



ANNUAL REPORT 2023  
**FINANCING FOR  
SUSTAINABLE DEVELOPMENT**



 **SOUTH AFRICA**

RENEWABLE ENERGY SECTOR DEVELOPMENT PROJECT

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# MESSAGE FROM THE PRESIDENT

**The Bank remains dedicated to advancing its founding vision by mobilising resources for infrastructure and sustainable development projects in emerging markets and developing countries, while fostering economic growth and promoting social inclusion.**



The year 2023 was a turning point for the New Development Bank (NDB), marked by significant achievements and the resumption of its core activities.

The Bank underwent through a leadership transition, initiating a new era of strategic direction. It successfully navigated the persisting effects of the COVID-19 crisis, including the return of employees to its headquarters in Shanghai after prolonged disruptions to regular operations. It also made a robust comeback to the global capital markets through consistent bond issuances. Most notably, 2023 witnessed the resumption of regular disbursements to projects in member countries, a vital step after these disbursements were frozen due to liquidity constraints. This development symbolised the full return to the NDB's core mission of supporting projects that drive sustainable development.

Against this backdrop, NDB Annual Report for 2023 focuses on the theme “Financing for Sustainable Development.” This critical topic highlights NDB's strong position to make a meaningful impact in its member countries. The Bank remains dedicated to advancing its founding vision by mobilising resources for infrastructure and sustainable development projects in emerging markets and developing countries, while fostering economic growth and promoting social inclusion.

The Bank is proud to present important achievements in 2023. NDB reported a significant increase in net profit to USD 593 million in 2023. The positive financial results,

along with the paid-in capital from new shareholders, contributed to an increase in total capital (including reserves) to USD 11.6 billion in 2023.

In 2023, NDB approved loans amounting to USD 2.1 billion, bringing the Bank's cumulative approvals to USD 34.8 billion for 105 projects. The Bank also registered a remarkable increase in project disbursements this year, amounting to USD 3.4 billion. The project financing approvals in 2023 will add or upgrade 22,000 km of roads and bridges, increase sewage treatment capacity by 41,000 m<sup>3</sup> per day, build or upgrade 15 schools, and avoid 500 tonnes of CO<sub>2</sub> emissions annually. We expect this trend to gather steam going forward, as we continuously improve our operational performance.

The prolonged absence from the international USD public market significantly impacted NDB's disbursement flow and its capacity to fulfill its mission of financing projects for member countries. However, this situation has been decisively overcome. By accurately assessing financing needs and implementing a robust resource mobilisation strategy, the Bank made a successful return to the international capital markets on April 26, 2023, with a landmark USD 1.25 billion green bond issuance.

Since then, NDB has returned to capital markets many times, raising funds in RMB, USD, HKD, and ZAR. During the year, NDB raised a total of USD 4.6 billion equivalent funds through public issuances and private placements of bonds in various currencies. In 2023, NDB successfully secured its first syndicated loan, raising USD 2 billion from financial institutions across China, India, the United Arab Emirates, Singapore, and Kuwait, marking a significant milestone in diversifying its fundraising markets.

NDB is actively advancing local currency financing as a key strategic priority. The Bank achieved another major landmark with its dual-tranche ZAR offerings, making the South African Rand the second member currency, after the Chinese Yuan (RMB), to be utilized for raising funds in local markets. Additionally, the RMB 8.5 billion bond issuance set a record as the largest panda bond issued by a multilateral development bank.

The Bank will continue to perform a constant and systematic effort to raise funds in various global markets and different currencies. In addition to its relationships with major financial centres, NDB will take advantage of its unique position in Asia and the Middle East to promote a broader and more accessible range of investments suitable for member countries.

For the strategic cycle of 2022–2026, our goal is for 30% of the financing volume for the Bank's projects to be denominated in the national currencies of our members.

Access to credit in local currencies and the use of currency swaps play a vital role in mitigating exposure to exchange rate and interest rate risks. By encouraging transactions in local currencies, NDB supports investments that enable governments and the private sector to address cash flow mismatches between projects and their financing. This approach enhances predictability and lowers the substantial costs associated with hedging.

To further strengthen resource mobilization, the Bank is committed to leveraging a variety of funding sources, including public-private partnerships, co-financing with international and national development banks, platforms for local currency financing, and green bonds.

In parallel with strengthening operations, ensuring adequate liquidity ratios and diversifying our investor base, the Bank also prioritises expanding its membership. In 2023, NDB continued to receive consultations about membership, highlighting the growing consolidation of its brand and its appeal to countries across the Global South. The inclusion of new members not only diversifies its funding base but also fosters knowledge sharing, strengthens partnerships, and amplifies the Bank's role as a global development platform.

In 2023, the NDB also chaired the Heads of Multilateral Development Banks Group, fostering collaboration among international financial institutions. The Bank actively participated in key multilateral arenas, including the BRICS Summit in South Africa, and the G20 meetings in India, demonstrating its commitment to addressing global challenges and advancing sustainable development through strategic partnerships and innovative solutions.

At the 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC), held in the United Arab Emirates, NDB was formally admitted as an observer organisation. Going

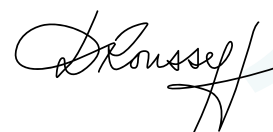
forward, the Bank will stay committed to continuously enhancing its performance in climate finance, recognising the critical role it plays in addressing global environmental challenges. By expanding investments in green infrastructure, renewable energy, and sustainable development projects, the Bank aims to support member countries in achieving their climate goals. Through innovation and collaboration, the Bank will strive to increase its impact, mobilise additional resources, and contribute meaningfully to a sustainable and resilient future.

NDB has also streamlined its governance by setting up an executive decision-making body where the Management meets regularly to address the most important issues for the Bank. The Executive Committee began to meet regularly in May 2023.

Regarding the Bank's most valuable asset, our people, the process of total return to on-site work was concluded in 2023. We believe that social interaction, in-person exchange of ideas and conviviality are indispensable for effective collaboration.

The Bank remains well positioned to meet the development financing needs of its members, under strict risk control, robust credit quality, and low leverage, and committed to its institutional building process, to improving its financial and operational conditions and to delivering significant impact. Moreover, it is important to emphasise that the Bank will continue to support and respect the strategies of each member country without imposing any conditionalities.

With 2023 as a year of renewal and resilience, the Bank stands poised to drive sustainable development for its members. Together, we will continue to build infrastructure, fostering inclusion, and creating a better, more sustainable future for all. Thus, NDB presents the Annual Report 2023 "Financing for Sustainable Development" with pride and confidence that it is fulfilling its mission and progressing towards being the leading provider of sustainable solutions for emerging markets and developing countries.



**Dilma Rousseff**  
President of NDB

# NDB IN NUMBERS<sup>1</sup>



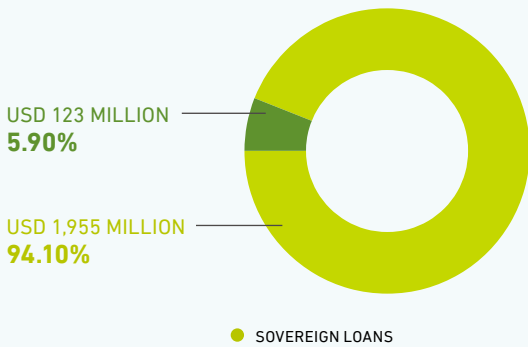
SCAN TO ACCESS DATA FOR NDB IN NUMBERS

## TOTAL PROJECT APPROVALS<sup>2</sup>

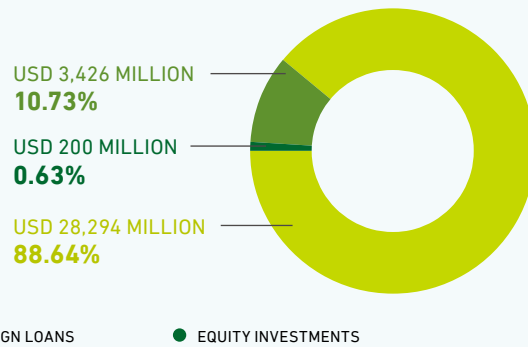


## APPROVALS BY TYPE OF OPERATION

Approvals within the year ended December 31, 2023

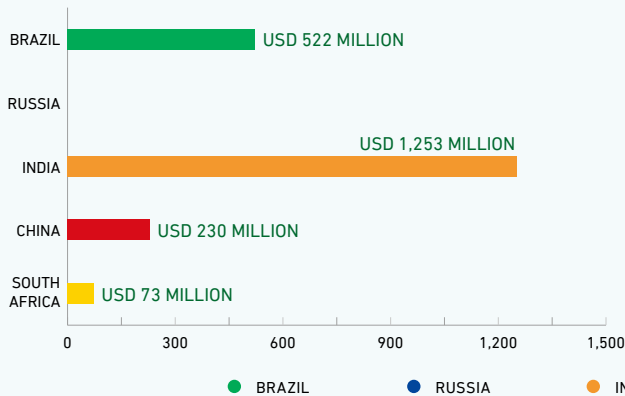


Approvals for projects in the portfolio as at December 31, 2023

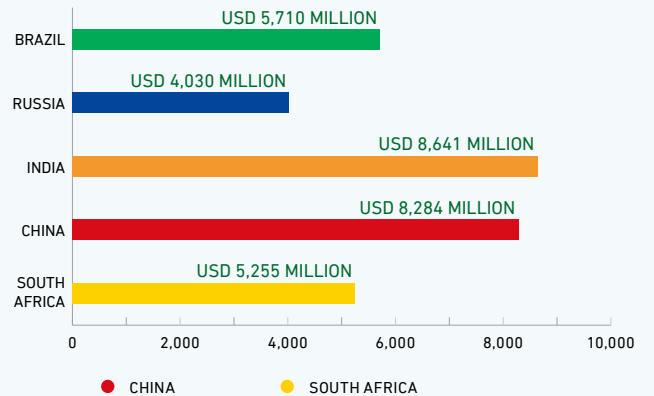


## APPROVALS BY COUNTRY

Approvals within the year ended December 31, 2023



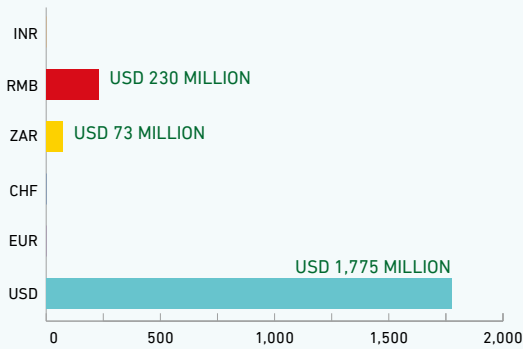
Approvals for projects in the portfolio as at December 31, 2023



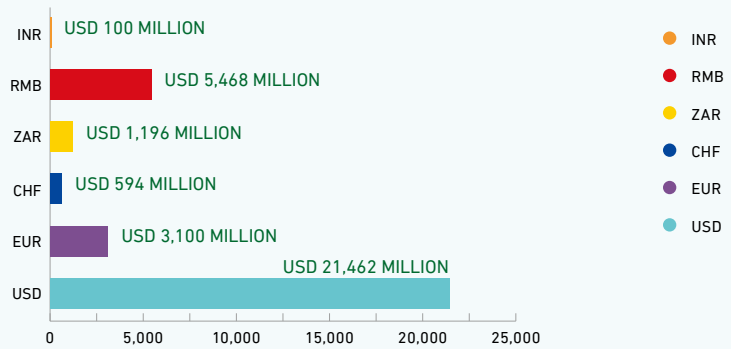
<sup>1</sup> Unless otherwise stated, all amounts related to aggregated approvals and disbursements in this report have been translated into USD using exchange rates as at the end of the relevant reporting period.  
<sup>2</sup> By the end of 2023, NDB had cumulatively approved USD 34.8 billion for 105 projects on a gross basis. Unless otherwise stated, discussions on NDB's operations in this report are based on the Bank's portfolio, which refers to the Bank's cumulative approvals net of cancelled and fully repaid loans.

