

IMPORTANT: The Issuer acknowledges that as at the date of this Prospectus, this Prospectus does not contain any untrue statements, misleading representations or material omissions, and agrees to be liable for the contents of this Prospectus. Before purchasing the Bonds, investors are advised to carefully read this Prospectus and relevant information disclosure documents and make independent investment judgment. The approval by the competent authority for the Bond Issue does not constitute any evaluation by the competent authority of the investment value of the Bonds nor any judgment on the risks of investment in the Bonds.

New Development Bank

2016 Series-1 Green Financial Bond



Issuer:	New Development Bank
Issue size:	RMB 3,000,000,000
Credit rating:	AAA
Tenor:	5 Years
Lead Underwriter:	BOC
Joint Lead Underwriters:	ICBC, CCB, CDB, HSBC, SCB

July 2016

IMPORTANT NOTICE AND DECLARATION

The New Development Bank (hereinafter referred to as “NDB” or “Issuer” or “the Bank”) proposes to issue 2016 Series-1 Green Financial Bond (hereinafter referred to “the Bond”) in the Chinese Interbank Bond Market. The proceeds of the Bond will be used to support green projects.

The Bond is publicly offered in the Chinese Interbank Bond Market. Investors shall carefully read the Prospectus and the related documents of information disclosure, and make independent investment judgements. The examination and approval of People's Bank of China does not indicate that it has made any assessment of the investment value of the Bond or has made any judgement on the investment risks of the Bond.

All contents of this Prospectus follow the relevant laws and relevant supervisory regulations of the People's Bank of China and take into account the Issuer's actual circumstances. In preparing this Prospectus factual circumstances, which are actually known or believed to be true by the Issuer when issuing the Bond have been taken into consideration.

This Prospectus is intended to provide basic information of the Issuer and related documents for issuance and subscription of the Bond to the investors. The Issuer accepts responsibilities for the information contained in this Prospectus. The Issuer, having made all necessary and reasonable enquiries, confirms that to the best of its knowledge and belief, there is no material omission nor are there any false or misleading statements in any material respect in this Prospectus.

In addition to the Issuer and the Underwriters, the Issuer does not delegate or authorize any other person or entity to provide information not included in this Prospectus or make any explanation to the Prospectus.

Investors may look up and read the full contents of the Prospectus within the duration of the Bond via the website of China Central Depository & Clearing Co., Ltd (www.chinabond.com.cn), www.chinamoney.com.cn, or in other designated locations or media. Prospective investors shall consult their stockbrokers, lawyers, professional accountants or other professional advisers for any question before purchasing or acquiring or subscribing to the Bond.

The issuance and distribution of this Prospectus and the issue and sale of the Bond are

not a waiver by NDB or by any of its members, Governors, Alternate Governors, Directors, Alternate Directors, Officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement on the New Development Bank or by any statute, law or regulation of any member of NDB or any political subdivision of any member, all of which are hereby expressly reserved.

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

The bond is not an obligation of any Government.

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SECTION 1 DEFINITIONS

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

“Agreement on the New Development Bank”	The agreement entered into by the Governments of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s Republic of China and the Republic of South Africa on 15th July 2014 for the establishment of the New Development Bank.
“Bondholder”	The holder of the Bond.
“Bookbuilding”	The process of determining the final interest rate/price and placement by the Issuer and the Bookrunner through recording the interest rate/price and quantity of the Bond to be subscribed by the Underwriting Syndicate and investors.
“Bookrunner”	Bank of China Limited, as the institution responsible for Bookbuilding, including all aspects of centralized bookbuilding such as formulating the centralized bookbuild workflow and specifically operating the centralized bookbuild, during the issue period of the Bond.
“Business Day”	Any day (other than Public Holiday or a Saturday or Sunday) when commercial banks are open for business in Mainland China.
“CCDC”	China Central Depository & Clearing Co, Ltd.
“Renminbi”	The lawful currency of the PRC.
“Day”	A calendar day.
“GHG”	Greenhouse Gases
“GBP”	Green Bond Principles, published by International Capital Market Association (ICMA)
“Green Bond Endorsed”	The Green Bond Endorsed Project Catalogue published by

Project Catalogue”		Green Finance Committee of China Society for Finance and Banking.
“Interbank Market”		The Chinese Inter-bank Bond Market.
“Issuer”		New Development Bank.
“Investors”		The investors in the Chinese Interbank Bond Market, the major participants in this market including banks, funds, insurance companies, security houses, trust companies and enterprises.
“Joint Lead Underwriters”		Industrial and Commercial Bank of China Limited, China Construction Bank Limited, China Development Bank Corporation, HSBC Bank (China) Company Limited and Standard Chartered Bank (China) Limited.
“Lead Underwriter”		Bank of China Limited.
“MDB”		Multilateral Development Bank.
“Member countries”		The Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s Republic of China and the Republic of South Africa.
“Prospectus”	or	“this Prospectus”
		“New Development Bank 2016 Series-1 Green Financial Bond Prospectus” relating to the Bond as revised, supplemented, amended or updated by any supplement to the Prospectus or by documents incorporated by reference from time to time as further described in Section 3.5 (“Information Disclosure”) and Section 14 (“Documents Available for Inspection”) and, in relation to the terms and conditions of a particular issue of Bond, by a supplemental Prospectus, as appropriate, relating to such particular issue of Bond.
“PBOC”		People’s Bank of China, the Central Bank of China.
“PBOC’s Announcement”	No.39	The PBOC NO. 39 [2015] <The Announcement on the Issuance of Green Financial Bond in the Chinese Interbank Bond Market>.

“Public Holiday”	A day which is a public holiday in China.
“Underwriter”	The single entity, number of entities or all institutions responsible for underwriting the Bond.
“Underwriting Agreement”	The underwriting agreement relating to the New Development Bank 2016 Series-1 Green Financial Bond entered into by and among the Issuer, the Lead Underwriter and the Joint Lead Underwriters, as amended by the parties from time to time.
“Underwriting Syndicate”	The syndicate organized by the Lead Underwriter for underwriting the Bonds and comprised of the Lead Underwriter, the Joint Lead Underwriters and other members of the Underwriting Syndicate.
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America.
“BRICS countries”	The Governments of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s Republic of China and the Republic of South Africa.

SECTION 2 SUMMARY OF THIS PROSPECTUS

2.1 Basic Information of the Issuer

The Agreement on the New Development Bank was signed on 15th July 2014 and entered into force on 3rd July 2015. The Bank is headquartered in Shanghai, China and will establish its first regional office in Johannesburg, South Africa. The Bank has an initial authorized capital of USD 100 billion and an initial subscribed capital of USD 50 billion, which is to be equally contributed by the five founding member countries. The initial subscribed capital includes paid-in capital of USD 10 billion and callable capital of USD 40 billion. The paid-in capital will be paid in 7 instalments.

The Bank was set up to mobilize resources for infrastructure and sustainable development projects in BRICS countries and other emerging economies and developing countries. To fulfill this purpose, the Bank will be supporting public or private projects through loans, guarantees, equity participation and other financial instruments, and thus will be playing a significant role in satisfying the needs of emerging economies and developing countries. As a complement to the existing multilateral and regional financial institutions, the Bank will strengthen cooperation between BRICS countries while boosting global economic growth and development.

NDB receives strong support from the governments of the member countries. With its corporate governance structure, internal control system, high level of paid-in capital and subscribed capital, NDB is well positioned for funding future projects as well as debt repayment. The members of its executive team have extensive management experience in banking industry, including international financial institutions.

2.2 Basic Information of the Bond

The following section sets out a brief summary of the terms of the Bond and is qualified in its entirety by the remainder of this Prospectus. For a detailed description of the Bond, see Section 3 (“Information of the Bond”).

(1) Name of the Bond

New Development Bank 2016 Series-1 Green Financial Bond

(2) Issuer

New Development Bank

(3) Lead Underwriter and Joint Lead Underwriters

Bank of China Limited – Lead Underwriter;

Industrial and Commercial Bank of China Limited, China Construction Bank Limited, China Development Bank Corporation, HSBC Bank (China) Company Limited and Standard Chartered Bank (China) Limited – Joint Lead Underwriters.

(4) Bookrunner and Bookbuilding Platform

The Bookrunner is Bank of China Limited; and the Bookbuilding platform is Bank of China Limited (Transaction Room, F2, Bank of China Limited Headquarter , No. 1 Fuxingmenbei Avenue, Beijing).

(5) Tenor of the Bond

5 years.

(6) Size of the Bond

Renminbi 3 billion.

(7) Form of the Bond

The Bond will be issued in registered form, to be centrally held in custody by CCDC.

(8) Denomination

The Bond will be issued in denominations of Renminbi 100, that is with each accounting entry for a Bond being Renminbi 100.

