

New  
Development  
Bank

# Investor Presentation

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August 2023



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# Empowering Nations Through Innovation and Sustainability

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1. OVERVIEW
2. CREDIT STRENGTHS
3. LENDING ACTIVITIES
4. BORROWING ACTIVITIES
5. SUSTAINABLE FINANCE POLICY FRAMEWORK
6. ENVIRONMENTAL AND SOCIAL COMMITMENT
7. ANNEXURE



# 1 OVERVIEW

# Who We Are

- ▶ NDB is a multilateral development bank established by BRICS<sup>1</sup> countries to mobilise resources for infrastructure and sustainable development projects
- ▶ The membership is open to members of the United Nations
- ▶ Our mission is to support public and private projects through loans, guarantees, equity participation and other financial instruments



## HIGH CAPITALISATION

- High level of initial **authorised capital of US\$ 100bn** with initial **subscribed capital of US\$ 50bn** and **paid-in capital of US\$ 10bn** places NDB amongst the largest MDBs globally
- **Prudent capital management:** maximum Capital Utilization ratio at 90%



## CREDIT STRENGTHS

- **AA+/AA/AAA/AAA** long-term international credit rating from S&P/Fitch/JCR<sup>2</sup>/ACRA<sup>3</sup>
- **Conservative risk management and financial policies**
- Sound governance structure, led by a **highly experienced management team**
- **One of the highest ratios of paid-in capital to subscribed capital (20%)** and one of the largest commitments amongst all MDBs
- **Weighted average credit rating of projects approved is BB+**



## INNOVATION AND SUSTAINABILITY

- **Support the development of financial markets in member states**, provide financing in both local and hard currencies and apply country systems
- **Sustainability is fundamental to the founding principles of NDB** and overlays everything we do



## EFFICIENCY

- NDB aims to structure, negotiate, review and **approve loans within a period of 6 months** without compromising project quality and risk management standards
- **Lean operations**, partnership with other development institutions

<sup>1</sup> Brazil, Russia, India, China and South Africa

<sup>2</sup> Japan Credit Rating Agency

<sup>3</sup> Analytical Credit Rating Agency

## TRANSPORT INFRASTRUCTURE



North region transportation infrastructure improvement project

**Brazil**

**US\$ 300mn**

Double-tracking and remodeling of the Carajas Railway and the expansion of the Ponta da Madeira Port Terminal



## IMPROVING CONNECTIVITY



Madhya Pradesh major district roads I

**India**

**US\$ 350mn**

Construction works have rebuilt or upgraded about 1,215 km of road length, benefiting 917 villages



## CLEANER ENERGY



Putian Pinghai Bay offshore wind power

**China**

**CNY 2bn**

Project entails the generation of 873mn kWh of electricity avoiding the emission of 870,000 tonnes of CO<sub>2</sub> per year



## SUSTAINABLE POWER GENERATION



Renewable energy integration and transmission augmentation project

**South Africa**

**US\$ 180mn**

Project will add 1,000 MVA transmission transformer capacity and 352.5 km transmission lines

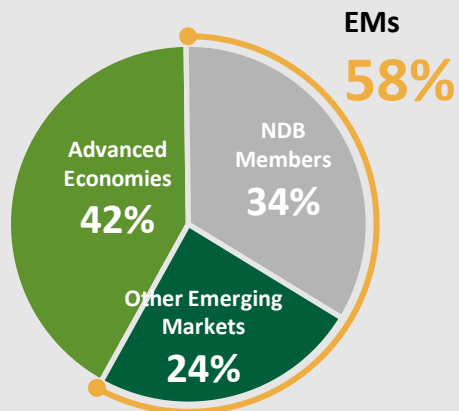


# Uniquely Positioned Multilateral Lender

NDB members, as key drivers of the world economy, face growing need for investment in infrastructure

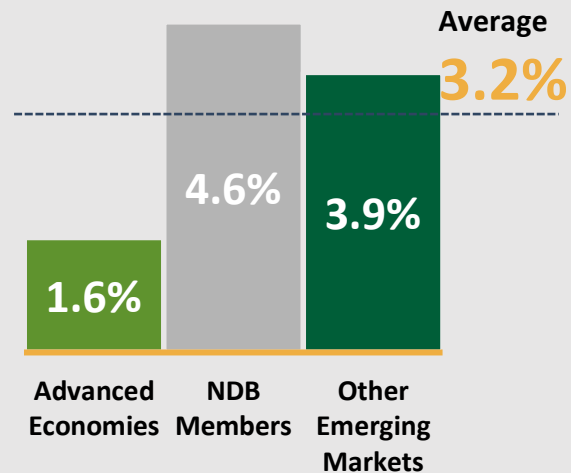
## 34%

OF TOTAL GLOBAL GDP



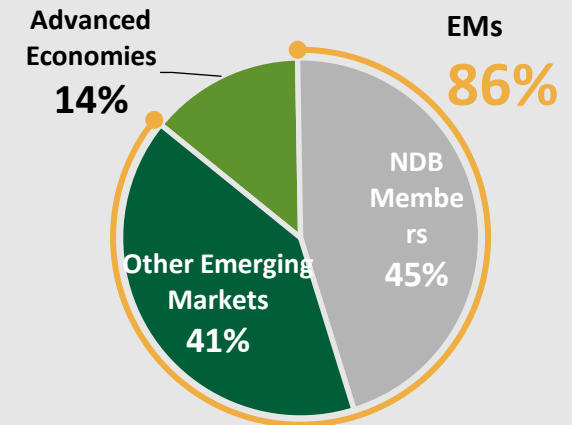
## 4.6%

AVERAGE GDP GROWTH 2023-2027



## 45%

OF TOTAL GLOBAL POPULATION



Note: EMs stands for "Emerging market and developing economies" according to the country classification of the IMF. The shares of global GDP and the contribution to global GDP growth are based on GDP in purchasing power parity (PPP) terms. NDB members include BRICS countries, Bangladesh, United Arab Emirates, and Egypt  
Source: IMF World Economic Outlook (April 2023). Data may include IMF estimates and/or projections

# Strong Shareholder Support

Members	Shareholding
Brazil	18.98%
Russia	18.98%
India	18.98%
China	18.98%
South Africa	18.98%
Bangladesh	1.79%
Egypt	2.27%
United Arab Emirates	1.06%
Uruguay	Prospective member

- ❖ **Equal capital subscription** amongst founding members
- ❖ **Full member support** for maintaining a very strong financial profile
- ❖ **No member holds veto power**
- ❖ **Preferential treatment in member countries** with extensive immunities, privileges and exemptions

## Declaration of the Leaders of Brazil, Russia, India, China and South Africa at the 14<sup>th</sup> BRICS Summit, Beijing, China on June 23, 2022

- “We congratulate the NDB on its relocation to its permanent headquarters building in Shanghai as well as the opening of NDB’s regional office in India.
- We welcome the decisions on admission of four new members to the NDB and look forward to further membership expansion in a gradual and balanced manner in terms of geographic representation and comprising of both developed and developing countries, to enhance the NDB’s international influence as well as the representation and voice of EMDCs in global governance.
- We support the NDB’s goals of attaining the highest possible credit rating and institutional development.
- We appreciate the vital role of the NDB in addressing the impact of the pandemic and assisting in the economic recovery in member countries.”



# Governance Structure – Global Best Practice

## Accountability, Independence and Transparency

**Board of Governors**

- Each member country appoints a Governor – Ministerial level (usually Minister of Finance).
- Term of the Governor is decided by respective member country.
- Shall hold an annual meeting and such other meetings, if needed.

**Board of Directors**

- Each founding member appoints one Director and one Alternate Director.
- Board of Governors shall establish the methodology on electing additional Directors and alternates.
- Total number of Directors shall be no more than 10.
- Director shall serve a term of 2 years and may be re-elected.
- Responsible for the conduct of General Operations.
- Two Committees: Audit, Risk and Compliance Committee and Budget, Human Resources and Compensation Committee - meet quarterly or as needed.

