



THE NEW DEVELOPMENT BANK

CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020

THE NEW DEVELOPMENT BANK

CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	<u>Notes</u>	Three months ended March 31, 2020 (unaudited)	Three months ended March 31, 2019 (unaudited)	Three months ended December 31, 2019 (unaudited)	Year ended December 31, 2019 (audited)
Interest income	6	58,009	50,476	61,306	230,555
Interest expense	6	(10,296)	(4,823)	(11,194)	(32,812)
Net interest income	6	<u>47,713</u>	<u>45,653</u>	<u>50,112</u>	<u>197,743</u>
Net fee income	7	859	151	455	1,567
Net gains/(losses) on financial instruments at fair value through profit or loss	8	<u>14,281</u>	<u>(605)</u>	<u>(13,093)</u>	<u>21,907</u>
		<u>62,853</u>	<u>45,199</u>	<u>37,474</u>	<u>221,217</u>
Staff costs	9	(9,083)	(7,213)	(8,844)	(33,218)
Other operating expenses	10	(2,472)	(4,237)	(6,909)	(18,053)
Impairment provision		(10,288)	(490)	(1,548)	(2,073)
Foreign exchange (losses)/gains		<u>(18,292)</u>	<u>694</u>	<u>14,275</u>	<u>(17,396)</u>
Operating profit for the period/year		<u>22,718</u>	<u>33,953</u>	<u>34,448</u>	<u>150,477</u>
Unwinding of interest on paid-in capital receivables		<u>13,580</u>	<u>18,618</u>	<u>17,909</u>	<u>72,428</u>
Profit for the period/year		<u>36,298</u>	<u>52,571</u>	<u>52,357</u>	<u>222,905</u>
Total comprehensive income for the period/year		<u>36,298</u>	<u>52,571</u>	<u>52,357</u>	<u>222,905</u>

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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Notes	As at March 31, 2020 (unaudited)	As at December 31, 2019 (audited)
Assets			
Cash and cash equivalents	11	877,825	1,023,495
Due from banks other than cash and cash Equivalents	12	5,699,572	5,494,752
Derivative financial assets	13	17,765	5,436
Debt instruments measured at amortised cost	14	45,863	33,771
Loans and advances	15	2,151,754	1,544,917
Paid-in capital receivables	16	3,047,541	3,713,543
Right-of-use assets	17	320	141
Property and equipment	18	1,386	1,455
Intangible assets	19	1,495	1,433
Other assets	20	1,377	1,607
Total assets		11,844,898	11,820,550
Liabilities			
Derivative financial liabilities	13	11,195	12,182
Financial liabilities designated at fair value through profit or loss	21	874,330	882,757
Borrowings	22	-	110,053
Note payables	23	719,771	623,256
Lease liabilities	24	265	138
Contract liabilities	25	17,167	14,513
Other liabilities	26	9,142	6,339
Total liabilities		1,631,870	1,649,238
Equity			
Paid-in capital	27	10,000,000	10,000,000
Other reserves	28	(67,459)	(86,457)
Retained earnings		280,487	257,769
Total equity		10,213,028	10,171,312
Total equity and liabilities		11,844,898	11,820,550

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Paid-in capital	Other reserves	Retained earnings	Total
As at January 1, 2020	10,000,000	(86,457)	257,769	10,171,312
Operating profit for the period	-	-	22,718	22,718
Unwinding of interest on paid-in capital receivables for the period	-	-	13,580	13,580
Profit and total comprehensive income for the period	-	-	36,298	36,298
Impact of early payment on paid-in capital receivables (Note 16)	-	5,418	-	5,418
Reclassification of unwinding of interest arising from paid-in capital receivables	-	13,580	(13,580)	-
As at March 31, 2020 (unaudited)	10,000,000	(67,459)	280,487	10,213,028

	Paid-in capital	Other reserves	Retained earnings	Total
As at January 1, 2019	10,000,000	(162,429)	107,292	9,944,863
Operating profit for the period	-	-	33,953	33,953
Unwinding of interest on paid-in capital receivables for the period	-	-	18,618	18,618
Profit and total comprehensive income for the period	-	-	52,571	52,571
Reclassification of unwinding of interest arising from paid-in capital receivables	-	18,618	(18,618)	-
As at March 31, 2019 (unaudited)	10,000,000	(143,811)	141,245	9,997,434