(9) Issue Price

The Bond will be issued at par.

(10) Minimum Subscription Amount

The minimum amount to be subscribed by a subscriber of the Bond shall be Renminbi 5,000,000 or integral multiples of Renminbi 1,000,000 in excess thereof.

(11) Interest Basis

Interest shall be fixed, based on an annual rate and calculated at simple interest, without any compounding. Additional interest will not be paid on any interest payment as a result of any delay in payment. Additional interest will not be paid on the principal of the Bond as a result of any delay in payment.

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

(12) Rate of Interest

The rate of interest shall be fixed. The final rate of interest shall be disclosed in an

announcement on the issuance by the Issuer after the book building exercise in respect of the Bond has been confirmed. The rate of interest shall not change during the term of the Bond.

(13) Offering Method

The Bond will be offered to the public through a Bookbuilding and centralised allocation process by the Underwriting Syndicate arranged by the Lead Underwriter.

(14) Rating

The Bond has been rated AAA.

(15) Notice on Taxation

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

2.3 Risk Factors

Prior to making an investment decision, each prospective investor should carefully consider the risk factors set out in this Prospectus. For further details, please refer to Section 4 Risk Factors. Such factors may have a material adverse effect on the financial condition of the Issuer.

SECTION 3 INFORMATION OF THE BOND

3.1 Major Issue Terms of the Bond

(1) Name of the Bond

New Development Bank 2016 Series-1 Green Financial Bond.

(2) Issuer

New Development Bank.

(3) Lead Underwriter

Bank of China Limited.

(4) Joint Lead Underwriters

Industrial and Commercial Bank of China Limited, China Construction Bank Limited, China Development Bank Corporation, HSBC Bank (China) Company Limited, and Standard Chartered (China) Bank Limited.

(5) Bookrunner and Bookbuilding Platform

The Bookrunner is Bank of China Limited; and the Bookbuilding platform is Bank of China Limited (Transaction Room, F2, Bank of China Limited Headquarter , No. 1 Fuxingmenbei Avenue, Beijing)

(6) Size of the Bond

Renminbi 3 billion.

(7) Tenor of the Bond

5 years.

(8) Nature of the Bond

The Bond constitutes a legal, valid, binding, direct and unsecured obligation of the Issuer.

(9) Rank of Payment

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

(10) Guarantee

The Bond is not guaranteed by any third party.

(11) Form of the Bond

The Bond will be issued in registered form, to be centrally held in custody by CCDC.

(12) Use of Proceeds

The proceeds of the Bond issue will be used for infrastructure and sustainable development projects in BRICS countries and other emerging economies and developing countries, according to the Green Bond Endorsed Project Catalogue, PBOC's No.39 Announcement and GBP.

(13) Denomination

The Bond will be issued in denominations of Renminbi 100, which is with each accounting entry for a Bond being Renminbi 100.

(14) Issue Price

The Bond is issued at par.

(15) Minimum Subscription Amount

The minimum amount to be subscribed by a subscriber of the Bond shall be Renminbi 5,000,000 or integral multiples of Renminbi 1,000,000 in excess thereof.

(16) Interest Basis

Interest shall be fixed, based on an annual rate and calculated at simple interest, without any compounding. Additional interest will not be paid on any interest payment as a result of any delay in payment. Additional interest will not be paid on the principal of the Bond as a result of any delay in payment.

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

(17) Rate of Interest

The rate of interest shall be fixed. The final rate of interest shall be disclosed in an announcement on the issuance by the Issuer after the bookbuilding exercise in respect of the Bond has been confirmed. The rate of interest shall not change during the term of the Bond.

(18) Form of underwriting

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

(19) Issuance Date/Bookbuilding Date

[•]

(20) Offering Period

From [●] to [●]

(21) Payment Date

[●].

(22) Interest Commencement Date

[●].

(23) Interest Payment Period

From [●] to [●].

(24) Interest Payment Date

The interest payment date (“Interest Payment Date”) for the Bond is [●] of each year during the Interest Payment Period. The last interest payment date shall be on [●]. If the interest payment date falls on a Public Holiday or a Saturday or Sunday, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponement.

(25) Maturity Date

The maturity date of the Bond is [●] (the “Maturity Date”). If the Maturity Date falls on a Public Holiday or a Saturday or Sunday, it will be postponed to the next Business Day. Additional interest will not be paid on the principal of the Bond as a result of such postponement.

(26) Interest and Principal Payment

Interest on the Bond shall be paid annually, with the principal being paid on maturity.

(27) Method of payment of principal and interest

While the Bond is still outstanding, the Issuer shall, two Business Days prior to any Interest Payment Date or five Business Days prior to the Maturity Date for the principal and last interest payment, publish a “payment announcement” or “maturity announcement” on the media platform requested by competent authorities in accordance with relevant regulations. The interest and principal payable in respect of the Bond shall be made in accordance with the rules of CCDC, and shall be completed by an agent of CCDC.

(28) Method of the Offering

The Bond will be offered to the public through a Bookbuilding and centralised

allocation process by the Underwriting Syndicate arranged by the Lead Underwriter.

(29) Early Redemption

The Issuer shall have the right to terminate its obligation under the Bond if performance of such obligations shall have become unlawful or impracticable in whole or in part, including without limitation as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive issued by any government, administrative authority, legislative or judicial authority or power. In such circumstances, the Bond shall be redeemable at the option of the Issuer at an amount equal to the fair market value of the Bond immediately prior to such early redemption (rather than the fair market value immediately prior to the circumstances leading to the redemption), adjusted to account fully for any expenses and costs incurred by the Issuer in connection with the Issuer's obligations under the Bond as a result of such events.

(30) Right to sell back

Investors cannot sell back the Bond to the Issuer before the Maturity Date.

(31) Rating

The Bond has been rated AAA.

(32) Trading

After the completion of the issue of the Bond and confirmation of the rights and obligations relating to the Bond, and upon completion of registration with CCDC, the Bond can be traded in Chinese Interbank Bond Market in accordance with its rules.

(33) Custodian

China Central Depository & Clearing Co, Ltd.

(34) Notice on Taxation

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

(35) Governing Law

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

(36) Dispute Resolution

Any dispute arising out of or in connection with the Bond shall be submitted to the China International Economic and Trade Arbitration Commission ("CIETAC") for

arbitration in Shanghai, subject to the following provisions:

(i) Unless otherwise agreed by the parties, the arbitration shall be conducted in accordance with the 2015 CIETAC Arbitration Rules in effect as at the date of the bond offering document;

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

(iii) Language

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

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

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

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

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

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

(iv) There shall be three arbitrators and each such arbitrator shall in no circumstances be an individual who holds (or has at any time in his or her lifetime held) Chinese nationality. All arbitrators appointed must be fluent in the English and Chinese languages;

(v) The parties agree to the nomination and appointment of arbitrators from outside of CIETAC's Panel of Arbitrators. Where the Chairman of CIETAC is entrusted or required to appoint an arbitrator, either as a result of a party's failure to nominate its

proposed arbitrator or because of the parties' failure to jointly nominate the presiding arbitrator or to submit their respective lists of recommended candidates for the presiding arbitrator, the Chairman of CIETAC shall choose and appoint the relevant arbitrator from the list of CIETAC's Panel of Arbitrators;

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

(37) Payment Event of Default

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

(38) Modification, Waiver and Substitution

In the situations specified below, the Issuer may, without the consent of any Bondholder modify, waive or delegate any matter:

- (i) Where the modification, waiver or delegation does not prejudice the interests of the Bondholders; or
- (ii) Where the modification of the Bond is of a formal, minor or technical nature or is made to correct a manifest error or where the modification, waiver or delegation is made to comply with mandatory provisions of law.

(39) Target Investors

The investors in the Chinese Interbank Bond Market (except for those prohibited by state laws and regulations from purchasing the Bond).

3.2 Subscription and Custody

(1) The Bond will be offered to the public through a bookbuilding and centralised allocation process. The measures and requirements for the Investors participating in the bookbuilding and allocation process will be specified in the Measures for Subscription and Allotment of the Bond to be issued by the Lead Underwriter;

(2) The Investors shall subscribe for the Bond by placing tender offers in compliance with the Measures for Subscription and Allotment of the Bond; where there are any other requirements in any laws or regulations, such requirements shall be obeyed;

(3) CCDC shall be the registrar to and custodian of the Bond;

(4) The Investors subscribing for the Bond shall have a Type A or Type B custody account opened directly with CCDC, or a Type C custody account opened indirectly through a bond settlement agent in the Chinese Interbank Bond Market with CCDC;

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

(6) No additional expenses will be charged to the Investors when proceeding with the formalities for subscription, registration and custody. When proceeding with the formalities for registration and custody, requirements of the bond custodian shall be obeyed; and

(7) If any of the above provisions with respect to subscription and custody conflict with or contradict to any laws, regulations, or rules of CCDC, either current or to be amended from time to time, such current or amended laws, regulations or rules of CCDC shall prevail.