**President**

- Elected by the Board of Governors of founding members on a rotational basis.
- President shall be a member of the Board of Directors with no voting power, except in case of equal division.
- Chief of Operating staff.
- Appointed for a term of 5 years and no renewable.
- Chairs two committees: Credit and Investment Committee and Finance Committee - meet monthly or as needed.

**Vice Presidents**

- At least 1 Vice President from each founding member, except for the country represented by the President.
- Appointed by the Board of Governors on recommendation by the President.
- Appointed for a term of 5 years and non-renewable, except for the first term of the first Vice-Presidents, whose mandate shall be for 6 years.
- Each Vice President performs a function in the administration of NDB.

Senior Management

### Organizational Structure

**Organizational Unit / Position**  
 4 Vice-Presidencies / Vice Presidents  
 21 Departments / Director Generals  
 28 Divisions / Chiefs

The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank.

The Bank follows Standards, Policies and Framework's at par with peer MDB's.

The committees that comprise of Board members are the Audit, Risk and Compliance Committee and the Budget, Human Resources and Compensation Committee.

The committees comprised of the Management are the Credit and Investment Committee, the Finance Committee. There are also the Operations Sub-Committee and the Treasury Sub-Committee, which comprise of the Vice-Presidents and the heads of concerned departments and divisions.

# Highly Experienced Management Team



**President & Board Member**

**H.E. Mrs. Dilma Vana Rousseff**

- The Economist Dilma Rousseff was elected the President of the Federative Republic of Brazil for two consecutive terms.
- Previously, in the first two governments of President Luiz Inácio Lula da Silva, she was the Minister of Mines and Energy and Minister Chief of Staff, a position she held until 2010. During this period, she chaired the Board of Directors of Petrobras, Brazil's largest and most important company.
- As the President of Brazil, Dilma Rousseff focused her agenda on ensuring the country's economic stability and job creation. In addition, during her government, the fight against poverty was prioritized, and social programs that started under President Lula da Silva's terms were expanded and internationally recognized. As a result of one of the most extensive processes of poverty reduction in the country's history, Brazil was removed from the UN's Hunger Map.
- Internationally, she promoted respect for the sovereignty of all nations and the defense of multilateralism, sustainable development, human rights, and peace. Under her government, Brazil was present in all international fora for climate and environmental protection, culminating in decisive participation in the achievement of the Paris Agreement.



**VP  
Chief Financial Officer**  
**Mr. Leslie  
Maasdorp**

- 25+ years of public and private sector experience
- Prior roles as Managing Director and President of Bank of America Merrill Lynch for Southern Africa, Vice Chairman of Barclays Capital and ABSA Capital
- Served as Special Advisor to the Minister of Labor of South Africa and as Deputy Director General in the Ministry of Public Enterprises
- Served as International Advisor to Goldman Sachs International



**VP  
Chief Operations Officer**  
**Mr. Vladimir  
Kazbekov**

- Extensive experience in the public sector and in the area of development finance
- Served in several senior roles in the Russian Ministry of Foreign Affairs and Presidential Executive Office
- Worked in executive position for the Russian National Development Bank (VEB) for 20 years and greatly contributed to the development of BRICS interbank cooperation mechanism



**VP  
Chief Risk Officer**  
**Mr. Anil Kishora**

- 38+ years of public sector experience at India's largest bank, State Bank of India (SBI)
- Served as Deputy Managing Director & CRO of SBI, was Deputy Managing Director & Chief General Manager of SBI Local Head Office in Chandigarh, India and CEO of SBI in Singapore
- Was a Council Member of Association of Banks in Singapore, a board member of IACPM, New York, Macquarie SBI Infrastructure Management Pte. Ltd. and Macquarie SBI Infrastructure Trustee Ltd.



**VP  
Chief Administrative  
Officer**  
**Mr. Qiangwu  
Zhou**

- Extensive experience in the public sector
- Served as Director General level official in the Ministry of Finance of China, while holding the positions of International Development Association (IDA) Deputy, and GEF Council member for China
- Worked in the UN's Administrative and Budgetary Committee, representing the Government of China and served as Advisor and then Senior Advisor to the Executive Director for China in the World Bank Group



# 2

## Credit Strengths

# Highly Capitalised Institution

## Policies and key risk limits are in line with AAA rated MDBs

- ❑ **Conservative capitalisation ratio:** minimum Equity-to-Asset Ratio at 25%
- ❑ **Highly-liquid balance sheet:** minimum Primary Liquidity Ratio at 100%
- ❑ **Prudent capital management:** maximum Capital Utilization Ratio at 90%

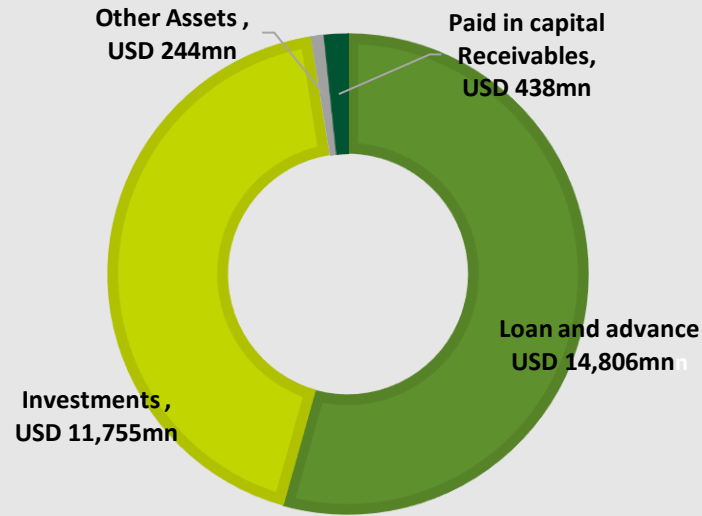
As of March 31, 2023

✓ 39%

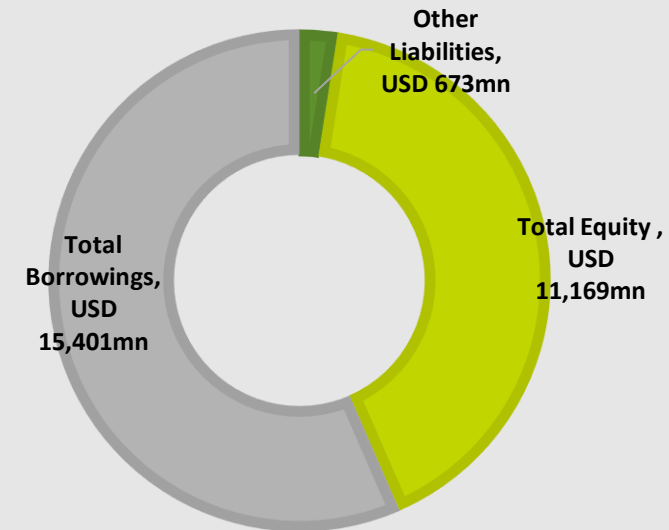
✓ 111%

✓ 14.2%

## ASSETS



## LIABILITIES AND EQUITY



Source: NDB IFRS Financial Statements as of March 30, 2023

<sup>1</sup> Numbers are presented in US\$ mn. Balance sheet total is US\$ 27,243mn

<sup>2</sup> Investments, including cash and cash equivalents (US\$ 3,015mn), due from banks other than cash and cash equivalents (US\$ 3,636mn), financial assets at FVTPL (US\$ 61mn), debt instruments at FVTOCI (US\$ 2,848mn) and

debt instruments measured at amortised cost (US\$ 2,195mn)

<sup>3</sup> Total equity, including paid-in capital (US\$ 10,538mn), retained earnings (US\$ 697mn) minus reserves (US\$ 66mn)

<sup>4</sup> Total borrowings, including financial liabilities designated at FVTPL (US\$ 11,819mn), note payables (US\$ 3,031mn) and bond payable (US\$ 551mn)

## Liquidity Management Policy

- ❖ Required to maintain Primary Liquidity Ratio ( PLR) in the range from 110% to 150%.
- ❖ PLR measures the liquid assets available to cover minimum 12-month outflows without accessing capital markets.

