, NDB will play an important role in boosting infrastructure development and economic growth in BRICS countries. The Bank's strategic positioning and development objectives are pursuant to the common interests of BRICS countries. And the total capital contributions to the NDB represented the largest commitments to MDBs for Brazil, Russia, India and South Africa and the second largest for China. Thus, the Bank's credit standing could be underpinned by its member countries' sovereign credit profiles at certain extent.

Credit Strengths

- Strong support from members demonstrated by substantial paid-in capital. Among the existing international multilateral development banks, the NDB features a comparatively large amount of paid-in capital and sees the capital made in place substantially, and the members are quite able and willing to support it;
- Clearly-cut strategy for development with efficient operation ensured by flat governance structure. The Bank is dedicated to supporting infrastructure constructions in developing countries, which is a clearly-defined strategy for development. At the same time, it pursues a flat governance structure and relatively concentrated decision-making mechanism, which enables the efficient operation;
- Business operation dominated by sovereign and sovereign guaranteed loans with very low default risk. So far, sovereign and sovereign guaranteed loans have made the bulk of the loans approved by NDB, which lowers down the risk of default;
- Consistent improvement of risk management system and institutional development provide guarantee for business operation.

Credit Challenges

- Business performance remains to be observed due to relatively short history. Since the Bank has just been set up for a short time, its performance in business operation, financial position, corporate governance and risk management are all under continuous observation;
- Some members may suffer from a rocky sovereign credit standing. Some members are confronted with macroeconomic fluctuations and great political risks, which pose certain challenges on their support for NDB and its business operation.

(2) Rating Report by China Lianhe Credit Rating Co., Ltd.

Pursuant to the rating report issued by China Lianhe Credit Rating Co., Ltd. ("**Lianhe Credit**") on February 1, 2019, the Bank's long-term corporate credit rating is AAA, and the credit rating of NDB's 2019 Renminbi Bond (Series 1) (Bond Connect) is AAA with a stable rating outlook. All this is a reflection of the extremely low default risk of the domestic RMB bonds issued by NDB.

Rationale

The rationale of Lianhe Credit is that NDB has a strong corporate governance capacity with an adequate risk management system, both are conducive to a sustainable business development. With the continued increase in paid-in capital, it has been gradually promoting substantial supply of credit business. The issuance of green bonds in 2016 also provided financial support for the financing of energy conservation and environmental protection projects inaugurated by the member states of NDB. Going forward, it will secure more funds to underpin its business development via financing of international market. Following the conclusion of BRICS Summit 2017, the members of BRICS have developed a deeper common understanding of future development, which will benefit the sustained and stable development of business of NDB; on the other hand, in its fledgling years, NDB has been subject to small business scale and low operating profit. As its business evolves, however, NDB will gradually enjoy a better profit level. Presently, it boasts quality assets, abundant liquidity, low leveraging level, and strong solvency. Nevertheless, the slowed economic development of member states and turbulent political situation of some countries will pose challenges to the business development and risk management of NDB.

Strengths

- NDB is of vital political and economic significance to its member states, and is capable of winning the robust support from the governments of these states;
- Its corporate governance and risk management systems are sound and have been continuously improved, which contributes to the sustained and healthy development of business;
- Continued increase in paid-in capital and the smooth market financing channel will facilitate its business development;
- Its member states have large fund demands for infrastructure construction and sustainable development projects, laying a foundation for wider business development scope of NDB;
- Following the conclusion of BRICS Summit 2017, the members of BRICS have developed a deeper common understanding of future development, which will benefit the sustained and stable development of business of NDB.

Focuses

- Small business scale and low profit in its fledgling years;

- The slowed economic development of member states and turbulent political situation of some countries will pose challenges to the business development and risk management of NDB.

2. Follow-up Rating Arrangements

(1) Follow-up Rating Arrangement by China Chengxin International Credit Rating Co., Ltd.

In accordance with the international practice and the requirements of the competent authorities, CCXI will carry out regular or non-regular follow-up rating to the Issuer and the Bonds per year during the validity period of the Bonds.