3.3 Representations and Warranties of the Issuer

As the Issuer of the Bond, the Bank represents and warrants that:

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

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

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

are legal, valid and enforceable under PRC law;

- (4) The Bank has, as required by the regulatory authorities, competent authorities and other relevant authorities, submitted to, or registered or filed with, such authorities in an appropriate form all the reports, resolutions, registration forms and other required documents on schedule;
- (5) The information provided by the Bank for the Investors is true, complete and accurate in all material respects; and
- (6) The representations and warranties made by the Bank to the Investors in respect of the current facts and conditions at the time of the issuance of the Bond are true and accurate.

3.4 Subscription Commitments of the Investors

As at the subscription of the Bond, each Investor shall commit that:

- (1) It has full power, rights and authority to purchase the Bond and has taken all the corporate actions and other actions necessary for the purchase of the Bond;
- (2) The purchase of the Bond, the performance of any obligation under the Bond or the enforcement of any right under the Bond will not conflict with any law, rule, regulation, judgment, order, authorization, agreement or obligation applicable to it;
- (3) When making any assessment of the Bond and upon the purchase of the Bond, it has fully understood and carefully considered various risks related to the Bond;
- (4) It accepts, and agrees to be bound by, all the provisions contained in the announcement on the issuance and Prospectus with respect to its rights and obligations under the Bond; and
- (5) To the extent required by the future business operations of the Issuer and subject to the approval of the relevant authorities, the Issuer may, after the completion of the issuance of the Bond, continue to offer new financial bonds that have the same repayment order as the Bond, without the consent of any Investor in the Bond.

3.5 Information Disclosure

The Bank will truly, accurately, completely and in a timely manner disclose the

information related to the Bonds in accordance with the requirements of the regulators and competent authorities, which mainly includes its periodic reports, use of proceeds, disclosure of material events and credit tracking assessment rating reports.

(1) Pre-issuance Disclosure

The Bank will disclose the set of issuance materials in accordance with relevant requirements, and in addition will provide a further introduction of the project selection criteria and procedures, funding management and information disclosure in respect of green industry projects. Moreover, the Bank will engage an independent third-party organization qualified and experienced in the project certification and financial audit in the green industry to conduct the pre-issuance certification of green financial bonds, which is aimed to ensure that all proceeds from the offering of the Bond will be invested in green industry projects, funding management requirements will be consistent with the relevant standards and the environmental and social impact of the projects so selected will conform to the expectations of Investors.

(2) Periodic Reporting

As long as the Bond is outstanding, the Bank will disclose the annual report within four months after the end of each financial year, which will include the statement of the Issuer's operation in the last year, the financial reports audited by CPA and material litigation in which the Issuer involves.

(3) Use of Proceeds

As long as the Bond is outstanding, the Bank will make quarterly disclosures to the market regarding the use of proceeds from the offering of the Bond for the purpose of financing of green industry projects. No later than April 30 every year, the Bank will disclose the annual report and specialized audit report regarding the use of proceeds in the last year as well as the statement of use of proceeds in the first quarter of the current year, and will report the use of proceeds from the offering of green financial bond in the last year to the People's Bank of China.

(4) Tracking & Assessment

The Bank will engage an independent third-party organization with relevant experience and qualifications every year for tracking and assessing the supports provided by green financial bonds to green industry projects and environmental benefits, and will disclose assessment reports produced thereby.

(5) Disclosure of Material Events

The Bank will in a timely manner report to the competent authorities and regulators any event that would have a significant effect on the Issuer's obligations with respect to the Bond and make related disclosures to the Investors as required by such competent authorities and regulators.

(6) Credit Tracking Assessment Rating Report

As long as the Bond is outstanding, the Bank will disclose the credit tracking assessment rating report no later than July 31 every year.

(7) Others

The Bank will disclose any other information required to be disclosed in accordance with the Operating Rules for Administering the Issuance of Financial Bonds on the National Interbank Bond Market.

As long as the Bond is outstanding, the scope and contents of information disclosure of the Bond will continuously meet the requirements of the existing laws and regulations, and will be adjusted from time to time based on the adjustments made by any regulators to related regulatory policies.

SECTION 4 RISK FACTORS

Prospective investors of the Bond should carefully consider all information set out in this Prospectus and in particular, the risks described below before making any investment decision. This Section provides an overview of certain risk factors, of which prospective investors should be aware as they may potentially affect the investment value of the Bond. This Section does not purport to be a complete or exhaustive description of all risk factors. Accordingly, prospective investors should undertake their own assessment and analysis on NDB, its business and the risks associated with the Bond.

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

4.1 Liquidity Risks

The Bond will be traded in the Interbank Market complying as per applicable regulations and laws. But there's no assurance from the Issuer that the market could provide enough liquidity to investors for the sale of the Bond in whole or in part. Neither can the price of the Bond be promised or guaranteed. The liquidity risk exposes investors to the hardship of selling the bond in secondary market and possible huge fluctuation of Bond price, which may require Investors' understanding and further assessment of the Bond.

4.2 Interest Rate Risk

The Bond will carry a fixed interest rate. However, in the secondary market, such interest rate may not reflect the actual market interest rate during the tenor of the Bond, independent of the creditworthiness of NDB. Affected by global economic conditions and macroeconomic policies of local government, there is an uncertainty of volatility of market interest rate. Therefore, the Bond investors may receive a lower return or suffer a loss in the Bond investment if the market interest rate increases during the tenor of the Bond.

4.3 Suitability Risks

Each potential Bond investor must determine the suitability of the investment in light of its own circumstances. Any investment in the Bond is subject to a number of risks.

Prior to investing in the Bond, prospective investors should carefully consider risk factors associated with any investment in the Bond, the business of the Bank and the industry and jurisdictions in which it operates.

4.4 Macroeconomic Volatility Risk

NDB is an international multilateral development bank founded by five countries, Brazil, Russia, India, China and South Africa and is supported by the governments of these member countries in all aspects. In view of the current uncertainty of macroeconomic trends worldwide, particularly in developing countries and areas, if the domestic macroeconomy of BRICS countries fluctuates in the future, it may affect the support of the governments of the member countries to NDB and could therefore impact the business of NDB.

4.5 Legal Risk

Legal considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bond is a legal investment for it, (2) Bond can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bond. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bond under any applicable risk-based capital or similar rules.

SECTION 5 DESCRIPTION OF THE ISSUER

English Name: New Development Bank

Chinese Name: 新开发银行

Abbreviation: NDB

Formation: The Agreement on the New Development Bank signed on 15th July 2014

The Agreement on the New Development Bank entered into force on 3rd July 2015

President: Mr. K.V. Kamath

Contact: Mr. Leslie Maasdorp

Phone: 021-80211823

Fax: 021-80211990

URL: www.ndb.int

5.1 Establishment, Membership and Location

The Agreement on the New Development Bank was signed on 15th July 2014 and entered into force on 3rd July 2015. The founding members are BRICS countries, equally providing the initial subscribed capital of the Bank.

According to the Agreement on the New Development Bank of the NDB, its membership is open to Members of the United Nations.

The Bank is headquartered in Shanghai, China. The Bank may establish offices necessary for the performance of its functions. The first regional office shall be in Johannesburg, South Africa.

5.2 Purpose and Business Operations

1 Purpose

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

2 Business Operations

The Bank may guarantee, participate in, make loans or support through any other financial instrument, public or private projects, including public-private partnerships, in any borrowing member country, as well as invest in the equity, underwrite the equity issue of securities, or facilitate the access to international capital markets of any business, industrial, agricultural or services enterprise with projects in the territories of borrowing member countries.

The Bank may co-finance, guarantee or co-guarantee, together with international financial institutions, commercial banks or other suitable entities, projects within its mandate.

The Bank shall apply sound banking principles to all its operations, ensure adequate remuneration and have in due regard the risks involved; the Bank shall not allow a disproportionate amount of its resources to be used for the benefit of any member. The Bank shall seek to maintain reasonable diversification in all of its investments.

The Bank shall place no restriction upon the procurement of goods and services from any country member from the proceeds of any loan, investment or other financing undertaken in the ordinary or special operations of the Banks, and shall, in all appropriate cases, make its loans and other operations conditional on invitations to all member countries to tender being arranged.

