



New Development Bank
2022 Renminbi Bond (Series 3) (Bond Connect)
Prospectus

Issuer: New Development Bank

Address: 1600, Guozhan Road, Pudong New District, Shanghai, China

Lead Underwriter and Bookrunner: Bank of China Limited



Joint Underwriters:



**Industrial and Commercial Bank of China
Limited**



Agricultural Bank of China Limited



The Export-Import Bank of China



China Construction Bank Corporation

October 2022

IMPORTANT NOTICE AND DECLARATION

The New Development Bank (“NDB”, the “Issuer” or the “Bank”) may, from time to time during the period of two years commencing on the date of issuance by the National Association of Financial Market Institutional Investors (“NAFMII”) of the registration notice with respect to the Programme (dated 27 October 2020, with the serial number of NAFMII Zhong Shi Xie Zhu [2020] RB5), issue Renminbi Bonds in an aggregate amount of RMB20,000,000,000 in the Interbank Market, including the fifth issuance of the Renminbi Bonds in an aggregate amount of RMB3,000,000,000 thereunder.

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

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

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

The Issuer undertakes that it will perform its obligations in accordance with the applicable Laws (as defined in Section 1 (*Definitions*)) and the terms set out in this Prospectus.

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

The issuance and distribution of this Prospectus and the issue and sale of the Bonds are not a waiver by NDB or by any of its members, Governors, Alternate Governors, Directors, Alternate Directors, Officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement on the New Development Bank, the Agreement between the New Development Bank and the Government of the People’s Republic

of China regarding the Headquarters of the New Development Bank in Shanghai, China or by any Laws of any member of NDB or any political subdivision of any member, all of which are hereby expressly reserved.

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

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

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

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

Singapore Securities and Futures Act Product Classification – In connection with Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

Statement relating to forward-looking statements

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

Statement relating to the language used for information disclosure

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

Statement relating to accounting standards

For the purpose of preparing and presenting the financial statements, NDB has consistently applied International Accounting Standards (“**IASs**”), International Financial Reporting Standards (“**IFRSs**”), amendments and the related Interpretations (“**IFRICs**”) (herein collectively referred to as the “**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) which are effective for the year ended December 31, 2021, the year ended December 31, 2020 and the year ended December 31, 2019. The unaudited condensed financial statements of the Issuer for the six months ended June 30, 2022 (the “**Interim Financial Statements**”) have been prepared in accordance with IASs 34 “Interim Financial Reporting”, and the condensed statement of profit or loss and other comprehensive income and relevant notes for the year ended December 31, 2021 and six months ended June 30, 2022 are also presented in the Interim Financial Statements. Investors should read the financial data and indicators referred to in this Prospectus in conjunction with the financial statements of NDB and the notes thereto.

The IFRSs differs in certain material respects from the Accounting Standards for Business Enterprises (“**ASBE**”) and the relevant rules and regulations issued by the Ministry of Finance of the PRC (as defined in Section 1 (*Definitions*)) (the “**Chinese Accounting Standards**”). For a discussion of the significant differences between IFRS and the Chinese Accounting Standards, please see “Summary of Significant Differences between IAS/IFRS and PRC ASBE”.

Access to Information

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

Statement relating to “Bond Connect”

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

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

Statement relating to Governing Law of the Bonds

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

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.

CERTAIN ENGLISH DISCLOSURE IN THE PROSPECTUS

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

THE ENGLISH DISCLOSURE:

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

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

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

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

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SECTION 1 DEFINITIONS

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

“Agreement on the New Development Bank” or “Agreement”	means	the Agreement on the New Development Bank signed on July 15, 2014 by the Government of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s Republic of China and the Republic of South Africa.
“Articles of Agreement”	means	the Articles of Agreement of the New Development Bank as the Annex to the Agreement on the New Development Bank.
“BFAE”	means	Beijing Financial Assets Exchange, which is a PBOC authorized platform for the issuance and trading of bonds, a state-owned financial assets transaction platform designated by the Ministry of Finance of the People’s Republic of China, and a transaction platform designated by NAFMII.
“Bonds”	means	the New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect).
“Bondholder”	means	a holder of the Bonds.
“Bookbuilding”	means	the process of determining the final interest rate/price and placement by the Issuer and the Bookrunner through recording the interest rate/price and quantity of the Bonds to be subscribed for by the Underwriting Syndicate and/or investors, in accordance with an agreed mode of pricing and placement, after NDB, the Lead Underwriter and the Joint Underwriters have determined the range of interest rates/prices and the members of the Underwriting Syndicate and/or investors have issued the subscription orders. The Bookbuilding may be undertaken through a centralized bookbuild, which will be handled through a centralized online process at BFAE’s central bookbuilding system.
“Bookrunner”	means	the institution designated by the Issuer to be responsible for the Bookbuilding for the Bonds, being Bank of China Limited.
“BRICS Countries”	means	the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People’s Republic of China and the Republic of South

		Africa.
“Business Day”	means	any Day (other than Public Holiday or a Saturday or Sunday) when commercial banks are open for general business in China.
“China” or “PRC”	means	the People’s Republic of China, and for the purpose of this Prospectus only and except where the context requires, excluding the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), Macau Special Administrative Region of the People’s Republic of China (“Macau”) and Taiwan, China (“Taiwan”).
“Custody Institution”	means	Interbank Market Clearing House Co., Ltd., also referred to as the “Shanghai Clearing House”.
“Disclosure Documents”	means	this Prospectus and the documents listed under Section 10 (<i>Disclosure Arrangement</i>) and Section 16 (<i>Documents Available for Inspection</i>), including any amendments or supplements thereto, by way of incorporation by reference or otherwise, as further described in Section 10 (<i>Disclosure Arrangement</i>) and Section 16 (<i>Documents Available for Inspection</i>).
“Day”	means	a calendar day.
“HKMA-CMU”	means	the Central Moneymarkets Unit of Hong Kong Monetary Authority.
“Interbank Market”	means	the PRC national interbank bonds market.
“Issuer”, “NDB” or the “Bank”	means	New Development Bank.
“Joint Underwriters”	means	the joint underwriters designated as such by the Issuer for the Bonds, being Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, The Export-Import Bank of China and China Construction Bank Corporation.
“Laws”	means	any applicable constitutional provisions, treaties, conventions, laws, administrative regulations, ordinances, local regulations, rules, judgements, requirements, notices, guidelines, stock exchange rules, rules of industrial self-regulatory associations, judiciary interpretations and other regulatory documents, in each case having legal effect.

“Lead Underwriter”	means	the lead underwriter designated as such by the Issuer for the Bonds, being Bank of China Limited.
“NAFMII”	means	the National Association of Financial Market Institutional Investors.
“PBOC”	means	the People’s Bank of China, the central bank of China.
“Programme”	means	the New Development Bank 2020-2022 Renminbi Bonds Issuance Programme under which the Issuer may, from time to time during the period of two years, commencing on the date of issuance by NAFMII of a registration notice with respect to the Programme, issue bonds in an aggregate amount of RMB20,000,000,000.
“Prospectus”	means	this “New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect) Prospectus” relating to the Bonds as revised, supplemented, amended or updated by any supplement or update to the Prospectus or by documents incorporated by reference from time to time as further described in Section 10 (<i>Disclosure Arrangement</i>) and Section 16 (<i>Documents Available for Inspection</i>).
“Public Holiday”	means	a Day which is a public holiday in China.
“Renminbi” or “RMB”	means	the lawful currency of the PRC.
“SHIAC”	means	Shanghai International Economic and Trade Arbitration Commission (also known as the Shanghai International Arbitration Center).
“Sustainable Development Goals”	means	the 17 sustainable development goals included in the UN 2030 Agenda.
“Supervisor”	means	the supervisor designated as such by the Issuer for the Bonds, being the Lead Underwriter.
“UN 2030 Agenda”	means	the 2030 Agenda for sustainable development adopted by all United Nations member states in 2015.
“Underwriter”	means	the single entity, number of entities or all institutions responsible for underwriting the Bonds (as the context may determine).
“Underwriting Agreement”	means	the underwriting agreement entered into between NDB, the Lead Underwriter and the Joint Underwriters for the Bonds, as amended by the

parties from time to time.

- “Underwriting Syndicate”** means an underwriting syndicate for the Bonds comprising the Lead Underwriter, the Joint Underwriters and other members of the Underwriting Syndicate identified in the Underwriting Syndicate Agreement.
- “Underwriting Syndicate Agreement”** means the underwriting syndicate agreement entered into between the Lead Underwriter, the Joint Underwriters and other members of the Underwriting Syndicate, pursuant to the Underwriting Agreement, in connection with the Bonds.
- “United States” or “US”** means the United States of America.
- “USD”** means United States dollars, the lawful currency of the United States.
- “year”** means a calendar year.

SECTION 2 SUMMARY OF THIS PROSPECTUS

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

1. Basic Information of the Issuer

The Bank was established on the signing of the Articles of Agreement on July 15, 2014 by the respective Governments of the BRICS Countries. The Articles of Agreement entered into force on July 3, 2015. The Bank has its headquarters in Shanghai, the PRC.

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

In addition to the founding members, membership is open to members of the United Nations at such times and in accordance with such terms and conditions as the Issuer shall determine by a special majority at a meeting of the Board of Governors. NDB's membership expansion is in line with the Bank's strategy to be positioned as the premier development institution for emerging economies.

On September 16, 2021 and October 4, 2021, the People's Republic of Bangladesh ("Bangladesh") and the United Arab Emirates ("UAE"), respectively, became new members of the Issuer. The Oriental Republic of Uruguay ("Uruguay") and the Arab Republic of Egypt ("Egypt") are prospective members of the Bank and have been admitted by the Board of Governors and will each become an official member of NDB once they deposit their respective instruments of accession.

NDB has an initial authorised capital of USD 100 billion, which is divided into 1 million shares with a par value of USD 100,000 each. The voting power of a member is equal to the proportion of its subscribed shares in the capital stock of the Bank. As per the Articles of Agreement, the five founding members made an initial subscription of USD 50 billion in equal shares, composed of a paid-in capital of USD 10 billion and a callable capital of USD 40 billion. This unique shareholding structure allows the founding members to have equal voting power while none of them holds veto power over any matter.

In 2021, initial subscriptions were made by Bangladesh and UAE following their accession to the Bank. In September 2021, Bangladesh subscribed 9,420 shares of the Bank's capital, totaling USD 942 million, of which USD 188 million corresponds to paid-in capital and USD 754 million corresponds to callable capital. In October 2021, UAE subscribed 5,560 shares of the Bank's capital, totaling USD 556 million, of which USD 111 million corresponds to paid-in capital and USD 445 million corresponds to callable capital. These subscriptions entitled Bangladesh and UAE to have the voting power of 1.83% and 1.08% as of end-2021, respectively.

According to the payment schedule set out in the Articles of Agreement, the initial subscription to paid-in capital by founding members should be paid over seven annual instalments. By the end of 2021, NDB had cumulatively received USD 9.96 billion in paid-in capital from its founding members, including partial receipts relating to the seventh instalment made ahead of schedule. In March 2022, Bangladesh made its first instalment of paid-in capital in the amount of USD 14 million. In April 2022, UAE made its first instalment of paid-in capital in the

amount of USD 9 million. As of the date of this Prospectus, NDB has fully received USD 10 billion paid-in capital from the five founding members and first installment of paid-in capital from Bangladesh and UAE. NDB's high level of capitalisation places it amongst the largest multilateral development banks globally.

As at June 30, 2022, NDB employed 217 staff members, including five management members, six short term consultants and twelve outsourced members of staff.

2. Basic Information of the Bonds

(1) Name of the Bonds

New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect)

(2) Issuer

New Development Bank

(3) Lead Underwriter for the Bonds

Bank of China Limited

(4) Joint Underwriters for the Bonds

Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, The Export-Import Bank of China and China Construction Bank Corporation

(5) Bookrunner

Bank of China Limited

(6) Debt Financing Instruments Outstanding by the Issuer in the PRC bond market

As of the date of the signing of this Prospectus, the outstanding principal amount of the Renminbi bonds issued by the Issuer is RMB 25 billion in aggregate.

(7) Registration Acceptance Notice Number

NAFMII Zhong Shi Xie Zhu [2020] RB5

(8) Registration Amount of the Programme

RMB20,000,000,000

(9) Size of the Bonds

RMB3,000,000,000

(10) Tenor of the Bonds

The tenor of the Bonds is three (3) years.

(11) Nature of the Bonds

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

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.

(12) Priority of the Bonds

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

(13) Guarantee

The Bonds are not guaranteed by any third party.

(14) Form of the Bonds

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

(15) Use of Proceeds

NDB's mandate is to mobilise resources for infrastructure and sustainable development projects in its member states and other emerging economies and developing countries. This principle pervades the Issuer's policies and operations and guides the Issuer's actions towards supporting its member states to achieve their development aspirations, especially those articulated in the United Nations' 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change. To fulfil its purpose, the Issuer supports public and private projects through loans, guarantees, equity participation and other financial instruments.

The net proceeds from the sale of the Bonds will be used onshore as general corporate resources of the Issuer and will be used to finance infrastructure and sustainable development activities in the Issuer's member states. Pending their use, the net proceeds from the sale of the Bonds will be invested as part of the Issuer's liquid assets.

(16) Denomination

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

(17) Issue Price

The Bonds will be issued at par.