## APPROVALS BY CURRENCY

Approvals within the year ended December 31, 2023

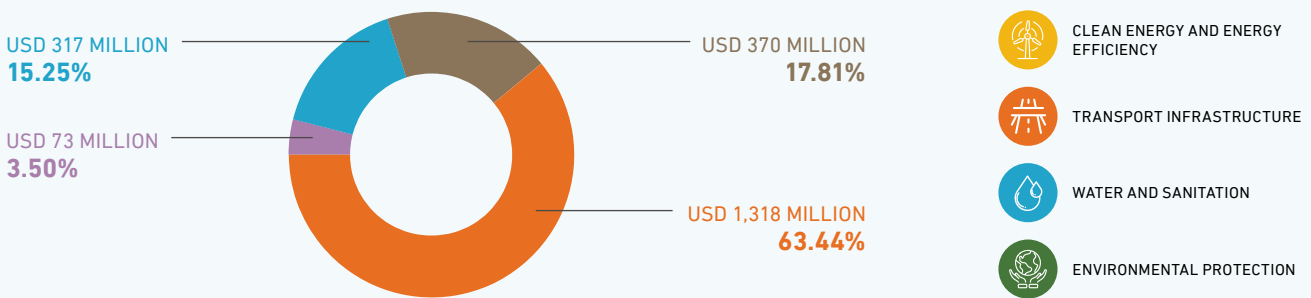


Approvals for projects in the portfolio as at December 31, 2023

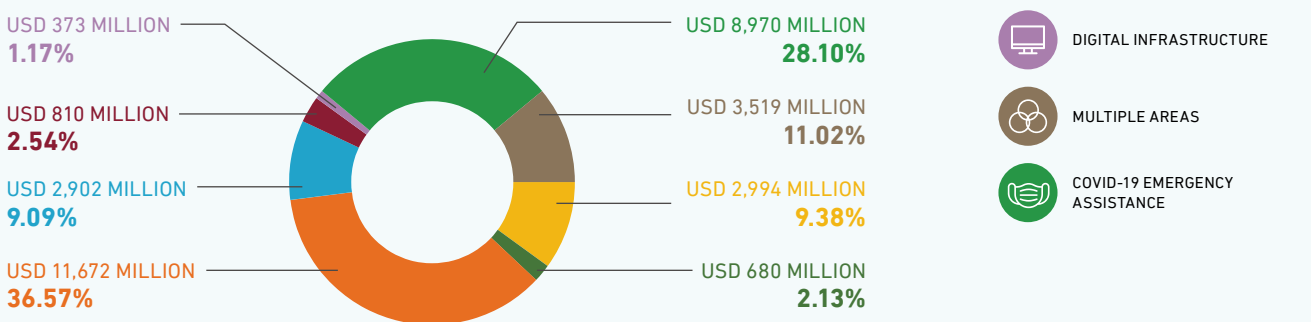


## APPROVALS BY AREA OF OPERATION

Approvals within the year ended December 31, 2023

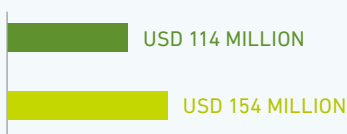


Approvals for projects in the portfolio as at December 31, 2023



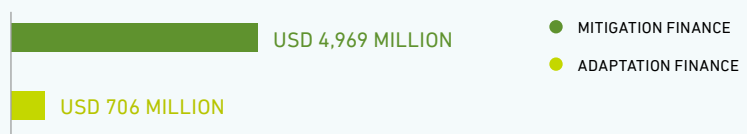
## CLIMATE FINANCE

Approvals within the year ended December 31, 2023



**TOTAL: USD 268 MILLION**

Approvals for projects in the portfolio as at December 31, 2023




**TOTAL: USD 5,675 MILLION**

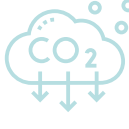
## HIGHLIGHTS OF EXPECTED DEVELOPMENT RESULTS OF SELECTED PROJECTS FINANCED BY NDB<sup>3</sup>

 From projects approved within the year ended December 31, 2023

 From projects in the portfolio as at December 31, 2023



**2,000 MW**  
Renewable and clean energy generation capacity to be installed




**500 TONNES/YEAR**  
**13.1 MILLION TONNES/YEAR**  
CO<sub>2</sub> emissions to be avoided




**22,000 KM**  
**39,000 KM**  
Roads and bridges to be built or upgraded



**104 MILLION/YEAR**  
Air passenger handling capacity to be increased




**41,000 M<sup>3</sup>/DAY**  
**577,000 M<sup>3</sup>/DAY**  
Sewage treatment capacity to be increased




**293 KM**  
Urban rail transit network to be built




**960,000 TONNES/YEAR**  
Air cargo handling capacity to be increased



**1,400 KM**  
Water tunnel/canal infrastructure to be built or upgraded




**15**  
**43**  
Schools to be built or upgraded



**209,000 M<sup>3</sup>/DAY**  
Drinking water supply capacity to be increased

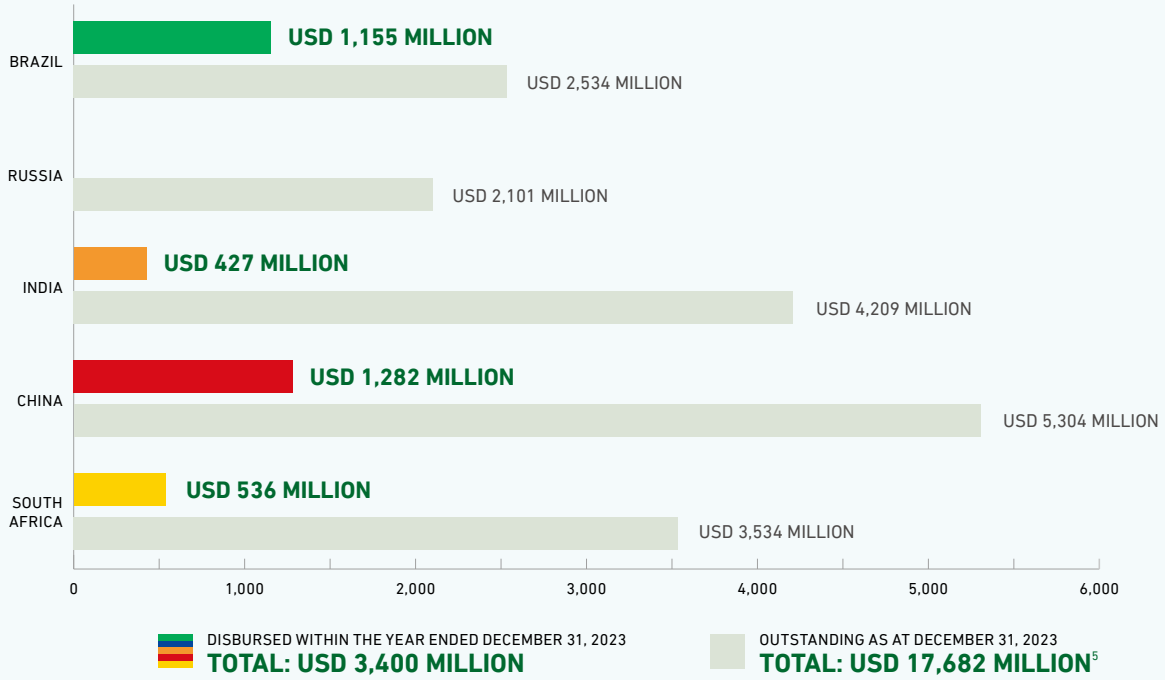
**35,000**  
Housing units to be constructed



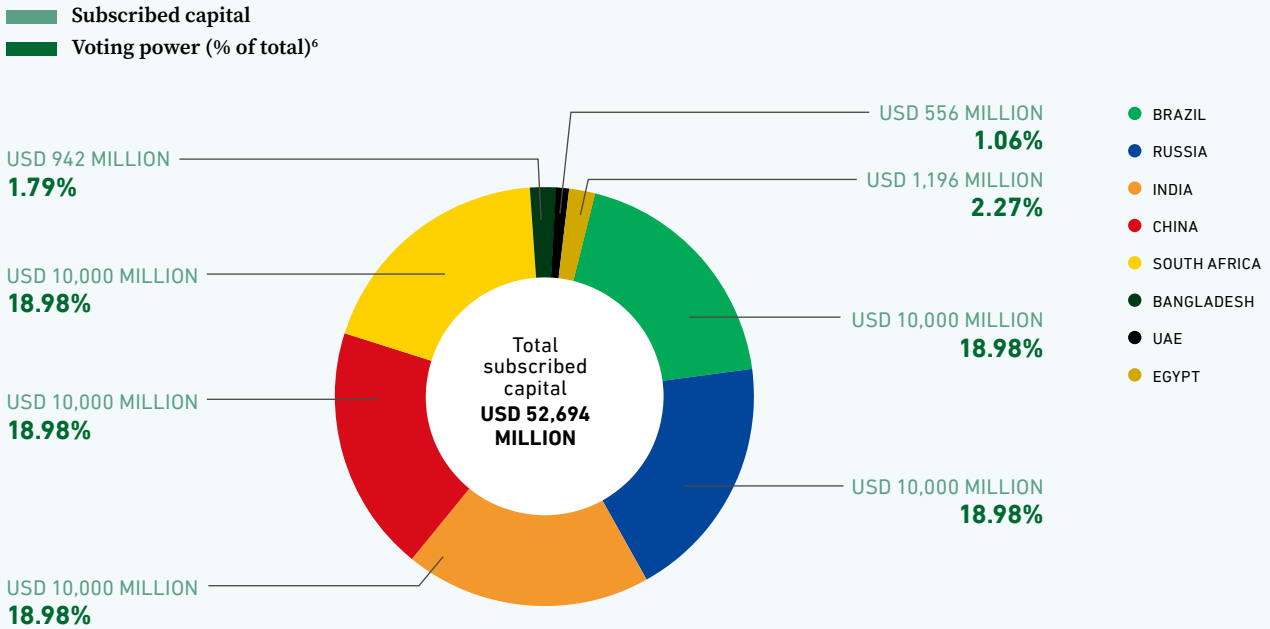
<sup>3</sup> Expected development results are presented for selected projects financed by NDB in collaboration with partners, irrespective of the proportion of the Bank's financing in the total project cost. The numbers are rounded and are based on the information available at the time of approval.



### DISBURSEMENTS BY COUNTRY<sup>4</sup>



### SHAREHOLDING STRUCTURE (AS OF DECEMBER 31, 2023)



<sup>4</sup> Including disbursements relating to both loan commitments and equity investments.  
<sup>5</sup> As at December 31, 2023, the Bank's cumulative disbursements and cumulative repayments stood at USD 18.8 billion and USD 1.1 billion, respectively.  
<sup>6</sup> Numbers in this chart may not add up precisely due to rounding.

## BOND ISSUANCES

	ISSUED WITHIN THE YEAR ENDED DECEMBER 31, 2023		OUTSTANDING AS AT DECEMBER 31, 2023	
	NUMBER	AMOUNT (MILLION)	NUMBER	AMOUNT (MILLION)
RMB bonds	1	RMB 8,500	8	RMB 31,500
ZAR bonds	4	ZAR 2,831	4	ZAR 2,831
AUD bonds	-	-	1	AUD 73
HKD bonds	3	HKD 1,875	4	HKD 2,375
GBP bonds	-	-	1	GBP 35
USD bonds	13	USD 3,044	20	USD 9,444

## EMPLOYEES BY GENDER (AS AT DECEMBER 31, 2023)



# 01 NDB OVERVIEW AND 2023 HIGHLIGHTS

 CHINA

HUBEI HUANGSHI MODERN TRAM PROJECT

## 1.1

**ABOUT NDB**

The New Development Bank (NDB or the Bank) is a global multilateral development bank (MDB) established in 2015 by its five founding members, namely, Brazil, Russia, India, China, and South Africa (collectively BRICS or the BRICS countries). The purpose of the Bank is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries (EMDCs), complementing the existing efforts of multilateral and regional financial institutions for global growth and development.

To expand its reach and impact, NDB started to welcome non-founding members in 2021, and the Board of Governors (BoG) admitted Bangladesh, Egypt, United Arab Emirates (UAE), and Uruguay to the Bank. In accordance with their respective applications, UAE joined as a non-borrowing member,

while the other three countries were admitted as borrowing members. Following the accession of Bangladesh and UAE to NDB in 2021, Egypt deposited its instrument of accession on February 20, 2023, bringing the total number of the Bank's effective members to eight.<sup>7</sup>

In addition to its headquarters in Shanghai, China, NDB has established its Africa Regional Centre in South Africa, Americas Regional Office in Brazil, Eurasian Regional Centre in Russia, and Indian Regional Office in India. These regional offices serve as the Bank's primary interface with its stakeholders in their respective regions. NDB's global presence enables the Bank to operate with a client-centric approach and deliver on its mandate in a responsive and effective manner worldwide.



NDB HEADQUARTERS IN SHANGHAI, CHINA

<sup>7</sup> A country is admitted as a member of NDB following the approval by the Bank's BoG. Membership to NDB becomes effective after an instrument of accession is deposited, setting forth that the member has acceded in accordance with its laws to the Agreement on NDB and the annexed Articles of Agreement, as well as all the terms and conditions prescribed in the BoG's resolution on admitting the new member. Uruguay's membership to NDB will become effective once the country deposits its instrument of accession.



ENTRANCE OF NDB HEADQUARTERS IN SHANGHAI, CHINA

## 1.2

# SHAREHOLDING STRUCTURE AND VOTING POWER

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. In line with the Bank's Articles of Agreement (AoA), each of the five founding members made an initial subscription of USD 10 billion, of which USD 8 billion corresponds to callable capital and USD 2 billion corresponds to paid-in capital.

Following their accession, Bangladesh, UAE, and Egypt also made their respective initial subscriptions, totalling USD 2.7 billion with the same proportion between callable capital and paid-in capital as the founding members. By the end of 2023, NDB's subscribed capital amounted to USD 52.7 billion, composed of a callable capital of USD 42.2 billion and a paid-in capital of USD 10.5 billion. This places the Bank among the largest MDBs in terms of capitalisation.

USD  
**10.5**  
BILLION

Paid-in capital  
subscribed by the  
end of 2023

USD  
**42.2**  
BILLION

Callable capital  
subscribed by the  
end of 2023

**SHAREHOLDING AND VOTING POWER AT NDB (AS AT DECEMBER 31, 2023)**

	SHARES SUBSCRIBED (NUMBER)	CAPITAL SUBSCRIBED (USD MILLION)	CALLABLE CAPITAL SUBSCRIBED (USD MILLION)	PAID-IN CAPITAL SUBSCRIBED (USD MILLION)	PAID-IN CAPITAL RECEIVED (USD MILLION)	PAID-IN CAPITAL TO BE RECEIVED (USD MILLION)	EXERCISABLE VOTES (NUMBER) <sup>8</sup>	VOTING POWER (% OF TOTAL) <sup>9</sup>
<b>FOUNDING MEMBERS</b>								
Brazil	100,000	10,000	8,000	2,000	2,000	-	100,000	18.98
Russia	100,000	10,000	8,000	2,000	2,000	-	100,000	18.98
India	100,000	10,000	8,000	2,000	2,000	-	100,000	18.98
China	100,000	10,000	8,000	2,000	2,000	-	100,000	18.98
South Africa	100,000	10,000	8,000	2,000	2,000	-	100,000	18.98
<b>Subtotal</b>	<b>500,000</b>	<b>50,000</b>	<b>40,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>500,000</b>	<b>94.89</b>
<b>NON-FOUNDING MEMBERS</b>								
Bangladesh <sup>10</sup>	9,420	942	754	188	38	150	9,420	1.79
UAE <sup>11</sup>	5,560	556	445	111	22	89	5,560	1.06
Egypt	11,960	1,196	957	239	18	221	11,960	2.27
<b>Subtotal</b>	<b>26,940</b>	<b>2,694</b>	<b>2,156</b>	<b>538</b>	<b>78</b>	<b>460</b>	<b>26,940</b>	<b>5.11</b>
<b>TOTAL</b>	<b>526,940</b>	<b>52,694</b>	<b>42,156</b>	<b>10,538</b>	<b>10,078</b>	<b>460</b>	<b>526,940</b>	<b>100.00</b>

While all founding members fulfilled their commitments to paid-in capital by 2022, the Bank continues to receive paid-in capital contributions from Bangladesh and UAE as per their respective payment schedules. With Egypt also making its first instalment of paid-in capital in 2023, the total paid-in capital received by the Bank reached USD 10.1 billion by the end of the year. The timely contribution of paid-in capital by NDB's member countries demonstrates their firm commitment and strong support to the Bank.