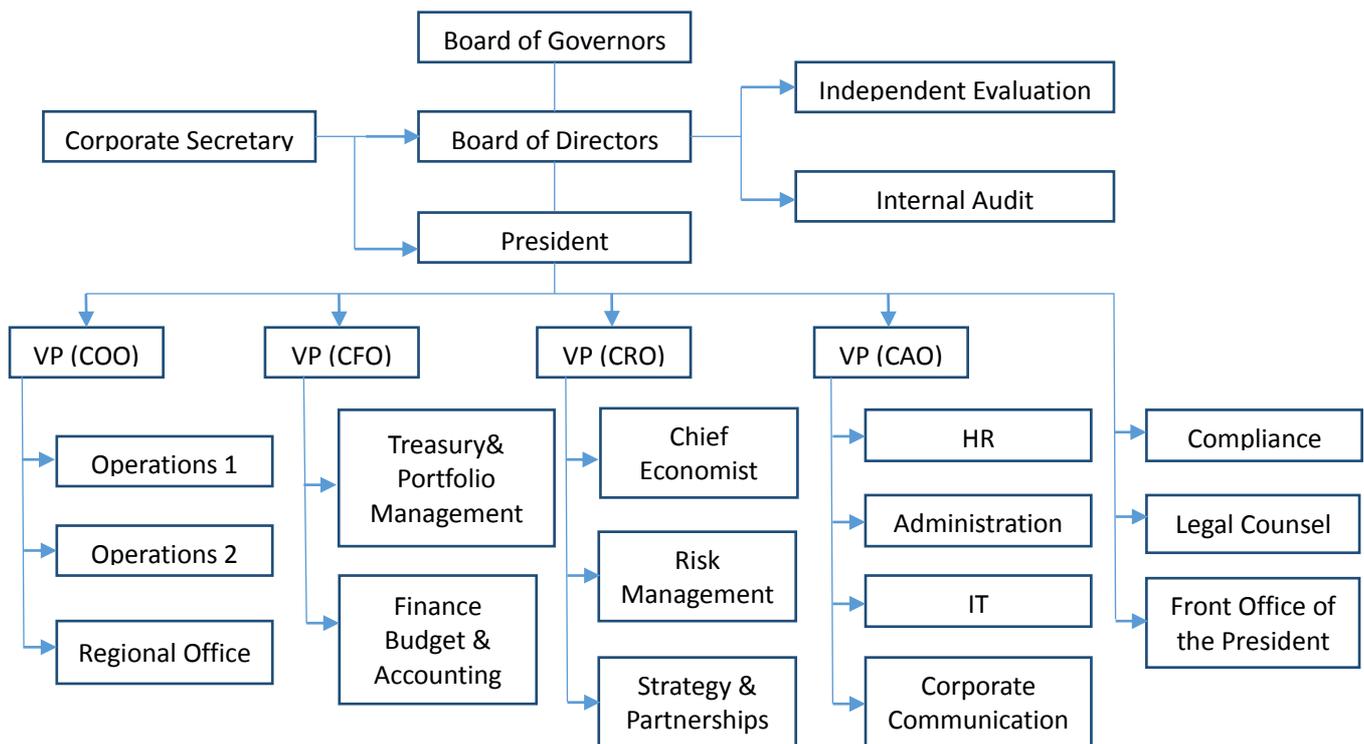
The Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by the Bank, or any equity investment, are used only for the purposes for which the loan or the equity investment was granted and with due attention to considerations of economy and efficiency.

3 Shareholding and Capitalization

Each founding member shall initially subscribe 100,000 (one hundred thousand) shares, in a total of ten billion dollars (US\$10,000,000,000), of which 20,000 (twenty thousand) shares correspond to paid-in capital, in a total of two billion dollars (US\$2,000,000,000) and 80,000 (eighty thousand) shares correspond to callable capital, in a total of eight billion dollars (US\$8,000,000,000).

4 Management and Governance

Chart 5.1: Issuer's Organisation Chart



The Issuer has instituted a Governance Structure comprising of a Board of Governors, a Board of Directors, a President and four Vice-Presidents. The Board of Governors is the highest decision-making authority of the Issuer with all the powers of the Issuer vested in them and persons appointed as members of the Board of Governors shall be at ministerial level in member countries. The Board of Governors comprises of one governor and one alternate appointed by each member and the Board of Governors shall select on an annual basis one of the Governors as Chairperson. The matters on which Board of Governors has the authority to decide is laid down in the Agreement on the New Development Bank. Each member of the Board of Governors is entitled to cast votes of the member country which he represents. The voting power of each member of the Issuer shall be equal to the number of shares subscribed in the capital stock of the Issuer. The details of members of the Board of Governors are given in the table below:

(i) Mr. Anton Siluanov (Russia)

Chairman of the Board of Governors:

Minister of Finance

(ii) Mr. Arun Jaitley (India)

Governor

Minister of Finance; Minister of Corporate Affairs and Information & Broadcasting;

Minister of Vice-Chairman of the Board of Governors:

(iii) Mr. Nelson Henrique BARBOSA Filho (Brazil)

Governor

Minister of Finance

(iv) Mr. Lou Jiwei (China)

Governor

Minister of Finance

(v) Mr. Pravin Jamnadas Gordhan (South Africa)

Governor

Minister of Finance

Under the Board of Governors is the Board of Directors. Each of the founding members has appointed one Director and Alternate. These Directors are neither officers nor staff of NDB. The Board of Directors shall appoint a non-executive Chairperson from among the Directors. The President is the only member of the Board of Directors from management, serving as a non-voting member. The details of members of the Board of Directors are given in the table below:

(i) Mr. Luis Antonio Balduino Carneiro (Brazil)

Chairman of the Board of Directors:

Secretary for International Affairs, Ministry of Finance

(ii) Mr. Sergei Storchak (Russia)

Director

Deputy Minister of Finance of the Russian Federation

(iii) Mr. Dinesh Sharma (India)

Director

Additional Secretary (Economic Affairs) of the Ministry of Finance

(iv) Mr. Zhijun Cheng (China)

Alternate Director

Deputy Director General, International Economic and Financial Cooperation Department, Ministry of Finance

(v) Mr. Tito Mboweni (South Africa)

Director

8th Governor of the South African Reserve Bank

(vi) Mr.K.V.Kamath (India)

President, New Development Bank

The Board of Directors is responsible for the conduct of the general operations of the Issuer, particularly take decisions concerning business strategies, country strategies, loans, guarantees, equity investments, borrowing by the Issuer, setting basic operational procedures and charges, furnishing of technical assistance and other operations of the Issuer, in conformity with the general directions of the Board of Governors, submit the accounts for each financial year for approval of the Board of Governors at each annual meeting, and approve the budget of the issuer.

The Board of Directors has appointed an Audit, Risk, Budget and Compliance Committee (ARBC) and a Credit and Investment Committee (CIC) to discharge responsibilities as per terms of reference laid down for the respective Committees. All the members of the Board of Directors are members of the ARBC and the President and four Vice-Presidents are members of the CIC.

The Executive Management of the Issuer comprises of the President and four Vice-Presidents. The President of the Issuer is elected by the Board of Governors from one of the founding members on a rotational basis. The President shall not be a Governor or a Director or an Alternate for either. One Vice-President is appointed from each of the founding members except the country represented by the President by the Board of Governors on the recommendation of the President. The President and Vice-Presidents are appointed for a term of five years, non-renewable except for the first term of Vice-Presidents, whose mandate shall be for six years. The details of the Executive Management along with a brief of their areas of responsibilities are given in the table below:

(i) Mr. K.V. Kamath (India)

President

Chief of the operating staff, responsible for conducting the ordinary business. Mr. K.V. Kamath is one of India's most accomplished and acknowledged business leaders. He started his illustrious career in 1971 with ICICI, India's largest private sector bank. In 1988, he joined the Asian Development Bank in Private Sector department. He came

back to India in 1996 as MD & CEO of ICICI Bank. In the following years, ICICI Bank expanded its boundaries and became India's first 'universal bank'. Mr. Kamath spearheaded this transition that became a pivotal point in Indian banking. He retired as MD & CEO to become the non-executive Chairman from 2009 to 2015. Mr. Kamath served as Chairman, Infosys Limited and Co-Chair of World Economic Forum's annual meeting in Davos. He also served on the board of Schlumberger Limited.

(ii) Mr. Paulo Nogueira Batista Jr. (Brazil)

Vice-President

Chief Risk Officer responsible for Economic Research, Risk Management, Strategy and Partnerships. A well-known Brazilian economist, he was the Executive Director representing Brazil and ten other countries at the International Monetary Fund (IMF) from April 2007 to June 2015. Prior to joining the IMF, he served as Secretary for Economic Affairs in the Ministry of Planning, Brazil. He has held various senior leadership offices such as Advisor on External Debt to the Minister for Finance and Head of the Center for Monetary and International Economics Studies, Getúlio Vargas Foundation in Rio de Janeiro.

