

THE NEW DEVELOPMENT BANK

Report on Review of Condensed Financial Statements
and Condensed Financial Statements
For the six months ended June 30, 2020

THE NEW DEVELOPMENT BANK

REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS AND CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020

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REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK

Introduction

We have reviewed the accompanying condensed statement of financial position of the New Development Bank (the "Bank") as of June 30, 2020 and the related condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and certain explanatory notes (the "condensed financial statements").

Management of the Bank is responsible for the preparation and fair presentation of these condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matter - Restriction on Distribution

Our responsibility is to report our conclusion solely to you, as a body, for the purpose in accordance with our agreed terms of engagement, and for no other purpose. Our report is not to be used for any other purposes or by any other parties. We do not assume responsibility towards or accept liabilities to any other parties for the contents of this report.



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

September 29, 2020



THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

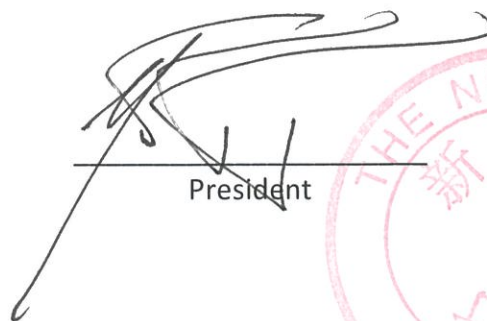

	<u>Notes</u>	<u>Six months ended June 30, 2020</u> (unaudited)	<u>Six months ended June 30, 2019</u> (unaudited)	<u>Three months ended June 30, 2020</u> (unaudited)	<u>Three months ended June 30, 2019</u> (unaudited)	<u>Year ended December 31, 2019</u> (audited)
Interest income	6	119,167	108,220	61,158	57,744	230,555
Interest expense	6	(26,117)	(12,107)	(15,821)	(7,284)	(32,812)
Net interest income	6	<u>93,050</u>	<u>96,113</u>	<u>45,337</u>	<u>50,460</u>	<u>197,743</u>
Net fee income	7	1,698	320	839	169	1,567
Net gains/(losses) on financial instruments at fair value through profit or loss	8	<u>13,617</u>	<u>12,809</u>	<u>(664)</u>	<u>13,414</u>	<u>21,907</u>
		<u>108,365</u>	<u>109,242</u>	<u>45,512</u>	<u>64,043</u>	<u>221,217</u>
Staff costs	9	(19,316)	(15,632)	(10,233)	(8,419)	(33,218)
Other operating expenses	10	(9,429)	(7,672)	(6,957)	(3,435)	(18,053)
Impairment losses under expected credit loss model, net of reversal		(26,899)	(916)	(16,611)	(426)	(2,073)
Foreign exchange (losses)/gains		(6,251)	(10,430)	12,041	(11,124)	(17,396)
Operating profit for the period/year		<u>46,470</u>	<u>74,592</u>	<u>23,752</u>	<u>40,639</u>	<u>150,477</u>
Unwinding of interest on paid-in capital receivables		<u>25,910</u>	<u>36,618</u>	<u>12,330</u>	<u>18,000</u>	<u>72,428</u>
Profit for the period/year		<u>72,380</u>	<u>111,210</u>	<u>36,082</u>	<u>58,639</u>	<u>222,905</u>
Total comprehensive income for the period/year		<u>72,380</u>	<u>111,210</u>	<u>36,082</u>	<u>58,639</u>	<u>222,905</u>

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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	<u>Notes</u>	As at June <u>30, 2020</u> (unaudited)	As at December <u>31, 2019</u> (audited)
Assets			
Cash and cash equivalents	11	2,247,395	1,023,495
Due from banks other than cash and cash Equivalents	12	4,879,301	5,494,752
Derivative financial assets	13	20,188	5,436
Debt instruments measured at amortised cost	14	39,004	33,771
Loans and advances	15	5,142,321	1,544,917
Paid-in capital receivables	16	2,747,820	3,713,543
Right-of-use assets	17	302	141
Property and equipment	18	1,368	1,455
Intangible assets	19	1,364	1,433
Other assets	20	2,120	1,607
Total assets		15,081,183	11,820,550
Liabilities			
Derivative financial liabilities	13	19,014	12,182
Financial liabilities designated at fair value through profit or loss	21	3,081,749	882,757
Borrowings	22	150,141	110,053
Note payables	23	1,544,907	623,256
Lease liabilities	24	261	138
Contract liabilities	25	22,607	14,513
Other liabilities	26	10,445	6,339
Total liabilities		4,829,124	1,649,238
Equity			
Paid-in capital	27	10,000,000	10,000,000
Other reserves	28	(52,180)	(86,457)
Retained earnings		304,239	257,769
Total equity		10,252,059	10,171,312
Total equity and liabilities		15,081,183	11,820,550