By the end of 2023, the five founding members had an equal voting power of 18.98% each, while the voting powers held by Bangladesh, UAE, and Egypt stood at 1.79%, 1.06%, and 2.27%, respectively. Considering that most of NDB's decisions are taken based on a simple majority and the others require either a qualified or special majority with an affirmative vote of two-thirds of the total power,<sup>12</sup> no single member holds veto power over any matter, ensuring that the voices of all members are respected and valued.

<sup>8</sup> According to NDB's AoA, the voting power of each member should be equal to the number of its subscribed shares in the capital stock of the Bank. In the event of any member failing to pay any part of the amount due in respect to its obligation in relation to paid-in shares, such member will be unable, for so long as such failure continues, to exercise that percentage of its voting power which corresponds to the percentage which the amount due but unpaid bears to the total amount of paid-in shares subscribed to by that member in the capital stock of the Bank.

<sup>9</sup> Numbers in this column may not add up precisely due to rounding.

<sup>10</sup> In March 2024, Bangladesh made its third instalment of paid-in capital in the amount of USD 28 million.

<sup>11</sup> In March 2024, UAE made its third instalment of paid-in capital in the amount of USD 17 million.

<sup>12</sup> As defined in NDB's AoA, a qualified majority is an affirmative vote of two-thirds of the total voting power of the members, while a special majority is an affirmative vote of four of the founding members concurrent with an affirmative vote of two thirds of the total voting power of the members.

## 1.3

## 2023 HIGHLIGHTS

In 2023, NDB's leadership underwent a significant transition. On March 24, 2023, Mrs. Dilma Rousseff was unanimously elected by NDB's BoG as the President of the Bank, with immediate effect, becoming the first woman to hold the position. As a former President of the Federative Republic of Brazil, President Rousseff contributed significantly to the creation of NDB and hosted the Sixth BRICS Summit in 2014 in Fortaleza, Brazil, during which the agreement on the establishment of the Bank was signed by the BRICS Leaders. With her deep understanding of EMDCs' aspirations and extensive knowledge of global development challenges, President Rousseff enriched and influenced the international community's discourse on various development topics, such as the reform of international financial architecture, collaboration among MDBs, and South-South cooperation. Such engagements at the leadership level also contributed significantly to raising the profile of NDB globally and strengthening the Bank's visibility in its member countries.

Since President Rousseff took office, she had the opportunity to meet with Leaders of NDB's member countries at various occasions and exchanged views on how the Bank can better support their development ambitions. During these high-level engagements, President Rousseff reinforced NDB's commitment to be a trusted partner to all member countries in achieving their common goals of fighting poverty, combating climate change, overcoming inequality, and promoting inclusive growth. She proactively explored opportunities to scale up local currency financing, which is better suited for infrastructure and sustainable development projects in EMDCs, particularly those that do not generate revenues in foreign currencies. More broadly, President Rousseff advocated the importance of multilateralism for the Global South to deliver on environmental commitments and Sustainable Development Goals (SDGs), as well as the need for a just and equitable international system to properly reflect the voice and representation of EMDCs.



H.E. MR. LUIZ INÁCIO LULA DA SILVA, PRESIDENT OF THE FEDERATIVE REPUBLIC OF BRAZIL, PARTICIPATING IN PRESIDENT ROUSSEFF'S INAUGURATION CEREMONY AT NDB HEADQUARTERS IN SHANGHAI, CHINA



NDB'S MANAGEMENT TEAM WITH THE BOARD OF DIRECTORS AT THE BANK'S HEADQUARTERS IN SHANGHAI, CHINA

Under President Rousseff's strong leadership, NDB successfully navigated through a challenging operating environment marked by macroeconomic and geopolitical uncertainties. In 2023, NDB accessed both international and domestic capital markets and demonstrated its capability to continue expanding its balance sheet and achieving its strategic goals. This significantly enhanced the market's perception of NDB and led to the revision of the Bank's outlook from "Negative" to "Stable" by Fitch Ratings.

During the year, NDB issued its debut ZAR bonds in the South African bond market, making ZAR the second member-country currency after RMB for the Bank's local currency fundraising. Meanwhile, the Bank continued to tap the China Interbank Bond Market and made a RMB 8.5 billion bond issuance in 2023, the largest panda bond issuance ever made by an MDB. In international capital markets, NDB successfully priced its first USD-denominated benchmark green bond, which demonstrated not only the strong appetite of international investors for NDB, but also the Bank's firm commitment to sustainability. By the end of 2023, NDB had an expanded balance sheet with total assets amounting to USD 28.8 billion.

On the lending side, NDB actively engaged in financing transactions and disbursed a total of USD 3.4 billion in 2023, nearly tripling the amount recorded in the previous year. By the end of 2023, the Bank's cumulative disbursements amounted to USD 18.8 billion, of which USD 8.9 billion was disbursed under the Bank's Fast Track COVID-19 Emergency Assistance Response Facility.<sup>13</sup> The Bank's operating profit and total income also reached record highs in 2023.

Over the year, NDB approved nine new loans totalling USD 2.1 billion, which raised the Bank's cumulative approvals since its inception to USD 34.8 billion for 105 projects by the end of 2023. NDB's project portfolio, defined as the Bank's cumulative approvals net of cancelled and fully repaid loans, also grew to USD 32.0 billion for 93 projects. Through these projects, NDB aims to assist its member countries in pursuing their development objectives – especially those aligned with the United Nations 2030 Agenda for Sustainable Development (2030 Agenda) and the Paris Agreement on Climate Change (Paris Agreement). Keeping in view the centrality of member countries and clients, the Bank continued

<sup>13</sup> The USD 10 billion Fast Track COVID-19 Emergency Assistance Response Facility was set up by the Bank in April 2020.





PRESIDENT ROUSSEFF SPEAKING AT THE UNITED NATIONS SECURITY COUNCIL'S DEBATE ON SUSTAINING PEACE THROUGH COMMON DEVELOPMENT

to promote and refine the use of strong country systems in managing its projects' environmental, social, and governance (ESG) performance as well as procurement practices, whenever possible, while filling gaps with additional requirements to achieve NDB's high operational standards.

In 2023, NDB stepped up its efforts to strengthen collaboration with peer MDBs and other development partners for greater impact. Under the chairship of NDB, the Heads of ten major MDBs issued a joint statement at their meeting in Marrakesh, Morocco, in which they reinforced their commitment to make necessary reforms to strengthen the financing capacity of MDBs, increase the speed and agility of their operations, and improve the way they work together as a system to maximise their impact. NDB also intensified its engagements with the Group of Twenty (G20) and other international forums, increasingly contributing to the global development community's discourse on sustainable development through its own experience and distinctive voice.



PRESIDENT ROUSSEFF VISITING HEALTH FACILITIES DEVELOPED UNDER NDB EMERGENCY ASSISTANCE PROGRAMME IN COMBATING COVID-19 IN HUBEI, CHINA

## 1.4

## KEY EVENTS IN 2023

### THE EIGHTH ANNUAL MEETING OF NDB'S BOARD OF GOVERNORS



GROUP PHOTO AT NDB'S EIGHTH ANNUAL MEETING IN SHANGHAI, CHINA



PRESIDENT ROUSSEFF ADDRESSING ALL PARTICIPANTS AT NDB'S EIGHTH ANNUAL MEETING IN SHANGHAI, CHINA



MAY 30–31, 2023



NDB HEADQUARTERS  
SHANGHAI, CHINA

Under the theme of “Shaping a New Era for Global Development”, the Eighth Annual Meeting of NDB’s BoG was held on May 30 and 31, 2023, at NDB’s headquarters in Shanghai, China. It was the first time that a meeting of the BoG took place in the Bank’s permanent headquarters building that was inaugurated in 2021. It also marked the return to in-person annual meetings of the BoG following the lifting of COVID-19-related travel restrictions. The two-day event brought together high-level government officials, members of NDB’s Boards, development partners, experts, and civil society representatives from the Bank’s member countries and beyond.

During the meeting, members of NDB’s BoG acknowledged that NDB represents a major milestone in the cooperation of developing countries, and its establishment is significant for the evolution of the global financial system. They further noted that the Bank has made considerable progress in expanding its membership, business operations, knowledge exchanges, and institutional development since its inception, and has already become a significant development force among multilateral development institutions. Members of the BoG reiterated the full commitment and support of their respective countries to the further development of the Bank.

The BoG assured President Rousseff of its strong support for NDB and welcomed the progress made under her leadership. Governors highlighted that membership expansion remains a priority for the Bank and provided guidance to the Management in this regard. The BoG also discussed the implementation of NDB’s General Strategy for 2022–2026

and the Bank's progress in becoming a leading provider of solutions for infrastructure and sustainable development for EMDCs. In her remarks during the meeting, President Rousseff outlined the immediate priorities for the Bank and emphasised that NDB is an MDB built by and for developing countries, where the voices of all member countries are equally heard.

## NDB'S PARTICIPATION IN THE 15TH BRICS SUMMIT

In August 2023, NDB participated in the 15th BRICS Summit, held in South Africa under the theme of "BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism", which was the first BRICS summit hosted in person since the COVID-19 pandemic. At the summit, NDB showcased the progress made towards global growth and development in EMDCs.

On August 23, 2023, President Rousseff delivered her report to Leaders of the BRICS countries, emphasising NDB's role in supporting sustainable development and inclusive growth in its member countries. In her speech, President Rousseff restated NDB's commitment to providing development finance without policy conditionalities and reassured the alignment of the Bank's priorities with those of its member countries. She stressed that NDB will continue working closely with its member countries, identifying their needs, and focusing the Bank's support on projects that have the greatest additionality and development impact.

During the summit, President Rousseff also participated in the BRICS-Africa Outreach and BRICS Plus Dialogue, where she showcased the role of multilateral platforms, such as NDB, in addressing the most pressing development challenges facing the Global South.



AUGUST 22–24, 2023



JOHANNESBURG,  
SOUTH AFRICA



PRESIDENT ROUSSEFF JOINING HEADS OF STATES AT THE 15TH BRICS SUMMIT IN JOHANNESBURG, SOUTH AFRICA



PRESIDENT ROUSSEFF AT THE 15TH BRICS SUMMIT IN JOHANNESBURG, SOUTH AFRICA

## JOHANNESBURG II DECLARATION

In the Johannesburg II Declaration adopted at the end of the 15th BRICS Summit, the BRICS Leaders recognised the key role of NDB, as an MDB created by EMDCs for EMDCs, in supporting the development and growth of its member countries.

*“We recognise the key role of the NDB in promoting infrastructure and sustainable development of its member countries. We congratulate Ms Dilma Rousseff, former President of the Federative Republic of Brazil, as President of the New Development Bank (NDB) and are confident that she will contribute to strengthening of the NDB in effectively achieving its mandate. We expect the NDB to provide and maintain the most effective financing solutions for sustainable development, a steady process in membership expansion, and improvements in corporate governance and operational effectiveness towards the fulfilment of NDB’s General Strategy for 2022–2026. We welcome the three new members of the NDB, namely Bangladesh, Egypt, and United Arab Emirates. We encourage the NDB to play an active role in knowledge sharing process and incorporate the member countries’ best practices in its operational policies, according to its governance mechanism and taking into account national priorities and development goals. We see the NDB as an important member of global MDB family, given its unique status as an institution created by EMDCs for EMDCs.”*



BRICS LEADERS AT THE 15TH BRICS SUMMIT IN JOHANNESBURG, SOUTH AFRICA

## NDB'S CHAIRSHIP OF THE HEADS OF MDBS GROUP



HEADS OF MDBS AT THEIR SECOND MEETING IN 2023 IN MARRAKESH, MOROCCO



OCTOBER 13, 2023



MARRAKESH, MOROCCO

In 2023, NDB assumed the chairship of the Heads of MDBs Group, a forum for engagement and free exchange of views among the leaders of major MDBs.<sup>14</sup> Two meetings were convened within the year, where the Heads of MDBs discussed pressing issues affecting the global economy, sustainable development, and climate change, with a focus on the collective efforts of MDBs in addressing the existing and emerging development challenges.

The first meeting of the group in 2023 was held on April 15 in Washington, D.C., United States of America. President Rousseff opened the meeting with a video message, where she highlighted the importance of the group and called for enhanced bilateral and multilateral collaboration among the members. “The landscape of development finance is evolving and MDBs need to evolve to tackle the pressing development challenges,” said President Rousseff. “Collaboration and cooperation among MDBs become extremely important in this context, and I therefore intend to establish a strong and close relationship with all of you,” she added. During the meeting, the Heads of MDBs held two focused discussions in the context of MDBs’ cooperation in response to the shared global challenges of the 21st century. While the first was dedicated to their commitments to addressing climate change and joining efforts in preparation for COP28, the second centred around the review of MDBs’ capital adequacy frameworks and strengthening the roles of MDBs.