(iii) Mr. Vladimir Kazbekov (Russia)

Vice-President

Chief Administrative Officer responsible for Human Resources, Information Technology, Administration and Corporate Communications. Mr. Kazbekov worked in the executive position for the Russian National Development Bank - the state corporation bank for development and foreign economic affairs (Vnesheconombank) for more than 15 years. During this time Mr. Kazbekov gained extensive experience in the field of development finance. He has greatly contributed to the development of BRICS Interbank cooperation mechanism that includes the national development banks of BRICS countries. Prior to his appointment in Vnesheconombank Mr. Kazbekov served as the Deputy Director of the Foreign Policy Department of the Presidential Executive Office of the Russian Federation. He has nearly 20 years of experience in the Russian Ministry of Foreign Affairs, predominantly in Asian countries.

(iv) Mr. Xian Zhu (China)

Vice-President

Chief Operations Officer responsible for Operations including project lending, operational compliance and project procurement as well as the regional office of the Issuer. Over the past three decades, Mr. Zhu assumed various senior management roles in the public sector. Most recently Mr. Zhu served as Vice President and Chief Ethics Officer at World Bank Group from 2012 to 2015. Since 2002, he served as Strategy and Operations Director for South Asia, Country Director for Bangladesh (based in Dhaka) and Country Director for the Pacific Islands, Papua New Guinea, and Timor-Leste (based in Sydney). From 1999 to 2001, Mr. Zhu served as Executive Director for China in the World Bank Group. In 2001, Mr. Zhu served in Asian Development Bank based in Manila, the Philippines, first as Senior Advisor for Infrastructure Department, Western Asia Region (South Asia), and then appointed as Principal Director, Co-Finance. Until the late 1990s, Mr. Zhu worked at China's Ministry of Finance in various capacities. His last job in Ministry of Finance was Director General, International Department. He also worked in different departments, including External Finance, World Bank Operations and Sovereign Debt Management.

(v) Mr. Leslie Maasdorp (South Africa)

Vice-President

Chief Financial Officer responsible for Treasury and Portfolio Management as well as the Finance, Budgeting and Accounting functions. Over the past 25 years, he has occupied senior leadership roles in both private and public sectors. Most recently he served as a Managing Director and President of Bank of America Merrill Lynch for Southern Africa for a period of four years. Prior to that, he served in a dual role as Vice Chairman of Barclays Capital and Absa Capital. In 2002 he was the first African to be appointed as International Advisor to Goldman Sachs International. Before his 13 years as a global investment banker, he served in several senior leadership roles in the Government of South Africa. In 1994 after the transition to democracy, he was appointed as Special Advisor to the Minister of Labour and in 1999, in his role as Deputy Director General of the Department of Public Enterprises, he led the restructuring and privatization of state-owned enterprises for the South African

Government. He is a former Chairman and CEO of Advtech, a leading provider of private education in South Africa. Leslie is a young global leader of the World Economic Forum.

In terms of the Organization Structure of the Issuer, apart from the four Vice-Presidents who report to the President, the office of Compliance, Legal Counsel, Corporate Secretary and Front office of the President report into the President.

The Board of Directors has also approved constitution of Finance Committee along with its terms of reference comprising of the members of Executive Management. Below the Finance Committee are two sub-committees namely Treasury Sub-Committee and Operations Sub-Committee comprising of members of Executive Management and staff members of the Issuer.

5 Risk Management

The Issuer has formulated a Risk Management Framework to manage risks and ensure development of business operations. The Issuer has put in place policies to address credit, market and operational risks. The Risk Management process comprises of four steps namely risk identification, measurement, mitigation and reporting. The policies are subject to revision under the supervision of the Board of Directors, ARBC, Executive Management and Risk Division.

6 Asset Quality

The Board of Directors has in April 2016 approved the first set of projects to grant loans and loan disbursements to the borrowers are expected in the near future.

7 Strategy of Issuer for the Next 5 Years

NDB is the first institution of global scope set up exclusively by emerging economies. Its establishment reflects the rise of these countries in the past decades and a shared view that they can contribute to economic growth, employment creation and sustainable development in a new way. The Bank will learn from the experience of existing Multilateral Development Banks and complement their efforts, while seeking to establish and follow “next practices” in the world of development finance. NDB will take as its starting point the needs of developing countries, pay greater attention to their national situations and embody their values.

The voting power of founding members is based on their equal willingness to

contribute to the institution. No single member controls the Bank or has veto power over any decision, obviating the risk of standstill posed by unanimity requirements.

A lean and flat organization structure, able to evolve as NDB grows, will result in lower administrative costs.

Apart from relying on member countries' paid-in capital, the Bank will raise funds through treasury activities to finance its operations. Given that the Bank intends to fund operations in members' currencies, it will explore onshore and offshore fundraising opportunities in those currencies with due regard to hedging mechanisms and to the mix of currencies and tenors. The Bank will actively explore opportunities for green bonds. Based on the Issuer's expected loan projects in the pipeline and likely disbursements in 2016 and 2017, it has formulated RMB bond issuance plan aggregating up to RMB 10 billion within which it would come out with issuances from time to time with an understanding that at all times aggregate of all issuances would not exceed the umbrella limit.

Efficiency and risk management will be emphasized simultaneously in operation. Shortening the approval period of projects to 6 months without compromising the quality and adopting national safeguard system after NDB's thorough assessment are initial attempts currently. NDB is expected to commit between \$1.5 billion and \$2 billion in fiscal year 2016, between \$2 billion and \$2.5 billion in 2017, and between \$4 billion and \$5 billion in 2018. In line with its mandate, the NDB will provide these resources for infrastructure and sustainable development projects in BRICS countries and other emerging economies and developing countries.

SECTION 6 FINANCIAL CONDITION

As per the Agreement on the New Development Bank, the initial authorized capital is US \$ 100 billion and initial subscribed capital is US \$ 50 billion. The initial subscribed capital is divided into paid-in capital of US \$ 10 billion and callable capital of US \$ 40 billion. Each of the founding members has made payment of first instalment of paid-in capital on time by January 2016. The paid-in capital would be made by members in 7 instalments as per the Agreement on the New Development Bank. Further, the total amount outstanding in respect of ordinary operations of the Issuer shall not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus included in its ordinary capital resources. The Issuer was established in July 2015 and in April 2016 has approved four projects to support green projects. All the four projects have been approved after a rigorous and thorough credit appraisal process. Disbursements of the loan are expected to commence in the current year. As of the date on the cover page of this Prospectus, the Bank has no debt that is due and payable.

SECTION 7 GREEN FINANCE STRATEGY AND USE OF PROCEEDS

7.1 Green Finance Strategy in NDB

The NDB shall mobilize resources for infrastructure and sustainable development projects in emerging economies and developing countries. As a new multilateral Development Bank, NDB plans to introduce innovative approaches to its business activities including its funding and investment strategies. In drawing up its business plans, NDB is pursuing the Green Financing route as a potential source of funding while also considering using green criteria in its investment decisions, which could work as a strong signal of the commitment of the Bank to sustainable development.

A green bond will be the first option for NDB's first local currency bond issuance. NDB aims at being the first MDB to issue green bond in the largest emerging market – China. Both domestic and international principles, including GBP and the PBOC's No 39 Announcement will be followed. NDB will adopt the best international practices to involve a third-party verification organization in order to ensure that the NDB's green bond meets international and domestic requirements. The third-party verification organization will conduct green bond pre-issuance assurance and post-issuance assurance work, which will focus on the following four areas: 1. Use of proceeds; 2. Process for project evaluation and selection; 3. Management of proceeds; and, 4. Information Disclosure and Reporting. The option for issuing a green bond and NDB's clear commitment to sustainable development can work as a demonstration of the viability of a green economy.

NDB has established an environmental framework and has formulated guideline that promotes the use of strong country and corporate systems. This is a demonstration of NDB's belief in the existence of different routes to achieve a greener economy as well as of our understanding that paths towards a greener world shall take into account the different levels of development of countries. NDB's environmental framework and guideline will help the institution to address the unintended consequences related to its projects as well as to prioritize activities with more robust environment results. The evaluation of green projects will focus on technology, achievement of clean energy and environment, and sustainable development.

7.2 Use of proceeds

The proceeds of the Bond issue will be used for infrastructure and sustainable development projects in BRICS countries and other emerging economies and developing countries, according to the Green Bond Endorsed Project Catalogue, PBOC's No.39 Announcement and GBP, which include but not limited to the following eligible projects and sectors:

- Clean energy.
- Clean transportation.
- Resource conservation and recycling.
- Pollution control.
- Energy efficiency.
- Biodiversity conservation and climate change adaptation.
- Other measures as will be defined by the NDB strategy and member countries' strategies.