CCXI will monitor the risk levels throughout the process in the validity period of the rating of the Issuer. CCXI will pay close attention to the quarterly report, annual report and other related information released by the Issuer. Where there is a material event that may affect the credit rating of the Issuer, the Issuer shall notice CCXI in time and provide relevant documents. CCXI will carry out a field investigation or telephone interview over this issue and analyze it in time to confirm whether it should adjust the credit rating, and publish on the website of CCXI.

(2) Follow-up Rating Arrangement by China Lianhe Credit Rating Co., Ltd.

In accordance with the relevant supervision regulations and related business specifications of Lianhe Credit, Lianhe Credit will continue to carry out follow-up rating in the validity period of the credit rating of the Bonds, which includes regular follow-up rating and non-regular follow-up rating.

NDB shall provide relevant information in a timely manner in accordance with the requirements of follow-up rating data list from Lianhe Credit. Lianhe Credit shall complete at least one credit rating per year during the validity period of the Bonds and issue the follow-up rating result and report by July 31 of each year.

If there is any major change to NDB or this debt, or a major event that may have a significant impact on NDB or the credit rating of the debt, NDB shall promptly notify Lianhe Credit and provide relevant information.

Lianhe Credit will pay close attention to the operation and management of NDB, external operating environment and the relevant information of this debt. Where there is a major change to NDB, or an issue that may have a significant impact on NDB or the credit rating of the debt, Lianhe Credit will carry out a necessary investigation over this issue, analyze it in time, and confirm or adjust the rating results according to the facts.

Where NDB fails to provide follow-up rating information in a timely manner, causing Lianhe Credit unable to judge the changes to NDB or the credit rating of the debt, Lianhe Credit may terminate the rating.

Lianhe Credit will assign special personnel to contact NDB and issue the follow-up rating report and result in a timely manner in line with regulatory requirements. Lianhe Credit will submit and disclose the report and result in accordance with relevant regulations.

SECTION 10 DISCLOSURE ARRANGEMENT

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

1. Pre-issuance Disclosure

The Issuer will, by no later than three (3) Business Days before the Bookbuilding Date of the Bonds, disclose the following documents through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform:

(1) the New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect) Prospectus;

(2) a copy of the Independent Auditor's Report and Financial Statements for the period from 3 July 2015 (the effective date of the Agreement on the New Development Bank) to December 31, 2016;

(3) a copy of the Independent Auditor's Report and Financial Statements for the period from January 1, 2017 to December 31, 2017;

(4) a copy of the unaudited financial statements for the nine months ended September 30, 2018;

(5) a copy of the legal opinion of Global Law Office in relation to the Bonds;

(6) a copy of the consent letter of Deloitte Touche Tohmatsu in relation to the Bonds;

(7) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of Dec 31, 2016;

(8) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of Dec 31, 2017;

(9) a copy of the credit rating report issued by China Chengxin International Credit Rating Co., Ltd.;

(10) a copy of the credit rating report issued by China Lianhe Credit Rating Co., Ltd.; and

(11) a supplemental Prospectus in relation to the issue of the Bonds (if any).

2. Periodic Reporting

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

(1) before 31 October of each year, the English and Chinese version of the independent auditor's report and financial statements for the last financial year; and

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

3. Disclosure of Material Events

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

(1) any material adverse change in the shareholders or member countries of NDB;

(2) any change in the treaties, conventions, laws, regulations, approvals or authorizations relating to NDB, or in the constitutional documents of NDB, which may have a material adverse impact on the Bonds;

(3) the failure of the Issuer to receive any of its callable capital as scheduled;

(4) any breach or potential of contract by the Issuer for failing to pay interest on, or principal of, the Bonds or any other bonds issued by the Issuer;

(5) any change in the rights of the bondholders of the Bonds which are set out under the terms of the Bonds, including without limitation any change in the terms and conditions of the other indebtedness of the Issuer which indirectly cause any change in the rights of the bondholders of the Bonds;

(6) any downgrade in the rating accorded to NDB for the Bonds by China Chengxin International Credit Rating Co., Ltd. or China Lianhe Credit Rating Co., Ltd. and in any other globally recognised rating accorded to NDB, or any downgrade in the outlook for such credit ratings to “negative”; and

(7) any other events that have or may have a material adverse effect on the Issuer’s ability to perform its obligations to pay interest on, or principal of, the Bonds.