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CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Three months ended March 31, 2020 (unaudited)	Three months ended March 31, 2019 (unaudited)
OPERATING ACTIVITIES		
Profit for the period	36,298	52,571
Adjustments for:		
Interest expense	10,296	4,823
Interest income from debt instruments at amortised cost	(385)	(20)
Depreciation and amortisation	200	133
Unrealised gains on financial instruments	(14,792)	(4,144)
Unwinding of interest on paid-in capital receivables	(13,580)	(18,618)
Impairment provisions for loans and commitments	6,343	490
Impairment provisions for debt instruments at amortised costs	42	-
Impairment provisions for due from banks	3,903	-
Exchange losses on debt instruments at amortised cost	1,348	34
Exchange gains on lease liabilities	(55)	-
Debt issuance cost	-	552
Operating cash flows before changes in operating assets and liabilities	29,618	35,821
Net increase in due from banks	(208,723)	(608,651)
Net increase in loans and advances	(608,874)	(32,414)
Net decrease in other assets	230	381
Net increase/(decrease) in other liabilities and contract liabilities	1,142	(14)
Interest paid on bonds and borrowings	(13,329)	-
Interest paid on note payables	(4,763)	-
Interest paid on lease liabilities	(1)	(1)
Interest received on debt instruments at amortised costs	551	-
NET CASH USED IN OPERATING ACTIVITIES	(804,149)	(604,878)
INVESTING ACTIVITIES		
Purchase of debt instruments at amortised cost	(13,648)	(10,035)
Purchase of property and equipment and intangible assets	(173)	(128)
NET CASH USED IN INVESTING ACTIVITIES	(13,821)	(10,163)
FINANCING ACTIVITIES		
Paid-in capital received	685,000	309,212
Proceeds from issuance of bonds	-	448,012
Proceeds from issuance of note payables	519,554	-
Repayment of short-term borrowings	(110,000)	-
Repayment from note payables	(422,237)	-
Payment of issuance cost of bonds	-	(552)
Payment of lease liabilities	(17)	(19)
NET CASH FROM FINANCING ACTIVITIES	672,300	756,653

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CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Three months ended March 31, 2020 (unaudited)	Three months ended March 31, 2019 (unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(145,670)	141,612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,023,495</u>	<u>122,988</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>877,825</u>	<u>264,600</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	<u>112,242</u>	<u>67,040</u>
Interest paid	<u>(18,093)</u>	<u>(1)</u>

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

1. GENERAL INFORMATION

The New Development Bank (the "Bank") was established on the signing of the Agreement on the New Development Bank (the "Agreement") on July 15, 2014 by the Government of the Federative Republic of Brazil ("Brazil"), the Russian Federation ("Russia"), the Republic of India ("India"), the People's Republic of China ("China") and the Republic of South Africa ("South Africa"), collectively the "BRICS" countries or "founding members". The Agreement took effect on July 3, 2015 according to the notification endorsed by Brazil in its capacity as depositary. The headquarters of the Bank is located in Shanghai, China. On August 17, 2017, the Bank officially opened the Africa Regional Center ("ARC"), in Johannesburg, which is the first regional office of the Bank.

According to the Agreement, the initial authorised capital of the Bank is United States Dollar ("USD") 100 billion and the initial subscribed capital of the Bank is USD 50 billion. Each founding member shall initially subscribe for 100,000 shares, totaling USD 10 billion, of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each founding member, to the paid-in capital stock of the Bank, shall be made in dollars in 7 instalments, pursuant to the Agreement.

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

As at March 31, 2020, the Bank had 161 (December 31, 2019: 149) employees including the President and 4 (December 31, 2019: 4) Vice-Presidents. In addition, there were 9 (December 31, 2019: 12) consultants/secondees appointed by the Bank on a short-term basis.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with International Accounting Standards ("IASs") 34 "Interim Financial Reporting". The condensed statement of profit or loss and other comprehensive income and relevant notes for the year ended December 31, 2019 and three months ended December 31, 2019 are also presented.

The condensed financial statements for the three months ended March 31, 2020 should be read in conjunction with the Bank's financial statements for the year ended December 31, 2019.

Except as described below, the significant accounting policies applied in preparing the condensed financial statements for the three months ended March 31, 2020 are consistent with those policies applied in the preparation of the Bank's financial statements for the year ended December 31, 2019.

In the current interim period, the Bank has applied the following revised International Financial Reporting Standards ("IFRSs") for the first time:

Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES - continued

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed financial statements and/or disclosures set out in these condensed financial statements.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Bank. The key sources of estimation uncertainty used in the condensed financial statements for the three months ended March 31, 2020 are the same as those followed in the preparation of the Bank's financial statements for the year ended December 31, 2019.

4. FINANCIAL RISK MANAGEMENT

Overview

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

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

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

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

Credit risk

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

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

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

4. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

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

The Bank mainly relies on external credit rating results from major international rating agencies (e.g. Moody's, Standard and Poor's and Fitch) to provide an initial assessment of the credit quality of borrowers and treasury counterparties. In case 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 of the Bank on a periodic basis.