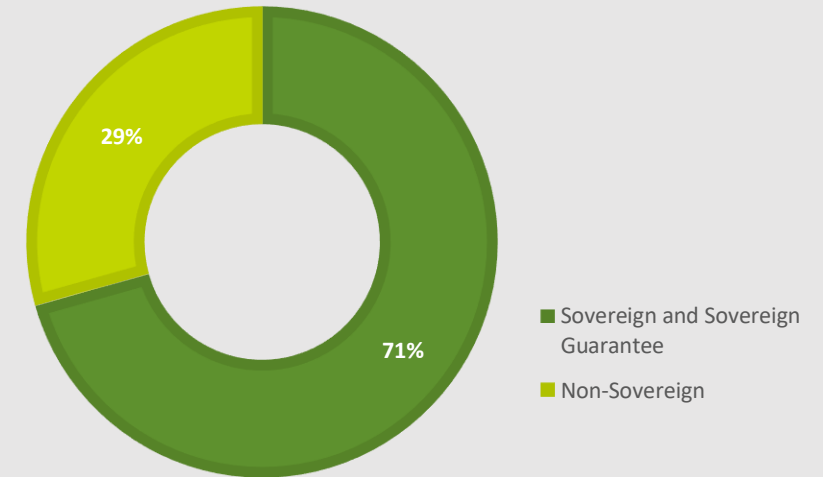
## Liquidity Portfolio

- ❖ Adopt conservative approach in managing liquidity portfolio with high credit rating and low duration of the portfolio
- ❖ **Minimum 90% of treasury portfolio required to be invested at no less than A-** fixed-income instruments by S/F/M
- ❖ **Maximum 10%** of treasury portfolio can be invested at below A- but subject to having investment grade rating by S/F/M.
- ❖ **Eligible investment assets** including interbank money market instruments, sovereign bonds, treasury bills, debt instruments of banks, highly rated corporate bonds and highly rated assets-backed securities

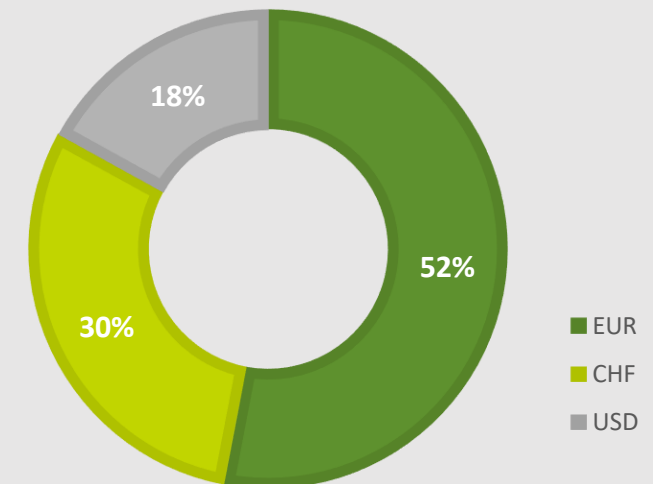
# Exposures Related to Russia

- NDB has put new transactions in Russia **on hold**. NDB will continue to conduct business in full conformity with the **highest compliance standards** as an international institution and in line with the standards followed by peer institutions.
  - The Bank's operations are guided by its Articles of Agreement as well as the governance framework put in place by its Board of Directors. NDB has implemented prudent risk management policies and procedures, which are aligned to the practices of other global multilateral development banks.
- The Bank has a total outstanding exposure of equivalent USD 1.8 billion to Russian-domiciled entities as of March 31, 2023. **Exposure to Russian-domiciled entities represents less than 6.7% of NDB's total assets.**
  - Of this, equivalent to USD 1.3 billion is either to the sovereign or backed by a sovereign guarantee, the balance equivalent to USD 0.5 billion is to a non-sovereign client. These exposures are 52% denominated in EUR, 30% in CHF and 18% in USD. For three months ended March 31, 2023, the Bank earned around 5.5% of the total interest income from Russian-domiciled entities .
- In addition to the above, NDB has an outstanding exposure of equivalent USD 0.2 billion to international organisations which have exposures to Russia. The exposure continues to be monitored and expected credit losses are being assessed and provided accordingly.
- NDB is actively monitoring the situation and continually assessing the impact of the changing regulatory and credit environment on the Bank's operations. NDB has implemented prudent risk management policies and procedures, which are aligned to the practices of other global multilateral development banks.

### RUSSIAN DOMICILED LOAN EXPOSURE BY TYPE



### RUSSIAN-DOMICILED LOAN EXPOSURE BY CURRENCY



# Credit Ratings

Rating	Long Term	Short Term	Outlook	Commentary	Rating Drivers
Standard & Poor's	AA+	A-1+	Stable	<ul style="list-style-type: none"> <li>NDB is adeptly navigating the challenges of Russia's partial ownership of the bank in the wake of the Russia-Ukraine war.</li> <li>The stable outlook reflects S&amp;P view that NDB will establish itself as <b>an important player in the funding of infrastructure projects in member countries</b>, underpinned by its <b>extremely strong financial profile</b>.</li> <li>NDB remains vulnerable to adverse geopolitical developments from the ongoing and escalating Russia-Ukraine conflict. However, we envisage that the negative impact on the bank's risk-adjusted capital (RAC) ratio will not be material and <b>NDB's asset quality will remain pristine</b>.</li> <li>Since inception, <b>NDB has been compliant with all sanctions on Russia</b>. We expect it to continue to do so in the wake of new sanctions, without overly disrupting the bank's operations and funding needs.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Robust capitalization</b></li> <li>✓ <b>Ample liquidity</b></li> <li>✓ <b>Extraordinary shareholders' support</b></li> <li>✓ <b>Systemic importance to founding members</b></li> <li>✓ <b>Sound and prudent Risk Management</b></li> </ul>
Fitch	AA	F-1+	Stable	<ul style="list-style-type: none"> <li>The <b>revision of the Outlook</b> principally reflects Fitch's view that it is more likely the <b>bank will be able to successfully execute its medium-term strategy</b>, including continuing to grow its balance sheet and attract new shareholders, despite the negative impact that the Russia-Ukraine war has had on its operations.</li> <li><b>NDB's capitalisation and solvency risks remain resilient</b>, a trend Fitch expects to continue throughout the forecast period to 2027. NDB has large capital buffers (equity/assets: 41% at end-2022), and Fitch continue to forecast the bank's average rating of loans at '<b>BB+</b>'.</li> <li>The strength of preferred creditor status (PCS) is 'strong' as evidenced by the early prepayment of interest due from the Russian sovereign to NDB last year, and the bank still has a non-performing loan rate of 0%.</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Strong preferred creditor status</b></li> <li>✓ <b>Experienced Management</b></li> <li>✓ <b>Policies and Frameworks aligned with major MDBs</b></li> </ul>