Based upon the Bank's strategy and the mandate and priorities articulated in the Agreement on the New Development Bank, the Bank's focus on initial sectors and projects cover type 5 clean energy of the Green Bond Endorsed Project Catalogue, renewable energy and pollution prevention and control category of GBP. The four nominated projects are from Brazil, India, China and South Africa project pipeline, totaling to USD 635 million, which is approximately equivalent to 4.17 billion RMB. Following are some qualified projects:

1. Provide USD 80.77 million to Shanghai Linggang Hongbo New Energy Development CO.Ltd, which is located in China and comprises 23 sub-projects. All sub projects are expected to be in operation by 2018 reaching a total installed capacity of 100MW. Annual power generation is estimated at 98.6 million kWh which leads to carbon emission avoidance of approximately 73,000 tons per year. The project falls into the category of clean energy (category 5) of the Green Bond Endorsed Project Catalogue.
2. Provide USD 180 million to Eskom Holdings State-Owned-Company Limited (ESKOM). The project is proposed to facilitate development of grid connection infrastructure for renewable energy project. The renewable energy capacity supported is about 670 MW, with estimated 1.3 million tons of carbon emission avoidance annually. The project falls into the category of the renewable resources of GBP.

SECTION 8 GREEN BOND INTERNAL GUIDELINE OF NDB

The Bank's Green Bond Internal Guideline (hereinafter referred to as "the Guideline") is developed on the basis of the Bank's policies, international and domestic standards and relevant regulations, with a purpose to promote green finance and regulate green bond issuance and proceeds management of the Bank.

The Guideline is consistent with GBP, PBOC's No 39 Announcement, the Green Bond Endorsed Project Catalogue, as well as applicable laws and regulations of respective countries.

The Guideline shall be used to regulate domestic and overseas green bond issuance, project evaluation and selection, proceeds management, third party assurance and information disclosure and reporting.

8.1 Project evaluation and selection

1. Environmental and social principles

In order to seek to balance economic, social and environmental interests through its operations, the Bank has established Environment and Social Framework to promote sustainable development. The core principles related to environmental and sustainable issues includes:

- Inclusive and sustainable development.
- Country systems.
- Climate change.
- Environment interests.
- Conservation of natural resources.

2. Project processing

Stage 1: Project identification

Projects are identified in the course of preparation of the country project pipeline which is used to implement the Bank's mandate and plan.

Stage 2: Project classification

Project's initial classification depends on its sector and thematic category and also other characteristics. The project processing division is responsible for deciding project classification in consultation with other divisions as needed.

Stage 3: Project appraisal

The project team appraises the viability of the project after adequate feasibility work has been done. The appraisal elements involve the following:

- Development outcome and impact.
- Strategic relevance and approach.
- Financing plan.
- Environment and social aspects.
- Fiduciary aspects.
- Technical and economic aspects.
- Policy and institutional aspects.
- Implementation arrangements.
- Risk assessment and management.
- Project's long-term achievability of development objectives.

Stage 4: Green project screening

For the green bond, green projects shall be categorized in accordance with the Green Bond Endorsed Project Catalogue along with the PBOC's No.39 Announcement and green project categories recommended by GBP.

Stage 5: Approval process

The projects shall be approved by the Bank's Credit and Investment Committee and the Board of Directors.

Stage 6: Project Implementation/monitoring

The project team prepares Project Administration Manual including key milestones in project implementation and the associated time frames, project readiness checklist to achieve better coordination to speed-up implementation, roles and responsibilities of the executing agency, project management arrangements to NDB's satisfaction, etc.

8.2 Use and Management of Proceeds

The proceeds of each NDB Green Bond will be used to finance eligible sectors and projects that promote the transition to provide clear environmental sustainability benefits. The Guideline sets out the management of both allocated proceeds and unallocated ones.

In the management and utilisation of proceeds, the Bank will carry out integrated

planning of the timing and projects, and promote green projects loan in a planned way. Prior to the loan disbursement, the Bank will evaluate, select and review green projects in accordance with the requirements and standards set forth in GBP, PBOC's No 39 Announcement and Green Bond Endorsed Project Catalogue in order to ensure that all the green loan projects meet the regulatory requirements and standards.

For allocated proceeds, the usage of the proceeds for the eligible projects will be conducted by either using ledger book or opening a separate account in order to track and control the receipt of funds, use of proceeds and recoveries.

The investments by unallocated proceeds would also be tracked and monitored along with the information such as instrument type, investment amount and tenor, annual rate of return, etc. The Bank's internal responsible departments will ensure the unallocated proceeds will not be invested in GHG intensive, highly polluting or energy-intensive projects, and projects prohibited by national regulations wherever applicable.

8.3 Third Party Assurance

Pre-issuance stage: NDB will engage a third-party agency to assure that no error was identified in use and management of proceeds, project evaluation and selection, information disclosure and reporting during NDB 2016 Series-1 Green Financial Bond issuance process and that the entire process is in accordance with the requirements of GBP, PBOC's No 39 Announcement and the Green Bond Endorsed Project Catalogue.

Post-issuance stage: NDB will engage a third party to assure:

1. that no error was identified in use and management of proceeds, project evaluation and selection, information disclosure and reporting during the Bond issuance process and that the entire process is in accordance with the requirements of GBP, PBOC's No 39 Announcement and the Green Bond Endorsed Project Catalogue; and
2. that projects' development and environmental impacts are evaluated.

8.4. Information Disclosure

The Guideline regulates the information disclosure for both pre-issuance and post-issuance stage.

The disclosed information will include:

- Use of proceeds of each quarter;

- Special audit report on use of proceeds of last year;
- Assurance report on green projects and environmental performance by a third party.

SECTION 9 THIRD-PARTY ASSURANCE ON GREEN BOND

Issuer has engaged Ernst & Young Hua Ming LLP (hereinafter referred to as “EY”) to undertake pre-issuance assurance for the Bond. Based on EY’s limited assurance procedures, no error has been identified in use and management of proceeds, project evaluation and selection, information disclosure and reporting during the Bond issuance process that is not in accordance with the purpose set out there in alignment with the requirements of GBP, PBOC’s No 39 Announcement and Green Bond Endorsed Project Catalogue. The assurance procedure is as described below:

9.1 Use and Management of Proceeds

To ensure that the proceeds raised from the Bond issuance can be traced and are invested in eligible projects, the accounting department will use ledger book or open a separate account in order to carry out centralized management of proceeds of green financial bonds and ensure the proceeds be used for specified purposes and for green industry projects only during the tenor of the bond.

To manage the circulation and timing of proceeds, the projects will be planned, managed by the Bank and carried forward under the Bank’s green projects loan services. Prior to the loan disbursement, the Issuer will screen, assess, and perform analysis for the nominated projects in accordance with the Environmental and Social Framework developed by the Issuer as well as GBP, PBOC’s No 39 Announcement and Green Bond Endorsed Project Catalogue in order to ensure that all the eligible projects meet the applicable requirements and standards in China and member countries.

During the tenor of the Bond, NDB will monitor use of proceeds on a regular basis. A qualified third party will be engaged to review use and management of proceeds and issue an assurance report on a yearly basis. Furthermore, as specified by the Issuer, the unallocated proceeds will not be invested in GHG intensive, highly polluting or energy-intensive projects. Unallocated proceeds will be used for investment in non-financial green bonds issued in China or out of China markets or the market instruments with good credit rating and market liquidity, etc.

According to the GBP and PBOC’s No 39 Announcement, no error was identified in the process of use and management of proceeds in relation to the Bond.

9.2 Project Selection and Evaluation

A total of four nominated programs with approved NDB loans totaling to \$635 million USD were provided for review. Total loan commitments of green projects nominated exceed issue amount. According to the review of Due Diligence reports of the four nominated programs which are prepared by NDB, the projects include those categorized as “Type V, clean energy” of Green Bond Endorsed Project Catalogue and pollution prevention and control projects of the GBP.

According to the GBP, PBOC’s No 39 Announcement and Green Bond Endorsed Project Catalogue, there is no error regarding the project selection and evaluation identified.

9.3 Information Disclosure and Reporting

Prior to the issuance, NDB engaged EY which is a qualified third party agency to conduct green bond pre-issuance assurance so as to make sure that in accordance with the GBP, PBOC’s No 39 Announcement and Green Bond Endorsed Project Catalogue, all nominated projects are eligible projects, proper internal management guideline exists regarding proceeds use and management, information disclosure and reporting mechanism.

In addition, the Green Bond Internal Guideline for the eligible project selection and evaluation, use of proceeds and management as well as information disclosure and reporting, has been established, which is specified in the NDB 2016 Serise-1 Green Financial Bond Prospectus.

During the tenor of the Bond, use of proceeds will be disclosed on a quarterly basis. Issuer will engage an independent third party to perform post-issuance assurance on an annual basis on the use of proceeds, social and environmental performance evaluation of green projects.

According to the PBOC’s No 39 Announcement and GBP, there is no error regarding information disclosure and reporting identified.