4. Payment of Interest and Repayment of Principal

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

SECTION 11 SELLING RESTRICTIONS

1. General

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

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

2. PRC

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

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

3. United States

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

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

4. Hong Kong

(1) The Bonds have not been offered or sold and will be not offered or sold in Hong Kong, by means of any document, other than:

(i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the Securities and Futures Ordinance; or

(ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(2) There has not been issued nor has there been in possession for the purposes of issue, and there will not be issued nor will there be in possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the that Ordinance.

SECTION 12 TAXATION ISSUES RELATING TO THE BONDS

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

1. Taxation Treatment of NDB in General

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

2. PRC Taxation

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

(i) Domestic PRC Investors

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

(ii) Foreign Investors

Pursuant to Circular 36, it is likely that the revenues of non-PRC entities and individuals generated from their provision of services to non-PRC entities or individuals are not deemed as the provision of services within the PRC and therefore not subject to VAT. As a result, if NDB is treated as a non-PRC entity by the PRC tax authorities, interest income on the Bonds received by non-PRC investors is not subject to the PRC VAT. However, even if PRC tax authorities may have different interpretation in practice, pursuant to the Cai Shui [2018] No.108 Circular issued by the Ministry of Finance and the State Administration of Taxation of the People's Republic of China on 7

November , interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from VAT from 7 November 2018 to 6 November 2021.

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

(2) Enterprise Income Tax ("EIT")

(i) EIT for PRC Tax Residents

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

(ii) EIT for Non-PRC Tax Residents

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

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

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

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

(3) Stamp Duty

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

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

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

SECTION 13 LEGAL OPINIONS RELATING TO THE BONDS

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

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

(1) NDB is a multilateral development bank duly established and validly existing under the Agreement, and is qualified to issue the Bonds;

(2) NDB has the right to apply to issue bonds from time to time in multiple series within a total registration amount in accordance with the provisions of the *Interim Measures for the Administration of Bonds Issued by Offshore Issuers in the Interbank Bond Market*;

(3) the issuance of the Bonds by the Issuer has been duly authorised by all necessary internal action on the part of the Issuer;

(4) under PRC law, the issuance of the Bonds has completed the registration with NAFMII;

(5) the key terms of the Bonds do not contravene any mandatory regulations in the PRC;

(6) the use of proceeds of the Bonds comply with the relevant requirements under PRC law;

(7) the terms of the Bonds are governed by PRC law, and any dispute arising out of or in connection with the Bonds shall be submitted to SHIAC for arbitration in Shanghai the 2015 SHIAC Arbitration Rules in effect as at the date of this Prospectus, such choice of law and dispute resolution do not contravene any mandatory regulations in the PRC or the Agreement on the New Development Bank; and

(8) upon due issuance by the Issuer of the Bonds, and upon being fully paid for, the Bonds will constitute legal, valid and binding obligations of the Issuer under the PRC laws in accordance with their terms.

SECTION 14 INVESTOR PROTECTION MECHANISM

1. Subsequent Supervisory Institution and Related Responsibilities

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

(i) to oversee the accurate, authentic and complete disclosure by NDB of information which needs to be disclosed (see “Section 10 Disclosure Arrangement”);

(ii) to oversee NDB’s specification of the rate of interest in the announcement on the issuance (see Term (20) of the Bonds);

(iii) to oversee NDB’s publication of matters relating to principal and interest payments through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform (see “Section 10 Disclosure Arrangement”);

(iv) to oversee NDB’s regular disclosure of periodic reports (see “Section 10 Disclosure Arrangement”);

(v) convening meetings of the Bondholders (see Term (46) of the Bonds and Part 3 of this Section 14 “Investor Protection Mechanism” below); and

(vi) to oversee NDB’s disclosure of any material event relating to NDB or the Bonds (see “Section 10 Disclosure Arrangement”). Such events shall include Payment Event of Default (see Term (44) of the Bonds).