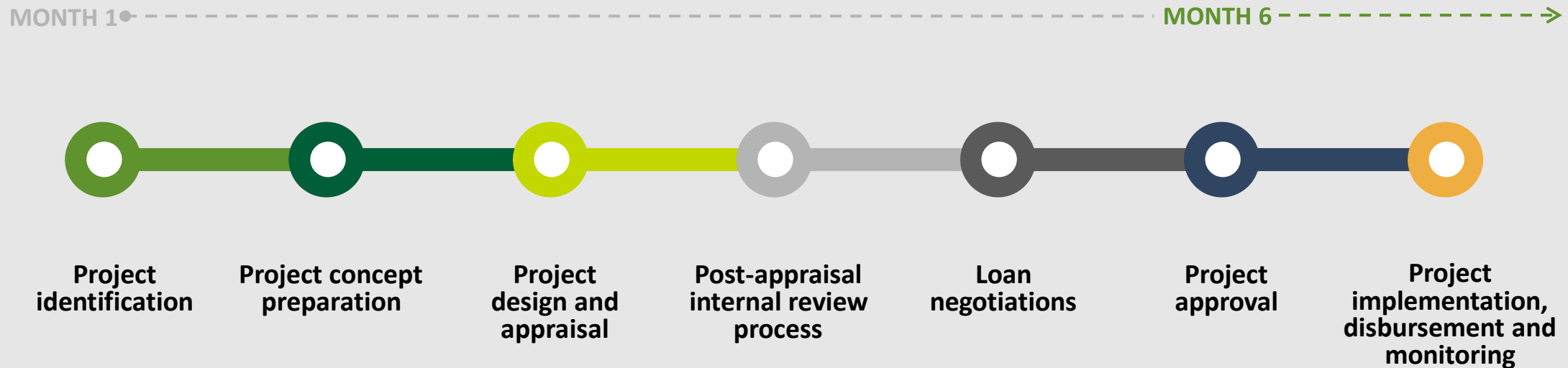
# 3

## LENDING ACTIVITIES



# Rigorous Project Appraisal

NDB aims to structure, negotiate, review and approve loans within a period of 6 months without compromising project quality and risk management standards

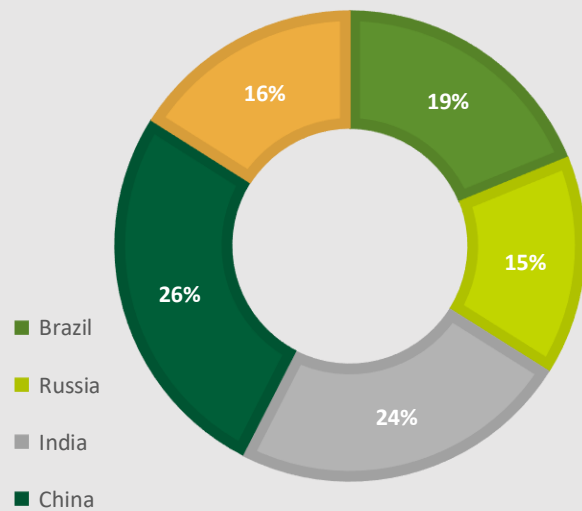


- Environmental, social and developmental analysis
- Thorough screening and approval requirements
- Credit risk analysis and appraisal
- Screening/review from legal perspective
- Compliance, environmental, anti-money laundering and counter terrorism management checks

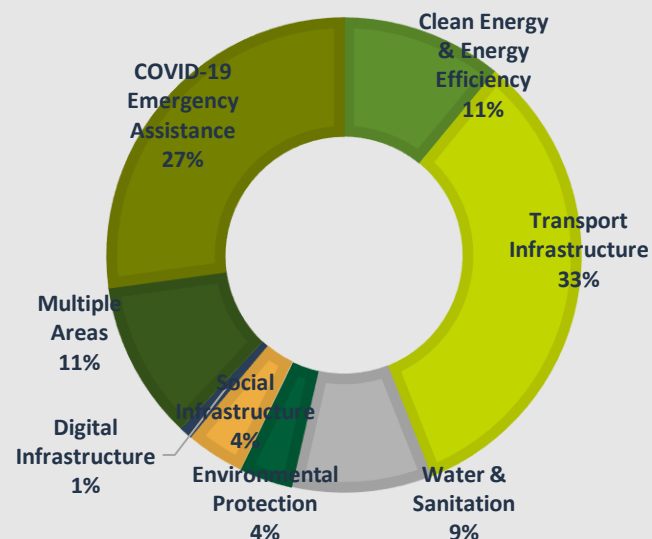
# Support for Infrastructure and Sustainable Development

- Development of sustainable infrastructure, being one of the key priorities for emerging economies in the coming decades, is the core focus of NDB's operations
- NDB Board of Directors approved 98 projects in all member countries for a total amount exceeding US\$ 32bn
- Enjoy Preferred Creditor Status from Member Countries

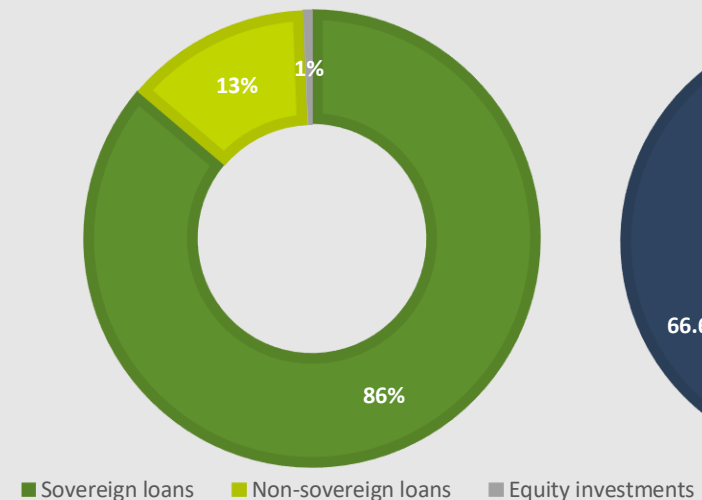
BY COUNTRY



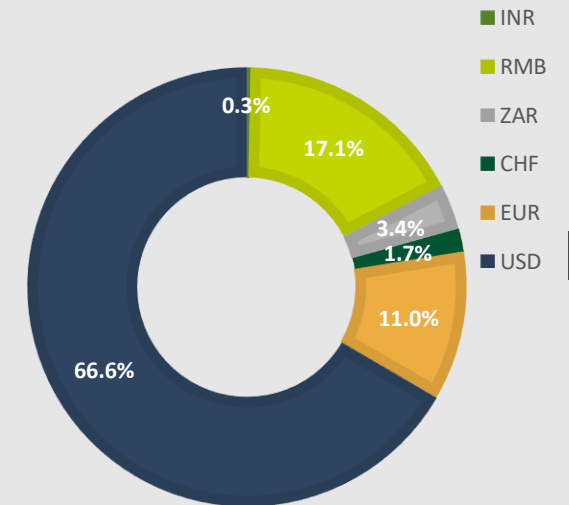
BY OPERATION AREA



BY TYPE



BY CURRENCY



<sup>1</sup> Loans are classified by total loan notional, in approximate US\$ terms. Figures may not tally due to rounding differences

<sup>2</sup> As of June 30, 2023. Weighted average credit rating of projects approved is BB+. List of all approved investment projects is available at: <https://www.ndb.int/projects/list-of-all-projects/>



# 4

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# BORROWING ACTIVITIES

# Funding Strategy



**Diversified sources of funding** across USD Reg S, Local currency, ECP, Bilateral, Repo etc.



**Established EMTN Programme** of USD 50 bn

- Programme listed at London Stock Exchange - Main Market;
- Exempt issuer status from UK Financial Conduct Authority



**Domestic/ Local Currency borrowing programme**

- Established and actively developed domestic investor base in large domestic market such as China Inter-bank Bond Market