(18) Minimum Subscription Amount

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

(19) Interest Basis

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

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

(20) Rate of Interest

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

(21) Form of underwriting

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

(22) Issuance Date/Bookbuilding Date for the Bonds

25 October 2022

(23) Offering Period for the Bonds

- 25 October 2022
- (24) Distribution Dates of the Bonds
From 25 October 2022 to 26 October 2022
- (25) Settlement Date for the Bonds
26 October 2022
- (26) Interest Accrual Start Date for the Bonds
26 October 2022
- (27) Bond Registration Date
26 October 2022
- (28) Interest Payment Period for the Bonds
The interest payment period for the Bonds shall be from 26 October 2022 to 25 October 2025.
- (29) Interest Payment Date for the Bonds
The interest payment dates for the Bonds shall be 26 October of each year during its tenor; the first interest payment date shall be on 26 October 2023, and the last interest payment date shall be on 26 October 2025. If an interest payment date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of each such postponed payment.
- (30) Maturity Date for the Bonds
The maturity date for the Bonds shall be 26 October 2025. If a maturity date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponed payment.
- (31) Repayment Amount
Payment based on the face value and interest.
- (32) Interest Payment and Principal Repayment for the Bonds
Interest on the Bonds shall be paid annually on the interest payment date. The principal of the Bonds shall be repaid in one lump sum on the maturity date of the Bonds.
- (33) Method of Interest Payment and Principal Repayment
While the Bonds are still outstanding, the Issuer shall, two Business Days prior to any interest payment date or five Business Days prior to the relevant maturity date, publish a “payment announcement” or “maturity announcement” on the media platform designated or recognised by NAFMII. The interest and principal payable in respect of the Bonds shall be made in accordance with the applicable rules, and shall be completed by the Custody Institution and (for the offshore investors who invest through “Bond Connect”) HKMA-CMU.
- Any payment made by or on behalf of the Issuer to the Custody Institution or its agent pursuant to the relevant agreement between the Issuer and the Custody Institution, for the account of a person in whose name a Bond is, at the time such payment is made, registered in the register held by the Custody Institution, constitutes for all purposes an absolute and unconditional release and discharge of the Issuer, to the extent of such payment, of all obligations and indebtedness in respect of such Bond in relation to which

such payment was made. All payments under the Bonds, including principal and interest, will be made in Renminbi.

(34) Method of the Offering

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

(35) Technology Supporting Institution for the Centralized Bookbuilding
BFAE.

(36) Early Redemption

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

(37) Put Right

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

(38) Credit Rating Agencies and Credit Rating

There is no credit rating of the Bonds from any domestic credit rating agency.

(39) Trading

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

(40) Custody Institution

Shanghai Clearing House

(41) Taxation

Any tax payable on the Bonds pursuant to any applicable taxation Laws shall be borne by the Bondholders.

(42) Applicable Law

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

(43) Dispute Resolution

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

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

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

(iii) Language

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

- (a) All oral submissions must be made in either English or Chinese, with simultaneous interpretation provided at the same time and the parties shall share the costs of providing the simultaneous interpretation;
 - (b) All documents (including written submissions and oral evidence) filed and submitted must be bilingual in both English and Chinese. Both language versions of the documents must be submitted at the same time to the other party and the arbitrators. Each party shall bear its own costs in providing an accurate English or Chinese translation of the documents so filed and submitted;
 - (c) Any party wishing to rely on documentary or witness evidence in any language other than English or Chinese shall be responsible for providing an accurate English and Chinese translation or interpretation of the same to the other party and to the arbitrators, at the same time as the original language version is provided;
 - (d) In the absence of either or both of the English and Chinese translation or interpretation, any documents or evidence purportedly filed and submitted shall be disregarded; and
 - (e) In case of any discrepancy or ambiguity between the Chinese and English versions, the Chinese version shall prevail, unless the original executed document is in English.
- (iv) The parties agree to the nomination and appointment of arbitrators from outside of SHIAC's Panel of Arbitrators. Where the Chairman of SHIAC is entrusted or required to appoint an arbitrator, either as a result of a party's failure to nominate its proposed arbitrator or because of the parties' failure to jointly nominate the presiding arbitrator or to submit their respective lists of recommended candidates for the presiding arbitrator, the Chairman of SHIAC shall choose and appoint the relevant arbitrator from the list of SHIAC's Panel of Arbitrators;
- (v) An arbitral award is final and binding upon both parties;
- (vi) Nothing in this Prospectus shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Issuer accorded under the Agreement on the New Development Bank, the Articles of Agreement, international convention or any applicable Laws. Notwithstanding the foregoing, NDB has made an express submission to arbitration under this Term 43 and has no immunities, privileges or exemptions in respect of the enforcement of an arbitral award duly issued against it as a result of its express submission to arbitration pursuant to this Term 43.

(44) Payment Event of Default

If the Issuer defaults in the payment of the principal of, or interest on, the Bonds, and such default continues for a period of ninety (90) Days, then at any time thereafter and during the continuance of such default, a Bondholder may deliver or cause to be delivered to the Issuer, a written notice that such Bondholder elects to declare the principal of the Bonds held by it (the details of which shall be set forth in such notice) to be due and payable, and on the thirtieth (30th) Day after such notice is delivered to the

Issuer, the principal of and accrued interest on the Bonds held by such Bondholder shall become due and payable, unless prior to that time all such defaults previously existing have been cured.

(45) Modification, Waiver and Substitution

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

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

(46) Meeting of Bondholders

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

A resolution in writing signed by or on behalf of the Bondholders of not less than 75% in principal amount of the Bonds for the time being outstanding and who for the time being are entitled to receive notice of a meeting in accordance with the provisions set out in Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) shall be

as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

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

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

(47) Target Investors

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

3. Risk Factors

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

- (1) Risks relating to the Issuer
- (2) Risks relating to the Bonds
- (3) Risks relating to Cross-border Issuance

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

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

SECTION 3 ISSUE TERMS AND ARRANGEMENTS FOR ISSUE

1. Key Issue Terms of the Bonds

- (1) Name of the Bonds
New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect)
- (2) Issuer
New Development Bank
- (3) Lead Underwriter for the Bonds
Bank of China Limited
- (4) Joint Underwriters for the Bonds
Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, The Export-Import Bank of China and China Construction Bank Corporation
- (5) Bookrunner
Bank of China Limited
- (6) Debt Financing Instruments Outstanding by the Issuer in the PRC bond market
As of the date of the signing of this Prospectus, the outstanding principal amount of the Renminbi bonds issued by the Issuer is RMB 25 billion in aggregate.
- (7) Registration Acceptance Notice Number
NAFMII Zhong Shi Xie Zhu [2020] RB5
- (8) Registration Amount of the Programme
RMB20,000,000,000
- (9) Size of the Bonds
RMB3,000,000,000
- (10) Tenor of the Bonds
The tenor of the Bonds is three (3) years.
- (11) Nature of the Bonds
The Bonds constitute the legal, valid, binding, direct and unsecured obligation of the Issuer.
THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT.
- (12) Priority of the Bonds
The Bonds rank *pari passu*, without any preference among themselves and equally with all other unsecured and unsubordinated obligations (whether present or future) of the Issuer except those obligations preferred by applicable Laws.
- (13) Guarantee
The Bonds are not guaranteed by any third party.
- (14) Form of the Bonds

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

(15) Use of Proceeds

NDB's mandate is to mobilise resources for infrastructure and sustainable development projects in its member states and other emerging economies and developing countries. This principle pervades the Issuer's policies and operations and guides the Issuer's actions towards supporting its member states to achieve their development aspirations, especially those articulated in the United Nations' 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change. To fulfil its purpose, the Issuer supports public and private projects through loans, guarantees, equity participation and other financial instruments.

The net proceeds from the sale of the Bonds will be used onshore as general corporate resources of the Issuer and will be used to finance infrastructure and sustainable development activities in the Issuer's member states. Pending their use, the net proceeds from the sale of the Bonds will be invested as part of the Issuer's liquid assets.

(16) Denomination

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

(17) Issue Price

The Bonds will be issued at par.

(18) Minimum Subscription Amount

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

(19) Interest Basis

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

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

(20) Rate of Interest

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

(21) Form of underwriting

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

(22) Issuance Date/Bookbuilding Date for the Bonds

25 October 2022

(23) Offering Period for the Bonds

25 October 2022

(24) Distribution Dates of the Bonds

From 25 October 2022 to 26 October 2022

(25) Settlement Date for the Bonds

26 October 2022

(26) Interest Accrual Start Date for the Bonds

26 October 2022

(27) Bond Registration Date

26 October 2022

(28) Interest Payment Period for the Bonds

The interest payment period for the Bonds shall be from 26 October 2022 to 25 October 2025.

(29) Interest Payment Date for the Bonds

The interest payment dates for the Bonds shall be 26 October of each year during its tenor; the first interest payment date shall be on 26 October 2023, and the last interest payment date shall be on 26 October 2025. If an interest payment date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of each such postponed payment.

(30) Maturity Date for the Bonds

The maturity date for the Bonds shall be 26 October 2025. If a maturity date falls on a Day that is not a Business Day, it will be postponed to the next Business Day. Additional interest will not be paid as a result of such postponed payment.

(31) Repayment Amount

Payment based on the face value and interest.

(32) Interest Payment and Principal Repayment for the Bonds

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

(33) Method of Interest Payment and Principal Repayment

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

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

(34) Method of the Offering

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

(35) Technology Supporting Institution for the Centralized Bookbuilding
BFAE.

(36) Early Redemption

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

(37) Put Right

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

(38) Credit Rating Agencies and Credit Rating

There is no credit rating of the Bonds from any domestic credit rating agency.

(39) Trading

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

(40) Custody Institution

Shanghai Clearing House

(41) Taxation

Any tax payable on the Bonds pursuant to any applicable taxation Laws shall be borne by the Bondholders.

(42) Applicable Law

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

(43) Dispute Resolution

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

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

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

(iii) Language

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

- (a) All oral submissions must be made in either English or Chinese, with simultaneous interpretation provided at the same time and the parties shall share the costs of providing the simultaneous interpretation;
 - (b) All documents (including written submissions and oral evidence) filed and submitted must be bilingual in both English and Chinese. Both language versions of the documents must be submitted at the same time to the other party and the arbitrators. Each party shall bear its own costs in providing an accurate English or Chinese translation of the documents so filed and submitted;
 - (c) Any party wishing to rely on documentary or witness evidence in any language other than English or Chinese shall be responsible for providing an accurate English and Chinese translation or interpretation of the same to the other party and to the arbitrators, at the same time as the original language version is provided;
 - (d) In the absence of either or both of the English and Chinese translation or interpretation, any documents or evidence purportedly filed and submitted shall be disregarded; and
 - (e) In case of any discrepancy or ambiguity between the Chinese and English versions, the Chinese version shall prevail, unless the original executed document is in English.
- (iv) The parties agree to the nomination and appointment of arbitrators from outside of SHIAC's Panel of Arbitrators. Where the Chairman of SHIAC is entrusted or required to appoint an arbitrator, either as a result of a party's failure to nominate its proposed arbitrator or because of the parties' failure to jointly nominate the presiding arbitrator or to submit their respective lists of recommended candidates for the presiding arbitrator, the Chairman of SHIAC shall choose and appoint the relevant arbitrator from the list of SHIAC's Panel of Arbitrators;
- (v) An arbitral award is final and binding upon both parties;
- (vi) Nothing in this Prospectus shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Issuer accorded under the Agreement on the New Development Bank, the Articles of Agreement, international convention or any applicable Laws. Notwithstanding the foregoing, NDB has made an express submission to arbitration under this Term 43 and has no immunities, privileges or exemptions in respect of the enforcement of an arbitral award duly issued against it as a result of its express submission to arbitration pursuant to this Term 43.
- (44) Payment Event of Default

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

become due and payable, unless prior to that time all such defaults previously existing have been cured.

(45) Modification, Waiver and Substitution

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

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

(46) Meeting of Bondholders

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

A resolution in writing signed by or on behalf of the Bondholders of not less than 75% in principal amount of the Bonds for the time being outstanding and who for the time being are entitled to receive notice of a meeting in accordance with the provisions set out in Part 3 (*Meetings of Bondholders*) in Section 14 (*Investor Protection Mechanism*) shall be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders

duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

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

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

(47) Target Investors

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

2. Subscription and Custody

- (1) The Bonds will be issued by way of a public offering through centralized Bookbuilding and placement at BFAE. The methods and requirements for the investors to participate in the bookbuilding and allocation process will be specified in the Subscription Offer and Explanation in relation to the Bonds to be published by the Lead Underwriter.
- (2) The investors shall subscribe for the Bonds by submitting the subscription offer as set out in the Subscription Offer and Explanation. Where there are any other requirements in any Laws, such requirements shall be complied with.
- (3) Shanghai Clearing House shall be the registration, custody and settlement institution for the Bonds, and (if applicable) HKMA-CMU will provide service for the registration, custody and settlement for the offshore investors who open accounts in HKMA-CMU.
- (4) The Investors subscribing for the Bonds shall have a Type A or Type B custody account opened directly with the Custody Institution, or a Type C custody account opened indirectly through a bond settlement agent in the Interbank Market with the Custody Institution, or (if applicable) a nominee bond account or proprietary bond account with HKMA-CMU.
- (5) During the Offering Period, members of the Underwriting Syndicate may distribute the Bonds to other prospective investors.
- (6) No additional expenses will be charged to the investors when completing the subscription, registration and custody procedures, but such investors shall comply with the relevant rules of the custody institution of the Bonds.
- (7) If there is any conflict or contravention between the above provisions relating to the subscription for, and custody of, the Bonds and any laws, regulations or rules of the Custody Institution currently in force or revised or enacted from time to time, the provisions of any laws, regulations or rules of the Custody Institution currently in force or revised or enacted from time to time shall prevail.

3. Representations and Warranties of the Issuer

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

- (1) the Bank is established pursuant to the Agreement on the New Development Bank and has full power, authority and legal rights to own its assets and operate its businesses;
- (2) the Bank has full power, authority and legal rights to issue the Bonds under the Programme and has taken all the corporate actions and other actions necessary for approving the issuance of the Bonds;
- (3) the issuance of the Bonds, the performance of any obligation under the Bonds or the enforcement of any right under the Bonds will not conflict with any Laws, authorization, agreement or obligation applicable to the Bank, and if there is any conflict, the Bank has obtained from relevant regulatory authorities and/or competent authorities the effective waivers which are legal, valid and enforceable under applicable Laws;
- (4) the Bank has, as required by the regulatory authorities, competent authorities and other relevant authorities, submitted to, or registered or filed with, such authorities in an appropriate form all the reports, resolutions, registration forms and other required documents on schedule;
- (5) the information provided by the Bank to the investors is true, complete and accurate in all material respects; and
- (6) the representations and warranties made by the Bank to the investors in respect of the current facts and conditions at the time of the issuance of the Bonds are true and accurate.

4. Investor's Representations and Warranties

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

- (1) it has full power, rights and authority to subscribe for, purchase and acquire the Bonds and has taken all the corporate actions and other actions necessary for the subscription, purchase and acquisition of the Bonds;
- (2) the subscription, purchase and acquisition of the Bonds, the performance of any obligation under the Bonds or the enforcement of any right under the Bonds will not conflict with any Laws, authorization, agreement or obligation applicable to it;
- (3) when making any assessment of the Bonds and upon the subscription, purchase and acquisition of the Bonds, it has fully understood and carefully considered the various risks related to the Bonds;
- (4) it accepts, and agrees to be bound by, all the provisions contained in the Prospectus (including any supplements and updates thereto) with respect to its rights and obligations under the Bonds;
- (5) to the extent required by the future business operations of the Issuer and subject to the approval of, or registration with, the relevant authorities, the Issuer may, after the completion of the issuance of the Bonds, continue to issue new bonds that have the same repayment order as, or senior to, the Bonds, without requiring the consent of any investor of the Bonds; and
- (6) offshore investors participating in the subscription of the Bonds through the "Bond Connect" regime should, in connection with the registration, custody, clearing, and settlement of the Bonds and with the remittance and conversion of funds, comply with all applicable laws and regulations, including the *Interim Measures for the Connection and Cooperation between the Mainland China and the Hong Kong Bond Market* published by PBOC, as well as applicable rules by other relevant parties.

SECTION 4 RISK FACTORS

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

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

1. Risks relating to the Issuer

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

(1) Credit risk

Credit risk is defined as risk of financial loss arising from the failure of the borrower or other obligor, to meet its contractual obligations to the Issuer. It can arise from both funded and non-funded transactions that are contingent in nature. As the Issuer provides financial support through loans, guarantees, equity investment and other financial activities, the inability or unwillingness of borrowers or obligors to meet their financial obligations towards the Issuer leads to credit risk. According to the nature of the Issuer's business, the principal sources of credit risks are:

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

The Issuer mainly relies on external credit ratings from major international rating agencies (e.g. Moody's Investors Service, Standard and Poor's Global Ratings and Fitch Ratings) to provide an initial assessment of the credit quality of borrowers and treasury counterparties. In cases where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed on the guarantor. For loans without a sovereign guarantee, in addition to external credit ratings, the Issuer uses an internal credit assessment taking into account specific project, sector, macro and country credit risks. The Issuer's Risk Management Department monitors the overall credit risk profile of the Issuer on a periodic basis.

In addition, the majority of the Issuer's portfolio is located within jurisdictions and economic sectors for which adequate statistical and qualitative information is available. The Issuer also

relies on external data providers to source this information as part of its regular credit risk management activities. Thus credit recommendations are made on information from the most reliable of these sources. With regard to specific projects, the Issuer conducts a due diligence process. However, the Issuer's relatively short track record, combined with the medium-and long-term nature of a large part of the credit portfolio, offers no assurance that these techniques will prove sufficient to mitigate credit risks inherent to such operations. Whilst nil was due from borrowers or was classified as a default as at December 31, 2021, the Issuer is in the process of building its loan portfolio. As such, the Issuer still considers credit risk to be a material risk to its business as it is not possible to eliminate entirely the possibility of adverse credit risk events. This in turn could have a material adverse effect on the Issuer's financial condition and results of operations.

(2) Operational risk

Operational risk can be defined as being the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. It thus excludes strategic and reputation risks but includes legal and regulatory risks. The Issuer's operational risk management framework is built on three key principles:

- (i) business units are responsible for directly managing operational risks in their respective functional areas;
- (ii) a dedicated central operational risk team coordinates the process and assists business units to anticipate, identify, mitigate, and control operational risk; and
- (iii) oversight is provided by the Audit, Risk and Compliance Committee and independent control functions such as the Internal Audit division.

The Issuer has established a comprehensive operational risk management framework and control system. However, a framework or control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system will be satisfied. Inherent limitations in any system of controls include the possibility that judgments in decision making could be faulty and that breakdowns could occur as a result of simple human error or mistake. The design of the Issuer's control system is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that the Issuer will not suffer losses from any failure of these controls to detect or contain operational risk in the future. Consequently, the potential inadequacy of the Issuer's internal processes or systems may result in unauthorized transactions and errors not being detected, or the Issuer's insurance may not cover the Issuer's losses from such transactions or errors, which may have a material adverse effect on the Issuer's financial condition and/or results of operations.

(3) Liquidity risk

The Issuer's liquidity risk arises largely in the following way:

- (i) insufficient liquidity to settle obligations or to meet cash flow needs, including, but not limited to, the inability to maintain normal lending operations and to support public or private projects in a timely manner; and
- (ii) inability to liquidate an investment at a reasonable price within the required period of time.

The Issuer utilises a set of short-term, long-term and stressed metrics for identifying, monitoring and managing liquidity risk. The Issuer balances the placement and tenor of its liquid assets to optimise interest income and provide a source of liquidity for strategic and day-to-day cash needs, as well as meeting unanticipated funding requirements.

Despite having a conservative approach to liquidity risk, it does not mitigate entirely the possibility that liquidity shortages and severe market conditions may have an adverse impact on the Issuer's financial condition.

(4) Market risk

Market risk is the risk that variations in market rates and valuation of the Issuer's assets, liabilities and off-balance sheet positions result in a loss to the Issuer. The Issuer's exposure to market risk is currently derived from interest rate risks, exchange rate risks and other price risks that emanate from the Issuer's operations. The Issuer has a conservative profile with limited appetite for market risk. The market risks are further described below:

(i) Interest rate risk

Interest rate risk is defined as the risk of adverse impact on the Issuer's financial position, including its income and economic value, due to interest rate movements. The Issuer's lending and investment activities expose the Issuer to interest rate risk, whilst changes in the macro-economic environment significantly impact the movement of interest rate curves in different currencies to which the Issuer is exposed. Movements in global interest rates are mostly unpredictable.

(ii) Exchange rate risk

The exchange rate risk the Issuer faces arises from the impact of exchange rate variations on net unhedged positions in non-USD currencies. Movements in currencies, in which the Issuer transacts, relative to its functional currency (USD), may affect the Issuer's results. In addition, the policies of the governments of the Issuer's member states can have a material impact on foreign currency exchange rates and such policies are subject to change. The Issuer is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position. The Issuer maintains a net exchange position limit to contain its exchange rate risk exposure and seeks to match the currency of its assets with the currency of the corresponding funding source. The Issuer uses currency derivative contracts to align the currency composition of its liabilities to its assets.

(iii) Other price risk

Other price risk is primarily about the unfavorable changes of fund price and other financial instruments prices that cause financial losses. Quantitatively, the other price risk the Issuer faces is mainly the proportionate fluctuation in the Issuer's profits due to the price fluctuation of the financial instruments. The Issuer monitors the investment position on a regular basis.

Whilst the Issuer has low appetite for market risk and believes that it has implemented the appropriate policies, systems and processes to minimise these risks, investors should note that a worsening of current global financial market conditions could lead to decreases in investor and consumer confidence, market volatility, economic disruption and, as a result, could have an adverse effect on the business, results of operations, financial condition and prospects of the Issuer irrespective of steps currently taken to adequately control these risks.

(5) The economic conditions in the member states may still be adversely affected by the COVID-19 pandemic, and this may negatively impact the Issuer's business, financial condition and results of operations

The on-going COVID-19 outbreak at the beginning of 2020 resulted in increased travel restrictions, extended quarantine or "lockdown" measures and closure of certain businesses and an initial decline in most major equity markets from February 2020. Despite this initial decline, such markets began to rise again from the end of March 2020 and were boosted further by the

announcement in November 2020 of potential vaccines and subsequent rollout during 2021 of those vaccines.

All member states have recorded cases of COVID-19 and deaths associated with it, but numbers differ considerably among countries. The COVID-19 pandemic is having a severe and negative economic impact globally, the further extent of which will depend primarily on the progress of vaccination rollout programmes, the continued efficacy of current vaccines and other preventive measures in place in each country.

The risks to recovery are reducing, but the possibility of another downturn cannot entirely be dismissed due to the uncertainty surrounding the evolution of the pandemic and delays in achieving broad vaccine distribution.

The Issuer has in place sensitivity tests and bank-wide macroeconomic stress testing to estimate impacts of the current COVID-19 pandemic crisis on the Issuer's exposures. However, the occurrence and future spread of the COVID-19 pandemic coupled with the potential of an outbreak of new variants or mutations of COVID-19 which may be resistant to current or future vaccines, as well as the response of the member states, is beyond the Issuer's control and the Issuer can provide no assurance as to the likelihood of any scenario arising or the economic impact of the COVID-19 pandemic in the member states or the resulting impact on the Issuer's business, financial condition or results of operations.

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

The Interim Financial Statements have not been audited by a certified public accountant and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such information to evaluate the Issuer's financial condition, results of operations and financial results or otherwise.

2. Risks relating to the Bonds

(1) Liquidity Risks

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

(2) Interest Rate Risk

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

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

In addition, Bondholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield (or market spread respectively) declines and Bondholders would like to invest such proceeds in comparable

transactions, Bondholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads respectively).

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear potential losses emanating from the risks arising from an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behavior of financial markets; and
- (v) be able to evaluate (either alone or with the help of financial and legal advisors) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

(4) Macroeconomic Volatility Risk

NDB is the first multilateral development bank founded by the BRICS Countries. In view of the current uncertainty of macroeconomic trends worldwide, particularly in developing countries, if the domestic macroeconomy of the BRICS Countries fluctuates in the future, it may affect the business of NDB.

(5) Legal Risk

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

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

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

3. Risks relating to cross-border issuance

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

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

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

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

SECTION 5 DESCRIPTION OF THE ISSUER

1. Details of NDB

English Name:	New Development Bank
Chinese Name:	新开发银行
Abbreviation:	NDB
President:	Mr. Marcos Prado Troyjo
Contact Person:	Mr. Yousuf Ali Syed
Telephone:	+86 (0)21 80219529
Email:	syed.yousuf@ndb.int
Website:	https://www.ndb.int/

2. General Information of NDB

The Bank was established on the signing of the Articles of Agreement on July 15, 2014 by the respective Governments of the BRICS Countries. The Articles of Agreement entered into force on July 3, 2015. The Bank has its headquarters in Shanghai, the PRC.

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

In addition to the founding members, membership is open to members of the United Nations at such times and in accordance with such terms and conditions as the Issuer shall determine by a special majority at a meeting of the Board of Governors. NDB's membership expansion is in line with the Bank's strategy to be positioned as the premier development institution for emerging economies.

On September 16, 2021 and October 4, 2021, Bangladesh and the United Arab Emirates, respectively, became new members of the Issuer. Uruguay and Egypt are prospective members of the Bank and have been admitted by the Board of Governors and will each become an official member of NDB once they deposit their respective instruments of accession.

NDB has an initial authorised capital of USD 100 billion, which is divided into 1 million shares with a par value of USD 100,000 each. The voting power of a member is equal to the proportion of its subscribed shares in the capital stock of the Bank. As per the Articles of Agreement, the five founding members made an initial subscription of USD 50 billion in equal shares, composed of a paid-in capital of USD 10 billion and a callable capital of USD 40 billion. This unique shareholding structure allows the founding members to have equal voting power while none of them holds veto power over any matter.

In 2021, initial subscriptions were made by Bangladesh and UAE following their accession to the Bank. In September 2021, Bangladesh subscribed 9,420 shares of the Bank's capital, totaling USD 942 million, of which USD 188 million corresponds to paid-in capital and USD 754 million corresponds to callable capital. In October 2021, UAE subscribed 5,560 shares of the Bank's capital, totaling USD 556 million, of which USD 111 million corresponds to paid-in capital and USD 445 million corresponds to callable capital. These subscriptions entitled Bangladesh and UAE to have the voting power of 1.83% and 1.08% as of end-2021, respectively.

According to the payment schedule set out in the Articles of Agreement, the initial subscription to paid-in capital by founding members should be paid over seven annual instalments. By the end of 2021, NDB had cumulatively received USD 9.96 billion in paid-in capital from its founding members, including partial receipts relating to the seventh instalment made ahead of schedule. In March 2022, Bangladesh made its first instalment of paid-in capital in the amount of USD 14 million. In April 2022, UAE made its first instalment of paid-in capital in the amount of USD 9 million. As of the date of this Prospectus, NDB has fully received USD 10 billion paid-in capital from the five founding members and first installment of paid-in capital from Bangladesh and UAE. NDB's high level of capitalisation places it amongst the largest multilateral development banks globally.

As at June 30, 2022, NDB employed 217 staff members, including five management members, six short term consultants and twelve outsourced members of staff.

3. Business Operations

(1) Lending Approach

NDB's main operational objectives are:

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

To fulfill its purpose, NDB supports both public and private projects, through loans, guarantees, equity participation, as well as other financial instruments.

(2) Funding

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

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

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

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

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

(3) Investments

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

4. Governance

NDB has the Board of Governors, the Board of Directors, the President and four Vice-Presidents as decided by the Board of Governors, and such other officers and staff as considered necessary.

All the powers of the NDB are vested in the Board of Governors. The Board of Directors is responsible for the conduct of the general operations of the Bank, and for this purpose, exercises all the powers delegated to them by the Board of Governors.

The President is the chief of the operating staff of the Bank and conducts, under the direction of the Directors, the ordinary business of the Bank.

(1) Board of Governors

As the highest decision-making authority of NDB, the Board of Governors consists of one Governor at the ministerial level and one alternate appointed by each member country. All the powers of the Bank are vested in the Board of Governors. The Board of Governors has delegated to the Board of Directors authority to exercise a wide range of powers but retains the powers to make certain strategic decisions, such as admitting new members and determining the conditions of their admission, increasing or decreasing the capital stock, amending the Articles of Agreement, electing the President, and approving the General Strategy of the Bank every five years. The Board of Governors meets at least once a year.

The following is a list of the Board of Governors:

<i>Name</i>	<i>Position</i>
Paulo Guedes	Minister of Economy of Brazil
Anton Siluanov	Minister of Finance of Russia
Nirmala Sitharaman	Minister of Finance of India
Kun Liu	Chairperson of the Board of Governors, Minister of Finance of China
Enoch Godongwana	Minister of Finance of South Africa
A H Mustafa Kamal	Minister of Finance of Bangladesh
Mohamed Bin Hadi Al Hussaini	Minister of State for Financial Affairs of United Arab Emirates

(2) Board of Directors

In line with NDB’s lean governance structure, the Bank’s Board of Directors functions as a non-resident body. The Board of Directors is responsible for the conduct of the general operations of the Bank and exercises all the powers delegated to it by the Board of Governors, including decisions on business strategies, operations, borrowings, policies, technical assistance, and budget approval. In addition, the Board of Directors also provides strategic direction to the Management to achieve the Bank’s organisational objectives and oversees the development of its general operations.

According to the Articles of Agreement, each founding member is entitled to appoint one Director and one alternate, and additional Directors and alternates could be elected by non-founding members. The total number of Directors should be no more than ten. The President is also a member of the Board of Directors but has no vote except for a deciding vote in case of an equal division among Directors. Following the accession of Bangladesh and UAE, the Bank’s first multi-country constituency was formed in 2021. This constituency is currently headed by Mr. Shahriar Kader Siddiky, the temporary additional Director appointed by Bangladesh, and Mr. Abdalla Ahmed Al Obeidli, the temporary additional alternate appointed by UAE. The Board of Directors meets at least quarterly and may convene meetings electronically as needed.

In 2021, the Board of Directors held four regular quarterly meetings and one special meeting, all in a virtual format due to the COVID-19 situation. The Board of Directors also made 56 inter-sessional decisions between meetings, which allowed for swift decision-making. In addition, the Directors interacted with the Management through other means, including six

workshops, seminars and briefings conducted during the year of 2021 on various topics, such as the General Strategy, financial model, and LIBOR transition.

The following is a list of the Board of Directors:

<u>Name</u>	<u>Countries Represented</u>
Lucas Ferraz	Brazil
Timur Maksimov	Russia
Manisha Sinha	India
Zhijun Cheng	China
Dondo Mogajane	South Africa
Md. Shahriar Kader Siddiky	Bangladesh, United Arab Emirates

(3) Committees

To assist the Board of Directors in discharging its oversight and decision-making responsibilities, two Board committees and two Management committees have been established.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee assists the Board of Directors in fulfilling its corporate governance responsibilities including, among others, assessing the integrity of the financial statements and reporting procedures, reviewing reports from the internal and external auditors, ensuring the existence of adequate and effective internal controls, and approving the risk management framework. It comprises all members of the Board of Directors and meets at least four times a year.

In 2021, the Audit, Risk and Compliance Committee held four meetings, all in a virtual format. The committee reviewed the financial statements of both NDB and the NDB Project Preparation Fund, risk management reports, and compliance updates on a quarterly basis. Furthermore, the Audit, Risk and Compliance Committee reviewed 14 policies pertaining to accounting, risk management, provisioning and write off, compliance management, internal audit, and IT management. The Audit, Risk and Compliance Committee also reviewed 13 internal audit reports covering various functions of the Bank.

In 2021, the Audit, Risk and Compliance Committee satisfied its responsibilities in compliance with its terms of reference by undertaking, among other matters, the following duties:

- The Audit, Risk and Compliance Committee reviewed the condensed and audited financial statements with the Management, including a discussion of the quality of the accounting principles as applied, and significant judgments affecting the Bank’s financial statements.
- The independent auditors discussed with the Audit, Risk and Compliance Committee their judgments of the quality of those principles as applied and judgments referred to above under the circumstances.
- The members of the Audit, Risk and Compliance Committee discussed among themselves, without the Management or the independent auditors being present, the information disclosed to the Audit, Risk and Compliance Committee as described above.
- The Audit, Risk and Compliance Committee, in reliance on the review and discussions conducted with the Management and the independent auditors pursuant to the requirements above, believed that the Bank’s financial statements are fairly presented in conformity with International Financial Reporting Standards in all material respects.

Budget, Human Resources and Compensation Committee

The Budget, Human Resources and Compensation Committee assists the Board of Directors in fulfilling its corporate governance oversight responsibilities regarding the budget, human resources and compensation-related activities. It comprises all members of the Board of Directors and meets quarterly, or as needed.

In 2021, the Budget, Human Resources and Compensation Committee held four meetings, all in a virtual format. The committee provided oversight of budget utilisation and facilitated the budget preparation for 2022. It offered advice on recruitment and diversity, recruitment turnaround time, headcount budget utilisation, compensation and benefits, ethics, and other issues.

In 2021, the Budget, Human Resources and Compensation Committee satisfied its responsibilities in compliance with its terms of reference.

Credit and Investment Committee

The purpose of the Credit and Investment Committee is to assist the Board of Directors in fulfilling its responsibilities regarding the credit activities of the Bank and to make appropriate recommendations to the Board of Directors on loans, guarantees, equity investments, and technical assistance. It comprises the President and the four Vice Presidents and meets monthly, or as needed.

In 2021, the Credit and Investment Committee held four meetings and satisfied its responsibilities in compliance with its terms of reference.

Finance Committee

The Finance Committee provides oversight on financial and risk-related matters pertaining to operations and treasury activities. The committee is also responsible for the oversight of the recommendations to the Board of Directors in the areas of financial policies, financial operations, including loan loss provisioning, asset and liability management and financial risk management. It comprises the Bank’s President and the four Vice Presidents and meets monthly, or as needed.

In 2021, the Finance Committee held four meetings and satisfied its responsibilities in compliance with its terms of reference.

(4) Management

Under the leadership of the President, NDB’s management is responsible for conducting the ordinary business of the Bank. The President is the chief of the operating staff of the Bank and is elected by the Board of Governors, on a rotational basis among the five founding members, for a mandate of five years. The Vice Presidents, at least one from each founding member except the country represented by the President, are appointed by the Board of Governors, based on the President’s recommendation.

In 2021, NDB’s Board of Governors appointed Mr. Vladimir Kazbekov, Mr. Qiangwu Zhou, and Mr. Leslie Maasdorp as Vice Presidents of NDB starting from July 7, 2021. These appointments concluded the Bank’s first round of leadership change, which started in 2020.

Name
Marcos Prado Troyjo
(President)

Profile
Prior to Mr. Marcos Prado Troyjo’s appointment as President of the NDB, Mr. Marcos Troyjo pursued a successful multi-layered career in government, business, academia and the public debate on economic development. He recently served as Brazil’s Deputy Economy Minister and Special Secretary for Foreign Trade and International Affairs and represented the Brazilian

Government on the boards of multilateral development institutions. Mr. Troyjo was also Chairman of Brazil's Commission on External Financing and its National Investment Committee. He co-founded and served as Director of the BRICLab at Columbia University, where he taught international and public affairs, and lectured extensively at universities and research centers around the world. Mr. Troyjo is a member of the World Economic Forum (WEF) Global Future Council on International Trade and Investment. He was Director of the Intelligent Tech & Trade Initiative (ITTI). An economist, political scientist and diplomat, he holds a Master's degree and a PhD in sociology of international relations from the University of São Paulo and pursued postdoctoral studies at Columbia University. He is an alumnus of the Rio Branco Institute, the diplomatic academy of Brazil's Ministry of Foreign Affairs. Mr. Troyjo authors books on development, technology and global affairs.

Anil Kishora
(Vice President, Chief
Risk Officer)

Mr. Anil Kishora is Vice President and CRO of NDB. Mr. Anil Kishora had worked in India's largest bank, the State Bank of India (SBI) for about 38 years. During his long career, Mr. Anil Kishora had exposure to all areas of SBI operations. Before joining the NDB, he worked as Deputy Managing Director & CRO of SBI, being responsible for managing SBI Group's operational, market, credit, cyber, information security and other risks. Prior to that, Mr. Anil Kishora served as Deputy Managing Director/ Chief General Manager, SBI Local Head Office, Chandigarh, India and CEO of SBI in Singapore. He has also been a Council Member of Association of Banks in Singapore, a board member of IACPM, New York, and director on the boards of Macquarie SBI Infrastructure Management Pte. Ltd. and Macquarie SBI Infrastructure Trustee Ltd.

Vladimir Kazbekov
(Vice President, Chief
Operating Officer)

Mr. Vladimir Kazbekov is Vice President and COO of NDB. Mr. Kazbekov worked in executive position for the Russian National Development Bank (Vnesheconombank) for more than 15 years. He has greatly contributed to the development of BRICS Interbank cooperation mechanism that includes the national development banks of BRICS Countries. Prior to his appointment in Vnesheconombank, Mr. Kazbekov served as the Deputy Director of the Foreign Policy Department of the Presidential Executive Office of the Russian Federation. He has nearly 20 years of experience in the Russian Ministry of Foreign Affairs, predominantly in Asian countries.

Qiangwu Zhou
(Vice President, Chief
Administrative Officer)

Mr. Qiangwu Zhou is Vice President and CAO of NDB. Over the past 25 years, Mr. Zhou has served in various senior positions in the public sector. Most recently, he served as Director General level official in the Department of International Economic and Financial Cooperation, the Ministry of Finance (MOF) of China, while holding the positions of International Development Association (IDA) Deputy, and GEF Council member for China. Prior to that, Mr. Zhou was Director General of International Economic and Financial Institute (IEFI), MOF's leading think tank on international economics and development for eight years. He was also assigned to work in the UN's Administrative and Budgetary Committee, representing the Government of China during 1999-2002, and served as Advisor and then Senior Advisor to the Executive Director for China in the World Bank Group during 2008-2011. Mr. Zhou has several publications on international economics. He holds a Master Degree from Peking University, China.

Leslie Maasdorp
(Vice President, Chief
Financial Officer)

Mr. Leslie Maasdorp is Vice President and CFO of NDB. Over the past 25 years, Mr. Maasdorp has occupied senior leadership roles in both private and public sectors. Most recently he served as President of Bank of America Merrill Lynch for Southern Africa. Prior to that he served in a dual role as Vice Chairman of Barclays Capital and Absa Capital. In 2002 he was the first African to be appointed as International Advisor to Goldman Sachs International. Before his 13 years as a global investment banker, he served in

several senior leadership roles in the Government of South Africa. In 1994 after the transition to democracy, he was appointed as Special Advisor to the Minister of Labour and in 1999 was appointed as Deputy Director General of the Department of Public Enterprises. He is a former Chairman and CEO of Advtech, a leading provider of private education in South Africa.

5. Risk Management

NDB adopts a conservative and integrated approach to managing financial and non-financial risks, as established in the Enterprise Risk Management and Risk Appetite Framework approved by the Board of Directors. This framework provides guidance to strategic planning and day-to-day operational decision making, to ensure prudent, effective, consistent, transparent and accountable management of all types of risks.

According to the framework, the Bank's risk governance structure is based on a three lines of defence model. The roles and responsibilities, risk ownership and segregation of duties among NDB's functions have been clearly articulated as part of its overall risk governance architecture.

Within the three lines of defence, frontline business decision makers working on individual projects, transactions, investments and fundraising activities (operations, treasury) along with IT, administration supporting functions are the first line of defence. They are responsible for managing risks within their respective areas on an on-going basis.

Functions within the second line of defence are fully independent and have oversight of the effectiveness of the first line of defence controls. Their role is to ensure that the Bank meets its business objectives with the highest ethical and professional standards and within the applicable legal and internal rules.

The Internal Audit Department is an independent assurance function and effectively serves as the third line of defence to assist the Bank to accomplish its objective by adopting a systematic and disciplined approach to evaluate and improve the effectiveness of the risk management, internal control and governance processes.

6. Lending Activities

NDB was established with a mandate to mobilize resources in support of infrastructure and sustainable development projects, with an ultimate goal of promoting global growth and development. NDB's creation was on the background of the international development community negotiating the 2030 Agenda and Sustainable Development Goals. The Articles of Agreement was signed in 2014, a year ahead of the adoption of the 17 Sustainable Development Goals and the Paris Agreement by all United Nations' member states, and the Articles of Agreement is closely aligned with the spirits of these international agreements.

As set in the General Strategy: 2022-2026, contributing towards infrastructure and sustainable development is the uppermost objective of NDB's mandate. Accordingly, the Bank's financing operations support infrastructure and sustainable development projects with a distinct focus on bringing socioeconomic and environmental benefits. NDB intends to deploy USD 30 billion from its balance sheet over the 2022-2026 strategy cycle through loans, equity investments, and other instruments. This will bring the Bank's cumulative project approvals to around USD 60 billion by the end of 2026.

NDB will focus its efforts on high-quality projects in select areas of operation where financing can be catalytic in spurring sustainable development at scale. While the Bank will continue financing projects in clean energy and energy efficiency, transport infrastructure, water and sanitation, and environmental protection, it will also step up its efforts to support digital and

social infrastructure projects. Climate change, disaster risk, technology integration, and inclusiveness will all be emphasised as key considerations in NDB's project evaluation toolkit.

The Bank will continue to build a diversified and robust portfolio across sectors and geographies. As the development priorities of its members evolve, NDB remains open to providing financing in other operational areas that meet its mandate and evaluation criteria. With the ongoing expansion of its membership, the Bank also plans to support projects that can enhance regional connectivity and integration, and promote economic cooperation across emerging market economies and developing countries, while ensuring that such projects are in line with NDB's mandate and do not impinge on the sovereignty and territorial integrity of any state.

The Bank recognises that multi-stakeholder collaboration will be indispensable to close the immense infrastructure financing gap across emerging market economies and developing countries and, more broadly, to realise the objectives of the 2030 Agenda. Given this, the Bank will maintain close collaboration with peer multilateral development banks, global funds, national financial intermediaries, philanthropic organisations and private sector players. NDB aims to co-finance 20% of the projects approved over the strategy cycle with peer multilateral development banks. Other financing arrangements such as blended finance and project finance will also be explored in collaboration with partner institutions.

7. Recent Loans Projects

By the end of 2021, NDB had cumulatively approved USD 30.7 billion for 82 projects. Considering only projects included in the Bank's portfolio as at December 31, 2021, there were 74 projects with total financing amounting to USD 29.1 billion, a 19.1% increase from the previous year. The portfolio remained largely concentrated on sovereign and sovereign-guaranteed loans, which represented 88.0% of the portfolio's total financing as of end-2021, up from 85.7% and 79.9% recorded at the end of 2020 and 2019, respectively. Meanwhile, the share of non-sovereign operations reduced to 12.0%. However, if the large-size COVID-19 emergency programme loans are excluded, the share of non-sovereign operations would stand at 17.6%.

In 2021, NDB strived to maintain the geographic balance of its portfolio across founding members. While the approval of COVID-19 emergency programme loans, to a certain extent, contributed to achieving the balance, the establishment and operationalisation of NDB's regional offices in South Africa in 2017, Brazil in 2019 and Russia in 2020 also played an important role in expanding the Bank's operations in these countries. The total exposure of the Bank's portfolio to projects in these three countries increased significantly from 32.4% in 2017 to 50.6% in 2021. As NDB continues to expand its membership and builds its project preparation and implementation capacity in new members, the Bank's portfolio is expected to further diversify across geographies.

Providing local currency financing continued to be a key component of NDB's value proposition. The share of NDB's portfolio denominated in the national currencies of member countries increased from 21.2% at the end of 2020 to 23.3% at the end of 2021. Notably, over 70% of the loans to China in the Bank's portfolio were denominated in RMB. To satisfy the diverse needs of its clients, NDB also offered financing in other currencies, such as Euro and Swiss Franc. It is worth noting that the largest share (37.1%) of the Bank's approvals in 2021 was denominated in Euro, followed by those in RMB (31.8%) and USD (31.1%).

In 2021, NDB operated within the existing areas of operation where the Bank had developed expertise and gained experience over the years. With the approval of additional pandemic-related loans, the Bank's portfolio further concentrated on COVID-19 emergency

assistance, as its share increased from 24.8% at the end of 2020 to 31.6% at the end of 2021. This is followed by financing to transport infrastructure, urban development, and clean energy, which accounted for 21.2%, 14.8% and 13.5% of the Bank's portfolio as at end-2021, respectively.

NDB seeks to contribute to the progress of its member countries in achieving the Sustainable Development Goals. Each project supported by the Bank is mapped, through quantifiable development output and outcome indicators, to a primary Sustainable Development Goals with which the project is most directly and closely associated. Through the analysis of its intervention logic, a project may be mapped to one or more additional Sustainable Development Goals to which it will also contribute directly.

At the end of 2021, NDB's portfolio included projects that are primarily aligned with 11 out of the 17 Sustainable Development Goals. The largest share (28.3%) of the Bank's portfolio was primarily aligned with Sustainable Development Goal 9 on Industry, Innovation and Infrastructure, followed by Sustainable Development Goal 11 on Sustainable Cities and Communities (14.8%), Sustainable Development Goal 8 on Decent Work and Economic Growth (14.1%), Sustainable Development Goal 7 on Affordable and Clean Energy (13.5%) and Sustainable Development Goal 3 on Good Health and Well-being (10.6%). The sharp rise in financing towards Sustainable Development Goal 8, Sustainable Development Goal 3 and Sustainable Development Goal 1 on No Poverty over the past two years was driven by the approval of COVID-19 emergency programme loans allocated to economic recovery efforts, healthcare responses and social safety programmes.

NDB's operations have been undertaken in collaboration with a wide range of development partners, embodying the spirit of Sustainable Development Goal 17 on Partnerships for the Goals. At the end of 2021, the Bank's portfolio included USD 6.6 billion for 13 projects that were financed in parallel with other multilateral development banks. Furthermore, NDB's climate finance commitments totaled USD 5.2 billion, accounting for 18.0% of the Bank's portfolio at the end of 2021, or 26.3% if the COVID-19 emergency programme loans are excluded.

2021 witnessed another record for NDB's disbursements. Within the year, the Bank disbursed a total of USD 7.6 billion to 38 projects. This was more than the disbursements made in all the previous years combined and brought the cumulative disbursements made by the Bank to USD 14.6 billion. The steep increase in 2021 was largely driven by the quick disbursement of five COVID-19 emergency programme loans totaling USD 5.1 billion, but it also reflects the increased maturity of NDB's portfolio, where more projects reached the disbursement stage and clients started making drawdown requests. At the end of 2021, disbursements made to projects in China and India represented roughly half of the Bank's cumulative disbursements.

8. Borrowing Activities

In July 18, 2016, NDB successfully issued the first onshore bond in China in an aggregate amount of RMB 3 billion and a tenor of 5 years. It was the first time that a multilateral development bank issued a green financial bond in the Interbank Market and it was also the first time for the NDB to tap the capital markets.

On January 9, 2019, NDB has successfully registered a RMB 10 billion bond programme. NDB has been granted approval to raise RMB 10 billion in the Interbank Market within 2 years of the programme registration date. On February 22, 2019, NDB successfully placed its debut RMB 3 billion bond in the Interbank Market under the programme. On April 1, 2020, NDB successfully issued the 3-year RMB Coronavirus Combating Bond in an aggregate amount of RMB 5 billion under the programme in the Interbank Market. On July 6, 2020, NDB

successfully placed a RMB 2 billion bond in the Interbank Market, with a maturity of 5 years and a coupon rate of 3%.

On October 28, 2020, NDB has successfully registered its second RMB Bond Programme in the China Interbank Bond Market and received the Letter of Registration (Zhong Shi Xie Zhu, 2020 No. RB5) from NAFMII. NDB has been granted approval to raise up to RMB 20 billion in the China Interbank Bond Market within two years of the programme registration date. From March 23 to March 24, 2021, NDB successfully priced a new 3-year fixed rate RMB 5 billion Bond in the China Interbank Bond Market under the programme. On September 16, 2021, NDB successfully issued a RMB 2 billion Bond in the China Interbank Bond Market under the programme, with maturity of 5 years and the final coupon rate of 3.02%. On January 27, 2022, NDB successfully issued a RMB 3 billion RMB-denominated Bond in the China Interbank Bond Market under the programme, with maturity of 3 years. On May 18, 2022, NDB successfully priced a RMB 7 billion Bond in the China Interbank Bond Market, with maturity of 3 years.

In December 2019, NDB registered its inaugural USD 50 billion Euro medium term note programme in the international capital markets. On June 16, 2020, NDB priced its inaugural benchmark USD 1.5 billion 3-year COVID Response Bond in the international capital markets. On September 22, 2020, NDB priced its USD 2 billion, 5-year COVID Response Bond in the international capital markets. On April 20, 2021, NDB priced its 5-year USD 1.5 billion benchmark bond. On July 15, 2021, NDB priced its 3-year USD 2.25 billion Pandemic Support and Sustainable Bond. On December 1, 2021, NDB priced its 3-year USD 500 million Pandemic Support and Sustainable Bond. In May 2022, NDB issued two two-year Euro Medium Term Notes with par value of USD 50 million each with the maturity date on May 6, 2024 and May 17, 2024.

In April 2019, NDB established its debut ECP programme for liquidity management purposes. The ECP programme with the maximum size of USD 8 billion is established under the Regulation S of the United States Securities Act of 1933, as amended. As at June 30, 2022, NDB has outstanding of USD 2,609 million ECP with the weighted average maturity of 5.07 months under the ECP programme.

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

9. International Credit Rating of NDB

NDB has been rated AA+ with a stable outlook by Standard and Poor's Global Ratings, AA with a negative outlook by Fitch Ratings Inc., AAA with a stable outlook by Japan Credit Rating Agency, Ltd. and AAA with a stable outlook by Analytical Credit Rating Agency. These ratings are recognitions of the well-struck balance between growth and prudence in NDB's future plans and enable NDB to mobilise financing from global and domestic capital markets at competitive rates and pass on the benefits to the clients.

SECTION 6 ANALYSIS OF THE FINANCIAL CONDITION OF THE ISSUER

1. Standards for Financial Statements

NDB has consistently applied International Accounting Standards (“IASs”), International Financial Reporting Standards (“IFRSs”), amendments and the related Interpretations (“IFRICs”) (herein collectively referred to as the “IFRSs”) issued by the International Accounting Standards Board (“IASB”) which are effective for the year ended December 31, 2021, the year ended December 31, 2020 and the year ended December 31, 2019, for the purpose of preparing and presenting such financial statements. The unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and the condensed statement of profit or loss and other comprehensive income and relevant notes for the year ended December 31, 2021 and six months ended June 30, 2022 are also presented in the Interim Financial Statements.

2. Financial Highlights

Total Assets – as at June 30, 2022, the total assets of NDB amounts to USD 25,305 million, which is comprised primarily of due from banks other than cash and cash equivalent, debt instruments at fair value through other comprehensive income, debt instruments measured at amortised cost, and loans and advances;

Total Liabilities – as at June 30, 2022, the total liabilities of NDB amounts to USD 14,685 million, which is comprised primarily of financial liabilities designated at fair value through profit or loss and note payables;

Total Equity – as at June 30, 2022, the total equity of NDB amounts to USD 10,620 million;

Operating Loss – for the six months ended June 30, 2022, the operating loss of NDB amounted to USD 100 million.

3. Capital

NDB has an initial authorised capital of USD 100 billion, which is divided into 1 million shares with a par value of USD 100,000 each. The voting power of a member is equal to the proportion of its subscribed shares in the capital stock of the Bank. As per the Articles of Agreement, the five founding members made an initial subscription of USD 50 billion in equal shares, composed of a paid-in capital of USD 10 billion and a callable capital of USD 40 billion. This unique shareholding structure allows the founding members to have equal voting power while none of them holds veto power over any matter.

In 2021, initial subscriptions were made by Bangladesh and UAE following their accession to the Bank. In September 2021, Bangladesh subscribed 9,420 shares of the Bank’s capital, totaling USD 942 million, of which USD 188 million corresponds to paid-in capital and USD 754 million corresponds to callable capital. In October 2021, UAE subscribed 5,560 shares of the Bank’s capital, totaling USD 556 million, of which USD 111 million corresponds to paid-in capital and USD 445 million corresponds to callable capital. These subscriptions entitled Bangladesh and UAE to have the voting power of 1.83% and 1.08% as of end-2021, respectively.

According to the payment schedule set out in the Articles of Agreement, the initial subscription to paid-in capital by founding members should be paid over seven annual instalments. By the end of 2021, NDB had cumulatively received USD 9.96 billion in paid-in capital from its founding members, including partial receipts relating to the seventh instalment made ahead of

schedule. In March 2022, Bangladesh made its first instalment of paid-in capital in the amount of USD 14 million. In April 2022, UAE made its first instalment of paid-in capital in the amount of USD 9 million. As of the date of this Prospectus, NDB has fully received USD 10 billion paid-in capital from the five founding members and first installment of paid-in capital from Bangladesh and UAE. NDB's high level of capitalisation places it amongst the largest multilateral development banks globally.

4. Capital Management

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

NDB sets early warning indicators for the pillars (95% for Limitation on Operations, 30% for Equity-to-Loan Ratio, 30% for Equity-to-Asset Ratio and 85% for Capital Utilisation Ratio) and monitors the capital adequacy level on an on-going basis. Once any of the early warning indicators are reached, contingency actions should be triggered to bring the capital adequacy level within the Bank's comfort levels.

The Bank has a capital structure in order to meet the capital management objective in a capital efficient manner. The initial subscribed capital shall be equally distributed amongst the founding members and the payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in seven instalments.

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

5. Outstanding Bonds and Notes issued

On February 22, 2019, NDB issued an aggregate amount of RMB 3 billion Renminbi bonds in the Interbank Market with the maturity date of February 26, 2022 for the tranche 1 of the bonds and February 26, 2024 for the tranche 2 of the bonds. Tranche 1 of the bonds have been fully repaid.

In April 2019, NDB established its debut ECP programme for liquidity management purposes. The ECP programme with the maximum size of USD 8 billion is established under the Regulation S of the United States Securities Act of 1933, as amended. As at June 30, 2022, NDB has outstanding of USD 2,609 million ECP with the weighted average maturity of 5.07 months under the ECP programme.

On April 1, 2020, NDB successfully issued the 3-year RMB Coronavirus Combating Bond in an aggregate amount of RMB 5 billion in the Interbank Market with the maturity date of 3 April 2023.

On June 16, 2020, NDB priced its inaugural benchmark USD 1.5 billion 3-year COVID Response Bond in the international capital markets.

On July 6, 2020, NDB successfully placed a RMB 2 billion bond in the Interbank Market, with a maturity of 5 years and a coupon rate of 3%.

On September 22, 2020, NDB priced its USD 2 billion, 5-year COVID Response Bond in the international capital markets.

From March 23 to March 24, 2021, NDB successfully priced a new 3-year fixed rate RMB 5 billion Bond in the China Interbank Bond Market.

On April 20, 2021, NDB priced its 5-year USD 1.5 billion benchmark bond.

On July 15, 2021, NDB priced its 3-year USD 2.25 billion Pandemic Support and Sustainable Bond.

On September 16, 2021, NDB successfully issued a RMB 2 billion Bond in the China Interbank Bond Market, with maturity of 5 years and the final coupon rate of 3.02%.

On December 1, 2021, NDB priced its 3-year USD 500 million Pandemic Support and Sustainable Bond.

On January 27, 2022, NDB successfully issued a RMB 3 billion RMB-denominated Bond in the China Interbank Bond Market, with maturity of 3 years.

On May 18, 2022, NDB successfully priced a RMB 7 billion Bond in the China Interbank Bond Market, with maturity of 3 years.

In May 2022, NDB issued two two-year Euro Medium Term Notes with par value of USD 50 million each with the maturity date on May 6, 2024 and May 17, 2024.

SECTION 7 SELECTED FINANCIAL INFORMATION

The following information is extracted from audited financial statements of NDB for the year ended December 31, 2021, the year ended December 31, 2020 and the year ended December 31, 2019, as well as from the unaudited Interim Financial Statements. There has been no material change to the accounting policies in the reporting periods.

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

1. Condensed Statement of Profit or Loss and Other Comprehensive Income/Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022, the year ended December 31, 2021, the year ended December 31, 2020 and the year ended December 31, 2019, respectively:

Expressed in millions of USD

	Six months ended June 30, 2022 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)	Year ended December 31, 2020 USD million (audited)	Year ended December 31, 2019 USD million (audited)
Interest income	197	271	254	231
Interest expense	(76)	(123)	(73)	(33)
Net interest income	<u>121</u>	<u>148</u>	<u>181</u>	<u>198</u>
Net fee income	6	8	5	2
Net gains/(losses) on financial instruments at fair value through profit or loss ("FVTPL")	254	(46)	(191)	22
	<u>381</u>	<u>110</u>	<u>(5)</u>	<u>222</u>
Staff costs	(24)	(49)	(41)	(33)
Other operating expenses	(11)	(19)	(14)	(18)
Impairment losses under expected credit loss model, net of reversal	(157)	(2)	(38)	(2)
Foreign exchange (losses)/gains	(288)	60	208	(17)
Other expense	(1)	(11)	(9)	(1)
Operating (loss)/profit for the period/year	<u>(100)</u>	<u>89</u>	<u>101</u>	<u>151</u>
Unwinding of interest on paid-in capital receivables	1	21	49	72
(Loss)/profit for the period/year	<u>(99)</u>	<u>110</u>	<u>150</u>	<u>223</u>
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to profit or loss:				
Fair value (loss)/gain on debt instruments at fair value through other comprehensive income ("FVTOCI")	(15)	(7)	1	-
Impairment loss for debt instruments	1	1	-*	-

at FVTOCI included in profit or loss, net of reversal

Other comprehensive (expense)/income for the period/year	(14)	(6)	1	-
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Total comprehensive (expense)/income for the period/year	(113)	104	151	223
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* Less than USD half of a million

2. Condensed Statement of Financial Position/Statement of Financial Position

As at June 30, 2022, December 31, 2021, December 31, 2020 and December 31, 2019, respectively:

Expressed in millions of USD

	As at June 30, 2022 USD million (<i>unaudited</i>)	As at December 31, 2021 USD million (<i>audited</i>)	As at December 31, 2020 USD million (<i>audited</i>)	As at December 31, 2019 USD million (<i>audited</i>)
Assets				
Cash and cash equivalents	1,432	1,856	2,193	1,023
Due from banks other than cash and cash equivalents	3,394	4,916	6,762	5,495
Derivative financial assets	104	44	27	5
Financial assets held under resale agreements	-	-	66	-
Financial assets at FVTPL	47	211	400	-
Debt instruments at FVTOCI	3,030	1,298	131	-
Debt instruments measured at amortised cost	2,797	2,258	763	34
Loans and advances	14,146	13,965	6,612	1,545
Paid-in capital receivables	268	335	1,885	3,714
Right-of-use assets	-*	-*	-*	-*
Property and equipment	1	1	1	1
Intangible assets	1	1	1	2
Other assets	85	3	3	2
Total assets	25,305	24,888	18,844	11,821
Liabilities				
Derivative financial liabilities	521	160	98	12
Financial liabilities designated at FVTPL	10,939	10,140	5,556	883
Borrowings	-	-	-	110
Note payables	2,609	3,296	2,815	623
Bond payable	500	499	-	-
Lease liabilities	-*	-*	-*	-*
Contract liabilities	47	46	28	15
Other liabilities	69	14	14	6
Total liabilities	14,685	14,155	8,511	1,649
Equity				
Paid-in capital	10,299	10,299	10,000	10,000
Reserves	(27)	(14)	(26)	(86)
Retained earnings	348	448	359	258
Total equity	10,620	10,733	10,333	10,172
Total equity and liabilities	25,305	24,888	18,844	11,821

* Less than USD half of a million

3. Condensed Statement of Changes in Equity/Statement of Changes in Equity

For the six months ended June 30, 2022:

Expressed in millions of USD

	Paid-in capital	Capital reserve	Revaluation reserve	Other reserves	Retained earnings	Total
As at January 1, 2022	10,299	-*	(5)	(9)	448	10,733
Operating loss for the period	-	-	-	-	(100)	(100)
Other comprehensive expense for the period	-	-	(14)	-	-	(14)
Unwinding of interest on paid-in capital receivables for the period	-	-	-	-	1	1
Total comprehensive expense for the period	-	-	(14)	-	(99)	(113)
Special contribution from founding member	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	1	(1)	-
As at June 30, 2022 (unaudited)	10,299	-*	(19)	(8)	348	10,620

* Less than USD half of a million

For the year ended December 31, 2021:

Expressed in millions of USD

	Paid-in capital	Capital reserve	Revaluation reserve	Other reserves	Retained earnings	Total
As at January 1, 2021	10,000	-*	1	(27)	359	10,333
Operating profit for the year	-	-	-	-	89	89
Other comprehensive expense for the year	-	-	(6)	-	-	(6)
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	21	21
Total comprehensive (expense)/income for the year	-	-	(6)	-	110	104

Capital subscriptions	299	-	-	-	-	299
Impact on discounting of paid-in capital receivables	-	-	-	(10)	-	(10)
Special contribution from founding member	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables	-	-	-	7	-	7
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	21	(21)	-
As at December 31, 2021 (audited)	<u>10,299</u>	<u>-*</u>	<u>(5)</u>	<u>(9)</u>	<u>448</u>	<u>10,733</u>

* Less than USD half of a million

For the year ended December 31, 2020:

Expressed in millions of USD

	Paid-in capital	Capital reserve	Revaluation reserve	Other reserves	Retained earnings	Total
As at January 1, 2020	10,000	-	-	(86)	258	10,172
Operating profit for the year	-	-	-	-	101	101
Other comprehensive income for the year	-	-	1	-	-	1
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	49	49
Total comprehensive income for the year	-	-	1	-	150	151
Impact of early payment on paid-in capital receivables	-	-	-	10	-	10
Special contribution from founding member	-	-*	-	-	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	49	(49)	-
As at December 31, 2020 (audited)	<u>10,000</u>	<u>-*</u>	<u>1</u>	<u>(27)</u>	<u>359</u>	<u>10,333</u>

* Less than USD half of a million

For the year ended December 31, 2019:

Expressed in millions of USD

	Paid-in capital	Other reserves	Retained earnings	Total
As at January 1, 2019	10,000	(162)	107	9,945
Operating profit for the year	-	-	151	151
Unwinding of interest on paid-in capital receivables for the year	-	-	72	72
Total comprehensive income for the year	-	-	223	223
Impact of early payment on paid-in capital receivables	-	4	-	4
Reclassification of unwinding of interest arising from paid-in capital receivables	-	72	(72)	-
As at December 31, 2019 (audited)	10,000	(86)	258	10,172

* Less than USD half of a million

Pursuant to the unaudited Interim Financial Statements, NDB's operating loss and total comprehensive expense for the six months ended June 30, 2022 was USD 100 million and USD 113 million respectively. Total equity amounted to USD 10,620 million as at June 30, 2022, compared to total equity of USD 10,733 million as at December 31, 2021.

4. Condensed Statement of Cash Flows/Statement of Cash Flows

For the six months ended June 30, 2022, the year ended December 31, 2021, the year ended December 31, 2020 and the year ended December 31, 2019, respectively:

Expressed in millions of USD

	Six months ended June 30, 2022 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)	Year ended December 31, 2020 USD million (audited)	Year ended December 31, 2019 USD million (audited)
OPERATING ACTIVITIES				
(Loss)/profit for the period/year	(99)	110	150	223
Adjustments for:				
Interest expense	76	123	73	33
Interest income from debt instruments measured at amortised cost	(15)	(15)	(3)	(1)
Interest income from debt instruments at FVTOCI	(6)	(2)	-*	-
Depreciation and amortisation	-*	1	2	1
Unrealised losses/(gains) on financial instruments	(208)	9	181	(18)
Realised (gains)/losses on derivatives	(64)	21	10	-
Realised losses from bond designated at FVTPL	18	16	-	-
Unwinding of interest on paid-in capital receivables	(1)	(21)	(49)	(72)
Impairment losses under expected credit loss model, net of reversal	157	2	38	2
Exchange losses on debt instruments at FVTOCI	1	-	-	-
Exchange losses/(gains) on debt	(4)	(1)	(5)	1

instruments measured at amortised cost				
Exchange (gains)/losses on note payables	(13)	(2)	-	-
Exchange losses/(gains) on lease liabilities	-*	-*	-*	-*
Debt issuance cost	1	11	9	1
Operating cash flows before changes in operating assets and liabilities	(157)	252	406	170
Net decrease/(increase) in due from banks	1,522	1,847	(1,271)	(694)
Net increase in loans and advances	(280)	(7,349)	(5,086)	(913)
Net decrease/(increase) in financial assets held under resale agreements	-	66	(66)	-
Net decrease/(increase) in financial assets at FVTPL	200	400	(400)	-
Net (increase)/decrease in other assets	(81)	-*	(1)	(1)
Net (decrease)/increase in other liabilities and contract liabilities	(1)	14	7	7
Cash generated from/(used in) operations	1,203	(4,770)	(6,411)	(1,431)
Interest paid on bonds and borrowings	(87)	(79)	(27)	(14)
Interest paid on financial assets sold under repurchase agreements	-	-	-*	-
Interest paid on note payables	(3)	(14)	(15)	(3)
Interest paid on lease liabilities	-*	-*	-*	-*
Interest received on debt instruments measured at amortised cost	11	12	2	1
Interest received on debt instruments at FVTOCI	3	4	-	-
Proceed from settlement on derivatives	7,703	1,952	344	-
Payments of settlement on derivatives	(7,657)	(2,003)	(356)	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,173	(4,898)	(6,463)	(1,447)
INVESTING ACTIVITIES				
Purchase of debt instruments measured at amortised cost	(714)	(2,133)	(771)	(75)
Proceeds from redemption of debt instruments measured at amortised cost	183	641	47	40
Proceeds from redemption of debt instruments at FVTOCI	435	79	-	-
Purchase of financial assets at FVTPL	(33)	(212)	(2)	-
Purchase of financial assets at FVTOCI	(2,181)	(1,256)	(130)	-
Proceeds from settlement on derivatives	14	15	-*	-
Payment of settlement on derivatives	(14)	(18)	-*	-
Purchase of property and equipment and intangible assets	-*	(1)	(1)	(2)
NET CASH USED IN INVESTING ACTIVITIES	(2,310)	(2,885)	(857)	(37)
FINANCING ACTIVITIES				
Paid-in capital received	68	1,867	1,888	1,209
Contribution from founding member	-*	-*	-*	-
Proceeds from short-term borrowings	-	-	250	110
Proceeds from issuance of bonds	1,620	5,533	4,530	448
Proceeds from issuance of note payables	2,103	5,421	5,527	1,085
Proceeds from settlement on derivatives	79	405	26	-
Repayments of short-term borrowings	-	-	(360)	-
Repayment of bonds	(317)	(464)	-	-
Repayments of note payables	(2,778)	(4,933)	(3,338)	(467)
Payment of issuance cost of bond	(1)	(11)	(9)	(1)

Payment of issuance cost on note payables	-*	-*	-*	-*
Payment of settlement on derivatives	(61)	(372)	(24)	-
Repayments of lease liabilities	-*	-*	-*	-*
NET CASH FROM FINANCING ACTIVITIES	713	7,446	8,490	2,384
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(424)	(337)	1,170	900
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	1,856	2,193	1,023	123
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	1,432	1,856	2,193	1,023
Interest received	135	299	265	193
Interest paid	(90)	(93)	(42)	(17)

* Less than USD half of a million

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

1. Use of Proceeds from the Offering of the Bonds

NDB's mandate is to mobilise resources for infrastructure and sustainable development projects in its member states and other emerging economies and developing countries. This principle pervades the Issuer's policies and operations and guides the Issuer's actions towards supporting its member states to achieve their development aspirations, especially those articulated in the United Nations' 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change. To fulfil its purpose, the Issuer supports public and private projects through loans, guarantees, equity participation and other financial instruments.

The net proceeds from the sale of the Bonds will be used onshore as general corporate resources of the Issuer and will be used to finance infrastructure and sustainable development activities in the Issuer's member states. Pending their use, the net proceeds from the sale of the Bonds will be invested as part of the Issuer's liquid assets.

2. Details of Historic Bond Offering

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

On January 9, 2019, NDB has successfully registered an RMB bond programme. NDB has been granted approval to raise RMB 10 billion in the Interbank Market within 2 years of the programme registration date. On February 22, 2019, NDB issued an aggregate amount of RMB 3 billion Renminbi bonds in the Interbank Market with the maturity date of February 26, 2022 for the tranche 1 of the bonds and February 26, 2024 for the tranche 2 of the bonds under the programme. On April 1, 2020, NDB successfully issued the 3-year RMB Coronavirus Combating Bond in an aggregate amount of RMB 5 billion under the programme in the Interbank Market. On July 6, 2020, NDB successfully placed a RMB 2 billion bond in the Interbank Market, with a maturity of 5 years and a coupon rate of 3%.

In April 2019, NDB established its debut ECP programme for liquidity management purposes. The ECP programme with the maximum size of USD 8 billion is established under the Regulation S of the United States Securities Act of 1933, as amended. As at June 30, 2022, NDB has outstanding of USD 2,609 million ECP with the weighted average maturity of 5.07 months under the ECP programme.

In April 2019, NDB registered its debut ZAR bond programme in South Africa. The ZAD bond programme with the maximum size of ZAR 10 billion and unlimited validity is listed on Johannesburg Stock Exchange and governed by the laws of South Africa. As of the date of the signing of this Prospectus, NDB has not issued any bonds under the ZAR bond programme.

On November 22, 2019, NDB registered its debut RUB bond programme in Russia. The RUB bond programme with the maximum size of RUB 100 billion and unlimited validity is listed on Moscow Exchange and governed by the laws of the Russian Federation. As of the date of the signing of this Prospectus, NDB has not issued any bonds under the RUB bond programme.

In December 2019, NDB registered its inaugural USD 50 billion Euro medium term note programme in the international capital markets. On June 16, 2020, NDB priced its inaugural benchmark USD 1.5 billion 3-year COVID Response Bond in the international capital markets. On September 22, 2020, NDB priced its USD 2 billion, 5-year COVID Response Bond in the

international capital markets. On April 20, 2021, NDB priced its 5-year USD 1.5 billion benchmark bond. On July 15, 2021, NDB priced its 3-year USD 2.25 billion Pandemic Support and Sustainable Bond. On December 1, 2021, NDB priced its 3-year USD 500 million Pandemic Support and Sustainable Bond. In May 2022, NDB issued two two-year Euro Medium Term Notes with par value of USD 50 million each with the maturity date on May 6, 2024 and May 17, 2024.

On October 28, 2020, NDB has successfully registered its second RMB Bond Programme in the China Interbank Bond Market and received the Letter of Registration (Zhong Shi Xie Zhu, 2020 No. RB5) from NAFMII. NDB has been granted approval to raise up to RMB 20 billion in the China Interbank Bond Market within two years of the programme registration date. From March 23 to March 24, 2021, NDB successfully priced a new 3-year fixed rate RMB 5 billion Bond in the China Interbank Bond Market under the programme. On September 16, 2021, the NDB successfully issued a RMB 2 billion Bond in the China Interbank Bond Market under the programme, with maturity of 5 years and the final coupon rate of 3.02%. On January 27, 2022, NDB successfully issued a RMB 3 billion RMB-denominated Bond in the China Interbank Bond Market under the programme, with maturity of 3 years. On May 18, 2022, NDB successfully priced a RMB 7 billion Bond in the China Interbank Bond Market, with maturity of 3 years.

SECTION 9 CREDIT RATING

There is no credit rating of the Bonds from any domestic credit rating agency.

SECTION 10 DISCLOSURE ARRANGEMENT

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

1. Pre-issuance Disclosure

The Issuer will, by no later than two (2) Business Days before the Bookbuilding Date of the Bonds, disclose the following documents through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform:

- (1) the New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect) Prospectus;
- (2) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2019;
- (3) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2020;
- (4) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2021;
- (5) a copy of the unaudited condensed financial statements for the six months ended June 30, 2022;
- (6) a copy of the legal opinion of Global Law Office in relation to the Bonds;
- (7) a copy of the consent letter of Deloitte Touche Tohmatsu Certified Public Accountants LLP in relation to the Bonds;
- (8) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2019;
- (9) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2020;
- (10) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2021; and
- (11) a supplemental Prospectus in relation to the issue of the Bonds (if any).

2. Periodic Reporting

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

- (1) before 31 October of each year, the English and Chinese version of the independent auditor's report and financial statements for the last financial year; and
- (2) the English version of the unaudited condensed financial statements for each quarter (other than the last quarter of each year) at the same time (or as soon as reasonably practicable thereafter) as NDB discloses such information in the international capital market or its official website, and as soon as reasonably practicable and in any event within ten (10) Business Days thereafter the Chinese version of such report.

3. Disclosure of Material Events

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

- (1) any material adverse change in the shareholders or member countries of NDB;
- (2) any change in the treaties, conventions, Laws, approvals or authorizations relating to NDB, or in the constitutional documents of NDB, which may have a material adverse impact on the Bonds;
- (3) the failure of the Issuer to receive any of its callable capital as scheduled;
- (4) any breach or potential of contract by the Issuer for failing to pay interest on, or principal of, the Bonds or any other bonds issued by the Issuer;
- (5) any change in the rights of the bondholders of the Bonds which are set out under the terms of the Bonds, including without limitation any change in the terms and conditions of the other indebtedness of the Issuer which indirectly cause any change in the rights of the bondholders of the Bonds;
- (6) any downgrade in any domestic or globally recognised rating accorded to NDB, or any downgrade in the outlook for such credit ratings to "negative"; and
- (7) any other events that have or may have a material adverse effect on the Issuer's ability to perform its obligations to pay interest on, or principal of, the Bonds.

4. Payment of Interest and Repayment of Principal

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

SECTION 11 SELLING RESTRICTIONS

1. General

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

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

2. PRC

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

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

3. United States

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

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

4. Hong Kong

- (1) The Bonds have not been offered or sold and will be not offered or sold in Hong Kong, by means of any document, other than:
 - (i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the Securities and Futures Ordinance; or
 - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (2) There has not been issued nor has there been in possession for the purposes of issue, and there will not be issued nor will there be in possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the that Ordinance.

SECTION 12 TAXATION ISSUES RELATING TO THE BONDS

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

1. Taxation Treatment of NDB in General

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

2. PRC Taxation

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

(i) Domestic PRC Investors

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

(ii) Foreign Investors

Pursuant to Circular 36, it is likely that the revenues of non-PRC entities and individuals generated from their provision of services to non-PRC entities or individuals are not deemed as the provision of services within the PRC and therefore not subject to VAT. As a result, if NDB is treated as a non-PRC entity by the PRC tax authorities, interest income on the Bonds received by non-PRC investors is not subject to the PRC VAT. However, even if PRC tax authorities may have different interpretation in practice, pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration [2021] No.34 issued by the Ministry of Finance

and the State Administration of Taxation of the People’s Republic of China on November 22, 2021 (“**No.34 Announcement**”), interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from VAT from November 7, 2021 to December 31, 2025.

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

(2) Enterprise Income Tax (“EIT”)

(i) EIT for PRC Tax Residents

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

(ii) EIT for Non-PRC Tax Residents

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

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

However, currently the PRC EIT regime is silent on whether or not NDB should be treated as a non-PRC entity in terms of issuing the Bonds to be held by the Bondholders which are not PRC tax residents. As a result, NDB cannot assure that the PRC tax authority will not treat the interest payable by NDB on the Bonds to such Bondholders, as well as the gains derived by such Bondholders from transferring or selling the Bonds, as the income derived from a source within the PRC and hence subject to the PRC withholding tax (generally at the rate of 10% of such interest income or gains, unless otherwise reduced by the applicable double taxation treaty between the PRC and the relevant jurisdictions of such Bondholders. However, even if PRC tax authorities may have different interpretation in practice, pursuant to the No.34 Announcement, interest income received by foreign institutional investors from investing in the PRC bond market will be exempt from EIT from November 7, 2021 to December 31, 2025.

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

(3) Stamp Duty

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

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

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

SECTION 13 LEGAL OPINIONS RELATING TO THE BONDS

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

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

- (1) the Issuer is a multilateral development bank duly established and validly existing under the Agreement, and is qualified to issue the Bonds;
- (2) the Issuer has the right to apply to issue bonds from time to time in multiple series within a total registration amount in accordance with the provisions of the *Interim Measures for the Administration of Bonds Issued by Offshore Issuers in the Interbank Bond Market*;
- (3) the issuance of the Bonds by the Issuer has been duly authorized by all necessary internal action on the part of the Issuer;
- (4) under PRC Law, the issuance of the Bonds has completed the registration with NAFMII;
- (5) the key issue terms of the Bonds do not contravene PRC Law or guidelines issued by NAFMII;
- (6) the use of proceeds of the Bonds complies with the relevant requirements under PRC Law;
- (7) the Bonds are governed by PRC Law, and any dispute arising out of or in connection with the Bonds shall be submitted to SHIAC for arbitration in Shanghai in accordance with the 2015 SHIAC Arbitration Rules in effect as at the date of this Prospectus, such choice of law and dispute resolution do not contravene PRC Law or guidelines issued by NAFMII or the Agreement on the New Development Bank; and
- (8) upon due issuance by the Issuer of the Bonds, and upon being fully paid for, the Bonds will constitute legal, valid and binding obligations of the Issuer under PRC Law in accordance with their terms.

SECTION 14 INVESTOR PROTECTION MECHANISM

1. Subsequent Supervisory Institution and Related Responsibilities

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

- (i) to oversee the accurate, authentic and complete disclosure by NDB of information which needs to be disclosed (see “Section 10 Disclosure Arrangement”);
- (ii) to oversee NDB’s specification of the rate of interest in the announcement on the issuance (see Term (20) of the Bonds);
- (iii) to oversee NDB’s publication of matters relating to principal and interest payments through the websites of the Custody Institution, Chinamoney and the NAFMII Integrated Operations and Information Service Platform (see “Section 10 Disclosure Arrangement”);
- (iv) to oversee NDB’s regular disclosure of periodic reports (see “Section 10 Disclosure Arrangement”);
- (v) convening meetings of the Bondholders (see Term (46) of the Bonds and Part 3 of this Section 14 “Investor Protection Mechanism” below); and
- (vi) to oversee NDB’s disclosure of any material event relating to NDB or the Bonds (see “Section 10 Disclosure Arrangement”). Such events shall include Payment Event of Default (see Term (44) of the Bonds).

2. Payment Event of Default

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

3. Meetings of Bondholders

(1) Convening and holding a meeting

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

notified to the Supervisor in time, cannot act as a proxy of the relevant Bondholder in the meeting of Bondholders.

- (ii) Any proxy appointed by the Bondholder who is entitled to attend a meeting of Bondholders pursuant to paragraph (i) above, shall be deemed as such Bondholder for the purpose of such meeting as long as such appointment remains in full force, and such Bondholder himself or itself shall not be deemed as holder in respect of matters to which the appointment relates.
- (iii) The Issuer can decide the record date (the “**Record Date**”) in order to determine the Bondholders who are entitled to attend a meeting of Bondholders, provided that such date shall be a Day falling not less than 10 Days before the date fixed for that meeting. The date of the meeting of Bondholders shall be specified in the notice of the meeting. Subject to paragraph (ii), the Bondholders whose names are registered in the custody register of Custody Institution or the person the Issuer is entitled to treat as legal holder of the Bonds on the Record Date are deemed to be “Bondholders who are entitled to attend the meeting of Bondholders” for the relevant meeting.
- (iv) The Issuer may at any time convene a meeting of Bondholders. The Supervisor shall convene a meeting of Bondholders if it receives a written request by Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding.
- (v) At least 21 Days’ notice (exclusive of the Day on which the notice is given and of the Day on which the meeting is held) specifying the place, Day and hour of the meeting shall be given to all the Bondholders. The party convening the meeting (except for the Issuer) shall give the Supervisor at least 35 Days’ notice of the meeting (exclusive of the Day on which the notice is given and of the Day on which the meeting is held). After its receipt of the notice of the meeting, the Supervisor shall publish and disclose the information in relation to the meeting to the Bondholders in accordance with this paragraph. The notices shall be published on the website of the Custody Institution (www.shclearing.com China Money (www.chinamoney.com.cn), NAFMII Integrated Operations and Information Service Platform (www.cfae.cn) or any other website recognised by the competent authorities or the regulators or disclosed to the Bondholders in any other manner designated by the competent authorities or the regulators. In addition, the notice shall specify generally the nature of the business to be transacted at the meeting but (except for an Extraordinary Resolution) it shall not be necessary to specify in the notice the terms of any resolution to be proposed and shall state that any Bondholder may appoint a proxy to attend the meeting of Bondholders provided that it delivers the form of proxy in Chinese signed by it to the designated office of the Supervisor not less than 24 hours before the time fixed for the relevant meeting of Bondholders. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).
- (vi) The chairman of the meeting of Bondholders shall be such person (regardless of Bondholder or not) as the Issuer may nominate in writing.

(2) Meeting quorum and rules

- (i) One or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 10% in principal amount of the Bonds for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business. No business (except for choosing a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. The quorum for any meeting to pass an Extraordinary Resolution shall (subject as provided in paragraph (xi) below) be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding. The special quorum for a meeting to pass a resolution in respect of any matter in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 75% in principal amount of the Bonds for the time being outstanding.
- (ii) **“Extraordinary Resolution”** means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the terms of the Bonds by a majority consisting of not less than three-quarters of the votes cast. The following powers are exercisable by Extraordinary Resolution only:
 - (a) to sanction any abrogation, modification, compromise, waiver or arrangement in respect of the rights of the Bondholders against the Issuer under the Bonds (i.e. the rights arise under the Bonds);
 - (b) to waive or permit any breach or proposed breach by the Issuer of its obligations under the terms of the Bonds;
 - (c) to assent to any modification of the provisions contained in the Bonds which shall be proposed by the Issuer or any Bondholder;
 - (d) to authorize anyone to concur in, execute and do anything necessary to carry out and give effect to an Extraordinary Resolution;
 - (e) to give any authority or sanction which under the terms of the Bonds is required to be given by Extraordinary Resolution; and
 - (f) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon any committee or committees any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution.

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

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

- (iv) If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, (a) if convened on the requisition of the Bondholder, be dissolved; and (b) in any other case, be adjourned to the same Day in the next week (or if such Day is a statutory holiday in the PRC, the next succeeding Business Day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed, in which case it shall be adjourned for a period being not less than 14 Days nor more than 42 Days and at a place appointed by the chairman of the meeting and approved by the Supervisor).
- (v) At the adjourned meeting, one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them shall form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present, provided that any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing in the aggregate not less than 25% in principal amount of the Bonds for the time being outstanding.
- (vi) The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- (vii) At least 10 Days' notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as for an original meeting and that notice shall (except in cases of any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below when it shall state the relevant quorum) state that one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them will form a quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.
- (viii) Each question submitted to a meeting shall be decided by a poll. Every Bondholder who is entitled to attend the meeting or its duly appointed proxy present has one vote for each Bond (the denomination of which is RMB100).
- (ix) After the chairman calls out the votes, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour or against the resolution.
- (x) Any director or officer of the Issuer and its respective lawyers and financial advisors may attend and speak at a meeting of Bondholders. Otherwise, no person may attend or speak at the meeting of Bondholders, nor shall any

person be entitled to vote at any such meeting or join with others in requisiting the convening of a meeting, other than the Bondholders who are entitled to attend the meeting of Bondholders or their duly appointed proxies. The Supervisor may attend and speak at a meeting of Bondholders convened by it in accordance with the terms of the Bonds, but its right to speak shall be limited to those administrative matters relating to it as a person who convenes the meeting.

- (xi) Subject to the terms of the Bonds, in addition to the rights provided in this Section, the following matters may also be decided by Extraordinary Resolution at a meeting of Bondholders:
- (a) to amend the dates of maturity or redemption of the Bonds or the due date for any payment of interest;
 - (b) to reduce or cancel the principal amount payable, or premium payable on redemption, of the Bonds;
 - (c) to reduce the rate or rates of interest in respect of the Bonds or vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds;
 - (d) to vary any method of, or basis for, calculating any redemption;
 - (e) to vary the currency or currencies of payments or denomination of the Bonds;
 - (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply;
 - (g) to modify the provisions concerning the quorum required at a meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or
 - (h) to alter any of paragraphs (a) to (g) above or any quorum requirements set out in Item (2) “Meeting quorum and rules” in this Part.

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

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

disclosed to the Bondholders in any other manner designated by the competent authorities or regulators.

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

(3) Effect of resolutions

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

Address: No. 25 Financial Street, Xi Cheng District, Beijing, China

Legal Representative: Tian Guoli

Contact: Zhou Peng

Telephone: 010-67596478

Fax: 010-66275840

Postcode: 100033

**Underwriting Syndicate
(in no particular order)**

Bank of China Limited

Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China

Legal Representative: Liu Liange

Contact: Li Xintong

Telephone: 010-66595024

Fax: 010-66594337

Postcode: 100140

Industrial and Commercial Bank of China Limited

Address: No.55 Fuxingmennei Avenue, Xicheng District, Beijing, China

Legal Representative: Chen Siqing

Contact: Li Jianing

Telephone: 010-66108574

Fax: 010-66107567

Postcode: 100140

HSBC Bank (China) Company Limited

Address: 35/F, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong, Shanghai, China

Legal Representative: Wang Yunfeng

Contact: Wu Yingqi, Liu Jiazhen

Telephone: 021-38885012 / 021-38885261

Fax: 021-23208533

Postcode: 200120

DBS Bank (China) Limited

Address: 18th Floor DBS Bank Tower, 1318 Lu Jia Zui Ring Road, Pudong, Shanghai, China

Legal Representative: Ge Ganniu

Contact Person: Zhou Han

Telephone: 021-20610784

Fax: 021-38968989

Postcode: 200120

China International Capital Corporation Limited

Address: 27&28 Floor, China World Office 2, No.1 Jian Guo Men Wai Avenue, Beijing, China

Legal Representative: Shen Rujun

Contact Person: Cheng Daming, Zhao Ke, Li Binnan, Zhu Jingyan, Zhang Jianzhen, Rui Wendong, Wu Yiqing, Li

Shuangyimiao, Chen Sixuan, Zhang Xinyun
Telephone: 010-65051166
Fax: 010-65051156
Postcode: 100004

Agricultural Bank of China Limited

Address: 69 Jianguomennei Avenue, Dongcheng District,
Beijing, China
Legal Representative: Gu Shu
Contact: Wang Ran
Telephone: 010-85106324
Fax: 010-85106311
Postcode: 100005

China Construction Bank Corporation

Address: No. 25 Financial Street, Xi Cheng District, Beijing,
China
Legal Representative: Tian Guoli
Contact: Zhou Peng
Telephone: 010-67596478
Fax: 010-66275840
Postcode: 100033

Bank of Communications Co., Ltd.

Address: 333 Lujiazui Ring Road, Pudong Area, Shanghai, China
Legal Representative: Ren Deqi
Contact Person: Chen Yang
Telephone: 021-38873263
Fax: 021-58408928
Postcode: 200120

Standard Chartered Bank (China) Limited

Address: 25/F, Standard Chartered Tower, No. 201 Century
Avenue, Pudong, Shanghai, China
Legal Representative: Zhang Xiaolei
Contact: Wang Yanping, Zhu Jingxuan
Telephone: 021-38518153 / 021-38963209
Fax: 021-38963040
Postcode: 200120

**Credit Agricole Corporate and Investment Bank (China)
Limited**

Address: 12/F, Tower 2, No. 1266 West Nanjing Road, Jing'an
District, Shanghai, China
Legal Representative: Nicolas Jean Francois VIX
Contact: Elaine Shen
Telephone: 021-38566971
Fax: 021-38566922
Postcode: 200040

Deutsche Bank (China) Co., Ltd.

Address: 2802B, 2803 and 2805-2807 of 28/F, Deutsche Bank Tower, No. 81 Jianguo Avenue, Chaoyang District, Beijing
Legal Representative: Rose Zhu
Contact Person: Wang Luoda
Telephone: 010-59698657
Fax: 010-59695708
Postcode: 100025

CITIC Securities Co., Ltd.

Address: No.48 Liangmaqiao Road, Chaoyang District, Beijing, China
Legal Representative: Zhang Youjun
Contact Person: Li Zhongnan, Bai Guangxin, Fang Jike
Telephone: 010-60834621
Fax: 010-60833504
Postcode: 100026

China Development Bank

Address: No.18 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Zhao Huan
Contact Person: Wang Zhao, Wang Zhengyan
Telephone Number: 010-88303560 / 021-20266981
Facsimile Number: 010-88303364
Postcode: 100037

Postal Savings Bank of China Co., Ltd.

Address: No. 3 Financial Street, Xi Cheng District, Beijing, China
Legal Representative: Liu Jianjun (Acting)
Contact Person: Zheng Yarong, Wang Hang
Telephone Number: 010-68857441
Facsimile Number: 010-68857394
Postcode: 100808

The Export-Import Bank of China

Address: No.30 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal Representative: Wu Fulin
Contact Person: Liu Zhibo
Telephone Number: 010-83578719
Facsimile Number: 010-83578699
Postcode: 100031

Auditor

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Address: 30/F Bund Center, 222 Yan An Road East, Shanghai, China
Legal Representative: Mr. Jeffrey Fu
Contact: Mr. Jason Han

Telephone: 021-61418888
Fax: 021-63350177
Postcode: 200002

Issuer's PRC Counsel

Global Law Office

Address: 15&20/F Tower 1, China Central Place, No. 81 Jianguo Road Chaoyang District, Beijing, China
Contact: Zhang Xin, Zhu Li and Song Feifei
Telephone: +86 10 6584 6688
Fax: +86 10 6584 6666
Postcode: 100025

Custody Institution

Interbank Market Clearing House Co., Ltd.

No.2, Beijing East Road, HuangPu District, Shanghai, China
Legal Representative: Xie Zhong
Zip Code: 200002
Contact person: Issue Department
Tel: +86 21 2319 8888
Fax: +86 21 2319 8866

Technology Supporting Institution for Central Bookbuilding

Beijing Financial Asset Exchange

No. 17B Jinrongdajie, Xicheng District, Beijing, China
Legal Representative: Guo Bing
Zip Code: 100032
Contact person: Issue Department
Tel: +86 10 5789 6722; +86 10 5789 6516
Fax: +86 10 5789 6726

2. Affiliate Relationship between the Issuer and the Relevant Entities

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

3. Potential Conflicts of Interest Between the Issuer and the Underwriters

The Underwriters and their respective affiliates may be full service financial institutions engaged in various activities which may include securities trading, commercial and/or investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, from time to time. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer including the Bonds, may be entered into at the same time or proximate to offers and sales of the Bonds or at other times in

the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Bonds. The Bonds may be purchased by or be allocated to any Underwriters or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

The Underwriters and their respective affiliates may receive fees and commissions for these transactions. In addition to the transactions noted above, the Underwriters and their respective affiliates may, from time to time, after completion of the offering of the Bonds, engage in other transactions with, and perform services for, the Issuer in the ordinary course of their business.

Each Underwriter or its affiliates may hold the Bonds on behalf of clients or in their capacity as investment advisors. While each Underwriter and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Underwriter or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Bonds. Each Underwriter may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Bonds.

SECTION 16 DOCUMENTS AVAILABLE FOR INSPECTION

1. Documents available for Inspection

- (1) the New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect) Prospectus;
- (2) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2019;
- (3) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2020;
- (4) a copy of the Independent Auditor's Report and Financial Statements for the year ended December 31, 2021;
- (5) a copy of the unaudited condensed financial statements for the six months ended June 30, 2022;
- (6) a copy of the legal opinion of Global Law Office in relation to the Bonds;
- (7) a copy of the consent letter of Deloitte Touche Tohmatsu Certified Public Accountants LLP in relation to the Bonds;
- (8) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2019;
- (9) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2020;
- (10) a Summary of Significant Differences between IAS/IFRS and PRC ASBE as related to Financial Statements as of December 31, 2021; and
- (11) a supplemental Prospectus in relation to the issue of the Bonds (if any).

2. Address for Inspection

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

Issuer

New Development Bank

Address: 1600, Guozhan Road, Pudong New District, Shanghai, China

Contact: Yousuf Ali Syed

Telephone: +86 (0)21 80219529

Email: syed.yousuf@ndb.int

Postcode: 200120

Lead Underwriter

Bank of China Limited

Address: 1 Fuxingmennei Avenue, Xicheng District, Beijing, China

Contact: Liu Runkai

Telephone: 010-66594835

Fax: 010-66591706

Postcode: 100140

3. Websites for Disclosure

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

(This page has no main text, and is the signature page of the “New Development Bank 2022 Renminbi Bond (Series 3) (Bond Connect) Prospectus”)