2. Payment Event of Default

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

3. Meetings of Bondholders

(1) Convening and holding a meeting

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

(ii) Any proxy appointed by the Bondholder who is entitled to attend a meeting of Bondholders pursuant to paragraph (i) above, shall be deemed as such Bondholder for the purpose of such meeting as long as such appointment remains in full force, and such Bondholder himself or itself shall not be deemed as holder in respect of matters to which the appointment relates.

(iii) The Issuer can decide the record date (the "**Record Date**") in order to determine the Bondholders who are entitled to attend a meeting of Bondholders, provided that such date shall be a day falling not less than 10 days before the date fixed for that meeting. The date of the meeting of Bondholders shall be specified in the notice of the meeting. Subject to paragraph (ii), the Bondholders whose names are registered in the custody register of Custody Institution or the person the Issuer is entitled to treat as legal holder of the Bonds on the Record Date are deemed to be "Bondholders who are entitled to attend the meeting of Bondholders" for the relevant meeting.

(iv) The Issuer may at any time convene a meeting of Bondholders. The Supervisor shall convene a meeting of Bondholders if it receives a written request by Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding.

(v) At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the place, day and hour of the meeting shall be given to all the Bondholders. The party convening the meeting (except for the Issuer) shall give the Supervisor at least 35 days' notice of the meeting (exclusive of the day on which the notice is given and of the day on which the meeting is held). After its receipt of the notice of the meeting, the Supervisor shall publish and disclose the information in relation to the meeting to the Bondholders in accordance with this paragraph. The notices shall be published on the website of the Custody Institution (www.shclearing.com China Money (www.chinamoney.com.cn), NAFMII Integrated Operations and Information Service Platform (www.cfae.cn) or any other website recognised by the competent authorities or the regulators or disclosed to the Bondholders in any other manner designated by the competent authorities or the regulators. In addition, the notice shall specify generally the nature of the business to be transacted at the meeting but (except for an Extraordinary Resolution) it shall not be necessary to specify in the notice the terms of any resolution to be proposed and shall state that any Bondholder may appoint a proxy to attend the meeting of Bondholders provided that it delivers the form of proxy in Chinese signed by it to the designated office of the Supervisor not less than 24 hours before the time fixed for the relevant meeting of Bondholders. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

(vi) The chairman of the meeting of Bondholders shall be such person (regardless of Bondholder or not) as the Issuer may nominate in writing.

(2) Meeting quorum and rules

(i) One or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 10% in principal amount of the Bonds for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business. No business (except for choosing a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. The quorum for any meeting to pass an Extraordinary Resolution shall (subject as provided in paragraph (xi) below) be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding. The special quorum for a meeting to pass a resolution in respect of any matter in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 75% in principal amount of the Bonds for the time being outstanding.

(ii) "**Extraordinary Resolution**" means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the terms of the Bonds by a majority consisting of not less than three-quarters of the votes cast. The following powers are exercisable by Extraordinary Resolution only:

(a) to sanction any abrogation, modification, compromise, waiver or arrangement in respect of the rights of the Bondholders against the Issuer under the Bonds (i.e. the rights arise under the Bonds);

(b) to waive or permit any breach or proposed breach by the Issuer of its obligations under the terms of the Bonds;

(c) to assent to any modification of the provisions contained in the Bonds which shall be proposed by the Issuer or any Bondholder;

(d) to authorise anyone to concur in, execute and do anything necessary to carry out and give effect to an Extraordinary Resolution;

(e) to give any authority or sanction which under the terms of the Bonds is required to be given by Extraordinary Resolution; and

(f) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon any committee or committees any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution.

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

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

(iv) If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, (a) if convened on the requisition of the Bondholder, be dissolved; and (b) in any other case, be adjourned to the same day in the next week (or if such day is a statutory holiday in the PRC, the next succeeding Business Day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed, in which case it shall be adjourned for a period being not less than 14 days nor more than 42 days and at a place appointed by the chairman of the meeting and approved by the Supervisor).

(v) At the adjourned meeting, one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them shall form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present, provided that any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing in the aggregate not less than 25% in principal amount of the Bonds for the time being outstanding.