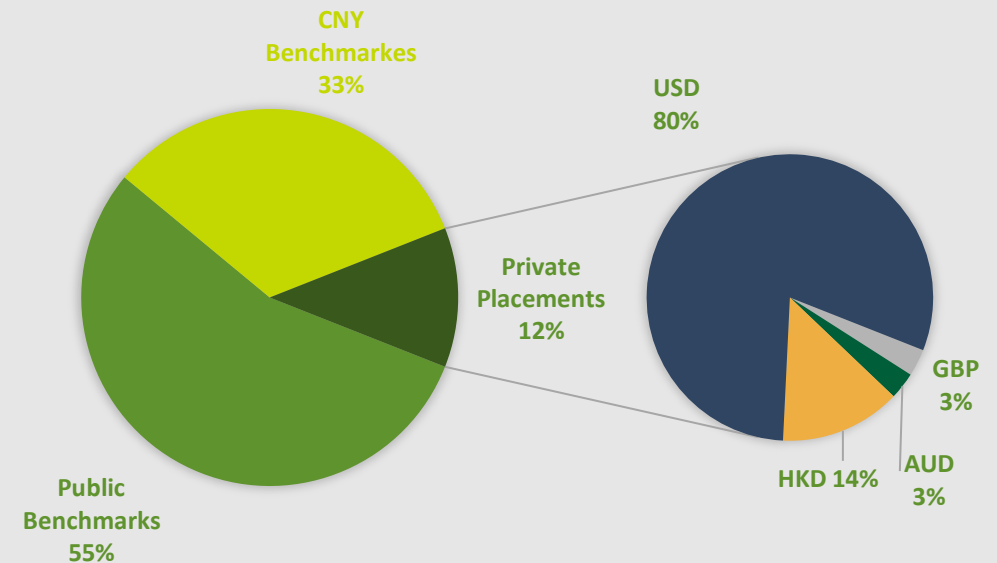
**Regular issuer in the USD Reg S Market**



**Focus on green, social and sustainability debt instruments**

- Sustainable Financing Policy Framework governing the issuances of green/social/sustainable debt instruments

## OUTSTANDING BORROWINGS



Established Borrowing Programmes	Size
<b>International Capital Markets</b>	
EMTN Programme (Reg S)	US\$ 50bn
ECP Programme	US\$ 8bn

# NDB in International and Domestic Markets

Established Borrowing Programmes	Established	Size	Validity of the Programme	Tenor of Bonds/Papers	Listing	Governing Law	Lead-Manager/Arranger	Outstanding Amount <sup>1</sup>
<b>International</b>								
EMTN Programme (Reg S)	December 2019	US\$ 50bn	Unlimited	No restriction	London Stock Exchange (LSE)	English law	HSBC	USD 9.13 billion
ECP Programme	April 2019	US\$ 8bn	Unlimited	364 days		English law	Citigroup	USD 2.98 billion
<b>Domestic</b>								
RUB bond Programme	November 2019	RUB 100bn (~US\$ 1.3bn)	Unlimited	Up to 20 years	Moscow Exchange (MOEX)	Laws of Russia	Gazprombank, Rosbank (SocGen Group)	No issuance under the programme
CNY bond Programme	April 2023	CNY 40bn (~US\$ 5.7bn)	2-year	No restriction	China Interbank Bond Market (CIBM)	Laws of China	Bank of China	RMB 31.5 billion (equivalent to USD 4.5 billion)
ZAR bond Programme <sup>2</sup>	April 2019	ZAR 10bn (~US\$ 0.6bn)	Unlimited	No restriction	Johannesburg Stock Exchange (JSE)	Laws of South Africa	Standard Bank of South Africa	ZAR 1.5 billion

<sup>1</sup> Outstanding as of August 31, 2023

<sup>2</sup> JSE debt sponsor is Standard Bank of South Africa

# NDB Outstanding Benchmark Bonds

Size	Coupon	Placement	Maturity	Issue Spread
<b>EMTN</b>				
US\$ 1.5bn	0.63%	16-Jun-20	23-Jun-23	Mid Swaps +38bps   UST +43bps
US\$ 2.0bn	0.63%	22-Sep-20	29-Sep-25	Mid Swaps +37bps   UST +43bps
US\$ 1.5bn	1.125%	20-Apr-21	27-Apr-26	Mid Swaps +25bps   UST +34bps
US\$ 2.25bn	0.63%	15-Jul-21	22-Jul-24	Mid Swaps +14bps   UST +24bps
US\$ 0.5bn	SOFR + 0.28%	1-Dec-21	9-Dec-24	
US\$ 1.25bn	5.125%	19-Apr-23	26-Apr-26	Mid Swaps +125bps   UST + 117.5bps
<b>Panda Bond</b>				
CNY 1.0bn	3.32%	26-Feb-19	26-Feb-24	CDB -2bps   CGB +40bps
CNY 2.0bn	3.00%	7-Jul-20	7-Jul-25	CDB +1bps   CGB +39bps
CNY 5.0bn	3.22%	25-Mar-21	25-Mar-24	CDB +0bps   CGB +31bps
CNY 2.0bn	3.02%	17-Sep-21	17-Sep-26	CDB +1 bps   CGB +28bps
CNY 3.0bn	2.45%	27-Jan-22	27-Jan-25	CDB -1bps   CGB +19bps
CNY 7.0bn	2.70%	20-May-22	20-May-25	CDB +15bps   CGB +36bps
CNY 3.0bn	2.53%	26-Oct-22	26-Oct-25	CDB +20bps   CGB +27bps
CNY 8.5bn	2.86%	30-May-23	30-May-26	CDB +35 bps   CGB +57bps

Note: As of June 30, 2023



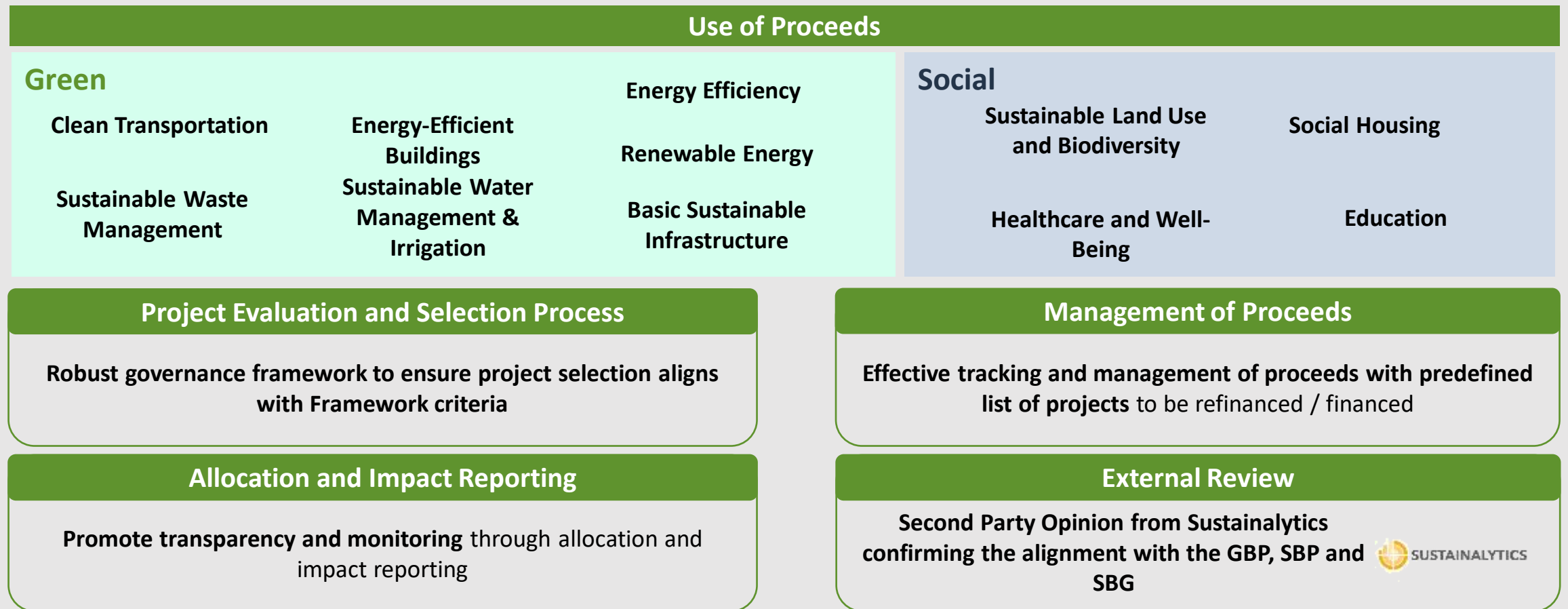
# 5

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# Sustainable Finance Policy Framework

# Sustainable Finance Policy Framework – Overview

The Framework covers the Bank’s principles in governing the use and management of the proceeds of green, social and sustainability bonds (“Bond(s)”) and other debt instruments issued in international and domestic capital markets of its member countries in accordance with applicable laws and regulations to finance and/or refinance projects that **promote sustainable objectives in line with the Agreement and policies of NDB** (“Eligible Projects”).