The condensed financial statements on pages 2 to 30 were approved and authorised for issue by the Management of the Bank and the Board of Directors on September 29, 2020 and signed on their behalf by:

President
Chief Financial Officer



THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	<u>Paid-in capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2020	10,000,000	(86,457)	257,769	10,171,312
Operating profit for the period	-	-	46,470	46,470
Unwinding of interest on paid-in capital receivables for the period	-	-	25,910	25,910
Profit and total comprehensive income for the period	-	-	72,380	72,380
Impact of early payment on paid-in capital receivables (Note 16)	-	8,367	-	8,367
Reclassification of unwinding of interest arising from paid-in capital receivables	-	25,910	(25,910)	-
As at June 30, 2020 (unaudited)	<u>10,000,000</u>	<u>(52,180)</u>	<u>304,239</u>	<u>10,252,059</u>

	<u>Paid-in capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2019	10,000,000	(162,429)	107,292	9,944,863
Operating profit for the period	-	-	74,592	74,592
Unwinding of interest on paid-in capital receivables for the period	-	-	36,618	36,618
Profit and total comprehensive income for the period	-	-	111,210	111,210
Impact of early payment on paid-in capital receivables (Note 16)	-	3,395	-	3,395
Reclassification of unwinding of interest arising from paid-in capital receivables	-	36,618	(36,618)	-
As at June 30, 2019 (unaudited)	<u>10,000,000</u>	<u>(122,416)</u>	<u>181,884</u>	<u>10,059,468</u>

THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Six months ended June <u>30, 2020</u> (unaudited)	Six months ended June <u>30, 2019</u> (unaudited)
OPERATING ACTIVITIES		
Profit for the period	72,380	111,210
Adjustments for:		
Interest expense	26,117	12,107
Interest income from debt instruments at amortised cost	(755)	(332)
Depreciation and amortization	403	274
Unrealised gains on financial instruments	(14,700)	(18,164)
Unwinding of interest on paid-in capital receivables	(25,910)	(36,618)
Impairment losses under expected credit loss model, net of reversal	26,899	916
Exchange losses/(gains) on debt instruments at amortised cost	1,257	(223)
Exchange (gains)/losses on lease liabilities	(45)	8
Debt issuance cost	3,912	552
Operating cash flows before changes in operating assets and liabilities	<u>89,558</u>	<u>69,730</u>
Net decrease/(increase) in due from banks	613,229	(1,141,086)
Net increase in loans and advances	(3,615,534)	(282,088)
Net (increase)/decrease in other assets	(513)	304
Net increase in other liabilities and contract liabilities	5,663	2,113
Interest paid on bonds and borrowings	(13,509)	-
Interest paid on note payables	(9,350)	-
Interest paid on lease liabilities	(2)	(2)
Interest received on debt instruments at amortised costs	826	120
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,929,632)</u>	<u>(1,350,909)</u>
INVESTING ACTIVITIES		
Purchase of debt instruments at amortised cost	(13,648)	(48,475)
Proceeds from redemption of debt instruments at amortised cost	7,069	9,901
Purchase of financial assets at fair value through profit or loss	(1,094)	-
Purchase of property and equipment and intangible assets	(209)	(239)
NET CASH USED IN INVESTING ACTIVITIES	<u>(7,882)</u>	<u>(38,813)</u>