The second meeting of the group in the year was held on October 13 in Marrakesh, Morocco. As the chair of the meeting, President Rousseff reiterated the importance of collective actions of MDBs and called for more frequent engagement among their Heads. “The challenges are significant but not unsurmountable. Just as the international community should not be trapped in the false dilemma between fighting poverty

and inequality and preserving the planet, we must not give up creating innovative solutions because they are challenging or difficult to implement,” said President Rousseff. “The world demands from us the courage to build more effective, bigger, and better MDBs,” she highlighted. In line with the discussions taking place at the G20 under India’s Presidency, the Heads of MDBs explored ways to deliver progress on the ambitious MDB evolution agenda and to enhance cooperation and collaboration among the members of the group, boosting the MDB system’s capacity in addressing global development challenges. Mr. Fernando Haddad, NDB’s Governor for Brazil and Minister of Finance of the Federative Republic of Brazil, was also invited to the meeting to outline the upcoming G20 Presidency’s priorities for the year ahead.

### STATEMENT OF THE HEADS OF MDBS GROUP

Under the chairship of NDB, the Heads of MDBs issued a joint statement at their meeting in Marrakesh, Morocco. In the statement, the Heads of MDBs reinforced their commitment to make necessary reforms to strengthen MDBs’ financing capacity, to increase the speed and agility of their operations, and to improve the way they work together as a system to maximise their impact.

More specifically, the Heads of MDBs agreed to bolster their collaboration in five critical areas:

- › Scaling up financing capacity
- › Boosting joint action on climate
- › Enhancing country-level collaboration
- › Strengthening co-financing
- › Catalysing private sector engagement

<sup>14</sup> Apart from NDB, other institutions represented in the Heads of MDBs Group include the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, the International Financial Corporation, and the World Bank, plus the International Monetary Fund.

## NDB AT COP28



PRESIDENT ROUSSEFF AT THE FLAGSHIP EVENT OF COP28 IN DUBAI, UAE



NOVEMBER 30 –  
DECEMBER 12, 2023



DUBAI, UAE

In line with its ambition to tackle climate change, NDB participated in the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC), which was held from November 30 to December 12, 2023, in Dubai, UAE. At COP28, NDB was formally admitted to the UNFCCC process as an observer organisation, marking a step further for more proactive contributions to climate action at the global level. In collaboration with other MDBs, NDB contributed to COP28 Presidency's agenda on global transformative climate action, which includes scaling up climate finance, supporting the just transition of energy systems, and the first-ever global stock take of the Paris Agreement to assess collective progress.

At COP28, NDB engaged with global leaders to represent the climate ambitions of its member countries and EMDCs in general. Ten major MDBs,<sup>15</sup> including NDB, issued a joint statement, reaffirming their commitment to socially inclusive, gender responsive, and nature positive climate and development action. Reflecting the urgency and scale of the issues to be addressed, MDBs committed to boosting joint action on climate and development and strengthening collaboration among themselves.

President Rouseff and other Heads of MDBs participated in the flagship event of COP28 titled “Towards a Climate Finance Architecture that Delivers for All”, where they discussed how MDBs can become better, bigger, and bolder in addressing the climate crisis. In her remarks, President Rouseff emphasised the importance of local currency financing as a mechanism to safeguard the interests of EMDCs in their efforts to mitigate and adapt to climate change.

At the joint MDBs pavilion, NDB and the Institute of Finance and Sustainability co-hosted an event to discuss the important role of capacity building in creating enabling conditions for an orderly and just transition towards low-emission and climate-resilient development pathways. In another event hosted by NDB, panellists discussed the wide range of instruments available to crowd in private capital and the role that NDB and other MDBs can play. Moreover, NDB and the Presidential Climate Commission of South Africa co-hosted an event to discuss the necessity to measure just transition outcomes and EMDCs' pathways to just transition.

<sup>15</sup> Including the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, and the World Bank Group.

# 02 GOVERNANCE AND OVERSIGHT

 **BRAZIL**

FINANCING OF RENEWABLE ENERGY PROJECTS AND ASSOCIATED TRANSMISSION (BNDES)

## 2.1

## BOARD OF GOVERNORS

NDB's highest decision-making authority is its BoG, which comprises one Governor at the ministerial level and one Alternate Governor appointed by each member country. While all the powers of the Bank are vested in the BoG, a wide range of authorities have been delegated to the Board of Directors (BoD) in accordance with the Bank's AoA, except 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 AoA, electing the President, and approving the General Strategy of the Bank every five years. The BoG meets at least once a year.

### GOVERNORS OF NDB (AS AT DECEMBER 31, 2023)



**Mr. Fernando Haddad<sup>16</sup>**  
**Governor for Brazil**  
**(Vice Chairperson of the BoG)<sup>17</sup>**

Minister of Finance,  
the Federative Republic  
of Brazil



**Mr. Anton Siluanov**  
**Governor for Russia**

Minister of Finance,  
the Russian Federation



**Mrs. Nirmala Sitharaman**  
**Governor for India**

Minister of Finance,  
the Republic of India



**Mr. Kun Liu<sup>18</sup>**  
**Governor for China**

Minister of Finance,  
the People's Republic  
of China



**Mr. Enoch Godongwana**  
**Governor for South Africa**  
**(Chairperson of the BoG)<sup>19</sup>**

Minister of Finance,  
the Republic of South  
Africa



**Mr. A H M Mustafa Kamal<sup>20</sup>**  
**Governor for Bangladesh**

Minister of Finance,  
the People's Republic  
of Bangladesh



**Mr. Mohamed Bin Hadi Al Hussaini**  
**Governor for UAE**

Minister of State for  
Financial Affairs,  
the United Arab Emirates



**Dr. Mohamed Maait**  
**Governor for Egypt**

Minister of Finance,  
the Arab Republic of Egypt

<sup>16</sup> Before January 19, 2023, Mr. Paulo Guedes was the Governor for Brazil.  
<sup>17</sup> Before May 30, 2023, Mr. Enoch Godongwana was the Vice Chairperson of the BoG.  
<sup>18</sup> On January 30, 2024, Mr. Fo'an Lan was appointed as the Governor for China.  
<sup>19</sup> Before May 30, 2023, Mr. Kun Liu was the Chairperson of the BoG.  
<sup>20</sup> On January 25, 2024, Mr. Abul Hassan Mahmood Ali was appointed as the Governor for Bangladesh.





BUSINESS SESSION OF THE EIGHTH ANNUAL MEETING OF NDB'S BOG IN SHANGHAI, CHINA

At the Eighth Annual Meeting of the BoG held on May 30, 2023, Mr. Enoch Godongwana, NDB's Governor for South Africa and Minister of Finance of the Republic of South Africa, was elected as the Chairperson of the BoG, and Mr. Fernando Haddad, NDB's Governor for Brazil and Minister of Finance of the Federative Republic of Brazil, was elected as the Vice Chairperson. They serve in their respective positions until the end of the Ninth Annual Meeting of the BoG.



PRESIDENT ROUSSEFF PRESENTING AT THE EIGHTH ANNUAL MEETING OF NDB'S BOG IN SHANGHAI, CHINA

## 2.2

## BOARD OF DIRECTORS

NDB's BoD is responsible for the conduct of general operations of the Bank and exercises all the powers delegated to it by the BoG, including decisions on business strategies, operations, borrowings, policies, technical assistance, and budget approval. In addition, the BoD also provides strategic direction to the Management to achieve the Bank's organisational objectives. NDB's BoD functions as a non-resident body and meets at least quarterly.

### DIRECTORS OF NDB (AS AT DECEMBER 31, 2023)



**Ms. Tatiana Rosito<sup>21</sup>**  
**Director for Brazil**

Secretary for International Affairs,  
 Ministry of Finance, the Federative  
 Republic of Brazil



**Mr. Timur Maksimov**  
**Director for Russia**



**Ms. Manisha Sinha**  
**Director for India**

Additional Secretary, Department  
 of Economic Affairs, Ministry of  
 Finance, the Republic of India



**Mr. Zhijun Cheng**  
**Director for China**

Director General, Department  
 of International Economic and  
 Financial Cooperation,  
 Ministry of Finance,  
 the People's Republic of China



**Mr. Dondo Mogajane<sup>22</sup>**  
**Director for South Africa**  
**(Chairperson of the BoD)**

Chairperson, the Board of the  
 Government Employees Pension  
 Fund, the Republic of South Africa



**Ms. Thuraiya Hamid Alhashmi<sup>23</sup>**  
**Additional Director for the**  
**Constituency of Bangladesh, UAE,**  
**and Egypt**

Director, International Financial  
 Relations and Organizations,  
 Ministry of Finance,  
 the United Arab Emirates

<sup>21</sup> Before January 10, 2023, Mr. Lucas Ferraz was the Director for Brazil.

<sup>22</sup> On April 1, 2024, Dr. Duncan Pieterse was appointed as the Director for South Africa.

<sup>23</sup> Before July 14, 2023, Mr. Md. Shahriar Kader Siddiky was the temporary additional Director for the Constituency of Bangladesh, UAE, and Egypt.

As of end-2023, NDB's member countries were represented on the BoD through six constituencies. While each of the five founding members has its own constituency with a Director and an Alternate Director, the three non-founding members formed one multi-country constituency with an additional Director and an additional Alternate Director elected by Governors for these countries. Furthermore, the President of NDB is also a member of the BoD but has no vote except for a deciding vote in case of a tie among the Directors.

In 2023, NDB conducted the first regular election of additional Director and additional Alternate Director. On July 14, 2023, Ms. Thuraiya Hamid Alhashmi was elected as the additional Director of the Constituency of Bangladesh, UAE, and Egypt. Subsequently, Mr. Atter Hannoura was elected as the additional Alternate Director for the same multi-country constituency on August 16, 2023.

Over the year, the BoD held eight meetings, visited one project site, received one special and one technical briefing, four bilateral consultations, and considered 40 inter-sessional circulations. It approved nine operations, and more than ten policy revisions. Directors also provided guidance on a number of strategic issues, including NDB's membership expansion, leadership transition, funding strategy, and business plan. Additionally, the BoD supported President Rousseff's initiative to constitute the Executive Committee comprised of the Bank's Management team to further strengthen NDB's governance.



THE 43RD MEETING OF NDB'S BoD IN SHANGHAI, CHINA

## 2.3

## COMMITTEES

To assist the BoD in discharging its oversight and decision-making responsibilities, five committees have been established, including two Board committees comprised of members of the BoD, and three Management committees comprised of members of the Management team. These committees meet in person and also adopt inter-sessional circulations for decision making.

### BOARD COMMITTEES (AS AT DECEMBER 31, 2023)

COMMITTEE	COMPOSITION	CHAIRPERSON
<b>Audit, Risk and Compliance Committee (ARC)</b>	Members of the BoD	Mr. Zhijun Cheng (Director for China)
<b>Budget, Human Resources and Compensation Committee (BHRC)</b>	Members of the BoD	Ms. Manisha Sinha (Director for India)

### MANAGEMENT COMMITTEES (AS AT DECEMBER 31, 2023)

COMMITTEE	COMPOSITION	CHAIRPERSON
<b>Credit and Investment Committee (CIC)</b>	Members of the Management	Mrs. Dilma Rousseff (President of NDB)
<b>Finance Committee (FC)</b>	Members of the Management	Mrs. Dilma Rousseff (President of NDB)
<b>Executive Committee (EC)</b>	Members of the Management	Mrs. Dilma Rousseff (President of NDB)

### AUDIT, RISK AND COMPLIANCE COMMITTEE

The ARC assists the BoD 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 assessing risks and mitigation plans. It comprises all members of the BoD, including the President of the Bank.

In 2023, the ARC held four meetings. The committee reviewed the financial statements of both NDB and NDB Project Preparation Fund (NDB-PPF), risk management reports, and compliance updates on a quarterly basis. It also reviewed policies pertaining to accounting, provisioning and write-off, capital management, credit and liquidity risk management, and internal audit. Furthermore, the ARC reviewed the Internal Audit Charter and the Internal Audit Policy and considered four internal audit reports covering various functions of the Bank.

In 2023, the ARC satisfied its responsibilities in compliance with its terms of reference by undertaking, among other matters, the following duties:

- › The ARC 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 ARC their judgments of the quality of those principles as applied and judgments referred to above under the circumstances.
- › The members of the ARC discussed among themselves, without the Management or the independent auditors being present, the information disclosed to the ARC as described above.
- › The ARC, in reliance on the review and discussions conducted with the Management and the independent auditors pursuant to the requirements above, believes that the Bank's financial statements are fairly presented in conformity with International Financial Reporting Standards (IFRSs) in all material respects.

## **BUDGET, HUMAN RESOURCES AND COMPENSATION COMMITTEE**

The BHRC assists the BoD in fulfilling its corporate governance oversight responsibilities regarding the budget, human resources and compensation-related activities. It comprises all members of the BoD, including the President of the Bank.

The BHRC held four meetings in 2023. The committee provided oversight of budget utilisation and facilitated the preparation of the budget and business plan for 2024. It offered advice on recruitment and diversity, headcount budget utilisation, compensation and benefits, the key performance areas and indicators for the Management, and ethics, among other issues. In 2023, the BHRC satisfied its responsibilities in compliance with its terms of reference.

## **CREDIT AND INVESTMENT COMMITTEE**

The CIC assists the BoD in fulfilling its responsibilities regarding the credit activities of the Bank and makes appropriate recommendations to the BoD on loans, guarantees, equity investments, and technical assistance. It comprises the President and the four Vice Presidents of the Bank.

In 2023, the CIC considered 11 new project proposals and 11 proposed changes to the existing loans through two meetings and 33 inter-sessional circulations. The committee satisfied its responsibilities in compliance with its terms of reference.