# Second Party Opinion From Sustainalytics

Sustainalytics is of the opinion that the overview of the New Development Bank Sustainable Financing Policy Framework is credible, impactful and aligns with the 4 core components of the Green Bond Principles (GBP) and Social Bond Principles (SBP).



1

## Use of Proceeds

Sustainalytics confirms that:

- Eligible categories defined in the framework are **aligned with those recognized by the Green Bond Principles and Social Bond Principles**;
- Eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 1, 3, 4, 6, 7, 9, 11, 12,15

2

## Project Evaluation and Selection Process

Sustainalytics confirms that:

- Eligible projects undergo a comprehensive environmental and social due diligence to ensure the compliance with environment and social regulations and the Bank's Environment and Social Framework, which is comprised of the Environment and Social Policy and Environmental and Social Standards;
- Project selection process **in line with market practice**

3

## Management of Proceeds

Sustainalytics confirms that:

- NDB will establish a register for the issuance of the bonds (the "Register");
- In the event of pending allocation, unallocated proceeds could be temporarily invested in green, social and sustainability bonds, or in money market instruments, or kept in cash in accordance with NDB's Liquidity Risk Management Policy;
- This process is **in line with market standards**

4










## Reporting and External Review

Sustainalytics confirms that:

- NDB intends to report allocation proceeds on its website on an annual basis until full allocation;
- In addition, New Development Bank is committed to reporting on relevant environmental and/or social impact metrics;
- NDB's allocation and impact reporting as **aligned with market practice**





# Sustainable Finance Policy Framework – Use Of Proceeds

## Comprehensive List Of Green Eligible Categories

Eligible Categories	UN SDGs	Eligibility Criteria
<b>Clean Transportation</b>	 	<ul style="list-style-type: none"> <li>Low energy or emission transportation assets, systems, infrastructure, components and services (examples include Rail (passenger or freight), Tram, Metro, Bus Rapid Transit systems, Electric Vehicles), and exclude rolling stocks carrying fossil fuel products).</li> </ul>
<b>Energy-Efficient Buildings</b>		<ul style="list-style-type: none"> <li>New construction building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognized environmental standards.</li> <li>Buildings which have reduced life cycle consumption of energy levels of at least 20% less than statute/ city baseline consumption levels.</li> </ul>
<b>Energy Efficiency</b>		<ul style="list-style-type: none"> <li>Development of products or technology and their implementation that reduces energy consumption, for underlying asset, technology, product or system(s) across manufacturing, industrial, buildings and other sectors. Examples include improved lighting technology. Energy efficient investments related to fossil fuel assets are excluded.</li> <li>Improved efficiency in the delivery of bulk energy services (examples include district heating/ cooling systems, smart grids, and the storage, transmission and distribution of renewable energy that results in reduced energy losses).</li> <li>Manufacture of components to enable energy efficiency described above (examples include LED lights, fuel cells, smart grid meters).</li> </ul>
<b>Renewable Energy</b>		<ul style="list-style-type: none"> <li>Generation of energy from renewable sources (examples include wind, solar, tidal, small hydro power, and waste to energy facilities);</li> <li>Manufacturing of components of renewable energy technology (examples include wind turbines, solar panels).</li> </ul>
<b>Sustainable Land Use and Biodiversity</b>	 	<ul style="list-style-type: none"> <li>Schemes for allocation and protection of environment, local community, biodiversity or equivalent.</li> <li>Forestry with Forest Stewardship Council ("FSC") or Programme for the Endorsement of Forest Certification ("PEFC") certification and agriculture with Roundtable on Sustainable Palm Oil ("RSPO"), Roundtable on Responsible Soy ("RTRS") certification or equivalent.</li> </ul>
<b>Sustainable Waste Management</b>		<ul style="list-style-type: none"> <li>Waste minimization, collection, management, recycling, re-use, processing, disposal (such as methane capture) products, technologies and solutions.</li> </ul>
<b>Sustainable Water Management &amp; Irrigation</b>		<ul style="list-style-type: none"> <li>Water collection, treatment, recycling, re-use, technologies and related infrastructure (examples include water pipes and collection facilities to collect water/rainwater, treatment plant facilities).</li> <li>Irrigation infrastructure that contributes to environmental wellbeing as well as sustainable agriculture production.</li> </ul>

# Sustainable Finance Policy Framework – Use Of Proceeds

## Comprehensive List Of Social Eligible Categories

Eligible Categories	UN SDGs	Eligibility Criteria
<b>Basic Sustainable Infrastructure</b>		<ul style="list-style-type: none"> <li>Projects that incorporate economic, environmental and social criteria in its design, building and operation and are aimed at promoting access to affordable basic infrastructure (e.g. clean energy, transport infrastructure, irrigation, water resource management, and sanitation), in particular to population suffering from lack of access to basic infrastructure.</li> </ul>
<b>Education</b>		<ul style="list-style-type: none"> <li>Projects aimed at increasing access to quality and/or affordability of education;</li> <li>Projects that provide or support the provision of quality education or trainings to society groups where education opportunities are not generally available.</li> </ul>
<b>Healthcare and Well-being</b>		<ul style="list-style-type: none"> <li>Projects that contribute to the goal of improving labor and working conditions for safety and health care purposes; achieving the highest attainable standard of primary healthcare, well-being, safety, and security services, in particular to sectors of society suffering from lack of such services.</li> <li>Projects in the areas impacted by epidemics, pandemics, natural disasters, or other urgent situations.</li> </ul>
<b>Social Housing</b>		<ul style="list-style-type: none"> <li>Projects that deliver affordable, safe, clean housing.</li> </ul>

## Robust Governance Framework

### Project Evaluation and Selection

- Sustainable Finance Policy Framework and **NDB’s Environment and Social Framework (“ESF”)** ensure **robust governance** implemented to select eligible projects
- Selection process includes project concept review stage by Treasury and Portfolio Management Division in consultation with Operations Policy and Project Support Division to **assess nature of the project and availability of information, to monitor and evaluate the development impact of project**
- **Specific to the target issuance, the projects have been pre-selected and financing / refinancing will be limited to the identified list of projects**

### Management of Proceeds

- Net proceeds of the Bonds will be used to **either reimburse the Bank for previously disbursed eligible loans or to fund new eligible loans** in accordance with the standards and processes set out in this Framework
- To promote transparency, NDB has **ring-fenced the projects to be financed and refinanced using the proceeds from the target issuance**. The list of eligible projects will be made available in the appendix of the bond document

### Reporting

- The net proceeds from the USD 1.25bn Green Bond due 26 April 2026 has been fully allocated to finance and/or refinance eligible green projects as defined in NDB’s Sustainable Financing Policy Framework.
- The allocation report has been published on NDB website at <https://www.ndb.int/borrowings/2023-usd-green-bond/>