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CONDENSED STATEMENT OF CASH FLOWS - continued
 FOR THE SIX MONTHS ENDED JUNE 30, 2020
 EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Six months ended June <u>30, 2020</u> (unaudited)	Six months ended June <u>30, 2019</u> (unaudited)
FINANCING ACTIVITIES		
Paid-in capital received	1,000,000	609,212
Proceeds from issuance of bonds	2,202,873	448,012
Proceeds from issuance of note payables	2,665,154	493,207
Proceeds from short term borrowings	250,000	-
Repayment of short-term borrowings	(210,000)	-
Repayment from note payables	(1,742,650)	-
Payment of issuance cost of bonds	(3,912)	(552)
Payment of issuance cost on note payables	(20)	-
Payment of lease liabilities	(31)	(40)
NET CASH FROM FINANCING ACTIVITIES	<u>4,161,414</u>	<u>1,549,839</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,223,900	160,117
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,023,495	122,988
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>2,247,395</u>	<u>283,105</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	151,370	93,267
Interest paid	<u>(22,861)</u>	<u>(2)</u>

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 June 30, 2020, the Bank had 159 (December 31, 2019: 149) employees including the President and 4 (December 31, 2019: 4) Vice-Presidents. In addition, there were 10 (December 31, 2019: 12) consultants/secondees appointed by the Bank on a short-term basis.

Since the outbreak of COVID-19 in January 2020, strict prevention measures has been implemented by the governments and it caused interruption of business in various sectors. The Bank has also taken certain measures to mitigate negative impact of business interruption, including certain work-from-home arrangements for its staff. The directors of the Bank consider that the impact of Covid-19 is not material to the Bank's financial position as at 30 June 2020 and the performance for the period then ended.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 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 is also presented.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES - continued

The condensed financial statements for the six months ended June 30, 2020 should be read in conjunction with the Bank's financial statements for the year ended December 31, 2019.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed financial statements for the six months ended June 30, 2020 are the same as those presented in the Bank's financial statements for the year ended December 31, 2019.

In the current interim period, the Bank has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the Bank's condensed financial statements:

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

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current interim period has had no material impact on the Bank's financial positions and performance for the current and prior periods 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 six months ended June 30, 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.

4. FINANCIAL RISK MANAGEMENT - continued

Overview - continued

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.

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.

In case a loan has neither a sovereign guarantee nor an external credit rating, the Bank uses 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.

4. FINANCIAL RISK MANAGEMENT - continued

Credit risk - continued

Significant increases in credit risk

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

Quantitative criteria:

- Delay in interest or principal payment exceeds 30 days;
- 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;
- 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 loans is changed for the six months ended June 30, 2020, for the refinement of key assumptions and estimates made based on the Bank's recent experience and peer practice after the Bank's revisiting the ECL model, from the latest Standard and Poor's observed default rate to Moody's model which has been applied for non-sovereign loans in prior years 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 six months ended June 30, 2020 for the refinement of key assumptions and estimates made based on the Bank's recent 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, respectively, 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 loans. 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 loans. 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 or loss and the derivatives as at June 30, 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 (unadjusted) in active markets for identical financial assets or the liabilities that the Bank can access at the measurement date.
- Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the assets or liabilities 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 (unobservable inputs).

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 or 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 and financial liabilities.

	<u>Level 1</u> USD'000	<u>Level 2</u> USD'000	<u>Level 3</u> USD'000	<u>Total</u> USD'000
Unaudited As at June 30, 2020				
Financial assets				
Derivatives	-	20,188	-	20,188
Total financial assets measured at fair value	<u>-</u>	<u>20,188</u>	<u>-</u>	<u>20,188</u>
Financial liabilities				
Derivatives	-	19,014	-	19,014
Financial liabilities designated at fair value	<u>-</u>	<u>3,081,749</u>	<u>-</u>	<u>3,081,749</u>
Total financial liabilities measured at fair value	<u>-</u>	<u>3,100,763</u>	<u>-</u>	<u>3,100,763</u>
	<u>Level 1</u> USD'000	<u>Level 2</u> USD'000	<u>Level 3</u> USD'000	<u>Total</u> USD'000
Audited As at December 31, 2019				
Financial assets				
Derivatives	-	5,436	-	5,436
Total financial assets measured at fair value	<u>-</u>	<u>5,436</u>	<u>-</u>	<u>5,436</u>
Financial liabilities				
Derivatives	-	12,182	-	12,182
Financial liabilities designated at fair value	<u>-</u>	<u>882,757</u>	<u>-</u>	<u>882,757</u>
Total financial liabilities measured at fair value	<u>-</u>	<u>894,939</u>	<u>-</u>	<u>894,939</u>

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 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 through profit or loss as at June 30, 2020 and December 31, 2019.