## **FINANCE COMMITTEE**

The FC 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 BoD in the areas of financial policies, financial operations, including loan loss provisioning, asset and liability management, and financial risk management. It comprises the President and the four Vice Presidents of the Bank.

In 2023, the FC considered more than 85 issues through five meetings and 54 inter-sessional circulations. The committee satisfied its responsibilities in compliance with its terms of reference.

## EXECUTIVE COMMITTEE

As initiated by President Rousseff, the EC was established in 2023 to further strengthen NDB's governance. The committee is composed of the President and the Vice Presidents of the Bank.

Since its inception in May 2023, the EC held 11 meetings within the year, which were supplemented with six inter-sessional circulations.

## 2.4

# MANAGEMENT

### THE MANAGEMENT OF NDB (AS AT DECEMBER 31, 2023)



**Mrs. Dilma Rousseff**<sup>24</sup>  
President



**Mr. Vladimir Kazbekov**  
Vice President and Chief Operating Officer



**Mr. Anil Kishora**  
Vice President and Chief Risk Officer



**Mr. Qiangwu Zhou**  
Vice President and Chief Administrative Officer



**Mr. Leslie Maasdorp**  
Vice President and Chief Financial Officer

Under the strategic guidance of the BoG and operational oversight of the BoD, NDB functions with a lean and flat organisational structure headed by an experienced Management team. The Management is responsible for conducting the ordinary business of the Bank.

The President is the chief of the Bank's operating staff and is elected by the BoG, on a rotational basis among the five founding members. The Vice Presidents, at least one from each founding member except the country represented by the President, are appointed by the BoG, based on the President's recommendation.

On March 24, 2023, the BoG unanimously elected Mrs. Dilma Rousseff as the President of the Bank in full accordance with NDB's AoA and the procedural requirements for the election of President.

<sup>24</sup> Mrs. Dilma Rousseff assumed the Presidency of NDB on March 24, 2023.

# 2.5

## INDEPENDENT EVALUATION

NDB's Independent Evaluation Office (IEO) conducts evaluations to enhance the Bank's development effectiveness and improve the delivery of the Bank's mandate. The year 2023 was the first full year of functioning of the IEO after its establishment in 2022. With the approval of the IEO Strategy 2024–2026 in 2023, work continued on building NDB's independent evaluation architecture.



SCAN FOR MORE ABOUT THE INDEPENDENT EVALUATION OFFICE

### INDEPENDENT EVALUATIONS COMPLETED IN 2023

PROJECT NAME	COUNTRY	EVALUATION TYPE	EVALUATION FINDINGS
<b>Financing of Renewable Energy Projects and Associated Transmission (BNDES)</b>	Brazil	Project performance evaluation	The project's impact, sustainability, and overall achievement were rated "Successful"
<b>Luoyang Metro Project</b>	China	Project performance evaluation	The project's efficiency, impact, and sustainability were rated "Successful"
<b>Greenhouse Gas Emissions Reduction and Energy Sector Development Project</b>	South Africa	Project performance evaluation	The project's effectiveness and overall project achievement were rated "Successful"
<b>Lingang Distributed Solar Power Project</b>	China	Project completion report validation	The project completion report was validated
<b>COVID-19 Emergency Programme Loans</b>	BRICS	Thematic evaluation	NDB responded well to the crisis by providing rapid support through the COVID-19 Emergency Programme Loans



In 2023, IEO completed a total of five independent evaluations. While these evaluations generally revealed that NDB-financed operations are achieving desired results, they also highlighted areas of improvement in ongoing operations and the design of new operations so as to ensure enhanced results and sustainability of benefits. To share its findings and experiences, the IEO also participated in various knowledge-sharing events and forums throughout the year.



SELECTED EVENTS HOSTED AND PARTICIPATED IN BY IEO IN 2023



# 03 OPERATIONS

 **SOUTH AFRICA**  
PROJECT FINANCE FACILITY FOR ESKOM

# 3.1

## OPERATIONS APPROVED IN 2023

In 2023, NDB approved total financing of USD 2.1 billion through nine loans.<sup>25</sup> Transport infrastructure projects received 63.4% of total financing approved in the year, followed by multi-area projects (17.8%) and projects in areas of water and sanitation (15.3%) and digital infrastructure (3.5%). Sovereign or sovereign-guaranteed loans represented 94.1% of total financing approved in 2023, with non-sovereign loans accounting for the balance.



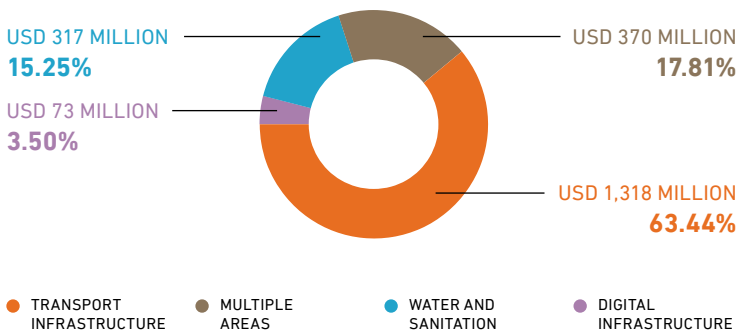
TOTAL LOANS

**9**

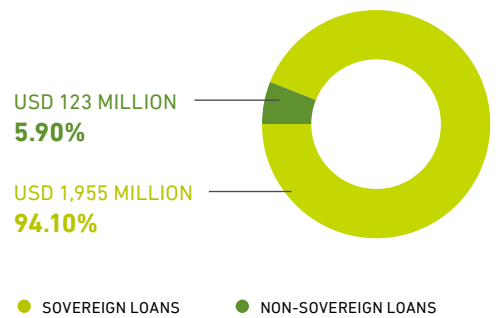
TOTAL FINANCING  
USD (BILLION)

**2.1**

APPROVALS BY AREA OF OPERATION



APPROVALS BY TYPE OF OPERATION



<sup>25</sup> In addition to the eight loans described in this section, NDB also approved a ZAR 1.35 billion loan in 2023 to support a network modernisation and broadband connectivity project in South Africa.

## ▶ PERNAMBUCO WATER AND SANITATION EFFICIENCY AND EXPANSION PROJECT



Located in northeast Brazil, the State of Pernambuco has the lowest level of water availability per capita among the 27 federative units of the country. More than 50% of households in the state face irregular water supply, and less than one third of the state’s municipalities have up-to-standard sewerage systems. In response to these challenges, COMPESA, the state’s main water supply and sanitation service provider, has embarked on an initiative to cope with frequent water rationing, reduce water losses, and expand service coverage.

In February 2023, NDB approved a sovereign-guaranteed loan of up to USD 202 million to COMPESA to finance its Pernambuco Water and Sanitation Efficiency and Expansion Project, which covers 14 participating municipalities with significant infrastructure gaps. In the coastal Recife Metropolitan Region of the state, the project aims to enhance the efficiency of water supply and expand the coverage of sanitation services in seven participating municipalities, through the construction of new and rehabilitation of existing water treatment and storage facilities, water distribution networks, sewage collection and treatment systems, as well as associated monitoring and control equipment. In the interior of Pernambuco, where low water availability and intermittent water supply are the most acute problems, the project focuses on the development and rehabilitation of water related facilities and networks, in order to optimise operational efficiency and augment water supply coverage in seven other participating municipalities.

Once completed, the project is expected to benefit over 2 million people in Pernambuco or more than 20% of the state’s population, contributing significantly towards achieving SDG 6 on Clean Water and Sanitation.



### PERNAMBUCO WATER AND SANITATION EFFICIENCY AND EXPANSION PROJECT

**BORROWER:** Water and Sanitation Company of the State of Pernambuco (COMPESA)

**LOAN AMOUNT:** USD 202 million

**LOAN TENOR:** 20 years

**APPROVAL DATE:** February 21, 2023

**AREA OF OPERATION:** Water and Sanitation

**E&S CATEGORY<sup>26</sup>:** Category B

**SDG ALIGNMENT<sup>27</sup>:**



<sup>26</sup> See additional information on NDB’s environmental and social (E&S) categorisation of projects in the section on “ESG and Project Procurement”.

<sup>27</sup> For each project, the large SDG icon indicates the SDG to which the project is most directly and closely related, while the small SDG icons, if any, indicate the SDGs to which the project will also directly contribute.

## ▶ GUIZHOU QIANXINAN RURAL ROADS IMPROVEMENT PROGRAMME



### GUIZHOU QIANXINAN RURAL ROADS IMPROVEMENT PROGRAMME

**BORROWER:** The People's Republic of China

**LOAN AMOUNT:** RMB 1,280 million

**LOAN TENOR:** 24 years

**APPROVAL DATE:** March 1, 2023

**AREA OF OPERATION:** Transport Infrastructure

**E&S CATEGORY:** Category B

**SDG ALIGNMENT:**



Qianxinan is an autonomous prefecture in Guizhou Province, in southwest China. With a complex terrain, the prefecture has more than half of its land area covered by mountains. Rural roads play an important role in the prefecture's socioeconomic development, providing last-mile connectivity for villages to markets, business centres as well as educational and healthcare facilities. The relative underdevelopment of certain counties in Qianxinan can be largely explained by their lack of efficient road connectivity due to the difficult terrain.

In March 2023, NDB approved a sovereign loan of up to RMB 1,280 million to support the Guizhou Qianxinan Rural Roads Improvement Programme, which aims to upgrade 466 km of rural roads in four less developed counties in the prefecture. Through reconstruction or overhaul, the upgraded rural roads are expected to have high pavement quality and adequate safety features, thereby meeting China's standards for "Class IV" roads. As part of the programme, several digital platforms and associated facilities will also be developed and operationalised for comprehensive rural road management, covering the entire lifecycle of the programme roads. In addition, interventions to

enhance the institutional capacity of local implementing agencies and campaigns to promote the road safety awareness of local communities will also be undertaken, with a view to sustain the development benefits of the programme over the long run.

By improving road conditions and enhancing road connectivity and accessibility, the programme is expected to reduce the average travel time on the upgraded roads by at least 25%, while increasing the average annual daily traffic by 5%. This, in turn, will contribute to promoting the socioeconomic development of the beneficiary counties and raising the living standard of their rural populations.

## ➤ APARECIDA DE GOIÂNIA 100 YEARS' INFRASTRUCTURE PROGRAMME

Aparecida de Goiânia is the second largest city in the State of Goiás, Brazil. The city's population has increased over 200% in the past three decades and exceeded 600,000 in 2021. The rapid but disorganised urbanisation, coupled with a fast-growing motor fleet, has resulted in high road congestion rates and slow vehicle speeds in the city. Meanwhile, schooling has also become a challenge due to inadequate early childhood and primary education facilities.

In July 2023, NDB approved a sovereign-guaranteed loan of USD 120 million to the Municipality of Aparecida de Goiânia to finance its 100 Years' Infrastructure Programme, comprising of a number of components in transport and social infrastructure. To improve urban mobility and connectivity, the programme is designed to pave 210 km of streets with an associated stormwater drainage system as well as to build bridges, underpasses, and overpasses at eight most critical traffic bottlenecks in the city's road network. To close the social infrastructure gaps, the programme will entail the construction of 15 education facilities, including 11 for early childhood education and four for primary education, and the refurbishment of four community parks with a total area of approximately 351,000 m<sup>2</sup>.

The programme is expected to lead to improvements in urban mobility and social services in Aparecida de Goiânia. By reducing average commute time by 12% and adding more than 11,000 places for basic education enrolment, the programme will contribute towards achieving not only SDG 11 on Sustainable Cities and Communities but also SDG 9 on Industry, Innovation and Infrastructure and SDG 4 on Quality Education.



### APARECIDA DE GOIÂNIA 100 YEARS' INFRASTRUCTURE PROGRAMME

BORROWER:	The Municipality of Aparecida de Goiânia
LOAN AMOUNT:	USD 120 million
LOAN TENOR:	30 years
APPROVAL DATE:	July 10, 2023
AREA OF OPERATION:	Multiple Areas
E&S CATEGORY:	Category B



## ▶ INTEGRATED SEWERAGE SYSTEM FOR CITY OF IMPHAL (PHASE II) PROJECT

Imphal is the capital city of the State of Manipur in northeast India. Although the city has been experiencing rapid economic growth, the development of urban infrastructure, including sanitation facilities, in Imphal required improvement. In the absence of a well sewered sanitation network, households in most areas of the city have to rely on septic tank facilities and wastewater generated in these areas is largely discharged into the Nambul and Imphal rivers, which are important waterbodies. To improve hygiene conditions of local residents and address the issue of river pollution, the Municipality of Imphal commissioned a sewerage project in 2020, which covers 11 out of its 27 municipal wards. The second phase of the project has been designed to augment the coverage of sewered sanitation services in the rest of Imphal.



**INTEGRATED SEWERAGE SYSTEM FOR CITY OF IMPHAL (PHASE II) PROJECT**

BORROWER:	The Republic of India
LOAN AMOUNT:	USD 115 million
LOAN TENOR:	12 years
APPROVAL DATE:	October 26, 2023
AREA OF OPERATION:	Water and Sanitation
E&S CATEGORY:	Category B
SDG ALIGNMENT:	 

In October 2023, NDB approved a sovereign loan of up to USD 115 million to finance the Integrated Sewerage System for City of Imphal (Phase II) Project. The project will expand and upgrade the existing sanitation system in the city and adjacent peri-urban areas through the construction of three sewage treatment plants, 24 sewage pumping stations, and a network of 297 km of sewer pipelines. The three sewage treatment plants will have an aggregate capacity of 41 million litres a day, which is expected to be sufficient to cover the needs of the city until 2039. The project also includes a training and capacity building component to enhance the institutional capacity of the project implementing agency and increase local residents’ awareness of the importance of sewerage systems as a safe and hygienic way of disposing wastewater.