For loans without a sovereign guarantee, the Bank will in due course use an internal credit rating taking into account specific project, sector, macro and country credit risks, the Risk Division of the Bank monitors the overall credit risk profile of the Bank on a periodic basis. The Risk Division obtains the latest rating result of the obligors to measure credit risk profile of the Bank.

ECL measurement

The Bank applies a three-stage model for impairment based on changes in credit quality since initial recognition.

Significant increases in credit risk

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative and quantitative criteria have been met.

Quantitative criteria:

- Delay in interest or principal payment exceeds 30 days; or
- Rating downgrade by 3 notches compared to the rating at initial recognition.

Qualitative criteria:

- History of arrears within 12 months;
- Cross default is activated;
- Material regulatory action against the borrower; and/or
- Failure to comply with covenants or loan condition renegotiation.

Credit-impaired financial assets

ECL is calculated on a 12-month or lifetime basis. For financial assets that are credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount. A financial asset is credit-impaired when one or more events that have a material detrimental impact on the estimated future cash flows of that financial asset have occurred.

The impairment allowance is calculated on a 12-month basis for assets without a significant increase in credit risk since their initial recognition or on a lifetime basis for assets with a significant increase in credit risk. For financial assets that are credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost, rather than the gross carrying amount.

4. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

12-month ECL measurement

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

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

- Unconditional Point-in-time Probability of Default for sovereign exposures is changed for the three months ended March 31, 2020 for the refinement of key assumptions and estimates made based on the Bank's more experience and peer practice from the latest Standard and Poor's observed default rate to Moody's model which has been applied for non-sovereign exposures in prior years after the Bank's revisiting the ECL model, and considers specific rating, country and industry information. The unconditional Point-in-time Probability of Default is also derived based on Moody's model for due from banks and debt instruments measured at amortised cost. It is then conditioned on three future macro-economic scenarios (baseline, optimistic and pessimistic);
- Loss Given Default ("LGD") for the sovereign loans is changed for the three months ended March 31, 2020 for the refinement of key assumptions and estimates made based on the Bank's more experience and peer practice from 30% to a range of 10% - 45%, and LGD for the non-sovereign loans is changed from 75% to 45% for non-sovereign loans with senior unsecured claims and 75% for non-sovereign loans with subordinated claim after the Bank's revisiting the ECL model. 45% of LGD is applied for due from banks and debt instruments measured at amortised cost;
- Exposure at Default ("EAD") includes the sum of loans disbursed, interest receivable and net projected disbursement schedule over the next 12 months for sovereign and non-sovereign exposures. The EAD includes the sum of principal and interest receivable for due from banks and debt instruments measured at amortised cost; and
- Discount rate is equal to the effective interest rate.

Lifetime ECL measurement

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

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

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

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Bank's financial instruments that are measured subsequent to initial recognition at fair value mainly included financial liabilities designated at fair value through profit and loss and the derivatives as at March 31, 2020.

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

- Level 1: Quoted prices in active markets for the financial assets or the liabilities that the Bank can access at the measurement date.
- Level 2: Inputs other than the quoted prices within Level 1 that are observable in the market and published by reputable agencies like Bloomberg and Reuters. These inputs are used for arriving at the fair value of the assets or the liabilities.
- Level 3: Inputs for the financial asset or liability that are not based on the observable market data.

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

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

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

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

- The fair values of derivative assets and liabilities, including foreign exchange forwards, interest rate swaps and cross currency swaps are obtained from discounted cash flow models and other valuation techniques that are commonly used by market participants using observable inputs as appropriate in the market and published by reputable agencies like Bloomberg.
- The fair value of the financial liabilities designated at fair value through profit and loss is measured using market accepted valuation techniques. The techniques serve the purpose of tracking the value impact in respect of both interest rate and foreign exchange rate movement.

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5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - continued

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

The table below shows the comparison of fair value of the financial assets, financial liabilities and derivatives.

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Unaudited				
As at March 31, 2020				
Financial assets				
Derivatives	-	17,765	-	17,765
Total financial assets measured at fair value	-	17,765	-	17,765
Financial liabilities				
Derivatives	-	11,195	-	11,195
Financial liabilities designated at fair value	-	874,330	-	874,330
Total financial liabilities measured at fair value	-	885,525	-	885,525
	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Audited				
As at December 31, 2019				
Financial assets				
Derivatives	-	5,436	-	5,436
Total financial assets measured at fair value	-	5,436	-	5,436
Financial liabilities				
Derivatives	-	12,182	-	12,182
Financial liabilities designated at fair value	-	882,757	-	882,757
Total financial liabilities measured at fair value	-	894,939	-	894,939

There were no transfers between Level 1 and 2 for the three months ended March 31, 2020 and during the year ended December 31, 2019.