SECTION10 CREDIT RATINGS

10.1 Overview

China Cheng Xin International Credit Rating Co. Ltd (“CCXI”) and China Lianhe Credit Rating Co. Ltd assign a national scale credit rating of AAA to the Issuer with stable outlook in 2016 and AAA rating to the Bond.

10.2 Summary of credit rating opinion

The Agreement on the New Development Bank was signed on 15th July 2014 and entered into force on 3rd July 2015. The founding members are BRICS countries, equally providing the initial subscribed capital of the Bank. It is the first MDB built up exclusively by developing countries with global impact to mobilize resources for the infrastructure and sustainable projects in BRICS and other emerging economies and developing countries. NDB received strong support from the governments of the member countries. With sound initial authorized capital and subscribed capital, NDB is well positioned for future projects funding as well as debt repayment. Since its establishment, NDB has gradually set up a corporate governance structure and an internal control system, contributing to the healthy and sustainable development of its future businesses. Most of the members of its executive team have extensive management experience in Banking Industry including International Financial Institutions. However, given its relatively short history, more efforts need to be made to improve its human resources management and structure building. In recent years, economic growth has been slowing in all of its member countries and some countries have experienced a sharp depreciation in their currencies, posing severe challenges to NDB in terms of future business development and risk management. In conclusion, the credit rating of the Bond is AAA, and the rating outlook is stable, which reflects that the default risk of the Bond is extremely low.

10.3 Credit strengths

- It will continue to receive strong support from its member countries given its political and economic importance;
- Paid-in capital has been gradually put in place as planned, offering strong support to its future business development;

- It has set up a relatively sophisticated governance structure and a risk management framework;
- Most of its management members have been long-serving executives at multilateral lending institutions and possess extensive professional experience in management;
- Ample room for future business growth as its member countries' need considerable funding for infrastructure construction and sustainable development projects.

10.4 Credit challenges

- Given its relatively short history, more efforts need to be made to improve its human resources management and organization structure building;
- Economic growth has been slowing in all of its member countries and some countries have experienced a sharp depreciation in their currencies, putting pressure on the Bank in its future business development and risk management.

10.5 Tracking Rating Arrangement

According to the requirements of the government authorities and business practices of the rating agency, the credit rating shall be valid until the payment date of the principal and interests of the Bond. The rating agency will keep track of the rating, including tracking rating on regular and non-regular basis.

Regular tracking of rating shall be in the form of issuance of a formal periodic tracking rating report every year after the issuance of this credit rating report. Periodic tracking rating report will be connected with the first edition of credit rating report. The rating agency will explain specifically and analyze the causes if there are inconsistencies between the conclusions and key issues of the periodical credit rating report and the last edition of credit rating report.

Non-regular tracking of rating shall be conducted from the date of issuance with this credit rating report. If any major events occur, which could affect the conclusions of the credit rating report, NDB shall inform the rating agency of relevant events in time in accordance with the written confirmation made by NDB. The rating agency and rating personnel will keep an eye on the information of NDB closely, conduct non-regular tracking rating and adjust or maintain the original credit rating when necessary.

Non-regular tracking rating report shall be issued within ten working date of the handover of the “major event tracking rating letter” to NDB.

SECTION 11 TAXATION ISSUES RELATING TO THE BOND

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

11.1 Exemption from Taxation

In accordance with the Agreement on the New Development Bank, no tax of any kind shall be levied by any member, on any obligation or security issued by the Bank, including any dividend or interest thereon, by whomsoever held:

1. Which discriminates against such obligation or security solely because it is issued by the Bank; or
2. If the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

11.2 Value-added Tax (VAT)

In accordance with applicable laws, the taxpayer engaged in securities trading business may pay VAT based on the interests earned and on the balance of the selling price minus the purchase price.

11.3. Income tax

A Bondholder who is liable for or subject to PRC tax laws may pay enterprise income tax as consequences of the purchase, ownership and disposition of Bond.

11.4. Stamp duty

Financial bond transactions carried out in the national inter-bank bond market has not yet been listed in the Provisional Rules of the People's Republic of China on Stamp Duty for charging stamp duty. As of the date on the cover page of this Prospectus, no stamp duty shall be chargeable upon the transfer deeds for trading, gifting or inheriting bank financial bonds by the Bondholder.

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

11.5. Tax deduction

The payments incurred upon bond issuance are not deductible to the taxes payables of Bondholders.

Persons considering the purchase of Bond should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bond, including any possible consequences under the laws of their country of citizenship, residence or domicile.

SECTION 12 LEGAL OPINIONS OF THE ISSUER'S LEGAL ADVISOR

Jun He Law Offices (“JunHe LLP”) has been appointed by the Issuer and issued legal opinions in connection with the proposed issuance by the Issuer of New Development Bank 2016 Series-1 Green Financial Bond in the Chinese Interbank Bond Market (hereafter referred to “the Issuance”).

The conclusive opinion in the legal opinion issued by JunHe LLP is as follows:

1. The Issuer is a multilateral development bank established in accordance with the Agreement on the New Development Bank, it is validly existing, there does not exist any circumstance that should cease its valid existence either pursuant to the PRC law or the Agreement on the New Development Bank, and it is qualified for the Issuance;
2. The Issuer's Board of Directors has adopted the resolution for the Issuance, the Issuer's internal authorization necessary for the Issuance has been accomplished and the approval from the People's Bank of China on the Issuance is yet to be obtained;
3. The Issuer satisfies all the essential requirements for the Issuance and is not in violation of mandatory provisions of PRC laws;
4. The terms of the Bond are not in violation of the mandatory provisions of PRC laws;
5. The proceeds of the Issuance will be used for green industry projects, which is in line with the provisions on the use of proceeds of green bonds in PBOC's No.39 Announcement.

SECTION 13 ENTITIES INVOLVED IN THE BOND ISSUE

Contact Details of the Issuer and Intermediaries

Issuer

NAME	New Development Bank
ADDRESS	32 th Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China
PRESIDENT	K.V. Kamath
CONTACT	Leslie Maasdorp
TELEPHONE	021-80211823
FAX	021-80211990
POSTCODE	200120

Lead Underwriters and Book Runner

NAME	Bank of China Limited
ADDRESS	No.1, Fuxingmen Inner St, Xicheng District, Beijing, China
LEGAL REPRESENTATIVE	Tian Guoli
CONTACT	Fan Bingbing, Wang Xiaoyu
TELEPHONE	010-66592495, 010-66592571
FAX	010-66592480
POSTCODE	100818

Joint Lead Underwriters

NAME	Industrial & Commercial Bank Of China Limited
ADDRESS	No.55, Fuxingmen Inner St, Xicheng District, Beijing, China
LEGAL REPRESENTATIVE	Jiang Jiangqing
CONTACT	Liu Yiwei, Jiang Man
TELEPHONE	010-81011415
FAX	010-66107567
POSTCODE	100140

NAME	China Construction Bank Limited
ADDRESS	No.25, Financial Street, Xicheng District, Beijing, China
LEGAL REPRESENTATIVE	Wang Hongzhang
CONTACT	Lu Yanyang; Wang Chen
TELEPHONE	010-67594244; 021-58880000*1771
FAX	010-66275840; 021-58880000*1756
POSTCODE	100033

NAME	China Development Bank Corporation
ADDRESS	No.18 Fuxingmen Inner St, Xicheng District, Beijing, China
LEGAL	Hu Huaibang

REPRESENTATIVE	
CONTACT	Wu Yaqian
TELEPHONE	010-88308288
FAX	010-68306995
POSTCODE	100031

NAME	HSBC Bank (China)Company Limited
ADDRESS	32 th Floor, HSBC Building ,Shanghai IFC 8 Century Avenue, Pudong, Shanghai, China
LEGAL REPRESENTATIVE	Liao Yi Chien David
CONTACT	Wang Sheng; Yang Zhao; Yu Mengjia
TELEPHONE	010-59998150; 021-38882847; 021-38883879
FAX	021-23208533
POSTCODE	200120

NAME	Standard Chartered Bank (China) Limited
ADDRESS	Standard Chartered Tower, 201 Century Avenue, Pudong New District, Shanghai, China
LEGAL REPRESENTATIVE	Zhang Xiaolei
CONTACT	Wen Zhe
TELEPHONE	021-38518153
FAX	021-38518460
POSTCODE	200120

Underwriting Syndicate (in no particular order)

NAME	The Agricultural Bank Of China Limited
ADDRESS	69 Jian Guo Men Street, Dong Cheng District, Shanghai, China
LEGAL REPRESENTATIVE	Liu ShiYu
CONTACT	Tian Yuan
TELEPHONE	010-85107265
FAX	010-85106311