The project is expected to expand sanitation coverage to all households in Imphal, leading to improved health and hygiene of residents as well as reduced pollution of local waterbodies. The project will contribute directly to the achievement of SDG 6 on Clean Water and Sanitation, while also supporting SDG 3 on Good Health and Well-being through its cascading effects.



## ➤ GUJARAT RURAL ROAD PROGRAMME



With a well-established industrial base, the State of Gujarat has long been recognised as one of the growth engines of India. However, a large number of rural habitations in the state are still not connected to the road network through all-weather roads and thus have to rely on earthen roads for transport, resulting in longer travel times and more wear and tear for motorised vehicles. These earthen roads are also highly vulnerable to weather events and tend to deteriorate rapidly during the rainy season, disrupting transport services as well as access to markets and other social services, such as education and healthcare.


In November 2023, NDB approved a sovereign loan of USD 500 million to support the Gujarat Rural Road Programme, an investment programme under the Government of Gujarat’s Mukhya Mantri Gram Sadak Yojana – the Chief Minister’s Rural Road Scheme. The programme combines both investment and knowledge support to construct approximately 11,000 km of new roads, rehabilitate about 2,500 km of existing roads, and build or upgrade around 650 bridges, culverts, and support structures to improve rural connectivity and network efficiency. To enhance its impact, the programme also aims to introduce several innovative elements in its design and implementation. Notably, nature-based solutions will be used to enhance the ability of rural roads and bridges to withstand extreme climate events, while bio-engineering measures will be employed for embankment and slope protection.

Upon its completion, the programme will provide first-time all-weather road connectivity to approximately 2,800 villages and enhance road network connectivity for another more than 2,000 villages. The programme is therefore expected to directly benefit over 12 million rural inhabitants in Gujarat, contributing to the overall socioeconomic development of the state.



**GUJARAT RURAL ROAD PROGRAMME**

BORROWER:	The Republic of India
LOAN AMOUNT:	USD 500 million
LOAN TENOR:	19 years
APPROVAL DATE:	November 28, 2023
AREA OF OPERATION:	Transport Infrastructure
E&S CATEGORY:	Category A
SDG ALIGNMENT:	 

## ➤ BANK OF HUZHOU SUSTAINABLE INFRASTRUCTURE PROJECT

**BANK OF HUZHOU SUSTAINABLE INFRASTRUCTURE PROJECT**

BORROWER:	Bank of Huzhou Co., Ltd.
LOAN AMOUNT:	USD 50 million equivalent in RMB
LOAN TENOR:	5 years
APPROVAL DATE:	November 28, 2023
AREA OF OPERATION:	Multiple Areas
E&S CATEGORY:	Category FI-B
SDG ALIGNMENT:	 

Huzhou is a prefecture-level city in China’s coastal Zhejiang Province. In its quest for green growth and sustainable development, Huzhou became one of the first National Green Finance Reform and Innovation Pilot Zones in China. As a key lender in the region, Bank of Huzhou has also strategically positioned itself as a pioneer in green finance, in addition to its operational focus on serving local economy, providing inclusive finance, and promoting high technology and innovations. Accordingly, Bank of Huzhou has been gradually adopting green finance practices, rolling out green finance products, and scaling up its lending to sustainable infrastructure projects in Zhejiang.

In November 2023, NDB approved an RMB-denominated loan in the amount of USD 50 million equivalent to Bank of Huzhou, which marked NDB’s first non-sovereign operation in China. The loan proceeds will be on-lent to private sector sub-borrowers for financing sustainable infrastructure sub-projects in areas of clean energy and energy efficiency, transportation and logistics, as well as water and sanitation. It is estimated that around 70% of the proceeds from the NDB loan will be allocated to sub-projects labelled as “green”, while one third of the proceeds will be directed to sub-projects contributing to climate change mitigation.

By on-lending through Bank of Huzhou, the NDB loan is expected to benefit a number of sustainable infrastructure sub-projects in Zhejiang that are aligned with SDG 9 on Industry, Innovation and Infrastructure and SDG 13 on Climate Action. Depending on the final selection of beneficiary sub-projects by Bank of Huzhou, the NDB loan may also contribute to SDG 6 on Clean Water and Sanitation, SDG 7 on Affordable and Clean Energy, and SDG 11 on Sustainable Cities and Communities. Ultimately, these sub-projects will make a collective contribution towards achieving China’s sustainable development and climate goals.



## ➤ BIHAR RURAL ROADS PROJECT (PHASE 2)

Bihar is the third most populous state in India and around 90% of its population live in rural areas. Against this backdrop, the bulk of the state’s road network is composed of rural roads that provide inter-village connectivity and act as a feeder network to roads of higher categories, such as district roads, state highways, or national highways. Despite various rural road development initiatives, over 10% of the total rural habitations in Bihar still do not have direct access to the road network. To provide connectivity to left-out habitations, the Government of Bihar has formulated the Mukhya Mantri Gram Sampark Yojana–Awsesh – the Chief Minister’s Village Connectivity Scheme-Residual.

In November 2023, NDB approved a sovereign loan of USD 638.12 million to finance the Bihar Rural Roads Project (Phase 2), which is a continuation of the ongoing Bihar Rural Roads Project that also received by the Bank’s support through a USD 350 million loan, approved in 2018. In the second phase, the project will lead to the construction of around 8,200 km of rural roads under the Mukhya Mantri Gram Sampark Yojana–Awsesh. Pilot studies and initiatives will also be carried out to assess the feasibility of using locally available materials in road construction, in an attempt to reduce overall construction costs. Additionally, the project will support digital transformation and institutional enhancement of the project implementing agency, through the development and implementation of systems for project and asset management, field data acquisition, and road quality assurance.

Once completed, the project will provide first-time road connectivity to approximately 7,000 rural habitations in Bihar, connecting over 2 million rural population to about 860 social, economic, and educational centres. This is expected to bring numerous socioeconomic benefits to disadvantaged rural areas, thereby enabling inclusive development in the state.



**BIHAR RURAL ROADS PROJECT (PHASE 2)**

BORROWER:	The Republic of India
LOAN AMOUNT:	USD 638.12 million
LOAN TENOR:	19 years
APPROVAL DATE:	November 28, 2023
AREA OF OPERATION:	Transport Infrastructure
E&S CATEGORY:	Category B
SDG ALIGNMENT:	 



## ► BDMG INFRASTRUCTURE AND SUSTAINABLE DEVELOPMENT PROJECT

Located in southeast Brazil, Minas Gerais is the country’s fourth largest state by area. Within its vast territory, the state has been facing significant regional disparities in terms of economic performance, infrastructure development, and living standards. To promote economic, financial, and social development of the state, especially in the less developed regions, BDMG, a local development finance institution wholly owned by the State of Minas Gerais, is focusing its operations on mobilising resources for projects in key sectors, such as clean energy, sanitation, agriculture, health, and education, in line with the state’s integrated development plan.



**BDMG INFRASTRUCTURE AND SUSTAINABLE DEVELOPMENT PROJECT**

BORROWER:	<b>Banco de Desenvolvimento de Minas Gerais S.A. (BDMG)</b>
LOAN AMOUNT:	<b>USD 200 million</b>
LOAN TENOR:	<b>20 years</b>
APPROVAL DATE:	<b>December 19, 2023</b>
AREA OF OPERATION:	<b>Multiple Areas</b>
E&S CATEGORY:	<b>Category FI-B</b>
SDG ALIGNMENT:	 

In December 2023, NDB approved a sovereign-guaranteed loan of USD 200 million to BDMG for on-lending to infrastructure and sustainable development sub-projects in both public and private sectors. Leveraging BDMG’s ubiquitous presence across Minas Gerais, the proceeds from the NDB loan will be channelled to sub-projects in clean energy, urban development, sustainable agriculture, and social infrastructure, with a focus on those located in underserved regions. The overarching goals of the on-lending operation are to promote sustainable infrastructure development in small and less-developed municipalities, support the reduction of greenhouse gas emissions, and contribute to the achievement of relevant goals set in the state’s integrated development plan.

By partnering with BDMG, NDB will be able to expand its presence and impact to small municipalities and remote regions in Minas Gerais, which it otherwise may not be able to reach. Through the sub-projects, NDB is expected to support the state’s efforts to achieve its development goals, especially those aligned with SDG 9 on Industry, Innovation and Infrastructure and SDG 13 on Climate Action.



## 3.2

**PROJECT PORTFOLIO AT THE END OF 2023**

TOTAL PROJECTS

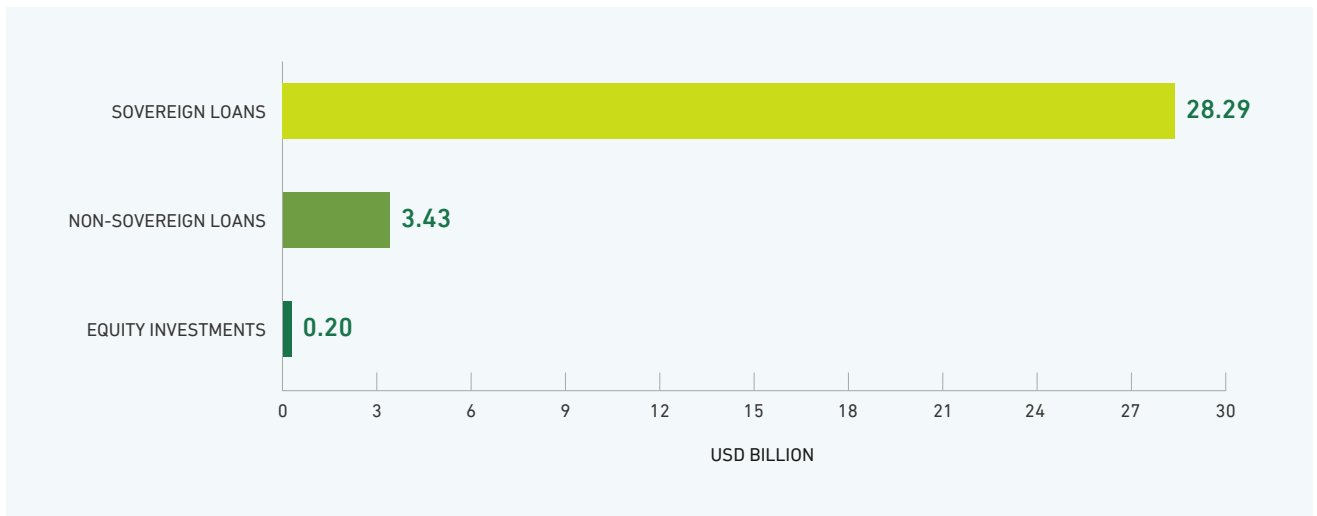
**93**TOTAL FINANCING  
USD (BILLION)**31.9**

By the end of 2023, NDB had cumulatively approved USD 34.8 billion for 105 projects on a gross basis. Excluding cancelled and fully repaid loans, the Bank's portfolio included 93 projects with total financing from NDB amounting to USD 31.9 billion as of December 31, 2023. The portfolio was largely concentrated on sovereign and sovereign-guaranteed loans, which accounted for 88.6% of the total financing. Non-sovereign operations, including financing to international organisations, national development finance institutions, state-owned enterprises and private sector clients without sovereign guarantee, represented 11.4% of the portfolio. If the large-size COVID-19 emergency programme loans totalling USD 9.0 billion are excluded, the share of non-sovereign operations would stand at 14.9%.