(vi) The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

(vii) At least 10 days' notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as for an original meeting and that notice shall (except in cases of any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below when it shall state the relevant quorum) state that one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them will form a quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.

(viii) Each question submitted to a meeting shall be decided by a poll. Every Bondholder who is entitled to attend the meeting or its duly appointed proxy present has one vote for each Bond (the denomination of which is RMB100).

(ix) After the chairman calls out the votes, a declaration by the chairman that a resolution has been carried or carried by a particularly majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour or against the resolution.

(x) Any director or officer of the Issuer and its respective lawyers and financial advisors may attend and speak at a meeting of Bondholders. Otherwise, no person may attend or speak at the meeting of Bondholders, nor shall any person be entitled to vote at any such meeting or join with others in requisiting the convening of a meeting, other than the Bondholders who are entitled to attend the meeting of Bondholders or their duly appointed proxies. The Supervisor may attend and speak at a meeting of Bondholders convened by it in accordance with the terms of the Bonds, but its right to speak shall be limited to those administrative matters relating to it as a person who convenes the meeting.

(xi) Subject to the terms of the Bonds, in addition to the rights provided in this chapter, the following matters may also be decided by Extraordinary Resolution at a meeting of Bondholders:

  (a) to amend the dates of maturity or redemption of the Bonds or the due date for any payment of interest;

  (b) to reduce or cancel the principal amount payable, or premium payable on redemption, of the Bonds;

  (c) to reduce the rate or rates of interest in respect of the Bonds or vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds;

  (d) to vary any method of, or basis for, calculating any redemption;

  (e) to vary the currency or currencies of payments or denomination of the Bonds;

  (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply;

  (g) to modify the provisions concerning the quorum required at a meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or

  (h) to alter any of paragraphs (a) to (g) above or any quorum requirements set out in Item (2) "Meeting quorum and rules" in this Part.

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

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

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

(3) Effect of resolutions

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

SECTION 15 ENTITIES INVOLVED IN THE ISSUE

1. Contact Information of the Entities

Issuer	**New Development Bank** Address: 32-36Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China President: K.V. Kamath Contact: Levan Zolotarev Telephone: +86 (0)21-80211851 Email: ir@ndb.int Postcode: 200120
Lead Underwriter and Bookrunner	**Industrial and Commercial Bank of China Limited** Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China Legal Representative: Yi Huiman Contact: Liu Shuai, Zhang Jian, Li Jianing Telephone: 010-81011638, 81011847, 66108574 Fax: 010-66107567 Postcode: 100140
Joint Underwriters	**Bank of China Limited** Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China Legal Representative: Chen Siqing Contact: Liu Runkai Telephone: 010-66594835 Fax: 010-66591706 Postcode: 100140
	Agricultural Bank of China Limited Address: 69 Jianguomennei Avenue, Dongcheng District, Beijing, China Legal Representative: Zhou Mubing Contact: An Liwei Telephone: 010-85109045 Fax: 010-85106311 Postcode: 100005
	China Construction Bank Limited Address: 25 Jinrongdajie, Xicheng District, Beijing Legal Representative: Tian Guoli Contact: Zou Mengting Telephone: 010-67596478 Fax: 010-66275840 Postcode: 100033

Underwriting Syndicate (in no particular order)

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

Bank of China Limited
Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Siqing Chen
Contact: Ji Xia
Telephone: 010-66595090
Fax: 010-66594337
Postcode: 100818

China Construction Bank Limited
Address: Building No.1, 1 Yard, Naoshikou Street, Xi Cheng District, Beijing
Legal Representative: Guoli Tian
Contact: Jie Ji
Telephone: 010-88007082
Fax: 010-66212532
Postcode: 100032

Agricultural Bank of China Limited
Address: 69 Jianguomennei Avenue, Dongcheng District, Beijing, China
Legal Representative: Mubing Zhou
Contact: Lin Zhu
Telephone: 010-85209784
Fax: 010-85126513
Postcode: 100005

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

Bank of Communications Co., Ltd.
Address: No.188 Yincheng Zhonglu, Pudong New Area, Shanghai, China
Legal Representative: Ximing Niu
Contact Person: Yuping Wang