There were no third-party credit enhancements in the fair value measurement for financial liabilities designated at fair value as at March 31, 2020 and December 31, 2019.

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

The Bank considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Bank's statements of financial position approximate their fair values.

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6. NET INTEREST INCOME

	Three months ended March 31, 2020 USD'000 (unaudited)	Three months ended March 31, 2019 USD'000 (unaudited)	Three months ended December 31, 2019 USD'000 (unaudited)	Year ended December 31, 2019 USD'000 (audited)
Interest income from banks	44,264	44,008	50,094	194,079
Interest income from loans and advances	13,360	6,448	11,104	35,719
Interest income from debt instruments measured at amortised cost	385	20	108	757
Total interest income	58,009	50,476	61,306	230,555
Interest expense on bonds issued	(6,295)	(4,822)	(6,970)	(24,664)
Interest expense on short-term borrowings	(30)	-	(53)	(53)
Interest expense on note payables	(3,970)	-	(4,170)	(8,091)
Interest expense on lease liabilities	(1)	(1)	(1)	(4)
Total interest expense	(10,296)	(4,823)	(11,194)	(32,812)
Net interest income	47,713	45,653	50,112	197,743

7. NET FEE INCOME

	Three months ended March 31, 2020 USD'000 (unaudited)	Three months ended March 31, 2019 USD'000 (unaudited)	Three months ended December 31, 2019 USD'000 (unaudited)	Year ended December 31, 2019 USD'000 (audited)
Front-end fee recognised	257	56	191	540
Commitment fee	602	95	264	1,027
Total	859	151	455	1,567

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8. NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended March 31, 2020 USD'000 (unaudited)	Three months ended March 31, 2019 USD'000 (unaudited)	Three months ended December 31, 2019 USD'000 (unaudited)	Year ended December 31, 2019 USD'000 (audited)
Derivatives	12,805	9,350	7,570	1,593
Bonds	1,476	(9,955)	(20,663)	20,314
Total	<u>14,281</u>	<u>(605)</u>	<u>(13,093)</u>	<u>21,907</u>

The realised loss arising from derivatives financial instruments for the three months ended March 31, 2020 were USD 511 thousand (unaudited) (Three months ended March 31, 2019: USD 4,748 thousand, unaudited).

9. STAFF COSTS

	Three months ended March 31, 2020 USD'000 (unaudited)	Three months ended March 31, 2019 USD'000 (unaudited)	Three months ended December 31, 2019 USD'000 (unaudited)	Year ended December 31, 2019 USD'000 (audited)
Salaries and allowances	6,729	5,639	6,895	25,767
Other benefits	2,354	1,574	1,949	7,451
Total	<u>9,083</u>	<u>7,213</u>	<u>8,844</u>	<u>33,218</u>

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

The charge recognised for the three months ended March 31, 2020 for the SRP and PRP was USD 1,753 thousand (unaudited) (three months ended March 31, 2019: USD 1,105 thousand, unaudited) and USD 191 thousand (unaudited) (three months ended March 31, 2019: USD 103 thousand, unaudited) respectively and is included in "Other benefits". There are two retirement plans in operation. Both SRP and PRP are defined contribution schemes and are operated through trust funds. For SRP, both the Bank and staff contribute. For PRP, only the Bank contributes.

The Bank did not incur any salary expenses and other employee benefits for members of the Board of Governors and the Board of Directors except the President of the Bank for the three months ended March 31, 2020 and 2019. According to Article 11 of the Agreement, the Board of Governors shall determine the salary and terms of the service contract of the President of the Bank.

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10. OTHER OPERATING EXPENSES

	Three months ended March 31, 2020 USD'000 (unaudited)	Three months ended March 31, 2019 USD'000 (unaudited)	Three months ended December 31, 2019 USD'000 (unaudited)	Year ended December 31, 2019 USD'000 (audited)
Office expenses	567	1,235	1,055	3,407
Professional fees	702	587	2,165	4,594
Auditor's remuneration	163	136	139	547
Travel expenses	362	1,230	1,067	4,168
IT expenses	400	339	2,244	3,961
Hospitality expenses	72	19	74	219
Depreciation and amortisation	200	133	162	589
Bond issuance costs	-	552	-	552
Others	6	6	3	16
Total	<u>2,472</u>	<u>4,237</u>	<u>6,909</u>	<u>18,053</u>