NAME	Bank Of Communications Limited
ADDRESS	188 Yin Cheng Middle Road, Pudong New District, Shanghai, China
LEGAL REPRESENTATIVE	Niu XiMing
CONTACT	Shi HongLei
TELEPHONE	021-20588319
FAX	021-58408070

NAME	China Merchants Bank Limited
ADDRESS	Zhao Shang Bank Building, 7088 Shen Nan Avenue, Fu

	Tian District, Shen Zhen, China
LEGAL REPRESENTATIVE	Li JiangHong
CONTACT	Cheng Chao
TELEPHONE	0755-88256097
FAX	0755-83195057

NAME	Shanghai Pudong Development Bank Limited
ADDRESS	16 th Floor, Dong Yin Building ,689 Bei Jing East Road, Shanghai, China
LEGAL REPRESENTATIVE	Ji Xiao Hui
CONTACT	Zhang Ying
TELEPHONE	010-57395455
FAX	010-58377131

NAME	China Industrial Bank Limited
ADDRESS	154 Hu Dong Road, Fu Zhou, Fu Jiang, China
LEGAL REPRESENTATIVE	Gao JiangPing
CONTACT	Lin Chen
TELEPHONE	010-89926551
FAX	010-88395658

NAME	China MinSheng Banking Corp Ltd
ADDRESS	2 Fu Xing Men Nei Street, Xi Cheng District, Beijing, China
LEGAL REPRESENTATIVE	Hong Qi
CONTACT	Meng Lin
TELEPHONE	010-58560666-9618
FAX	010-57090742

NAME	China Bohai Bank Limited
ADDRESS	F2 East, Kai Chen World Trade Center, 28 Fu Xing Men Nei Street, Xi Cheng District, Beijing, China
LEGAL REPRESENTATIVE	Liu BaoFeng
CONTACT	Hu HaoNan
TELEPHONE	010-66270034
FAX	010-66270167

NAME	Bank of NingBo Limited
ADDRESS	26 th Floor, 21 st Century Center Building ,210 Century

	Avenue, Pu Dong District, Shanghai, China
LEGAL REPRESENTATIVE	Lu HuaYu
CONTACT	Zou HaiChao
TELEPHONE	021-23262663
FAX	021-63586853

NAME	China International Capital Corporation Limited
ADDRESS	28 th Floor, International Trading Tower, 1 Jian Guo Men Avenue, Beijing, China
LEGAL REPRESENTATIVE	Ding XueDong
CONTACT	Xu Jia
TELEPHONE	010-65051166
FAX	010-65051156

NAME	CITIC Securities Company Limited
ADDRESS	North Building, Time Square Excellence, 8 Zhong Xin Three Road, Fu Tian District, Shen Zhen, Guang Dong
LEGAL REPRESENTATIVE	Zhang YouJun
CONTACT	Xu ChenHan
TELEPHONE	+86 (10) 60833520
FAX	+86 (10) 60833504

NAME	GuoTai JunAn Securities Corporation
ADDRESS	618 ShangCheng Road, Free Trade Zone, Pudong District, Shanghai, China
LEGAL REPRESENTATIVE	Yang DeHong
CONTACT	Wang XinMin
TELEPHONE	021-38677502
FAX	021-50329583

NAME	ShenWan HongYuan Securities Corporation
ADDRESS	19 Tai Ping Bridge Street, Xi Cheng District, Beijing, China
LEGAL REPRESENTATIVE	Li Mei
CONTACT	Zhou Xin
TELEPHONE	010-88013586
FAX	010-88085135

NAME	First Capital Securities Corporation Limited
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ADDRESS	17 th Floor, Investing Bank Building, 115 Fu Hua First Road, Fu Tian District, Shen Zhen, Guang Dong
LEGAL REPRESENTATIVE	Liu XueMin
CONTACT	Xu Qiang
TELEPHONE	0755-23838618
FAX	0755-25832940

NAME	DongHai Securities Corporation Limited
ADDRESS	23 Yan Ling West Road, Chang Zhou, Jiang Su
LEGAL REPRESENTATIVE	Zhu KeMin
CONTACT	Ruan JieQiong
TELEPHONE	021-20333395
FAX	021-50498839

NAME	China Galaxy Securities Corporation Limited
ADDRESS	2 nd -6 th Floor, 35 Financial Street, Xi Cheng District, Beijing, China
LEGAL REPRESENTATIVE	Chen YouAn
CONTACT	Li Yi
TELEPHONE	010-66568051
FAX	010-66568704

Auditor

NAME	Deloitte Touche Tohmatsu CPA Ltd.
ADDRESS	30/F Bund Center, 222 Yan An Road East, Shanghai, China
LEGAL REPRESENTATIVE	Patrick Tsang
CONTACT	Jian Tao/Bing Wen Li
TELEPHONE	021-61418888
FAX	021-63350177
POSTCODE	200002

Credit Rating Agency

NAME	China Chengxin International Credit Rating Co., Ltd.
ADDRESS	7/F Tower D, Beijing Merchants International Financial Center, No.156 Fuxingmen Inner St, Beijing, China
LEGAL REPRESENTATIVE	Yan Yan
CONTACT	Zhang Tingting
TELEPHONE	010-66428877
FAX	010-66426100

POSTCODE	100031
NAME	China Lianhe Credit Rating Co.,Ltd
ADDRESS	17/F, PICC Building, 2 Jianguomenwai Street, Chaoyang District, Beijing, China
LEGAL REPRESENTATIVE	Wang Shaobo
CONTACT	Jiang Ciyu
TELEPHONE	010-85679696
FAX	010-85679228
POSTCODE	100022

The Issuer's PRC Legal Counsel

NAME	JunHe LLP
ADDRESS	20/F, China Resources Building, 8 Jianguomen North Avenue, Dongcheng District, Beijing, China
Responsible Lawyers	Yu Yongqiang; Yang Huiying
TELEPHONE	010-85191300
FAX	010-85191350
POSTCODE	100005

Third-Party Assurance Institution

NAME	Ernst & Young Hua Ming LLP
ADDRESS	17th Floor, Ernst &Young Tower, Oriental Plaza 1 East Chang'an Avenue, Dongcheng District, Beijing, China
LEGAL REPRESENTATIVE	MAO An Ning
CONTACT	LI Jing (Judy)
TELEPHONE	010-5815 4581
FAX	010-8518 8298
POSTCODE	100738

Bond Registration and Custodian Institution

NAME	China Central Depository & Clearing Co, Ltd.
ADDRESS	No 10 Building, Financial Street, Xicheng District, Beijing, China
LEGAL REPRESENTATIVE	Shui Ruqing
CONTACT	Shen Xiaohong
TELEPHONE	021-80169868
FAX	021-80169810
POSTCODE	100140

SECTION 14 DOCUMENTS AVAILABLE FOR INSPECTION

14.1 Documents Available for inspection

- The authorizing document from PBOC (银市场许准予字[2016]第【X】号)
- <Credit Rating Report on the Series-1 Green Financial Bond of New Development Bank in 2016> from China Chengxin International Credit Rating Co., LTD.
- <Long-term Credit Rating Report on the 2016 Series-1 Green Financial Bonds of New Development Bank> from China Lianhe Credit Rating Co., LTD.
- Legal opinion from JunHe LLP
- Board resolution on the issuance of the New Development Bank 2016 Series-1 Green Financial Bond
- New Development Bank 2016 Series-1 Green Financial Bond Prospectus
- New Development Bank 2016 Series-1 Green Financial Bond Issue Announcement
- Agreement on the New Development Bank
- Agreement between the New Development Bank and the Government of the People's Republic of China regarding the Headquarters of the New Development Bank in Shanghai, China

14.2 Address for Keeping the Documents

Investors may obtain full access to this Prospectus and the above-mentioned documents available for inspection at the following address:

Issuer

NAME	New Development Bank
ADDRESS	32 th Floor, 333 Lujiazui Ring Road, Pudong New District, Shanghai, China
LEGAL REPRESENTATIVE	Mr. K.V. Kamath
CONTACT	Mr. Leslie Maasdorp
TELEPHONE	021-80211823
FAX	021-80211990
POSTCODE	200120

Lead Underwriter and Book Runner

NAME	Bank of China
ADDRESS	No.1, Fuxingmen Inner St, Xicheng District, Beijing, China
LEGAL REPRESENTATIVE	Tian Guoli

CONTACT	Fan Bingbing
TELEPHONE	010-66592495
FAX	010-66592480
POSTCODE	100140

14.3 Website for keeping the documents

Investors may obtain full access to this Prospectus and the above-mentioned documents available for inspection at the following website:

<http://www.chinabond.com.cn>

<http://www.chinamoney.com.cn>

Investors who have any questions regarding this Prospectus and the above-mentioned documents available for inspection could consult Issuer, Lead Underwriter and Joint Lead Underwriters.