Telephone Number: 021-58781234-6763
Facsimile Number: 021-68870223
Postcode: 200120

China Merchants Bank Co., Ltd.
Address: Building 3, Yard 1, Yuetannan Street, Xicheng District, Beijing, China
Legal Representative: Jianhong Li
Contact Person: Tianyu Chen
Telephone Number: 021-20625973
Facsimile Number: 021-58421192
Postcode:100045

China Everbright Bank Co., Ltd.
Address: No.25 Taipingqiao Ave, Everbright Center, Xicheng District, Beijing, China.
Legal Representative: Xiaopeng Li
Contact Person: Che Pei
Telephone Number: 010-63639520
Facsimile Number: 010-63639384
Postcode: 100033

Shanghai Pudong Development Bank Co., Ltd.
Address: No.12 Zhongshan Dong Lu, Shanghai, China
Legal Representative: Guofu Gao
Contact Person: Mao Ye
Telephone Number: 021-61614901
Facsimile Number: 021-63604215
Postcode: 100032

Bank of Beijing Co., Ltd.
Address: 1F, No.17A Jinrong Avenue, Xicheng District, Beijing, China
Legal Representative: Dongning Zhang
Contact Person: Guoxia Zhang
Telephone Number: 010-66223400
Facsimile Number: 010-66225594
Postcode: 100033

Bank of Ningbo Co., Ltd.
Address: No.700 Ningnannan Lu, Yinzhou District, Ningbo City, Zhejiang Province, China
Legal Representative: Huayu Lu
Contact Person: Panjie Zhang
Telephone Number: 021-23262680
Facsimile Number: 021-63586853
Postcode: 315040

China CITIC Bank Corporation Limited

Address: No.9 Chaoyangmen Bei Dajie, Dongcheng District, Beijing, China
Legal Representative: Qinqping Li
Contact Person: Guangcai Tian
Telephone Number: 010-89937931
Facsimile Number: 010-85230122
Postcode: 100027

First Capital Securities Co., Ltd.
Address: 17F Touhang Building, 115 Fuhua 1st Road, Futian District, Shenzhen, China
Legal Representative: Xuemin Liu
Contact Person: Jin Wan
Telephone Number: 010-63197800
Facsimile Number: 0755-25832940

Shenwan Hongyuan Securities Co., Ltd.
Address: No.19 Taipingqiao Dajie, Xicheng District, Beijing, China
Legal Representative: Mei Li
Contact Person: Dong Jia
Telephone Number: 010-88085954
Facsimile Number: 010-88085135

Donghai Securities Company Limited
Address: Donghai Securities Building, No.1928 Dongfang Road, Pudong New Area, Shanghai, China
Legal Representative: Jun Zhao
Contact Person: Shiye Dai
Telephone Number: 021-20333646
Facsimile Number: 021-50498839

Everbright Securities Company Limited
Address: No.1508 Xinzha Road, Jingan District, Shanghai, China
Legal Representative: Jiannan Zhou
Contact Person: Wu Yin
Contact Address: 15/F Everbright Building, No.6 Fuxinmenwai Avenue, Xicheng District, Beijing, China
Telephone Number: 010-58377852
Facsimile Number: 010-58377893
Postcode: 100032

China International Capital Corporation Limited
Address: 27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Beijing, China
Legal Representative: Mingjian Bi
Contact Person: Yuxi Guo
Telephone Number: 010-65051166
Facsimile Number: 010-65051156

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

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

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

JP Morgan Chase Bank (China) Company Limited
Address: 20th Floor, Beijing Winland International Finance Center, No.7, Jinrong Street, Xicheng District, Beijing, China
Legal Representative: Yi Li
Contact Person: Yan Cui
Telephone Number: 010-59318060
Facsimile Number: 010-59318010
Postcode: 1000033

Mizuho Bank (China), Ltd.
Address: 21st, 22nd and 23rd Floor, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai, China
Legal Representative: Takeda Kazushi
Contact Person: Ruiqi Duan, Yan Zhang
Telephone Number: 021-38558335, 38558392
Facsimile Number: 021-68776001
Postcode: 200120