11. CASH AND CASH EQUIVALENTS

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Cash on hand	10	11
Demand deposit	411,373	226,177
Time deposit with original maturity within three months	466,442	797,307
Total	<u>877,825</u>	<u>1,023,495</u>

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12. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Commercial banks	6,169,917	6,292,059
Less: ECL allowance	(3,903)	-
	<u>6,166,014</u>	<u>6,292,059</u>
Less: Time deposit with original maturity within three months	(466,442)	(797,307)
Total	<u>5,699,572</u>	<u>5,494,752</u>

There has been no significant increase in credit risk since initial recognition associated with the amounts due from banks up to March 31, 2020.

13. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Bank entered into derivative contracts for the green bond issued on July 18, 2016, that was paired with swaps of which the total notional amounts in Renminbi ("RMB") is 3 billion, to convert the issuance proceeds into the currency and interest rate structure sought by the Bank.

The Bank entered into derivative contracts for the new panda bond issued on February 22, 2019 that was paired with swaps of which the total notional amounts in RMB is 3 billion, to convert the issuance proceeds into the interest rate structure sought by the Bank. Similarly, the Bank also entered into derivative contracts for loans and advances on January 21, 2020 with a notional amount of USD 516 million. The Bank has also entered into forward contracts for debt instruments measured at amortised cost and due from banks other than cash and cash equivalents.

Notwithstanding the purpose for achieving an economic hedge, the Bank opted not to apply hedge accounting to any derivative contracts entered into in the three months ended March 31, 2020 and the year ended December 31, 2019.

Unaudited As at March 31, 2020	Notional USD USD'000	Fair Value Asset USD'000	Fair Value Liability USD'000
Interest Rate Swap	507,518	12,170	-
Forward Contract	624,542	5,595	95
Cross Currency Swap	875,861	-	11,100
Total	<u>2,007,921</u>	<u>17,765</u>	<u>11,195</u>

Audited As at December 31, 2019	Notional USD USD'000	Fair Value Asset USD'000	Fair Value Liability USD'000
Interest Rate Swap	732,590	5,436	177
Forward Contract	270,881	-	1,525
Cross Currency Swap	359,396	-	10,480
Total	<u>1,362,867</u>	<u>5,436</u>	<u>12,182</u>

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14. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Policy bank bond	38,779	26,555
Commercial bank bond	7,126	7,216
Less: ECL allowance	(42)	-
Total	<u>45,863</u>	<u>33,771</u>

The debt instruments measured at amortised cost relate to the Bank's investments in a commercial bank bond denominated in RMB, two policy bank bonds denominated in RMB and a policy bank bond denominated in INR.

There has been no significant increase in credit risk since initial recognition associated with the amounts debt instruments measured at amortised cost up to March 31, 2020.

15. LOANS AND ADVANCES

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Principal	2,152,298	1,538,176
Interest receivable	6,778	11,276
Gross carrying amount	<u>2,159,076</u>	<u>1,549,452</u>
Less: ECL allowance	(7,322)	(4,535)
Net carrying amount	<u>2,151,754</u>	<u>1,544,917</u>

Reconciliation of provision for loans raised

	Stage 1 USD'000 (unaudited)
ECL allowance of loans as at January 1, 2020	4,535
Additions	678
Derecognition	(39)
Change in risk parameters	<u>2,148</u>
ECL allowance of loans as at March 31, 2020	<u>7,322</u>

For the three months ended March 31, 2020, the additions to the ECL allowance of USD 678 thousand was due to origination of loans and advances with gross carrying amount of USD 622,577 thousand.

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15. LOANS AND ADVANCES - continued

Reconciliation of provision for loans raised - continued

	Stage 1 USD'000 (audited)
ECL allowance of loans as at January 1, 2019	2,655
Additions	1,127
Derecognition	(29)
Change in risk parameters	782
ECL allowance of loans as at December 31, 2019	<u>4,535</u>

The PD associated with loan facilities for the next twelve months is between 0% to 5% at the dates of signing of loans agreements and as at March 31, 2020. There has been no significant increase in credit risk up to March 31, 2020 and all the loans are at stage 1.

The PD associated with loan facilities for the next twelve months is between 0% to 2% at the dates of signing of loans agreements and as at December 31, 2019. There has been no significant increase in credit risk up to December 31, 2019 and all the loans are at stage 1.