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5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - continued

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

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

6. NET INTEREST INCOME

	Six months ended June <u>30, 2020</u> (unaudited)	Six months ended June <u>30, 2019</u> (unaudited)	Three months ended June <u>30, 2020</u> (unaudited)	Three months ended June <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Interest income from banks	81,175	92,875	36,911	48,867	194,079
Interest income from loans and advances	37,237	15,013	23,877	8,565	35,719
Interest income from debt instruments measured at amortised cost	755	332	370	312	757
Total interest income	<u>119,167</u>	<u>108,220</u>	<u>61,158</u>	<u>57,744</u>	<u>230,555</u>
Interest expense on bonds issued	(17,238)	(11,314)	(10,943)	(6,492)	(24,664)
Interest expense on short-term borrowings	(352)	-	(322)	-	(53)
Interest expense on note payables	(8,525)	(791)	(4,555)	(791)	(8,091)
Interest expense on lease liabilities	(2)	(2)	(1)	(1)	(4)
Total interest expense	<u>(26,117)</u>	<u>(12,107)</u>	<u>(15,821)</u>	<u>(7,284)</u>	<u>(32,812)</u>
Net interest income	<u>93,050</u>	<u>96,113</u>	<u>45,337</u>	<u>50,460</u>	<u>197,743</u>

7. NET FEE INCOME

	Six month ended June <u>30, 2020</u> (unaudited)	Six month ended June <u>30, 2019</u> (unaudited)	Three month ended June <u>30, 2020</u> (unaudited)	Three month ended June <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Front-end fee recognised	585	182	328	126	540
Commitment fee	1,113	138	511	43	1,027
Total	<u>1,698</u>	<u>320</u>	<u>839</u>	<u>169</u>	<u>1,567</u>

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

	Six months ended June <u>30, 2020</u> (unaudited)	Six months ended June <u>30, 2019</u> (unaudited)	Three months ended June <u>30, 2020</u> (unaudited)	Three months ended June <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Derivatives	6,837	4,161	(5,968)	(5,189)	1,593
Bonds	7,874	8,648	6,398	18,603	20,314
Others (Note)	(1,094)	-	(1,094)	-	-
Total	<u>13,617</u>	<u>12,809</u>	<u>(664)</u>	<u>13,414</u>	<u>21,907</u>

The realised losses arising from derivatives financial instruments for the six months ended June 30, 2020 were USD 1,083 thousand (unaudited) (six months ended June 30, 2019: USD 5,355 thousand, unaudited).

Note: Others mainly represent unrealised losses on investments in private equity fund.

9. STAFF COSTS

	Six month ended June <u>30, 2020</u> (unaudited)	Six month ended June <u>30, 2019</u> (unaudited)	Three month ended June <u>30, 2020</u> (unaudited)	Three month ended June <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Salaries and allowances	14,941	11,856	8,212	6,217	25,767
Other benefits	4,375	3,776	2,021	2,202	7,451
Total	<u>19,316</u>	<u>15,632</u>	<u>10,233</u>	<u>8,419</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 six months ended June 30, 2020 for the SRP and PRP was USD 2,981 thousand (unaudited) (six months ended June 30, 2019: USD 2,412 thousand, unaudited) and USD 314 thousand (unaudited) (six months ended June 30, 2019 : USD 236 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 six months ended June 30, 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

	Six months ended June <u>30, 2020</u> (unaudited)	Six months ended June <u>30, 2019</u> (unaudited)	Three months ended June <u>30, 2020</u> (unaudited)	Three months ended June <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Office expenses	1,516	1,907	949	672	3,407
Professional fees	1,443	1,489	741	902	4,594
Auditor's remuneration	338	272	175	136	547
Travel expenses	497	2,118	135	888	4,168
IT expenses	1,237	987	837	648	3,961
Hospitality expenses	75	67	3	48	219
Depreciation and amortisation	403	274	203	141	589
Bond issuance costs	3,912	552	3,912	-	552
Others	8	6	2	-	16
Total	<u>9,429</u>	<u>7,672</u>	<u>6,957</u>	<u>3,435</u>	<u>18,053</u>

11. CASH AND CASH EQUIVALENTS

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Cash on hand	9	11
Demand deposit	1,261,419	226,177
Time deposit with original maturity within three months	985,967	797,307
Total	<u>2,247,395</u>	<u>1,023,495</u>

12. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Commercial banks	5,867,490	6,292,059
Less: ECL allowance	(2,222)	-
	<u>5,865,268</u>	<u>6,292,059</u>
Less: Time deposit with original maturity within three months	(985,967)	(797,307)
Total	<u>4,879,301</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 June 30, 2020.

13. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Bank entered into derivative contracts for the green bond issued in July, 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. Similarly, the Bank entered into derivative contracts for the new panda bond issued in February, 2019, the coronavirus combating bond issued in April, 2020 and Euro Medium Term Note issued in June, 2020, that were paired with swaps of which the total notional amounts are RMB 3 billion, RMB 5 billion and USD 1.5 billion respectively, to convert the issuance proceeds into the interest rate structure sought by the Bank.

Besides, the Bank entered into derivative contracts for loans and advances 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 during the six months ended June 30, 2020 and the year ended December 31, 2019.

<u>Unaudited</u> <u>As at June 30, 2020</u>	<u>Notional USD</u> USD'000	<u>Fair Value</u> <u>Asset</u> USD'000	<u>Fair Value</u> <u>Liability</u> USD'000
Interest Rate Swap	2,715,762	13,516	4,748
Forward Contract	624,542	6,672	59
Cross Currency Swap	875,861	-	14,207
Total	4,216,165	20,188	19,014
<u>Audited</u> <u>As at December 31, 2019</u>	<u>Notional USD</u> USD'000	<u>Fair Value</u> <u>Asset</u> USD'000	<u>Fair Value</u> <u>Liability</u> USD'000
Interest Rate Swap	732,590	5,436	177
Forward Contract	270,881	-	1,525
Cross Currency Swap	359,396	-	10,480
Total	1,362,867	5,436	12,182

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14. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Policy bank bond	31,817	26,555
Commercial bank bond	7,205	7,216
Less: ECL allowance	(18)	-
Total	<u>39,004</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, a policy bank bond denominated in RMB and a policy bank bond denominated in INR as at June 30, 2020.

There has been no significant increase in credit risk since initial recognition associated with the amounts debt instruments measured at amortised cost up to June 30, 2020.

15. LOANS AND ADVANCES

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Principal	5,143,922	1,538,176
Interest receivable	24,314	11,276
Gross carrying amount	<u>5,168,236</u>	<u>1,549,452</u>
Less: ECL allowance	(25,915)	(4,535)
Net carrying amount	<u>5,142,321</u>	<u>1,544,917</u>

Reconciliation of provision for loans raised

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
ECL allowance of loans as at beginning of the period/year	4,535	2,655
Additions	15,434	1,127
Derecognition	(39)	(29)
Change in risk parameters	5,985	782
ECL allowance of loans as at end of the period/year	<u>25,915</u>	<u>4,535</u>

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15. LOANS AND ADVANCES - continued

For the six months ended June 30, 2020, the additions to the ECL allowance of USD 15,434 thousand (unaudited) (December 31, 2019: USD 1,127 thousand, audited) was due to origination of loans and advances with gross carrying amount of USD 3,632,643 thousand (unaudited) (December 31, 2019: USD 925,093 thousand, audited).

As at June 30, 2020 (unaudited)

	<u>12 month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	11,972	13,943	25,915

As at December 31, 2019 (audited)

	<u>12 month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	4,535	-	4,535

16. PAID-IN CAPITAL RECEIVABLES

	As at June 30, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Balance as at beginning of the period/year (Note 1 below)	3,800,000	5,009,212
Less:		
Instalment received during the period/year (Note 2 below)	(1,000,000)	(1,209,212)
Total nominal amounts of receivable at the end of the period/year (Note 4 below)	2,800,000	3,800,000
Less:		
Interest on paid-in capital receivables to be unwound in the future period/year (Note 3 below)	(52,180)	(86,457)
Balance as at end of the period/year	2,747,820	3,713,543

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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 June 30, 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 542,624 thousand (unaudited) of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2019: USD 516,714 thousand) and USD 27,481 thousand (unaudited) of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of June 30, 2020 (December 31, 2019: USD 19,114 thousand).