# 6 Environmental And Social Commitment

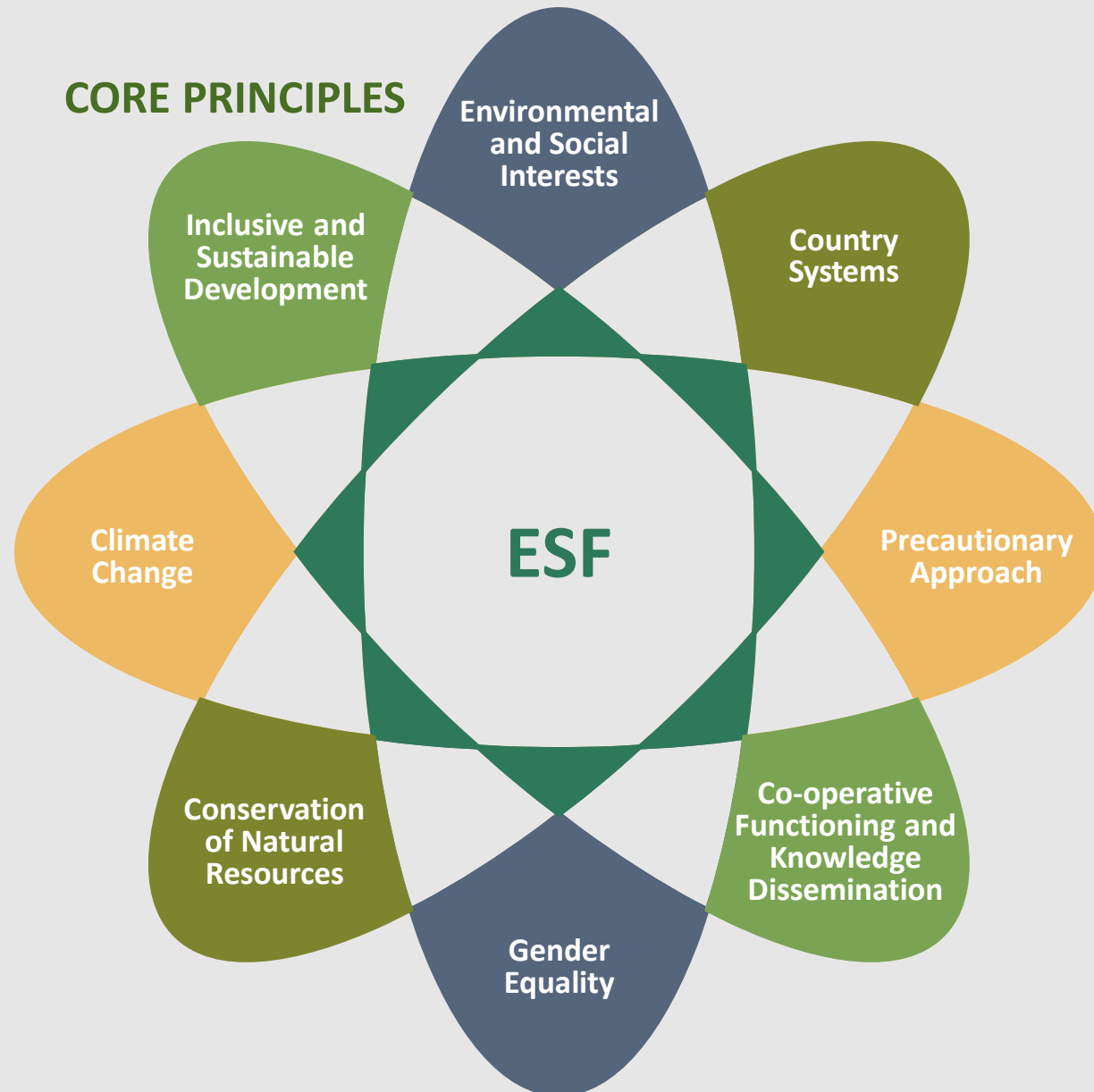
# Environmental And Social Framework Underpins NDB's Operations

## Environmental And Social Policy Requirements

- Screening and Categorization
- Environmental and Social Assessment and Management Plans
- Public Consultation
- Transparency and Information Disclosure
- Monitoring and Reporting
- Grievance Redressal Mechanisms

## Environmental And Social Standards

- Environmental and Social Assessment
- Involuntary Resettlement
- Indigenous Peoples



# Key Elements Of NDB's Environmental And Social Framework

Sustainability is fundamental to the founding principles of NDB and overlays everything we do



## Environmental And Social Framework

- Ensures environmental and social soundness and sustainability of operations and support the integration of environmental and social considerations into the operation decision-making process



## Environmental And Social Policy

- Manages environmental and social risks and impacts of projects



## Environmental And Social Exclusion List

- Manages operational and reputational risks of NDB and its stakeholders



## Environmental And Social Standards

- Mainstreams environmental and social considerations into decision-making processes of all parties

- Encourages the international good environmental and social practices in its operations and in doing so strengthen the country systems



## Environmental and Social Guideline

- Guides NDB operations and sets the requirements to the borrowers to implement projects in environmentally and socially sustainable manner









## Sustainable Financing Policy Framework

- Describes NDB's principles in governing the use and management of the proceeds of green, social and sustainability bonds and other debt instruments

# Scaling Up Development Finance For A Sustainable Future

- NDB financing aims to deliver transformative impact to help member countries achieve development aspirations aligned with the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change
- Over 2022-2026, NDB main target is to direct 40% of total financing to projects contributing to climate change mitigation and adaptation

Development Indicators	Outcome Based On Projects In Portfolio As Of Dec 2021	SDG Alignment
Schools to be built or upgraded	58	 Quality education
Sewage treatment capacity to be increased	535,000 m <sup>3</sup> /day	 Clean water and sanitation
Drinking water supply capacity to be increased	209,000 m <sup>3</sup> /day	
Water tunnel/canal infrastructure to be built or upgraded	1,300 km	 Affordable and clean energy
Renewable and clean energy generation capacity to be installed	2,800 MW	
Roads to be built or upgraded	15,700 km	 Industry, innovation and infrastructure
Bridges to be built or upgraded	850	
Urban rail transit networks to be built	260 km	 Sustainable cities and communities
Cities to benefit from NDB's urban development projects	42	
CO <sub>2</sub> emissions to be avoided	13 million tons/year	 Climate action

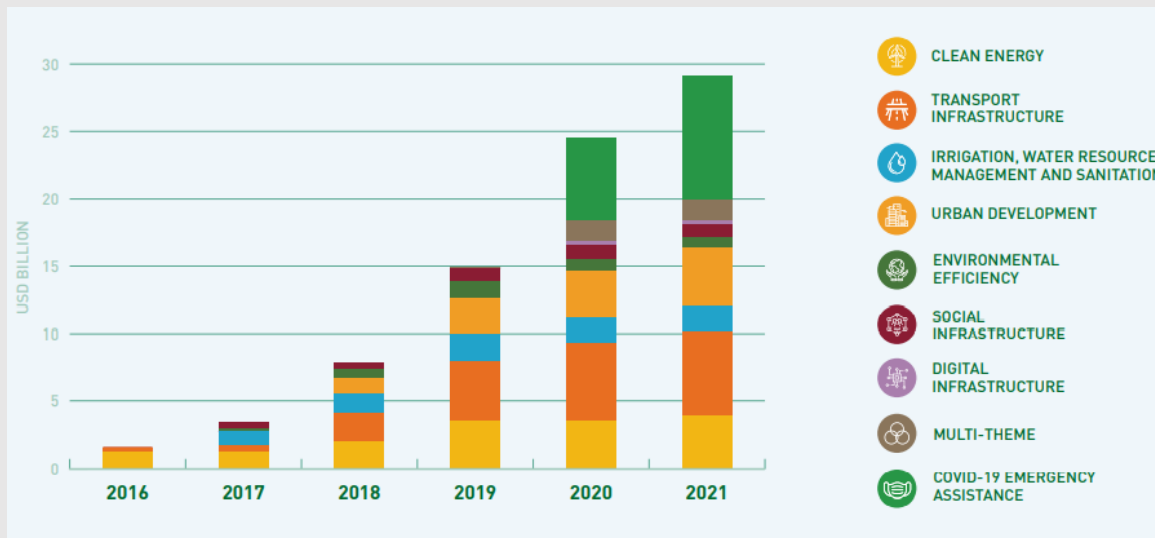
Note: Expected development results are presented for projects that NDB financed in collaboration with partners, irrespective of the share of the Bank's financial contribution. The numbers are rounded and are based on the information available at the time of approval  
 Source: NDB Annual Report 2021 is available at: [https://www.ndb.int/annual-report-2021/pdf/NDB\\_AR\\_2021\\_complete.pdf](https://www.ndb.int/annual-report-2021/pdf/NDB_AR_2021_complete.pdf)