16. PAID-IN CAPITAL RECEIVABLES

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Balance at the beginning of period/year (Note 1 below)	3,800,000	5,009,212
Less:		
Instalment received during the period/year (Note 2 below)	<u>(685,000)</u>	<u>(1,209,212)</u>
Total nominal amounts of receivable at the end of the period/year (Note 4 below)	<u>3,115,000</u>	<u>3,800,000</u>
Less:		
Interest on paid-in capital receivables to be unwound in the future period/year (Note 3 below)	<u>(67,459)</u>	<u>(86,457)</u>
Balance at the end of the period/year	<u>3,047,541</u>	<u>3,713,543</u>

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16. PAID-IN CAPITAL RECEIVABLES - continued

Note 1: As disclosed in Note 27, the Bank established the rights to receive the initial subscribed paid-in capital of 100,000 shares, which total USD 10 billion upon the effective date of the Agreement. Each founding member shall initially and equally subscribe to 20,000 shares that correspond to paid-in capital. The payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in 7 instalments. The first instalment of paid-in capital shall be paid by each member within 6 months of the Agreement coming in force and the second instalment shall become due 18 months from the date the Agreement came into force. The remaining 5 instalments shall each become due successively one year from the date on which the preceding instalment becomes due.

Note 2: The instalment received in the period ended March 31, 2020 resulted from the receipt of the fifth instalment, and partial receipts of sixth instalments ahead of schedule.

Note 3: The discounting method is applied to derive the interest to be unwound over the instalment period. The balance includes an initial discount of USD 622,285 thousand less USD 530,294 thousand (unaudited) of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2019: USD 516,714 thousand) and USD 24,532 thousand (unaudited) of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of March 31, 2020 (December 31, 2019: USD 19,114 thousand).

Note 4: As at March 31, 2020 there was no overdue instalments of paid-in capital receivables. The total paid-in capital receivables that will become due within one-year amount to an undiscounted value of USD 1.365 billion (unaudited), and that will become due over one-year amount to an undiscounted value of USD 1.75 billion (unaudited).

No member has defaulted on payments therefore, in the opinion of the management of the Bank is unlikely to incur any related credit risk associated with the capital receivables.

17. RIGHT-OF-USE ASSETS

Property	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Cost as at the beginning of the period/year	226	226
Additions during the period/year	199	-
Cost as at the end of the period/year	<u>425</u>	<u>226</u>
Accumulated depreciation		
As at the beginning of the period/year	(85)	-
Depreciation for the period/year	<u>(20)</u>	<u>(85)</u>
Accumulated depreciation as at the end of the period/year	<u>(105)</u>	<u>(85)</u>
Net book value as at the end of the period/year	<u>320</u>	<u>141</u>

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18. PROPERTY AND EQUIPMENT

	<u>IT Equipment</u> USD'000	<u>Appliance</u> USD'000	<u>Vehicle</u> USD'000	<u>Furniture</u> USD'000	<u>Others</u> USD'000	<u>Total</u> USD'000
Unaudited						
Cost as at January 1, 2020	1,492	66	413	9	25	2,005
Additions during the period	2	4	-	15	-	21
Cost at March 31, 2020	<u>1,494</u>	<u>70</u>	<u>413</u>	<u>24</u>	<u>25</u>	<u>2,026</u>
Accumulated depreciation						
as at January 1, 2020	(298)	(37)	(197)	(3)	(15)	(550)
Depreciation for the period	(68)	(3)	(17)	(1)	(1)	(90)
Accumulated depreciation as at March 31, 2020	<u>(366)</u>	<u>(40)</u>	<u>(214)</u>	<u>(4)</u>	<u>(16)</u>	<u>(640)</u>
Net book value as March 31, 2020	<u>1,128</u>	<u>30</u>	<u>199</u>	<u>20</u>	<u>9</u>	<u>1,386</u>
	<u>IT Equipment</u> USD'000	<u>Appliance</u> USD'000	<u>Vehicle</u> USD'000	<u>Furniture</u> USD'000	<u>Others</u> USD'000	<u>Total</u> USD'000
Audited						
Cost as at January 1, 2019	953	66	413	9	25	1,466
Additions during the year	540	-	-	-	-	540
Disposal for the year	(1)	-	-	-	-	(1)
Cost at December 31, 2019	<u>1,492</u>	<u>66</u>	<u>413</u>	<u>9</u>	<u>25</u>	<u>2,005</u>
Accumulated depreciation						
as at January 1, 2019	(95)	(24)	(131)	(1)	(10)	(261)
Depreciation for the year	(203)	(13)	(66)	(2)	(5)	(289)
Disposals/written-off	-	-	-	-	-	-
Accumulated depreciation as at December 31, 2019	<u>(298)</u>	<u>(37)</u>	<u>(197)</u>	<u>(3)</u>	<u>(15)</u>	<u>(550)</u>
Net book value as at December 31, 2019	<u>1,194</u>	<u>29</u>	<u>216</u>	<u>6</u>	<u>10</u>	<u>1,455</u>