Note 4: As at June 30, 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 1.05 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

<u>Property</u>	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Cost as at beginning of the period/year	226	226
Additions during the period/year	199	-
Cost as at end of the period/year	<u>425</u>	<u>226</u>
Accumulated depreciation		
As at beginning of the period/year	(85)	-
Depreciation for the period/year	<u>(38)</u>	<u>(85)</u>
Accumulated depreciation as at end of the period/year	<u>(123)</u>	<u>(85)</u>
Net book value as at end of the period/year	<u>302</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	79	4	-	15	-	98
Cost as at June 30, 2020	<u>1,571</u>	<u>70</u>	<u>413</u>	<u>24</u>	<u>25</u>	<u>2,103</u>
Accumulated depreciation as at January 1, 2020	(298)	(37)	(197)	(3)	(15)	(550)
Depreciation for the period	(140)	(8)	(33)	(2)	(2)	(185)
Accumulated depreciation as at June 30, 2020	<u>(438)</u>	<u>(45)</u>	<u>(230)</u>	<u>(5)</u>	<u>(17)</u>	<u>(735)</u>
Net book value as June 30, 2020	<u>1,133</u>	<u>25</u>	<u>183</u>	<u>19</u>	<u>8</u>	<u>1,368</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 as 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)
Eliminated on disposal	-	-	-	-	-	-
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

	<u>As at June</u> <u>30, 2020</u> USD'000 (unaudited)	<u>As at December</u> <u>31, 2019</u> USD'000 (audited)
Cost		
Cost as at beginning of the year	1,726	1,009
Additions for the period/year	111	717
Cost as at end of the period/year	<u>1,837</u>	<u>1,726</u>
Accumulated amortisation		
As at beginning of the period/year	(293)	(78)
Amortisation for the period/year	(180)	(215)
As at end of the period/year	<u>(473)</u>	<u>(293)</u>
Net book value As at end of the period/year	<u>1,364</u>	<u>1,433</u>

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20. OTHER ASSETS

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Commitment fee receivables	1,144	792
Other receivables	130	118
Others (Note 1 below)	846	697
Total	<u>2,120</u>	<u>1,607</u>

Note 1: Others mainly include prepayment.

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

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Bond - Principal	3,098,896	896,023
- Interest payable	21,329	17,336
- Fair value adjustment	(38,476)	(30,602)
Total	<u>3,081,749</u>	<u>882,757</u>

In April, 2020, the Bank issued a three-year coronavirus combating bond with par value of RMB 5 billion (USD 704,434 thousand equivalent) with the maturity date on April 3, 2023. The interest is paid by the Bank annually with fixed coupon rate of 2.43%.

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

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the six months ended June 30, 2020 and the year ended December 31, 2019. The contractual principal amount to be paid at maturity of the green bond, the panda bond, the coronavirus combating bond and the Euro Medium Term Note in original currency is respectively RMB 3 billion, RMB 3 billion, RMB 5 billion and USD 1.5 billion for the Bank.

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22. BORROWINGS

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Unsecured short-term borrowings	150,141	110,053
Total	<u>150,141</u>	<u>110,053</u>

23. NOTE PAYABLES

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Note payables	1,544,907	623,256
Total	<u>1,544,907</u>	<u>623,256</u>

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

24. LEASE LIABILITIES

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Lease liabilities		
Africa Regional Office rent	261	138
Total	<u>261</u>	<u>138</u>
Undiscounted lease payments		
Within 1 year	59	93
1 year to 5 years	207	49
Total	<u>266</u>	<u>142</u>

25. CONTRACT LIABILITIES

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Deferred income (Note 1 below)	22,607	14,513
Total	<u>22,607</u>	<u>14,513</u>

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front-end fees as at June 30, 2020 and December 31, 2019. Revenue recognised for the six months ended June 30, 2020 that was included in the contract liabilities balance at beginning of the period is USD 466 thousand (unaudited) (six months ended June 30, 2019: USD 121 thousand, unaudited).