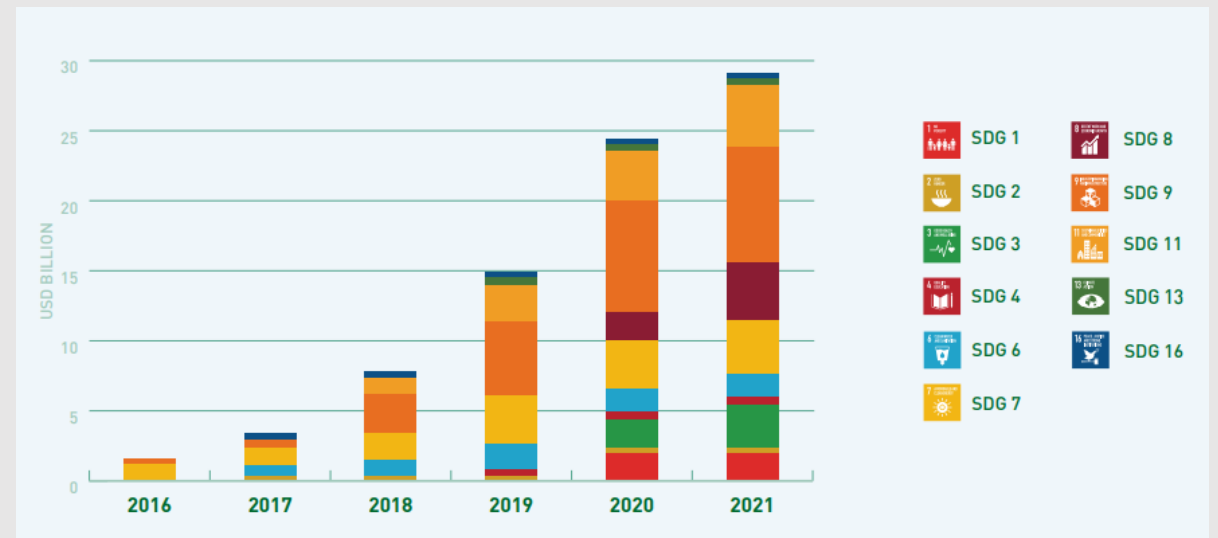
# Alignment Of NDB's Operations With The SDGs

- NDB has developed and tested an evidence-based method to monitor and report the alignment of the Bank's financing with the SDGs
- At the end of 2021, NDB's project portfolio contributes to achieving 11 out of the 17 SDGs

## Evolution Of Portfolio By Area Of Operation



## Evolution of Portfolio by Primary SDG Alignment





# 7 ANNEXURE

# Financial Summary



Statement of Profit or Loss (US\$ mn)		Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020	Jan 1, 2019–Dec 31, 2019	
	Net interest income	363.0	148.0	181.0	197.7	
	Net Fee income <sup>1</sup>	11.0	8.0	5.0	1.6	
	Net gains/(losses) on financial instruments at FVTPL	328.0	(46.0)	(191.0)	21.9	
	Staff costs and other operating expenses <sup>2</sup>	(77.0)	(79.0)	(64.0)	(51.3)	
	Impairment losses <sup>3</sup>	(125.0)	(2.0)	(38.0)	(2.1)	
	Foreign exchange gains / (losses)	(393.0)	60.0	208.0	(17.4)	
	<b>Operating profit</b>	<b>107.0</b>	<b>89.0</b>	<b>101.0</b>	<b>150.5</b>	
	Unwinding of interest on paid-in capital receivables	2.0	21.0	49.0	72.4	
	<b>Total comprehensive income</b>	<b>82.0</b>	<b>104.0</b>	<b>151.0</b>	<b>222.9</b>	
Statement of Financial Position (US\$ mn)		As at Dec 31, 2022	As at Dec 31, 2021	As at Dec 31, 2020	As at Dec 31, 2019	
Assets	Cash and cash equivalents	1,876.0	1,856.0	2,193.0	1,023.5	
	Due from banks other than cash and cash equivalents	4,023.0	4,916.0	6,762.0	5,494.8	
	Derivative financial assets	156.0	44.0	27.0	5.4	
	Financial assets held under resale agreements	-	-	66.0	-	
	Financial assets at FVTPL	55.0	211.0	400.0	-	
	Debt instruments at FVTOCI	2,944.0	1,298.0	131.0	-	
	Debt instruments measured at amortised cost	2,579.0	2,258.0	763.0	33.8	
	Loans and advances	14,405.0	13,965.0	6,612.0	1,544.9	
	Paid-in capital receivables	269.0	335.0	1,885.0	3,713.5	
	Other assets <sup>4</sup>	44.0	5.0	5.0	4.6	
	<b>Total assets</b>	<b>26,351.0</b>	<b>24,888.0</b>	<b>18,844.0</b>	<b>11,820.6</b>	
Liabilities	Derivative financial liabilities	656.0	160.0	98.0	12.2	
	Financial liabilities designated at FVTPL	11,189.0	10,140.0	5,556.0	882.8	
	Borrowings	-	-	-	110.1	
	Note payables	3,041.0	3,296.0	2,815.0	623.3	
	Other liabilities <sup>5</sup>	99.0	60.0	42.0	21.0	
		<b>Total liabilities</b>	<b>15,536.0</b>	<b>14,155.0</b>	<b>8,511.0</b>	<b>1,649.2</b>
Equity	<b>Paid-in capital</b>	<b>10,299.0</b>	<b>10,299.0</b>	<b>10,000.0</b>	<b>10,000.0</b>	
	Reserves	(39.0)	(14.0)	(26.0)	(86.5)	
	Retained earnings	555.0	448.0	359.0	257.8	
		<b>Total equity</b>	<b>10,815.0</b>	<b>10,733.0</b>	<b>10,333.0</b>	<b>10,171.3</b>
		<b>Total equity and liabilities</b>	<b>26,351.0</b>	<b>24,888.0</b>	<b>18,844.0</b>	<b>11,820.6</b>

Source: NDB Audited IFRS Financial Statements: <https://www.ndb.int/data-and-documents/financial-statements/financial-statements-ndb/>

Note: Figures may not tally due to rounding differences

<sup>1</sup> Net fee income, including other operating income

<sup>2</sup> Staff costs and other operating expenses, including other income and other expense

<sup>3</sup> Impairment losses under expected credit loss model, net of reversal

<sup>4</sup> Other assets, including property and equipment, intangible assets and right-of-use assets

<sup>5</sup> Other liabilities, including contract liabilities and lease liabilities

# Useful Links

- **Core Documents**  
<https://www.ndb.int/data-and-documents/ndb-core-documents/>
- **Investor Marketing Materials**  
<https://www.ndb.int/investor-relations/for-investors/>
- **Credit Ratings**  
<https://www.ndb.int/investor-relations/credit-ratings/>
- **Financial Statements**  
<https://www.ndb.int/data-and-documents/financial-statements/financial-statements-ndb/>
- **Annual Reports**  
<https://www.ndb.int/data-and-documents/annual-reports/>
- **Environment and Social Framework**  
<https://www.ndb.int/wp-content/uploads/2017/02/ndb-environment-social-framework-20160330.pdf>
- **Sustainable Financing Policy Framework**  
[https://www.ndb.int/wp-content/uploads/2020/05/2020\\_FC22\\_AI13\\_018\\_b-NDB-Sustainable-Financing-Policy-Framework.pdf](https://www.ndb.int/wp-content/uploads/2020/05/2020_FC22_AI13_018_b-NDB-Sustainable-Financing-Policy-Framework.pdf)

# CONTACT US

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Thank you

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