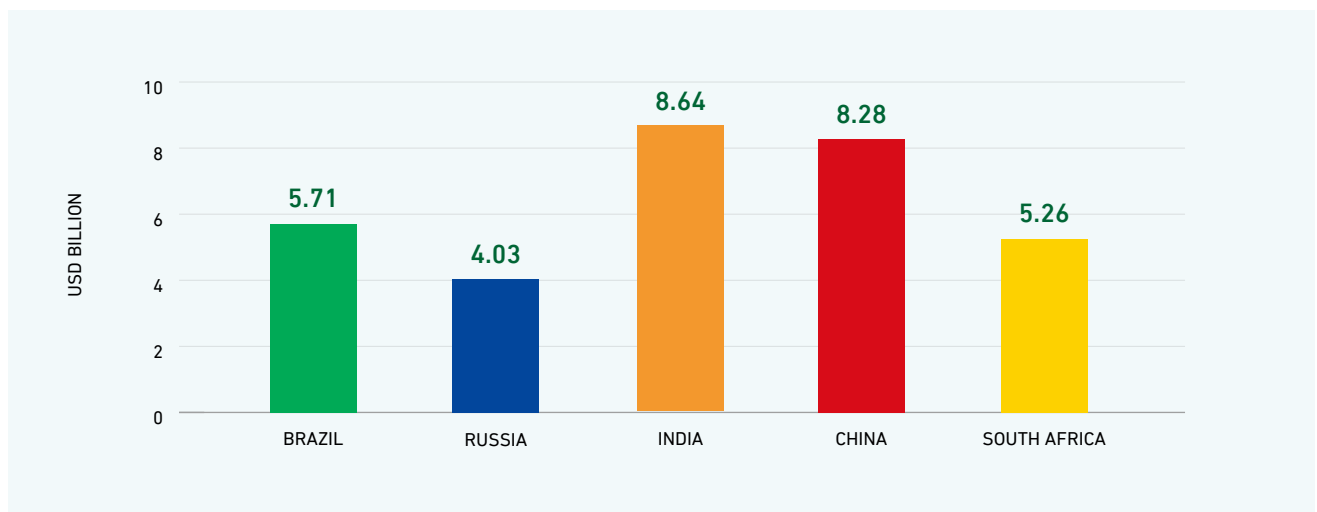
SCAN TO ACCESS  
DATA FOR THE  
EVOLUTION OF NDB'S  
PORTFOLIO

## PROJECT PORTFOLIO BY TYPE OF OPERATION (AS AT DECEMBER 31, 2023)



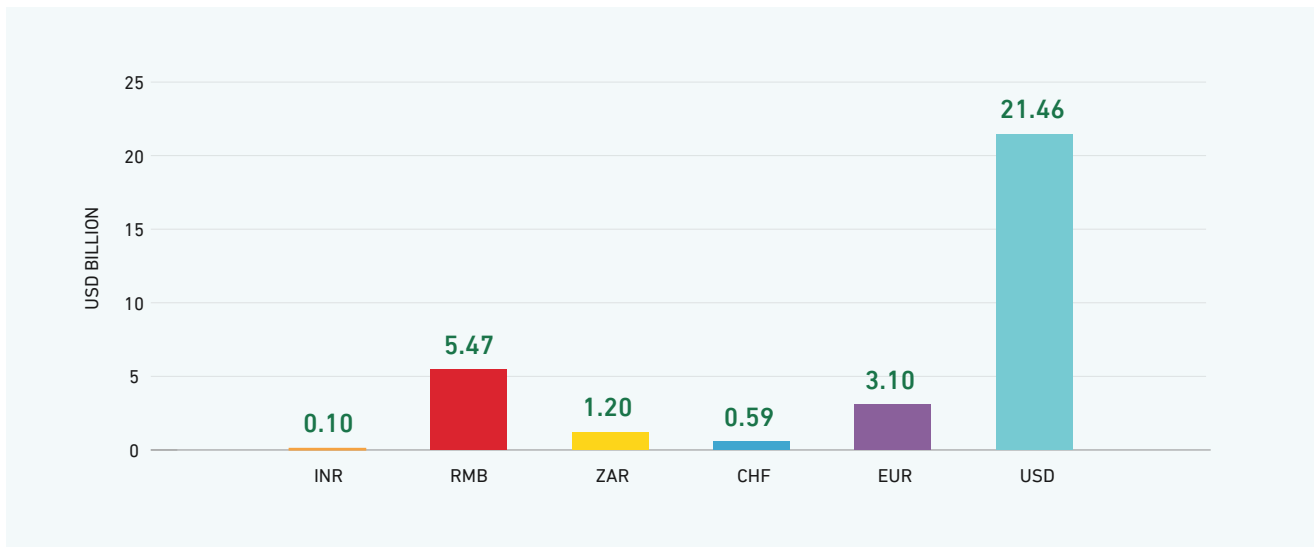
At the end of 2023, the Bank’s project portfolio’s largest exposure was to projects in India and China, which represented 27.1% and 25.9% of the portfolio’s total financing, respectively. The share of the financing to clients in Brazil, South Africa, and Russia stood at 17.9%, 16.5%, and 12.6%, respectively. As NDB continues expanding its membership and building its project preparation and implementation capacity in non-founding member countries, the Bank’s project portfolio is expected to diversify into additional geographies.

## PROJECT PORTFOLIO BY COUNTRY (AS AT DECEMBER 31, 2023)



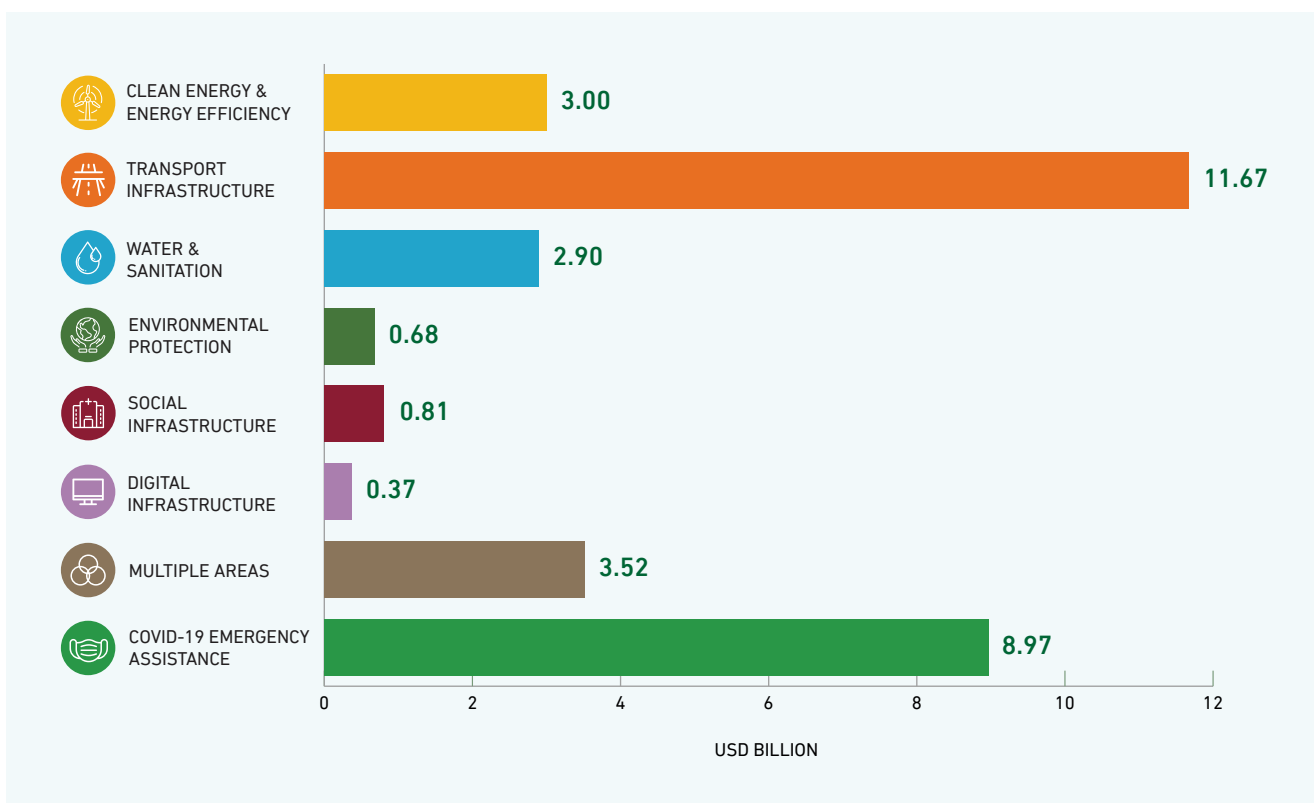
Recognising the currency mismatch risks faced by many borrowers from EMDs, NDB continued providing local currency financing to help its clients reduce their reliance on foreign currency borrowing as well as their dependency on swap markets that involve significant costs. Local currency financing has been provided by NDB in three national currencies of its borrowing members, i.e., RMB, ZAR, and INR, which collectively represented 21.2% of the Bank’s portfolio at the end of 2023. Nearly two-thirds of NDB’s financing to projects in China was denominated in RMB, while 22.8% of the Bank’s financing to South African clients was provided in ZAR. To strengthen its value proposition in other markets, the Bank continued to explore opportunities to mobilise and provide financing in the national currencies of other borrowing members.

## PROJECT PORTFOLIO BY FINANCING CURRENCY (AS AT DECEMBER 31, 2023)



Guided by its General Strategy for 2022–2026, NDB continued to focus its efforts on projects in select areas of operation where the Bank’s financing can catalyse sustainable development at scale. At the end of 2023, financing to transport infrastructure projects accounted for 36.6% of the Bank’s portfolio, which was followed by NDB’s COVID-19 emergency assistance (28.1%) and financing to multi-area projects (11.0%), clean energy and energy efficiency projects (9.4%), and water and sanitation projects (9.1%). The balance financing, accounting for 5.8% of the portfolio, was for projects in areas of environmental protection, social infrastructure, and digital infrastructure.

## PROJECT PORTFOLIO BY AREA OF OPERATION (AS AT DECEMBER 31, 2023)

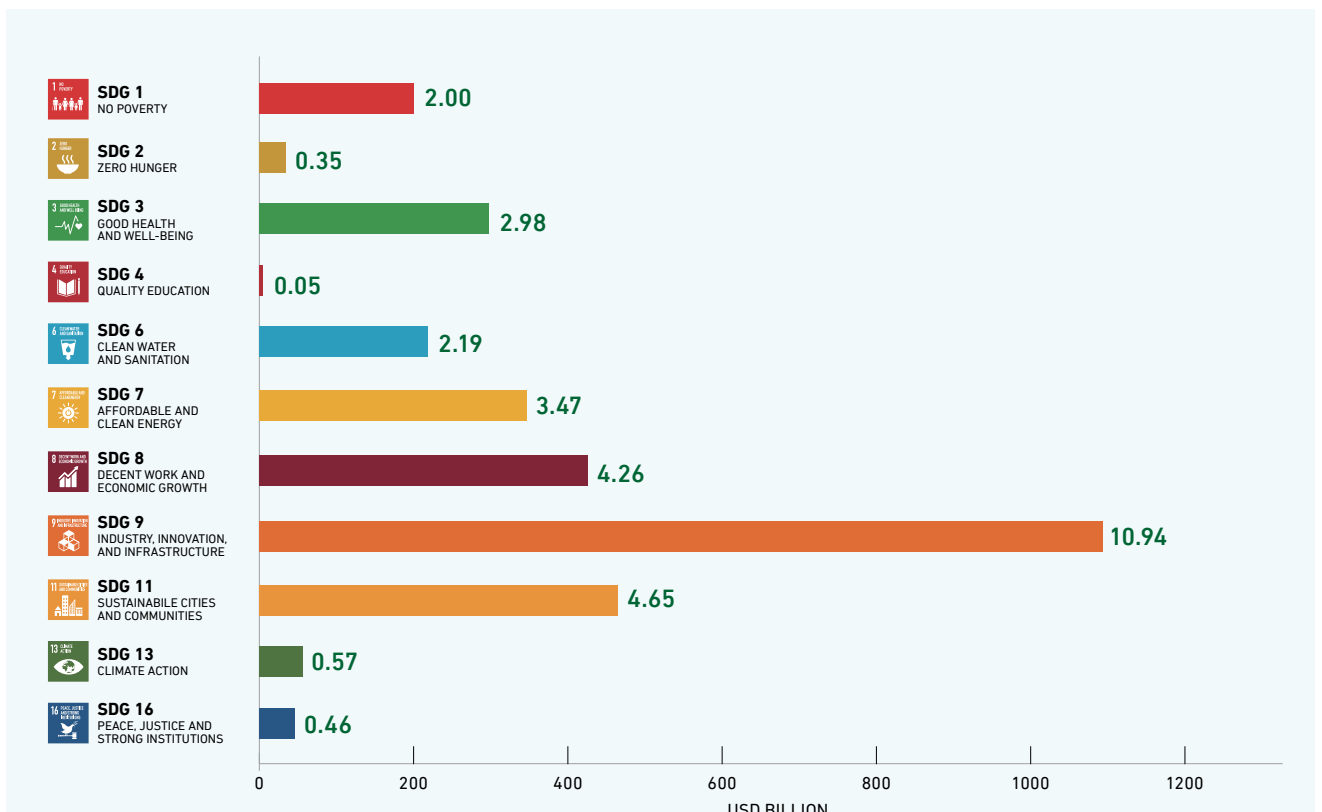




ANHUI TONGLING G3 ROAD-RAIL BRIDGE PROJECT IN CHINA

NDB uses an evidence-based method with rigorous analysis of intervention logic to map its projects to relevant SDGs. Each project is mapped, through quantifiable development results indicators, to a primary SDG 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 SDGs to which it will also contribute directly. At the end of 2023, NDB’s portfolio included projects that are primarily aligned with 11 out of the 17 SDGs. The largest share (34.3%) of the Bank’s portfolio was primarily aligned with SDG 9 on Industry, Innovation and Infrastructure, followed by SDG 11 on Sustainable Cities and Communities (14.6%), SDG 8 on Decent Work and Economic Growth (13.4%), SDG 7 on Affordable and Clean Energy (10.9%), and SDG 3 on Good Health and Well-being (9.4%).

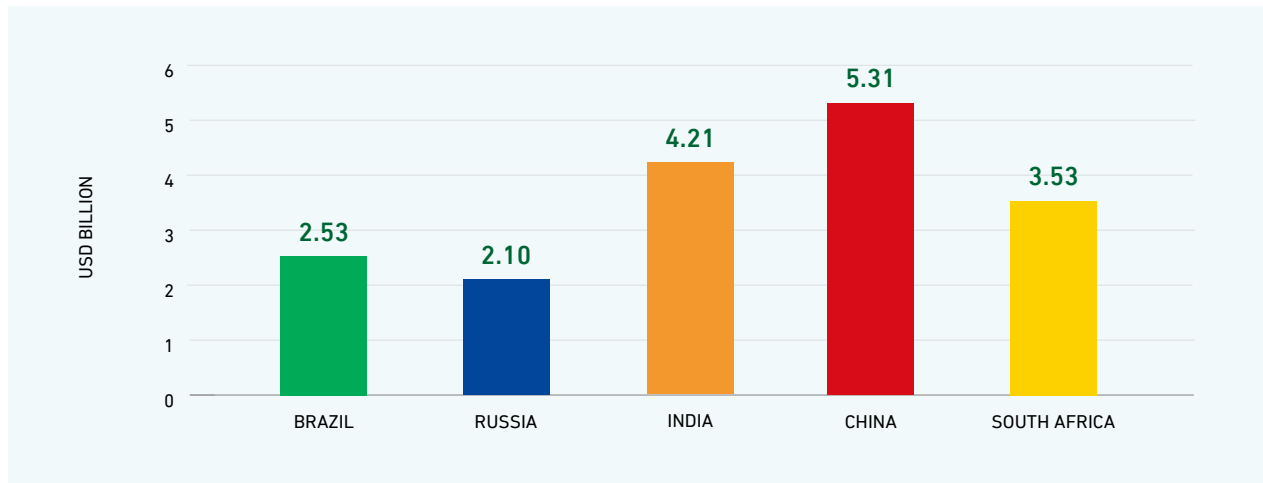
### PROJECT PORTFOLIO BY PRIMARY SDG ALIGNMENT (AS AT DECEMBER 31, 2023)



To support member countries’ transition towards a low-emission and climate-resilient development paths, NDB continued to finance projects that contribute to climate change mitigation and adaptation. Driven by the needs of its clients, NDB approved more adaptation finance than mitigation finance within 2023. At the end of the year, climate finance represented 17.8% of the Bank’s portfolio, amounting to USD 5.7 billion, of which nearly USD 5.0 billion was mitigation finance and around USD 0.7 billion was adaptation finance. If the COVID-19 emergency programme loans are excluded, climate finance would represent 24.7% of the Bank portfolio at the end of 2023.