26. OTHER LIABILITIES

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Employee benefits payable	393	266
Accrued expenses	3,550	3,508
Impairment provision of loan commitments	4,598	1,319
Annual leave provision	1,904	1,246
Total	<u>10,445</u>	<u>6,339</u>

Reconciliation of provision for loan commitments

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
ECL allowance of loan commitments as at beginning of the period/year	1,319	1,126
Additions	3,881	1,254
Deductions	(1,123)	(1,066)
Change in risk parameters	521	5
ECL allowance of loan commitments as at end of the period/year	<u>4,598</u>	<u>1,319</u>

For the six months ended June 30, 2020, the additions to the ECL allowance of USD 3,881 thousand (unaudited) (December 31, 2019: USD 1,254 thousand, audited) was due to origination or increase in expected drawdown of loan commitments within 12 months of June 30, 2020 of USD 568,833 thousand (unaudited) (December 31, 2019: USD 1,909,376 thousand, audited).

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26. OTHER LIABILITIES - continued

As at June 30, 2020 (unaudited)

	<u>12 month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	970	3,628	4,598

As at December 31, 2019 (audited)

	<u>12 month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	1,319	-	1,319

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 June 30, 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.

	<u>As at June 30, 2020</u> (unaudited)		<u>As at December 31, 2019</u> (audited)	
	<u>Number of</u> <u>shares</u>	<u>Amount in</u> USD'000	<u>Number of</u> <u>shares</u>	<u>Amount in</u> 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	(400,000)	(40,000,000)	(400,000)	(40,000,000)
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 <u>June 30, 2020</u>	<u>Total shares</u> Numbers	<u>Total capital</u> USD'000	<u>Callable capital</u> USD'000	<u>Paid-in capital</u> USD'000	<u>Paid-in capital¹</u> <u>received</u> USD'000	<u>Paid-in capital</u> <u>outstanding</u> 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	1,650,000	350,000
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	7,200,000	2,800,000
Audited						
<u>As at December 31, 2019</u>	<u>Total shares</u> Numbers	<u>Total capital</u> USD'000	<u>Callable capital</u> USD'000	<u>Paid-in capital</u> USD'000	<u>Paid-in capital¹</u> <u>received</u> USD'000	<u>Paid-in capital</u> <u>outstanding</u> 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 June 30, 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 June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Accumulated impact on discounting of paid-in capital receivables	(52,180)	(86,457)
Total	<u>(52,180)</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 June 30, 2020, the Bank had no irrevocable capital expenditures commitment.

2) Credit Commitments

	As at June <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Letters of effectiveness signed	6,651,474	6,920,773
Letter of effectiveness yet to be signed	620,000	907,290
Total	<u>7,271,474</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.

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:

30. RELATED PARTY DISCLOSURE - continued

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

The name and relationship with founding member governments are disclosed below. As at June 30, 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 June 30, 2020 and December 31, 2019 are set out in Note 16, and unwinding of interest on paid-in capital receivables for the six months ended June 30, 2020 and the 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 June 30, 2020:

<u>Name</u>	<u>Country</u>	<u>Position</u>
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

30. RELATED PARTY DISCLOSURE - continued

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

	Six months ended June <u>30, 2020</u> (unaudited)	Six months ended June <u>30, 2019</u> (unaudited)	Three months ended June <u>30, 2020</u> (unaudited)	Three months ended June <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Salary and allowance	1,316	1,241	695	620	2,483
Staff Retirement Plan	187	181	97	91	362
Post-Retirement Insurance Plan	32	31	17	16	62
Other short term benefits	46	44	23	21	88
Total	<u>1,581</u>	<u>1,497</u>	<u>832</u>	<u>748</u>	<u>2,995</u>

31. SEGMENT INFORMATION

For the six months ended June 30, 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 June 30, 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 six months ended June 30, 2020 and 2019.

33. SUBSEQUENT EVENTS

In July 2020, the Bank issued a RMB 2 billion bond for a 5-year tenor with an annual fixed coupon rate of 3% at a discount.

On July 13, 2020, a loan agreement for USD 1 billion was signed with South Africa to finance the Emergency Assistance Program in Combating COVID-19. This agreement became effective on July 13, 2020.

On September 29, 2020, the Bank issued a five-year Euro Medium Term Note with par value of USD 2 billion at a discount. The note bears an interest rate of 0.625% with the maturity date on September 29, 2025.

Subsequent to June 30, 2020, the Bank issued several zero-coupon notes with aggregate notional amounts of USD 2,690 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 September 29, 2020.

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