19. INTANGIBLE ASSETS

	As at March 31,2020 USD'000 (unaudited)	As at December 31,2019 USD'000 (audited)
Cost		
Cost as at the beginning of the year	1,726	1,009
Additions for the period/year	152	717
Cost as at the end of the period/year	<u>1,878</u>	<u>1,726</u>
Accumulated amortisation		
As at the beginning of the period/year	(293)	(78)
Amortisation for the period/year	(90)	(215)
As at the end of the period/year	<u>(383)</u>	<u>(293)</u>
Net book value		
As at the end of the period/year	<u>1,495</u>	<u>1,433</u>

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20. OTHER ASSETS

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Commitment fee receivables	767	792
Other receivables	92	118
Others (Note 1 below)	518	697
Total	<u>1,377</u>	<u>1,607</u>

Note 1: Others mainly include prepayment.

21. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Bond - Principal	896,023	896,023
- Interest payable	10,385	17,336
- Fair value adjustment	(32,078)	(30,602)
Total	<u>874,330</u>	<u>882,757</u>

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the three months ended March 31, 2020 and for the year ended December 31, 2019. The contractual principal amount to be paid at maturity of the green bond and the panda bond in original currency is respectively RMB 3 billion and RMB 3 billion for the Bank.

22. BORROWINGS

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Unsecured short-term borrowings	-	110,053
Total	<u>-</u>	<u>110,053</u>

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23. NOTE PAYABLES

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Note payables	719,771	623,256
Total	<u>719,771</u>	<u>623,256</u>

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

24. LEASE LIABILITIES

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Lease liabilities		
Africa Regional Office rent	265	138
Total	<u>265</u>	<u>138</u>
Undiscounted lease payments		
Within 1 year	56	93
1 year to 5 years	214	49
Total	<u>270</u>	<u>142</u>

25. CONTRACT LIABILITIES

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Deferred income (Note 1 below)	17,167	14,513
Total	<u>17,167</u>	<u>14,513</u>

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front-end fees as at March 31, 2020 and December 31, 2019. Revenue recognised for the three months ended March 31, 2020 that was included in the contract liabilities balance at the beginning of the period is USD 222 thousand (unaudited) (three months ended March 31, 2019: USD 55 thousand, unaudited).

26. OTHER LIABILITIES

	As at March 31,2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Employee benefits payable	379	266
Accrued expenses	2,642	3,508
Impairment provision of loan commitment	4,875	1,319
Annual Leave provision	1,246	1,246
Total	<u>9,142</u>	<u>6,339</u>

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26. OTHER LIABILITIES - continued

Reconciliation of provision for loan commitments

	Stage 1 USD'000 (unaudited)
ECL allowance of loan commitments as at January 1, 2020	1,319
Additions	3,418
Deductions	(519)
Change in risk parameters	657
ECL allowance of loan commitments as at March 31, 2020	<u>4,875</u>

For the three months ended March 31, 2020, the additions to the ECL allowance of USD 3,418 thousand was due to origination of new expected loan commitments that will be drawn down within 12 months of March 31, 2020 of USD 1,311,495 thousand.

	Stage 1 USD'000 (audited)
ECL allowance of loan commitments as at January 1, 2019	1,126
Additions	1,254
Deductions	(1,066)
Change in risk parameters	5
ECL allowance of loan commitments as at December 31, 2019	<u>1,319</u>

27. PAID-IN CAPITAL

A statement of capital subscriptions showing the amount of paid-in and callable shares subscribed to by each member according to the Agreement, is set out in the following table. There is no amendment to the terms of subscription payment in the Agreement on March 31, 2020. The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank according to the Agreement.

	As at March 31, 2020 (unaudited)		As at December 31, 2019 (audited)	
	Number of shares	Amount in USD'000	Number of shares	Amount in USD'000
Authorised shared capital	1,000,000	100,000,000	1,000,000	100,000,000
Less: unsubscribed by members	(500,000)	(50,000,000)	(500,000)	(50,000,000)
Total subscribed capital	500,000	50,000,000	500,000	50,000,000
Less: callable capital	<u>(400,000)</u>	<u>(40,000,000)</u>	<u>(400,000)</u>	<u>(40,000,000)</u>
Total paid in capital	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>

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27. PAID-IN CAPITAL - continued

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

Unaudited As at March 31, 2020	Total shares Numbers	Total capital USD'000	Callable capital USD'000	Paid-in capital USD'000	Paid-in capital ¹ received USD'000	Paid-in capital outstanding USD'000
Brazil	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
Russia	100,000	10,000,000	8,000,000	2,000,000	1,335,000	665,000
India	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
China	100,000	10,000,000	8,000,000	2,000,000	1,650,000	350,000
South Africa	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
Total	500,000	50,000,000	40,000,000	10,000,000	6,885,000	3,115,000

Audited As at December 31, 2019	Total shares Numbers	Total capital USD'000	Callable capital USD'000	Paid-in capital USD'000	Paid-in capital ¹ received USD'000	Paid-in capital outstanding USD'000
Brazil	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
Russia	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
India	100,000	10,000,000	8,000,000	2,000,000	1,000,000	1,000,000
China	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
South Africa	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
Total	500,000	50,000,000	40,000,000	10,000,000	6,200,000	3,800,000

¹Pursuant to Article 9 and attachment 2 of the Agreement each founding members' paid in capital stock is received in 7 instalments.

As at March 31, 2020, all paid-in capital from founding members was received in accordance with the Articles, and partial receipts relating to the sixth instalment has been received ahead of schedule.

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28. OTHER RESERVES

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Accumulated impact on discounting of paid-in capital receivables	(67,459)	(86,457)
Total	<u>(67,459)</u>	<u>(86,457)</u>

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

29. COMMITMENTS

1) Capital commitments

As at March 31, 2020, the Bank had no irrevocable capital expenditures commitment.

2) Credit Commitments

	As at March 31, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Letters of effectiveness signed	7,263,612	6,920,773
Letter of effectiveness yet to be signed	901,954	907,290
Total	<u>8,165,566</u>	<u>7,828,063</u>

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

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30. RELATED PARTY DISCLOSURE

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

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

The name and relationship with founding member governments are disclosed below. On March 31, 2020 and December 31, 2019, no transactions, individually or collectively with government are considered significant to the Bank.

(1) Name and relationship

<u>Name of related parties</u>	<u>Relationship</u>
The Federative Republic of Brazil	The Bank's shareholder
The Russian Federation	The Bank's shareholder
The Republic of India	The Bank's shareholder
The People's Republic of China	The Bank's shareholder
The Republic of South Africa	The Bank's shareholder

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

Details of the paid-in capital receivables as at March 31, 2020 and December 31, 2019 are set out in Note 16, and unwinding of interest on paid-in capital receivables for the three months ended March 31, 2020 and year ended December 31, 2019 are set out in the condensed statement of profit or loss and other comprehensive income.

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

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

The following persons were KMP of the Bank during the period ended March 31, 2020:

Name	Country	Position
Vaman Kundapur Kamath	India	President
Sarquis Jose Buainain Sarquis	Brazil	Vice President; Chief Risk Officer
Vladimir Kazbekov	Russia	Vice President; Chief Administrative Officer
Xian Zhu	China	Vice President; Chief Operations Officer
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer

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30. RELATED PARTY DISCLOSURE - continued

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

	Three months ended March 31, 2020 USD'000 (unaudited)	Three months ended March 31, 2019 USD'000 (audited)	Year ended December 31, 2019 USD'000 (audited)
Salary and allowance	621	621	2,483
Staff Retirement Plan	90	90	362
Post- Retirement Insurance Plan	15	15	62
Other short term benefits	23	23	88
Total	<u>749</u>	<u>749</u>	<u>2,995</u>

31. SEGMENT INFORMATION

For the three months ended March 31, 2020, the Bank has a single reportable segment and evaluates the financial performance of the Bank as a whole.

32. UNCONSOLIDATED STRUCTURED ENTITY

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

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

As at March 31, 2020, the NDB-PPF had received contributions amounting to USD 7 million (unaudited) (December 31, 2019: USD 7 million). The Bank has not earned any income from NDB-PPF for the three months ended March 31, 2020 and 2019.

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33. SUBSEQUENT EVENTS

On April 3, 2020, the Bank has issued a RMB 5 billion bond for a 3-year tenor with an annual fixed coupon rate of 2.43%.

On May 2, 2020, a loan agreement for USD 1 billion was signed with India to finance the Emergency Assistance Program in Combating COVID-19. This agreement became effective on May 2, 2020.

Subsequent to March 31, 2020, the Bank issued several zero-coupon notes with aggregate notional amounts of USD 1,470 million as of the issuance of the condensed financial statements with original maturity date within one year.

34. APPROVAL OF CONDENSED FINANCIAL STATEMENTS

The condensed financial statements were approved by the Management and the Board of Directors and authorised for issuance on 25 May, 2020.

* * * End of the Condensed Financial Statements * * *