DBS Bank (China) Co., Ltd.
Address: 17th Floor DBS Bank Tower, No.1319 Lu Jia Zui Ring Road Pudong, Shanghai, China
Legal Representative: Ganniu Ge

Contact Person: Yanzhen Tong
Telephone Number: 021-20610945
Facsimile Number: 021-20610945
Postcode: 200120

Auditor	**Deloitte Touche Tohmatsu CPA Ltd.** Address: 30/F Bund Center,222 Yan An Road East, Shanghai,China Legal Representative: Mr.Patrick Tsang Contact: Mr. Lihong Fan Telephone: 021-6141888 Fax: 021-63350177 Postcode: 20002
Rating Agency	**China Chengxin International Credit Rating Co., Ltd.** Address: Building 6, Galaxy SOHO, No.2 Nanzhugan Lane,Chaoyangmennei Avenue, Dongcheng District, Beijing,China Legal Representative: Mr. Yan Yan Contact: Michelle Hu Telephone: 010-66428877-247 Fax: 010-66426100 Postcode: 100010 **China Lianhe Credit Rating Co.,Ltd.** Address: 17/F, PICC Building, 2 Jianguomenwai St, Chaoyang District, Beijing, China Legal Representative: Mr. Shaobo Wang Contact: Zhishuo Zhou Telephone: 010-85679696 Fax: 010-85679228 Postcode: 100022
Issuer's PRC Counsel	**Global Law Office** Address: 15&20/F Tower 1, China Central Place, No. 81 Jianguo Road Chaoyang District, Beijing, China Contact: ZHANG Xin, ZHU Li Telephone: +86 10 6584 6688 Fax: +86 10 6584 6666 Postcode: 100025
Custody Institution	**Interbank Market Clearing House Co., Ltd.** No.2, Beijing East Road, HuangPu District, Shanghai, China Zip Code: 200002 Contact person: Issue Department Tel: +86 21 2319 8888

	Fax: +86 21 2319 8866
Technology Supporting Institution for Central Bookbuilding	**Beijing Financial Asset Exchange** No. 17B Jinrongdajie, Xicheng District, Beijing, China Zip Code: 100032 Contact person: Issue Department Tel: +86 10 5789 6722; +86 10 5789 6516 Fax: +86 10 5789 6726

2. Affiliate Relationship between the Issuer and the Relevant Entities

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

SECTION 16 DOCUMENTS AVAILABLE FOR INSPECTION

1. Documents available for Inspection

(1) the New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect) Prospectus;

(2) a copy of the Independent Auditor’s Report and Financial Statements for the period from 3 July 2015 (the effective date of the Agreement on the New Development Bank) to December 31, 2016;

(3) a copy of the Independent Auditor’s Report and Financial Statements for the period from January 1, 2017 to December 31, 2017;

(4) a copy of the unaudited financial statements for the nine months ended September 30, 2018;

(5) a copy of the legal opinion of Global Law Office in relation to the Bonds;

(6) a copy of the consent letter of Deloitte Touche Tohmatsu in relation to the Bonds;

(7) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of Dec 31, 2016;

(8) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of Dec 31, 2017;

(9) a copy of the credit rating report issued by China Chengxin International Credit Rating Co., Ltd.;

(10) a copy of the credit rating report issued by China Lianhe Credit Rating Co., Ltd.; and

(11) a supplemental Prospectus in relation to the issue of the Bonds (if any).

2. Address for Inspection

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

Issuer	**New Development Bank** Address:32-36 Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China Contact: Levan Zolotarev Telephone: +86 (0)21- 80211851 Email: ir@ndb.int Postcode: 200120
Lead Underwriter	Industrial and Commercial Bank of China Limited Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China Legal Representative: Yi Huiman Contact: Liu Shuai, Zhang Jian, Li Jianing Telephone: 010-81011638, 81011847, 66108574 Fax: 010-66107567 Postcode: 100140

3. Websites for Disclosure

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

(This page has no main text, and is the signature page of the "New Development Bank 2019 Renminbi Bond (Series 1) (Bond Connect) Prospectus")

New Development Bank

Signature:

Date: