

THE NEW DEVELOPMENT BANK

**Report on Review of Condensed Financial Statements
and Condensed Financial Statements
For the three months ended March 31, 2024**

THE NEW DEVELOPMENT BANK

Report on Review of Condensed Financial Statements and Condensed Financial Statements
For the three months ended March 31, 2024

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DTT(R)(24)R00002

Report on Review of Condensed Financial Statements

To the Board of Directors of the New Development Bank

Introduction

We have reviewed the accompanying condensed statement of financial position of the New Development Bank (the Bank) as at March 31, 2024 and the related condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and certain explanatory notes (the condensed financial statements). The condensed financial statements were approved by the Management and the Board of Directors and authorised for issuance on July 22, 2024.

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

Scope of Review

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

Conclusion

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

Other Matter - Restriction on Distribution

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

Deloitte Touche Tohmatsu CPA LLP

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

August 29, 2024

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Condensed Statement of Profit or Loss and Other Comprehensive Income

For the three months ended March 31, 2024

Expressed in millions of U.S. dollars

	<u>Notes</u>	Three months ended March <u>31, 2024</u> (unaudited)	Three months ended March <u>31, 2023</u> (unaudited)	Year ended December <u>31, 2023</u> (audited)
Interest income	6	403	260	1,284
Interest expense	6	(158)	(76)	(425)
Net interest income	6	<u>245</u>	<u>184</u>	<u>859</u>
Net fee income	7	2	3	9
Net gains/(losses) on financial instruments at fair value through profit or loss (FVTPL)	8	<u>100</u>	<u>(129)</u>	<u>(244)</u>
		<u>347</u>	<u>58</u>	<u>624</u>
Staff costs	9	(12)	(12)	(56)
Other operating expenses	10	(7)	(3)	(31)
Impairment losses under expected credit loss (ECL) model, net of reversal	11	(20)	29	48
Foreign exchange (losses)/gains		(162)	71	6
Other expense		(1)	(1)	(7)
Operating profit for the period/year		<u>145</u>	<u>142</u>	<u>584</u>
Unwinding of interest on paid-in capital receivables		4	2	9
Profit for the period/year		<u>149</u>	<u>144</u>	<u>593</u>
Other comprehensive (expense)/ income Items that may be reclassified subsequently to profit or loss:				
Fair value (losses)/gains on debt instruments at fair value through other comprehensive income (FVTOCI)		(2)	7	30
Impairment losses for debt instruments at FVTOCI included in profit or loss, net of reversal		-*	(1)	-*
Other comprehensive (expense)/ income for the period/year		<u>(2)</u>	<u>6</u>	<u>30</u>
Total comprehensive income for the period/year		<u>147</u>	<u>150</u>	<u>623</u>

* Less than United States Dollar (USD) half of a million

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Condensed Statement of Financial Position


As at March 31, 2024


Expressed in millions of U.S. dollars

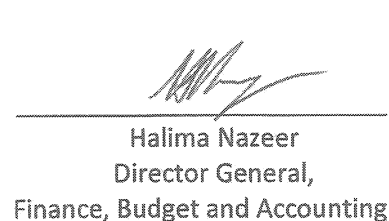
	<u>Notes</u>	As at March <u>31, 2024</u> (unaudited)	As at December <u>31, 2023</u> (audited)
Assets			
Cash and cash equivalents	12	2,389	762
Due from banks other than cash and cash equivalents	13	6,005	6,335
Derivative financial assets	14	205	204
Financial assets at FVTPL	15	89	84
Debt instruments at FVTOCI	16	2,277	2,000
Debt instruments measured at amortised cost	17	2,439	1,231
Loans and advances	18	17,633	17,767
Paid-in capital receivables	19	386	427
Right-of-use assets		1	1
Property and equipment		1	1
Intangible assets		*	*
Other assets	20	29	28
Total assets		<u>31,454</u>	<u>28,840</u>
Liabilities			
Derivative financial liabilities	14	432	508
Financial liabilities designated at FVTPL	21	12,115	12,669
Bank borrowings	22	3,210	-
Note payables	23	2,143	2,248
Bond payables	24	1,653	1,654
Lease liabilities		*	*
Contract liabilities	25	51	51
Other liabilities	26	61	68
Total liabilities		<u>19,665</u>	<u>17,198</u>
Equity			
Paid-in capital	27	10,538	10,538
Reserves	28	(33)	(35)
Retained earnings		1,284	1,139
Total equity		<u>11,789</u>	<u>11,642</u>
Total equity and liabilities		<u>31,454</u>	<u>28,840</u>

* Less than USD half of a million

The condensed financial statements on pages 2 to 39 were approved and authorised for issue by the Management of the Bank and the Board of Directors on July 22, 2024 and signed on their behalf by:


Dilma Vana Rousseff
President


Monale Ratsoma
Chief Financial Officer


Halima Nazeer
Director General,
Finance, Budget and Accounting

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Condensed Statement of Changes in Equity
For the three months ended March 31, 2024
Expressed in millions of U.S. dollars

	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2024	10,538	-*	(2)	(33)	1,139	11,642
Operating profit for the period	-	-	-	-	145	145
Other comprehensive expense for the period	-	-	(2)	-	-	(2)
Unwinding of interest on paid-in capital receivables for the period	-	-	-	-	4	4
Total comprehensive (expense)/income for the period	-	-	(2)	-	149	147
Impact of early payment on paid-in capital receivables	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	4	(4)	-
As at March 31, 2024 (unaudited)	<u>10,538</u>	<u>-*</u>	<u>(4)</u>	<u>(29)</u>	<u>1,284</u>	<u>11,789</u>
	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2023	10,299	-*	(32)	(7)	555	10,815
Operating profit for the period	-	-	-	-	142	142
Other comprehensive income for the period	-	-	6	-	-	6
Unwinding of interest on paid-in capital receivables for the period	-	-	-	-	2	2
Total comprehensive income for the period	-	-	6	-	144	150
Capital subscription	239	-	-	-	-	239
Impact on discounting of paid-in capital receivables	-	-	-	(35)	-	(35)
Special contribution from founding members	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	2	(2)	-
As at March 31, 2023 (unaudited)	<u>10,538</u>	<u>-*</u>	<u>(26)</u>	<u>(40)</u>	<u>697</u>	<u>11,169</u>

* Less than USD half of a million

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Condensed Statement of Cash Flows
For the three months ended March 31, 2024
Expressed in millions of U.S. dollars

	Three months ended March <u>31, 2024</u> (unaudited)	Three months ended March <u>31, 2023</u> (unaudited)
OPERATING ACTIVITIES		
Profit for the period	149	144
Adjustments for:		
Interest expenses	158	76
Interest income from debt instruments measured at amortised cost	(14)	(10)
Interest income from debt instruments at FVTOCI	(28)	(21)
Depreciation and amortisation	-*	-*
Losses on disposal of property and equipment	-	-*
Unrealised (gains)/losses on financial instruments	(52)	83
Realised losses on derivatives	36	46
Realised gains from bond designated at FVTPL	(82)	-
Unwinding of interest on paid-in capital receivables	(4)	(2)
Impairment losses under ECL model, net of reversal	20	(29)
Exchange gains on debt instruments at FVTOCI	-	(3)
Exchange losses on debt instruments measured at amortised cost	2	-*
Exchange (gains)/losses on note payables	-*	-*
Exchange losses on lease liabilities	-*	-*
Debt issuance cost	1	1
Fee Expense	1	-
Operating cash flows before changes in operating assets and liabilities	187	285
Net decrease in due from banks	331	386
Net decrease/(increase) in loans and advances	115	(364)
Net decrease/(increase) in other assets	9	(83)
Net decrease in other liabilities and contract liabilities	(8)	(12)
Cash generated from operations	634	212
Proceeds from settlement on derivatives	96	487
Payment of settlement on derivatives	(67)	(461)
NET CASH FROM OPERATING ACTIVITIES	663	238

* Less than USD half of a million

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Condensed Statement of Cash Flows - continued

For the three months ended March 31, 2024

Expressed in millions of U.S. dollars

	Three months ended March <u>31, 2024</u> (unaudited)	Three months ended March <u>31, 2023</u> (unaudited)
INVESTING ACTIVITIES		
Interest received on debt instruments measured at amortised cost	8	10
Interest received on debt instruments at FVTOCI	2	2
Purchase of debt instruments measured at amortised cost	(1,711)	-
Proceeds from redemption of debt instruments measured at amortised cost	496	385
Purchase of debt instruments at FVTOCI	(428)	-
Proceeds from redemption of debt instruments at FVTOCI	175	125
Purchase of financial assets at FVTPL	(10)	(5)
Proceeds from settlement on derivatives	68	5
Payment of settlement on derivatives	(68)	(4)
Purchase of property and equipment and intangible assets	-*	-*
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	<u>(1,468)</u>	<u>518</u>
FINANCING ACTIVITIES		
Interest paid on bonds	(94)	(45)
Interest paid on bank borrowings	(15)	-
Interest paid on note payables	(24)	(15)
Interest paid on lease liabilities	-*	-*
Paid-in capital received	45	37
Proceeds from issuance of bonds	834	500
Repayment of bonds	(1,334)	-
Proceeds from issuance of bank borrowings	3,200	-
Proceeds from issuance of note payables	438	1,761
Repayments of note payables	(551)	(1,781)
Payment of issuance cost of bonds	(1)	(1)
Payment of fee expense of bank borrowings	(1)	-
Proceeds from settlement on derivatives	-	46
Payment of settlement on derivatives	(65)	(119)
Repayments of lease liabilities	-*	-*
NET CASH FROM FINANCING ACTIVITIES	<u>2,432</u>	<u>383</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,627	1,139
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>762</u>	<u>1,876</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>2,389</u>	<u>3,015</u>
Interest received in operating activities	<u>511</u>	<u>336</u>
Interest paid in operating activities	<u>-*</u>	<u>-*</u>

* Less than USD half of a million

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Notes to the Condensed Financial Statements For the three months ended March 31, 2024

1. General Information

The New Development Bank (the Bank) was established on the signing of the Agreement on the New Development Bank (the Agreement) on July 15, 2014 by the Government of the Federative Republic of Brazil (Brazil), the Russian Federation (Russia), the Republic of India (India), the People's Republic of China (China) and the Republic of South Africa (South Africa), collectively known as the "BRICS" countries or founding members. The Agreement took effect on July 3, 2015 according to the notification endorsed by Brazil in its capacity as depositary. On September 16, 2021, October 4, 2021 and February 20, 2023, the People's Republic of Bangladesh (Bangladesh), the United Arab Emirates (UAE) and the Arab Republic of Egypt (Egypt), respectively, became new members of the Bank. The headquarters of the Bank is located in Shanghai, China. The Bank has established Africa Regional Center in Johannesburg, Americas Regional Office in Sao Paulo with a sub-office in Brasilia, Eurasian Regional Centre (ERC) in Moscow and Indian Regional Office (IRO) in Gujarat International Finance Tec-City.

As at March 31, 2024, the Bank had eight member countries. More details of member countries' paid-in capital are disclosed in Note 27. Additionally, the Bank's Board of Governors admitted one prospective member that will officially become a member country once they deposit their instrument of accession.

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

2. Basis of Preparation of Condensed Financial Statements and Material Accounting Policy

The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The condensed statement of profit or loss and other comprehensive income and relevant notes for the year ended December 31, 2023 are also presented for reference.

The condensed financial statements for the three months ended March 31, 2024 should be read in conjunction with the Bank's financial statements for the year ended December 31, 2023.

The accounting policies and methods of computation used in the condensed financial statements for the three months ended March 31, 2024 are the same as those presented in the Bank's financial statements for the year ended December 31, 2023.

2. Basis of Preparation of Condensed Financial Statements and Material Accounting Policy - continued

The application of the amendments to IFRSs in the current interim period has had no material impact on the Bank's financial positions and performance for the current and prior periods and/or disclosures set out in these condensed financial statements.

3. Key Sources of Estimation Uncertainty

The preparation of condensed financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the accounting policies of the Bank. The key sources of estimation uncertainty used in the condensed financial statements for the three months ended March 31, 2024 are the same as those followed in the preparation of the Bank's financial statements for the year ended December 31, 2023.

4. Financial Risk Management

Overview

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

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

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

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

Credit risk

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

4. Financial Risk Management - continued

Credit risk - continued

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

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

A prudential credit risk limit structure facilitates the management of risks associated to the Bank's portfolio. Credit risk concentration limits are applied to exposures to single jurisdiction, sector, obligor and product.

The Bank mainly relies on external credit rating results from major international rating agencies (e.g. Moody's, S&P Global Rating and Fitch) to provide an initial assessment of the credit quality of sovereign and non-sovereign borrowers and treasury counterparties. In case where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed on the guarantor. In case a loan is not rated by any of the external credit ratings mentioned previously, the Bank uses either an alternative agency approved by the Finance Committee or an internal credit assessment taking into account specific project, borrower, sector, macro and country credit risks. The Risk Management Department of the Bank continuously monitors the overall credit risk of the Bank on a periodic basis.

ECL measurement

The Bank adopts a three-stage model for impairment based on changes in credit quality since initial recognition. The ECL calculation tool designed by Moody's is used for the three months ended March 31, 2024 and the year ended December 31, 2023.

Significant increases in credit risk

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

Quantitative criteria:

- Delay in interest, principal or other contractual payment exceeding 30 days;
- Credit rating downgrade by three notches compared to the credit rating at initial recognition.

4. Financial Risk Management - continued

Credit risk - continued

Significant increases in credit risk - continued

Qualitative criteria:

- History of arrears within 12 months;
- Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligations;
- Material regulatory action against the borrower or counterparty that is expected to cause a significant change in the borrower's ability to meet its obligations.

Credit-impaired financial assets

The ECL is calculated on a 12-month basis for assets without a significant increase in credit risk since their initial recognition or on a lifetime basis for assets with a significant increase in credit risk. For financial assets that are credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount from the beginning of the next reporting period. A financial asset is credit-impaired when one or more events that have a material detrimental impact on the estimated future cash flows of that financial asset have occurred. The following criteria is applied in assessing credit-impaired financial asset for the Bank's portfolio.

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Delay in interest, principal or other contractual payment exceeding 90 days or in the case of sovereign lending by more than 180 days;
- Any breach of contract other than payment overdue, such as covenant breach;
- Significant financial difficulty of the issuer or the borrower;
- Borrower or counterparty is no longer considered a going concern;
- Failure to pay a final judgement or court order;
- Bankruptcy, liquidation or the appointment of a receiver or any similar official.

Definition of default

For internal credit risk management, the Bank considers occurrence of an event of default when internally and externally obtained information indicates that the debtor is unlikely to discharge its obligations, including to the Bank, in full (without taking into account any collaterals held by the Bank).

4. Financial Risk Management - continued

Credit risk - continued

Definition of default - continued

The Management of the Bank considers that payment default has occurred when the financial asset is more than 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. For the sovereign loans, the Management of the Bank considers that the payment default occurs when it is more than 180 days past due. It aligns with the definition of payment default for sovereign exposures used by major international rating agencies and other Multilateral Development Banks.

12-month ECL measurement

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

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

- Unconditional Point-in-time Probability of Default (PIT-PD) is derived based on Moody's model considering specific rating, country and industry information for sovereign and non-sovereign exposures, due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI. It is then conditioned on three future macro-economic scenarios (baseline, optimistic and pessimistic);
- LGD for the sovereign loans is set at a range of 10% - 45% and LGD is set at 45% for non-sovereign loans with senior unsecured claims and 75% for the non-sovereign loans with subordinated claim. LGD of 45% is adopted for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI;
- EAD for stage 1 loan includes the sum of loans disbursed, interest receivable while EAD for stage 1 loan commitment includes net projected disbursement schedule over the next 12 months which is a part of loan commitments. The EAD includes the sum of principal and interest receivable over the next 12 months for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI; and
- Discount rate is equal to the effective interest rate.

4. Financial Risk Management - continued

Credit risk - continued

Lifetime ECL measurement

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

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

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

Forward-looking information incorporated in ECL

Macro scenario development

- (i) Three macro scenarios: baseline, optimistic and pessimistic. Each scenario is forecasted for five years;
- (ii) Based on each member country's development and conditions, a range of forward-looking macro-economic information is considered;
- (iii) Choice of macro scenarios and probability weightings of each scenario is approved by the Management.

$$Weighted\ Average\ ECL = \sum_{Scenarios} Weight_{Scenario} \times ECL_{Scenario}$$

The baseline, optimistic and pessimistic scenarios were given weightings of 50%, 25% and 25% respectively. The estimation is based on the best representative management judgment going forward the current path of macro-economic projections is judged to have an equal chance of being worse (pessimistic scenario) or better (optimistic scenario).

5. Fair Value of Financial Assets and Liabilities

The Bank's financial instruments that are measured subsequent to initial recognition at fair value mainly included financial liabilities designated at FVTPL, derivatives, financial assets at FVTPL, and debt instruments at FVTOCI as at March 31, 2024.

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

- Level 1: Quoted prices (unadjusted) in active markets for the financial assets or the liabilities that the Bank can access at the measurement date;
- Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

5. Fair Value of Financial Assets and Liabilities - continued

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

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

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

- The fair values of derivative assets and liabilities, including foreign exchange forwards, interest rate swaps and cross currency swaps are obtained from discounted cash flow models and other valuation techniques that are commonly used by market participants using observable inputs as appropriate in the market and published by reputable agencies like Bloomberg;
- The fair value of the financial liabilities designated at FVTPL is measured using market accepted valuation techniques. The techniques serve the purpose of tracking the value impact in respect of both interest rate and foreign exchange rate movement;
- The fair value of private equity funds, included in financial assets at FVTPL is based on the shares of the net asset values of the fund, determined with reference to fair value of the underlying investments by using valuation techniques such as discounted cash flow model;
- The fair value of debt instruments at FVTOCI is based on quoted price in an active or inactive market or independent valuation services.

The following table presents the valuation techniques and inputs used for the financial instrument in Level 3.

Financial instruments	Valuation technique(s) and key input(s)	Significant Unobservable input(s)	Relationship of unobservable input(s) to fair value
Private equity fund	Shares of the net value of the fund, determined with reference to the fair value of the underlying investments, calculated based on valuation techniques including discounted cash flow model.	Discount rate	The higher the discount rate, the lower the fair value.

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5. Fair Value of Financial Assets and Liabilities - continued

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

<u>As at March 31, 2024</u> (unaudited)	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
Financial assets				
Financial assets at FVTPL	-	-	89	89
Debt instruments at FVTOCI	498	1,779	-	2,277
Derivative financial assets	-	205	-	205
Total financial assets measured at fair value	498	1,984	89	2,571
Financial liabilities				
Derivative financial liabilities	-	432	-	432
Financial liabilities designated at FVTPL	-	12,115	-	12,115
Total financial liabilities measured at fair value	-	12,547	-	12,547
 <u>As at December 31, 2023</u> (audited)	 <u>Level 1</u> USD million	 <u>Level 2</u> USD million	 <u>Level 3</u> USD million	 <u>Total</u> USD million
Financial assets				
Financial assets at FVTPL	-	-	84	84
Debt instruments at FVTOCI	245	1,755	-	2,000
Derivative financial assets	-	204	-	204
Total financial assets measured at fair value	245	1,959	84	2,288
Financial liabilities				
Derivative financial liabilities	-	508	-	508
Financial liabilities designated at FVTPL	-	12,669	-	12,669
Total financial liabilities measured at fair value	-	13,177	-	13,177

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2024 and the year ended December 31, 2023.

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5. Fair Value of Financial Assets and Liabilities - continued

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

Reconciliation of Level 3 fair value measurements of financial assets at FVTPL

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
As at beginning of the period/year	84	55
Purchased	10	27
Unrealised changes in fair value recognised in profit or loss	<u>(5)</u>	<u>2</u>
As at end of period/year	<u>89</u>	<u>84</u>

Fair value of the Bank's financial instruments that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The table below shows the carrying amount and expected fair value of loans and advances and debt instruments measured at amortised cost, which is not presented on the Bank's statement of financial position at their fair values. The fair value of the debt instruments measured at amortised cost is obtained from active market quotes or independent valuation services. The fair value of loans and advances is determined in accordance with discounted cash flow method. The main parameters used in discounted cash flow method for financial instruments held by the Bank that are not measured on a recurring basis include loan interest rates, foreign exchange rates and counterparty credit spreads.

	As at March 31, 2024 (unaudited)		As at December 31, 2023 (audited)	
	<u>Carrying amount</u> USD million	<u>Fair value</u> USD million	<u>Carrying amount</u> USD million	<u>Fair value</u> USD million
Financial assets				
Debt instruments measured at amortised cost	2,439	2,384	1,231	1,176
Loans and advances	<u>17,633</u>	<u>19,245</u>	<u>17,767</u>	<u>19,710</u>

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5. Fair Value of Financial Assets and Liabilities - continued

Fair value of the Bank's financial instruments that are not measured at fair value on a recurring basis (but fair value disclosures are required)- continued

<u>As at March 31, 2024</u> (unaudited)	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
Financial assets				
Debt instruments measured at amortised cost	1,279	1,058	47	2,384
Loans and advances	-	-	19,245	19,245
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>As at December 31, 2023</u> (audited)	<u>Level 1</u> USD million	<u>Level 2</u> USD million	<u>Level 3</u> USD million	<u>Total</u> USD million
Financial assets				
Debt instruments measured at amortised cost	976	200	-	1,176
Loans and advances	-	-	19,710	19,710
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Except for the above, the Bank considered that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the Bank's statement of financial position, approximate their fair values.

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6. Net Interest Income

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)	Year ended December <u>31, 2023</u> USD million (audited)
Interest income calculated using the effective interest rate method			
- Banks	104	58	327
- Loans and advances	257	171	837
- Debt instruments measured at amortised cost	14	10	59
- Financial assets held under resale agreements	-	-	-*
- Swap related collateral	-*	-*	1
- Debt instruments at FVTOCI	28	21	60
Total interest income	<u>403</u>	<u>260</u>	<u>1,284</u>
Interest expense calculated using the effective interest rate method			
- Note payables	(32)	(25)	(119)
- Bond payables	(27)	(6)	(60)
- Interest expense on financial liabilities at FVTPL	(74)	(45)	(246)
- Bank borrowings	(25)	-	-
- Financial assets sold under repurchase agreements	-	-	-*
- Swap related collateral	-*	-	-*
Interest expense on lease liabilities	-*	-*	-*
Total interest expense	<u>(158)</u>	<u>(76)</u>	<u>(425)</u>
Net interest income	<u>245</u>	<u>184</u>	<u>859</u>

* Less than USD half of a million

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7. Net Fee Income

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)	Year ended December <u>31, 2023</u> USD million (audited)
Front-end fee recognised	1	1	3
Commitment fee	2	2	6
Total fee income	<u>3</u>	<u>3</u>	<u>9</u>
Upfront fee expense	(1)	-	-*
Commitment fee expense	-*	-	-
Agency fee	-*	-	-
Total fee expense	<u>(1)</u>	<u>-</u>	<u>-*</u>
Net fee income	<u>2</u>	<u>3</u>	<u>9</u>

8. Net Gains/(Losses) on Financial Instruments at FVTPL

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)	Year ended December <u>31, 2023</u> USD million (audited)
Derivatives	41	(6)	(54)
Bonds issued	62	(124)	(192)
Others (Note 1 below)	(3)	1	2
Total	<u>100</u>	<u>(129)</u>	<u>(244)</u>

Note 1: Others mainly represent investments in private equity fund and Money Market Fund.

* Less than USD half of a million

9. Staff Costs

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)	Year ended December <u>31, 2023</u> USD million (audited)
Salaries and allowances	8	9	43
Other benefits	4	3	13
Total	<u>12</u>	<u>12</u>	<u>56</u>

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

The charge recognised for the three months ended March 31, 2024 for the SRP and PRP was USD 2 million (unaudited) (three months ended March 31, 2023: USD 2 million, unaudited) and less than USD half of a million (unaudited) (three months ended March 31, 2023: less than USD half of a million, unaudited) respectively and is included in "Other benefits". There are two retirement plans in operation. Both SRP and PRP are defined contribution schemes and are operated through trust funds. For SRP, both the Bank and staff contribute. For PRP, only the Bank contributes.

The Bank did not incur any salary expenses and other employee benefits for members of the Board of Governors and the Board of Directors except the President of the Bank for the three months ended March 31, 2024 and 2023. According to Article 11 of the Agreement, the Board of Governors shall determine the salary and terms of the service contract of the President of the Bank.

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10. Other Operating Expenses

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)	Year ended December <u>31, 2023</u> USD million (audited)
Office expenses	2	1	9
IT expenses	2	1	8
Professional fees	2	_*	7
Travel expenses	1	1	5
Auditor's remuneration	_*	_*	1
Hospitality expenses	_*	_*	_*
Depreciation and amortisation	_*	_*	1
Others	_*	_*	_*
Total	<u>7</u>	<u>3</u>	<u>31</u>

* Less than USD half of a million

11. Impairment Losses Under ECL Model, Net of Reversal

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)	Year ended December <u>31, 2023</u> USD million (audited)
Impairment losses recognised/(reversed) on:			
- Due from banks other than cash and cash equivalents	(1)	1	2
- Debt instruments at FVTOCI	_*	(1)	_*
- Debt instruments measured at amortised cost	1	(1)	(2)
- Loans and advances	19	(36)	(39)
- Loan commitments	1	8	(9)
Total	<u>20</u>	<u>(29)</u>	<u>(48)</u>

* Less than USD half of a million

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12. Cash and Cash Equivalents

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Cash on hand	-*	-*
Demand deposit	2,050	633
Time deposit with original maturity within three months	339	129
Total	<u>2,389</u>	<u>762</u>

* Less than USD half of a million

13. Due From Banks Other than Cash and Cash Equivalents

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Commercial banks	6,346	6,467
Less: ECL allowance	(2)	(3)
	<u>6,344</u>	<u>6,464</u>
Less: Time deposit with original maturity within three months	(339)	(129)
Total	<u>6,005</u>	<u>6,335</u>

Reconciliation of provision for due from banks:

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
ECL allowance of due from banks as at beginning of the period/year	3	1
Additions	1	3
Derecognition	-*	(1)
Change in risk parameters	(2)	-*
ECL allowance of due from banks as at end of the period/year	<u>2</u>	<u>3</u>

* Less than USD half of a million

ECL allowance of due from banks is measured on the basis of 12-month ECL as at March 31, 2024 and December 31, 2023.

14. Derivative Financial Assets/Liabilities

During the three months ended March 31, 2024, the Bank has entered into derivative contracts in relation to the USD denominated notes and the Renminbi (RMB) bond, that were paired with swaps of which the total notional amounts are USD 871 million to convert the issuance proceeds into the interest rate structure sought by the Bank.

Besides, the Bank has entered into derivative contracts in connection with loans and advances, to convert the notional amounts into the cross currency swap structure sought by the Bank during the three months ended March 31, 2024. The Bank has also entered into forward contracts for due from banks other than cash and cash equivalents to convert the notional amounts into the currency structure sought by the Bank.

Notwithstanding the purpose for achieving an economic hedge, the Bank opted not to apply hedge accounting to any derivative contracts entered into for the three months ended March 31, 2024 and the year ended December 31, 2023.

<u>As at March 31, 2024</u> (unaudited)	<u>Notional Amount</u> USD million	<u>Fair Value Asset</u> USD million	<u>Fair Value Liability</u> USD million
Interest Rate Swap	12,333	84	383
Forward Contract	3,166	1	-
Cross Currency Swap	66	120	49
Total	<u>15,565</u>	<u>205</u>	<u>432</u>
<u>As at December 31, 2023</u> (audited)	<u>Notional Amount</u> USD million	<u>Fair Value Asset</u> USD million	<u>Fair Value Liability</u> USD million
Interest Rate Swap	12,864	113	407
Cross Currency Swap	3,113	91	101
Total	<u>15,977</u>	<u>204</u>	<u>508</u>

The Bank has entered into several agreements with its derivative counterparties under the Master Agreement of the International Swaps and Derivatives Association (ISDA). The Bank requires collateral in the form of cash and security against the exposures to derivative counterparties. The Bank records collateral in respect of the interest rate swaps, cross currency swaps and forward contracts based on the margin paid or received with reference to the fair value of the swaps. The collateral would only be applied against amounts due in the event that some or all the corresponding swaps are terminated early, including but not limited to, as a result of a default by the relevant counterparty.

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15. Financial Assets at FVTPL

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Mandatorily measured at FVTPL:		
- Private equity fund	89	84
Total	<u>89</u>	<u>84</u>

16. Debt Instruments at FVTOCI

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Government bonds	94	147
Bank bonds	2,160	1,780
Corporate bonds	23	73
Total	<u>2,277</u>	<u>2,000</u>

Reconciliation of provision for debt instruments at FVTOCI:

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
ECL allowance of debt instruments at FVTOCI		
as at beginning of the period/year	1	1
Additions	1	1
Derecognition	-*	(1)
Change in risk parameters	(1)	-*
ECL allowance of debt instruments at FVTOCI		
as at end of the period/year	<u>1</u>	<u>1</u>

* Less than USD half of a million

ECL allowance of debt Instruments at FVTOCI is measured on the basis of 12-month ECL as at March 31, 2024 and December 31, 2023.

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17. Debt Instruments Measured at Amortised Cost

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Government bonds	393	125
Bank bonds	1,973	1,022
Corporate bonds	75	85
Less: ECL allowance	(2)	(1)
Net carrying amount	<u>2,439</u>	<u>1,231</u>

Reconciliation of provision for debt instruments measured at amortised cost:

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
ECL allowance of debt instruments measured at amortised cost as at beginning of the period/year	1	3
Additions	1	-*
Derecognition	-*	(1)
Change in risk parameters	-*	(1)
ECL allowance of debt instruments measured at amortised cost as at end of the period/year	<u>2</u>	<u>1</u>

* Less than USD half of a million

ECL allowance of debt instruments measured at amortised cost is measured on the basis of 12-month ECL as at March 31, 2024 and December 31, 2023.

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18. Loans and Advances

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Principal	17,654	17,601
Interest receivable	92	260
Gross carrying amount	<u>17,746</u>	<u>17,861</u>
Less: ECL allowance	<u>(113)</u>	<u>(94)</u>
Net carrying amount	<u><u>17,633</u></u>	<u><u>17,767</u></u>

Reconciliation of provision for loans raised:

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
ECL allowance of loans as at beginning of the period/year	94	133
Additions	1	7
Derecognition	(3)	(2)
Change in risk parameters	<u>21</u>	<u>(44)</u>
ECL allowance of loans as at end of the period/year	<u><u>113</u></u>	<u><u>94</u></u>

For the three months ended March 31, 2024, the additions to the ECL allowance of USD 1 million (unaudited) (for the year ended December 31, 2023: USD 7 million, audited) was due to increase or origination of loans and advances with gross carrying amount of USD 380 million (unaudited) (for the year ended December 31, 2023: USD 3,627 million, audited).

For the three months ended March 31, 2024, the derecognition to the ECL allowance of USD 3 million (unaudited) (for the year ended December 31, 2023: USD 2 million, audited) was due to repayment of loans and advances with gross carrying amount of USD 350 million (unaudited) (for the year ended December 31, 2023: USD 318 million, audited).

For the three months ended March 31, 2024, the change in risk parameters led to the recognition of ECL of USD 21 million (unaudited) (for the year ended December 31, 2023: reversal of ECL of USD 44 million, audited) was mainly due to change in the LGD of one credit-impaired loan.

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18. Loans and Advances - continued

<u>As at March 31, 2024</u> (unaudited)	<u>12-month ECL</u> USD million	<u>Lifetime ECL -not</u> <u>credit-impaired</u> USD million	<u>Lifetime ECL -</u> <u>credit-impaired</u> USD million	<u>Total</u> USD million
Impairment allowance	16	55	42	113
	<u>16</u>	<u>55</u>	<u>42</u>	<u>113</u>
<u>As at December 31, 2023</u> (audited)	<u>12-month ECL</u> USD million	<u>Lifetime ECL -not</u> <u>credit-impaired</u> USD million	<u>Lifetime ECL -</u> <u>credit-impaired</u> USD million	<u>Total</u> USD million
Impairment allowance	20	55	19	94
	<u>20</u>	<u>55</u>	<u>19</u>	<u>94</u>

19. Paid-in Capital Receivables

	<u>As at March</u> <u>31, 2024</u> USD million (unaudited)	<u>As at December</u> <u>31, 2023</u> USD million (audited)
Balance as at the beginning of period/year (Note 1 below)	460	276
Add:		
Paid-in capital receivables originated during the period/year	-	239
Less:		
Installment received during the period/year	(45)	(55)
Total nominal amounts of receivable at the end of the period/year (Note 3 below)	<u>415</u>	<u>460</u>
Less:		
Interest on paid-in capital receivables to be unwound in the future period/year (Note 2 below)	(29)	(33)
Balance as at the end of the period/year	<u>386</u>	<u>427</u>

Note 1: The Bank established the rights to receive the initial subscribed paid-in capital of Bangladesh and UAE of 1,884 shares and 1,112 shares amounted to USD 188 million and USD 111 million respectively upon the date on which their instruments of accession to the Agreement are deposited. The payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments. The first, second and third installments of paid-in capital were paid by each member within 6 months, 18 months and 30 months respectively from the dates of depositing the instruments of accession. The remaining four installments shall each become due successively one year from the date on which the preceding installment becomes due.

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19. Paid-in Capital Receivables - continued

The Bank established the rights to receive the initial subscribed paid-in capital of Egypt of 2,392 shares amounted to USD 239 million upon the date on which their instruments of accession to the Agreement are deposited. The payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments. The first installment of paid-in capital of Egypt was paid during the year ended December 31, 2023 and the second installment shall become due 18 months from the date of depositing the instrument of accession. The remaining five installments shall each become due successively one year from the date on which the preceding installment becomes due.

Note 2: The discounting method is applied to derive the interest to be unwound over the installment period. The balance includes an initial discount of USD 667 million (December 31, 2023: USD 667 million, audited) less USD 602 million (unaudited) of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2023: USD 598 million) and USD 36 million (unaudited) of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of March 31, 2024 (December 31, 2023: USD 36 million).

Note 3: As at March 31, 2024, the total paid-in capital receivables that will become due within one-year amounted to an undiscounted value of USD 58 million (unaudited) (December 31, 2023: USD 74 million, audited).

20. Other Assets

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Swap related collateral	16	24
Cash in transit for settled debt instruments measured at amortised cost (Note 1 below)	10	-
Other receivables	1	-*
Others (Note 2 below)	2	3
Commitment fee receivables	-*	1
Total	<u>29</u>	<u>28</u>

* Less than USD half of a million

Note 1: Debt instruments measured at amortised cost maturing on March 29, 2024.

Note 2: Others mainly include prepayment.

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21. Financial Liabilities Designated at FVTPL

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Bonds and notes - Principal	12,397	12,979
- Interest payable	182	174
- Fair value adjustment	(464)	(484)
Total	<u>12,115</u>	<u>12,669</u>

In March 2024, the Bank issued a five-year RMB bond with par value of RMB 6 billion (USD 834 million equivalent) with the maturity date on February 1, 2029. The interest is paid by the Bank annually with fixed coupon rate of 2.66%.

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the three months ended March 31, 2024 and for the year ended December 31, 2023. The contractual principal amount to be paid at maturity in original currency are RMB 31.5 billion (December 31, 2023: RMB 31.5 billion, audited) for RMB denominated bonds, USD 7.45 billion, GBP 35 million, HKD 2.38 billion and AUD 73 million (December 31, 2023: USD 7.95 billion, GBP 35 million, HKD 2.38 billion and AUD 73 million, audited) for USD, GBP, HKD and AUD denominated notes respectively.

22. Bank borrowings

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Syndicated loan Facility	2,009	-
Revolving Credit Facility	1,201	-
Total	<u>3,210</u>	<u>-</u>

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23. Note Payables

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Note payables	2,143	2,248
Total	<u>2,143</u>	<u>2,248</u>

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

24. Bond Payables

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Bond payables	1,653	1,654
Total	<u>1,653</u>	<u>1,654</u>

25. Contract Liabilities

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Deferred income (Note 1 below)	51	51
Total	<u>51</u>	<u>51</u>

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front-end fees as at March 31, 2024 and December 31, 2023. Revenue recognised for the three months ended March 31, 2024 that was included in the contract liabilities balance at the beginning of the period is USD 1 million (unaudited) (three months ended March 31, 2023: USD 1 million, unaudited).

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26. Other Liabilities

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Impairment provision of loan commitments	25	24
Swap related collateral	27	8
Annual leave provision	2	4
Accrued expenses	6	6
Employee benefits payable	1	1
Payable for purchase of debt instruments measured at amortised cost	-	25
Others	-*	-
Total	<u>61</u>	<u>68</u>

Reconciliation of provision for loan commitments:

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
ECL allowance of loan commitments as at beginning of the period/year	24	33
Additions	1	12
Derecognition	-	(2)
Change in risk parameters	-*	(19)
ECL allowance of loan commitments as at end of the period/year	<u>25</u>	<u>24</u>

* Less than USD half of a million

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26. Other Liabilities - continued

For the three months ended March 31, 2024, the additions to the ECL allowance of USD 1 million (unaudited) (for the year ended December 31, 2023: USD 12 million, audited) was due to origination of loan commitments that is expected to be drawn down within 12 months from March 31, 2024 and/or over the remaining loan contract period of USD 1,524 million (unaudited) (for the year ended December 31, 2023: USD 1,053 million, audited).

For the three months ended March 31, 2024, the change in risk parameters led to the recognition of ECL of USD less than half of a million (unaudited) (for the year ended December 31, 2023: reversal of USD 19 million, audited) was mainly due to change in the PD.

<u>As at March 31, 2024</u> (unaudited)	<u>12-month ECL</u> USD million	<u>Lifetime ECL - not credit-impaired</u> USD million	<u>Total</u> USD million
Impairment allowance	<u>3</u>	<u>22</u>	<u>25</u>
<u>As at December 31, 2023</u> (audited)	<u>12-month ECL</u> USD million	<u>Lifetime ECL - not credit-impaired</u> USD million	<u>Total</u> USD million
Impairment allowance	<u>3</u>	<u>21</u>	<u>24</u>

There have been no credit-impaired loan commitments up to March 31, 2024.

27. Paid-in Capital

A statement of capital subscriptions showing the amount of paid-in and callable shares subscribed to by each member according to the Agreement and the Resolution, is set out in the following table. There is no amendment to the terms of subscription payment in the Agreement and the Resolution on March 31, 2024. The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank according to the Agreement and the Resolution.

	<u>As at March 31, 2024</u> (unaudited)		<u>As at December 31, 2023</u> (audited)	
	Number of shares	Amount in USD million	Number of shares	Amount in USD million
Authorised shared capital	1,000,000	100,000	1,000,000	100,000
Less: unsubscribed by members	(473,060)	(47,306)	(473,060)	(47,306)
Total subscribed capital	526,940	52,694	526,940	52,694
Less: callable capital	(421,552)	(42,156)	(421,552)	(42,156)
Total paid in capital	<u>105,388</u>	<u>10,538</u>	<u>105,388</u>	<u>10,538</u>

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27. Paid-in Capital - continued

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

As at <u>March 31, 2024</u> (unaudited)	Total shares Numbers	Total capital USD million	Callable capital USD million	Paid-in capital USD million	Paid-in capital ¹ received USD million	Paid-in capital outstanding USD million
Brazil	100,000	10,000	8,000	2,000	2,000	-
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	2,000	-
Bangladesh	9,420	942	754	188	66	122
UAE	5,560	556	445	111	39	72
Egypt	11,960	1,196	957	239	18	221
Total	526,940	52,694	42,156	10,538	10,123	415

As at <u>December 31, 2023</u> (audited)	Total shares Numbers	Total capital USD million	Callable capital USD million	Paid-in capital USD million	Paid-in capital ¹ received USD million	Paid-in capital outstanding USD million
Brazil	100,000	10,000	8,000	2,000	2,000	-
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	2,000	-
Bangladesh	9,420	942	754	188	38	150
UAE	5,560	556	445	111	22	89
Egypt	11,960	1,196	957	239	18	221
Total	526,940	52,694	42,156	10,538	10,078	460

¹Pursuant to Article 9 and attachment 2 of the Agreement each founding members' paid in capital stock is received in seven installments. Besides, the Bangladesh's, UAE's and Egypt's paid in capital stock is also received in seven installments according to annexure of the Resolutions.

28. Reserves

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Capital reserve (Note 1 below)	-*	-*
Revaluation reserve	(4)	(2)
Other reserves (Note 2 below)	(29)	(33)
Total	<u>(33)</u>	<u>(35)</u>

* Less than USD half of a million

Note 1: As at March 31, 2024, the Bank has received cash contributions amounting to USD 0.30 million (unaudited) (December 31, 2023: USD 0.30 million, audited) from Russian Federation for the reimbursement of relevant payments for the ERC. The Bank recognises such cash contributions from Russian Federation as capital reserve on the basis that the contribution agreement does not include a contractual obligation of the Bank to repay cash or another financial asset, and there are no other features that would meet the definition of a financial liability.

As at March 31, 2024, the Government of India, on behalf of the Bank has paid the rent plus taxes as applicable of IRO for the lease period of first two years. The Bank recognises such contributions as capital reserve on the basis that the contribution agreement does not include a contractual obligation of the Bank to repay cash or another financial asset, and there are no other features that would meet the definition of a financial liability.

Note 2: Other reserves mainly represent the difference on the present value of paid-in receivables and the nominal amounts of subscribed paid-in capital arisen from the installment payments of the subscribed paid-in capital, which is regarded as an equity transaction. The subsequent unwinding of interest on paid-in capital receivables is reclassified from retained earnings to other reserves immediately following the unwinding treatment in the relevant accounting period.

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29. Commitments

(1) Capital commitments

As at March 31, 2024 and December 31, 2023, the Bank had no irrevocable capital expenditures commitment.

(2) Credit Commitments

	As at March <u>31, 2024</u> USD million (unaudited)	As at December <u>31, 2023</u> USD million (audited)
Letters of effectiveness signed	<u>8,575</u>	<u>6,107</u>
Total	<u><u>8,575</u></u>	<u><u>6,107</u></u>

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

30. Related Party Disclosure

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

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

The name and relationship with founding member governments are disclosed below. As at March 31, 2024 and December 31, 2023, no transactions, individually or collectively with governments are considered significant to the Bank.

30. Related Party Disclosure - continued

(1) Name and relationship

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

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

The permanent premise of the Bank is located at 1,600 Guozhan Road, Shanghai Expo Park, Pudong New District, Shanghai.

According to the Agreement between the Government of the Russian Federation and the Bank on the Hosting of the New Development Bank Eurasian Regional Center (ERC) in the Russian Federation, the Government of the Russian Federation has agreed to transfer special purpose contribution to the Bank for reimbursement of rent payment of ERC office premises and the cost of purchasing of supply of furniture, equipment, and other facilities for the operation of ERC. Details of the cash contribution received from the Russian Federation as at March 31, 2024 are set out in Note 28.

According to the Agreement between the Government of the India and the Bank on the Hosting of the New Development Bank IRO in the India. The Government of India on behalf of the Bank has paid the rent plus taxes as applicable for the period of first two years. Details of the contribution from the Government of India as at March 31, 2024 are set out in Note 28.

Details of the paid-in capital receivables as at March 31, 2024 and December 31, 2023 are set out in Note 19, and unwinding of interest on paid-in capital receivables for the three months ended March 31, 2024 and 2023 are set out in the condensed statement of profit or loss and other comprehensive income.

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30. Related Party Disclosure - continued

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

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

The following persons were KMP of the Bank during the three months ended March 31, 2024:

<u>Name</u>	<u>Countries</u>	<u>Position</u>
Dilma Vana Rousseff	Brazil	President
Vladimir Kazbekov	Russia	Vice President; Chief Operating Officer
Anil Kishora	India	Vice President; Chief Risk Officer
Qiangwu Zhou	China	Vice President; Chief Administrative Officer
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer

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

	Three months ended March <u>31, 2024</u> USD million (unaudited)	Three months ended March <u>31, 2023</u> USD million (unaudited)
Salary and allowance	1	1
Staff Retirement Plan	_*	_*
Post-Retirement Insurance Plan	_*	_*
Other short-term benefits	_*	_*
Total	<u>1</u>	<u>1</u>

* Less than USD half of a million

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31. Segment Information

For the three months ended March 31, 2024 and 2023, the Bank has a single reportable segment and evaluates the financial performance of the Bank as a whole.

The following table presents the Bank's loan revenue by borrowers' geographic region for the three months ended March 31, 2024 and 2023.

Loan revenue comprises loan interest incomes, front-end fee recognised and commitment fee.

<u>As at March 31, 2024</u>	<u>Sovereign exposures</u> USD million	<u>Non-Sovereign exposures</u> USD million	<u>Total</u> USD million
Brazil	37	8	45
Russia	18	8	26
India	70	6	76
China	48	-	48
South Africa	55	10	65
Total	<u>228</u>	<u>32</u>	<u>260</u>

<u>As at March 31, 2023</u>	<u>Sovereign exposures</u> USD million	<u>Non-Sovereign exposures</u> USD million	<u>Total</u> USD million
Brazil	16	5	21
Russia	11	6	17
India	47	5	52
China	35	-	35
South Africa	40	9	49
Total	<u>149</u>	<u>25</u>	<u>174</u>

32. Unconsolidated Structured Entity

The Board of Governors approved the establishment of the NDB Project Preparation Fund (NDB-PPF) on January 20, 2017. The NDB-PPF, established and administered by the Bank based on Article 3 and Article 23 of the Agreement, is an unconsolidated structured entity for accounting purposes. The objective of the NDB-PPF is to help NDB achieve its purpose of promoting infrastructure and sustainable development by supporting the preparation of bankable projects to facilitate borrowing member countries to raise funds for such projects from NDB and other financial institutions. The Bank is entrusted with the administration of the NDB-PPF to fulfill its purpose. The NDB-PPF does not expose the Bank to any loss, nor does it generate significant variable interest to the extent that consolidation is required. Accordingly, the NDB-PPF is an unconsolidated structured entity for accounting purposes.

32. Unconsolidated Structured Entity - continued

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

As at March 31, 2024, the NDB-PPF had received contributions amounting to USD 9 million (unaudited) (December 31, 2023: USD 9 million, audited). The Bank has not earned any income from NDB-PPF for the three months ended March 31, 2024 and 2023.

33. Reclassification of Comparative Figures

For the three months ended March 31, 2023, USD 10 million interest received on debt instruments measured at amortised cost, USD 2 million interest received on debt instruments at FVTOCI, USD 45 million interest paid on bonds, USD 15 million interest paid on note payables, and less than USD half of a million interest paid on lease liabilities were included in operating activities of Condensed Statement of Cash Flows. The Bank has presented the aforementioned interest received in investing activities, interest paid in financing activities on the basis of the classification of the cash flows arising from the transaction to which it is linked for the three months ended March 31, 2024. As a result, the figures for the three months ended March 31, 2023 have been amended in the condensed statement of cash flows for the three months ended March 31, 2024 to conform with current interim period presentation. The interest received and interest paid at the bottom of page 6 in the Condensed Statement of Cash Flows have also been modified accordingly, only showing cash flows related to operating activities, and updated as "Interest received in operating activities" and "Interest paid in operating activities".

34. Subsequent Events

Up to the date of the issuance of the financial statements, there has been no material subsequent events since March 31, 2024 that would require additional disclosure or adjustment to the financial statements.

35. Approval of Condensed Financial Statements

The condensed financial statements were approved by the Management and the Board of Directors and authorised for issuance on July 22, 2024.

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