In 2023, NDB disbursed a total of USD 3.4 billion in financing, which brought the Bank’s outstanding disbursements to USD 17.7 billion by the end of the year.<sup>28</sup> The Bank’s disbursements within the year nearly tripled compared to the amount disbursed in 2022. This sharp increase in 2023 was partly attributable to the Bank’s greater emphasis on project implementation support through its on-the-ground presence in all the founding members.

### OUTSTANDING DISBURSEMENTS BY COUNTRY (AS AT DECEMBER 31, 2023)



TOLL ROADS PROGRAMME IN RUSSIA

<sup>28</sup> As at December 31, 2023, the Bank’s cumulative disbursements and cumulative repayments stood at USD 18.8 billion and USD 1.1 billion, respectively.

## 3.3

## ESG AND PROJECT PROCUREMENT

### ESG

NDB seeks to ensure that all projects it finances are implemented in a sustainable manner and that their adverse ESG impacts are assessed, minimised, and mitigated. To this end, the Bank takes a risk-based and outcome-oriented approach to manage the ESG performance of its projects, while promoting the use of strong country and corporate systems in its member countries whenever possible.

As a key component of this approach, the Bank assigns an E&S category to each project based on its E&S risks and the financing modality employed, in accordance with the criteria set out in the Bank's Environment and Social Framework (ESF). The E&S category ranges from Category A or FI-A to Category C or FI-C, where the former represents significant adverse E&S impacts, the latter represents minimal or no negative E&S impacts, and FI indicates projects involving financial intermediaries.<sup>29</sup> The E&S category assigned to a project determines the level of scrutiny and depth of analysis required for the E&S due diligence and monitoring of the project. At the end of 2023, two-thirds of the projects in the Bank's portfolio were classified as Category B or FI-B, and 31.2% of the projects were classified as Category A or FI-A, while two projects fell under Category C.

#### PORTFOLIO BY E&S CATEGORY (AS AT DECEMBER 31, 2023)

E&S CATEGORY	NUMBER OF PROJECTS	PERCENTAGE OF TOTAL PROJECTS
Category A	24	25.8
Category FI-A	5	5.4
Category B	45	48.4
Category FI-B	17	18.3
Category C	2	2.1
<b>TOTAL</b>	<b>93</b>	<b>100.0</b>

NDB's Environmental and Social Standards (ESSs) set out the mandatory requirements to manage and mitigate negative E&S impacts and risks in line with the Bank's ESF. These ESSs include ESS 1: "E&S Assessment"; ESS 2: "Involuntary Resettlement"; and ESS 3: "Indigenous Peoples". A project may trigger multiple ESSs, depending on its E&S risks. At the end of 2023, almost all projects in the Bank's portfolio required E&S assessments, while nearly half of them triggered ESS 2 and close to 10% triggered ESS 3.

<sup>29</sup> A project is classified as Category A or FI-A if it is likely to have significant adverse E&S impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subjected to physical works. Category B or FI-B is assigned to projects with lesser potential adverse impacts, i.e., where the impacts are site-specific, few or none of them are irreversible and mitigation measures can be readily designed. Category C or FI-C is assigned to projects with minimal or no adverse E&S impacts.



**ESSs TRIGGERED BY PROJECTS IN THE PORTFOLIO** (AS AT DECEMBER 31, 2023)

ESS	NUMBER OF PROJECTS TRIGGERED ESS	PERCENTAGE OF TOTAL PROJECTS
ESS 1: E&S Assessment	91	97.8
ESS 2: Involuntary Resettlement	46	49.5
ESS 3: Indigenous Peoples	9	9.7

During project implementation, the Bank proactively engages with its clients to address the identified E&S risks and impacts. These interventions provide opportunities for NDB to add value by strengthening the compliance of its clients with the requirements set out in country E&S systems, building their capacity to manage the E&S risks and impacts of projects, and improving their operational practices in project management and implementation. Overall, NDB's project-level interventions contributed to improving the E&S performance of 83% of the projects in the Bank's portfolio at the end of 2023.

**NDB'S E&S VALUE ADDITION TO PROJECTS IN THE PORTFOLIO** (AS AT DECEMBER 31, 2023)

TYPE OF VALUE ADDITION	NUMBER OF PROJECTS BENEFITTED FROM NDB'S E&S VALUE ADDITION	PERCENTAGE OF TOTAL PROJECTS
Strengthening compliance with country E&S systems	71	76.3
Building E&S capacity	49	52.7
Improving operational E&S practices	55	59.1

With the expansion of the Bank's operational capacity and the introduction of the governance dimension in the Bank's project processing and management, NDB has developed a governance risk management framework, which is based on existing legal frameworks of member countries and good international governance practices. The main objective of the framework is to ensure that NDB-supported projects follow good corporate governance practices, and their governance risks are thoroughly assessed, clearly understood, and adequately mitigated. Moreover, the Bank seeks to support its clients in building their governance capacity, which in turn will contribute to improving the overall ESG performance of projects, mainstreaming sustainability considerations, and enhancing transparency.

**PROJECT PROCUREMENT**

NDB aims to ensure that the funds it provides are utilised for their intended purposes through the use of country procurement systems, while placing a strong emphasis on value for money, competition, efficiency, transparency, and sustainability in project procurement practices.

To facilitate timely project implementation, in 2023, the Bank launched a programme with the objective of simplifying and streamlining the use of country procurement systems. Taking a client-centric approach, this programme seeks to understand the gaps in country procurement systems and to propose necessary enhancements to improve the effectiveness and efficiency of NDB's operational support in terms of project procurement and compliance with fiduciary standards. In 2023, the Bank conducted the assessments of China and India's country procurement systems, which was followed by consultation workshops with relevant stakeholders in these countries. Meanwhile, the assessments for other member countries, including new members, were also initiated during the year.

While NDB's financing is primarily used by its clients for the procurement of goods and services produced within the Bank's member countries, procurement from non-member countries could also be approved by the BoD on a case-by-case basis. In response to requests from clients, by the end of 2023, the BoD had permitted around one-third of the projects supported by NDB to source goods and services from non-member countries.

## 3.4

## PROJECT PREPARATION FUND

To support the preparation of quality and bankable projects that can attract financing from NDB and other sources, the NDB-PPF was established in 2017 to provide technical assistance to the Bank's borrowing members for project preparation. The eligibility criteria of the NDB-PPF were expanded in 2022 by including sub-national governments as eligible recipients, with a view to making the fund a more effective vehicle to deliver well-prepared infrastructure and sustainable development projects.

As a multi-donor fund, the NDB-PPF has received a total of USD 9 million in commitments, of which USD 4 million was made by China, USD 2 million by South Africa, and USD 1.5 million by Russia and India each. As of end-2023, all the commitments to the NDB-PPF had been fully contributed by the donors.

### CONTRIBUTIONS TO THE NDB-PPF (AS AT DECEMBER 31, 2023)

CONTRIBUTOR	CONTRIBUTION COMMITTED (USD MILLION)	CONTRIBUTION PAID (USD MILLION)
Russia	1.5	1.5
India	1.5	1.5
China	4.0	4.0
South Africa	2.0	2.0
<b>TOTAL</b>	<b>9.0</b>	<b>9.0</b>

In 2023, a technical assistance facility of USD 252,300 was approved under the NDB-PPF. The facility will be used primarily to fund the preparation of a detailed project report for the proposed Kohima Town Water Supply Augmentation Project in Nagaland, a mountainous state in northeast India. The detailed project report will enable the feasibility assessment of the proposed project, thereby making it ready to be considered by external financiers for investing. If implemented, the project is expected to expand and update the water supply infrastructure and associated water facilities in Kohima, improving local residents' access to safe drinking water.



# 04 RISK MANAGEMENT AND TREASURY ACTIVITIES



📍 INDIA

DELHI-GHAZIABAD-MEERUT REGIONAL RAPID TRANSIT SYSTEM PROJECT

## 4.1

## RISK MANAGEMENT

NDB adopts a conservative and integrated approach to managing both financial and non-financial risks, in accordance with the Enterprise Risk Management and Risk Appetite Framework approved by the BoD. This framework guides the Bank's decision-making processes to ensure effective, consistent, transparent, and accountable management of all types of risks. Based on the "three lines of defence" model, the framework covers key elements across the lifecycle of risk management, including risk governance and risk appetite, risk assessment and measurement, risk monitoring and reporting, as well as risk awareness and culture.

To safeguard its capital base and ensure the effective delivery of its mandate, NDB follows international standards to actively manage all inherent risks in its activities, such as credit, market, liquidity, and operational risks. In 2023, amidst a challenging macroeconomic and geopolitical environment, the Bank operated within its risk appetite limits and remained adequately capitalised with sufficient liquidity to cover its financial commitments.

### CREDIT RISK

NDB's Credit Risk Management Policy and the Provisioning and Write-off Policy establish key principles governing the assessment, measurement, mitigation, and monitoring of credit risk. Guided by these principles, the Bank uses credit risk data from both external rating agencies and internal credit analysis to conduct risk assessment and monitoring. In 2023, the credit quality of the Bank's approved loan portfolio measured by the weighted average risk rating (WARR) improved from BB+ to BBB-. At the end of 2023, the expected credit loss (ECL) provisioning under IFRS 9 for the Bank's loan and treasury portfolio as a share of the Bank's total credit exposure stood at 0.41%, which was lower than the level of 0.60% recorded a year ago. The decrease was mainly driven by lower unconditional probabilities of default for NDB's borrowers during the year. Despite the challenging operating environment, the Bank had only one loan in "Stage Three" by the end of 2023, constituting 0.24% of the outstanding loan portfolio.

The Bank applies credit risk concentration limits to exposures to a single borrower, sector, and jurisdiction. The Bank's loan portfolio was reasonably diversified among the five founding member countries.

### MARKET AND LIQUIDITY RISKS

NDB has a limited appetite for market risk and thus strives to minimise its exposure to losses resulting from interest rate and exchange rate risks. In 2023, the Bank's exposure to interest rate and exchange rate risks remained low with relevant metrics well within the established limits.

The Bank takes a prudent approach to managing liquidity risk and maintains an extremely strong liquidity position in high-quality investments. Over 2023, the primary liquidity ratio, which considers cash flows over a 12-month horizon without raising additional funds, remained well above the trigger level of 110%.

### OPERATIONAL RISK

NDB manages its non-financial risks in line with its Operational Risk Policy, which has been implemented for identifying, measuring, monitoring, controlling, and mitigating losses arising from failure or inadequacy of systems and controls, human errors, fraud or external events. NDB's Business Continuity Management Policy outlines the framework and tools for minimising the impact of major operational and financial disruptions on the Bank's operations. There were no material operational risk losses or business disruptions in 2023, and the Bank continued the implementation of its operational risk tools and methodologies in collaboration with the first line of defence.

### CAPITAL ADEQUACY

NDB takes a conservative approach to capital management and maintains its capital adequacy ratios at strong levels. Bank-wide stress testing and sensitivity tests are performed regularly to complement the analysis of capital adequacy under extreme adverse scenarios. At the end of 2023, the Bank remained adequately capitalised with a capital utilisation ratio of 15%, far below the upper limit of 90%, and an equity-to-asset ratio of 40%, well above its lower limit of 25%.

## 4.2

**CREDIT RATINGS**

NDB's strong credit profile underpins the Bank's operating model by enabling it to raise funds at competitive terms and pass the benefits to its clients.

**NDB'S CREDIT RATINGS** (AS AT DECEMBER 31, 2023)

CREDIT RATING AGENCY	CREDIT RATING	OUTLOOK	LATEST RATING AFFIRMATION
S&P Global Ratings	AA+ (Long-term issuer credit rating) A-1+ (Short-term issuer credit rating)	Stable	February 2023
Fitch Ratings	AA (Long-term issuer default rating) F1+ (Short-term issuer default rating)	Stable	September 2023
Japan Credit Rating Agency	AAA (Long-term issuer rating)	Stable	October 2023
Analytical Credit Rating Agency	AAA (International scale credit rating) AAA (RU) (National scale credit rating)	Stable	October 2023

Reflecting NDB's strong access to international capital markets, very strong enterprise risk profile, and extremely strong financial risk profile, S&P Global Ratings, Fitch Ratings, Japan Credit Rating Agency, and Analytical Credit Rating Agency all reaffirmed the credit ratings they assigned to NDB during the year, while Fitch Ratings also revised the Bank's outlook from "Negative" to "Stable".



PUTIAN PINGHAI BAY OFFSHORE WIND POWER PROJECT IN CHINA

## 4.3

## FUNDING STRATEGY AND ACTIVITIES



MUMBAI METRO RAIL PROJECT IN INDIA

NDB's funding strategy aims to ensure that sufficient resources are available to meet the Bank's liquidity requirements while minimising borrowing costs. The Bank's funding activities are primarily driven by the need to support the Bank's growing project portfolio and refinancing needs.

As part of its funding strategy, NDB intends to develop and expand its investor base through consistent and regular engagements with investors and other market participants. When issuing debt instruments, the Bank considers not only its financing requirements, but also investor preferences in terms of issuance formats, use of proceeds, ESG criteria, currencies, tenors, and types of interest rates, with due regard to the availability of appropriate hedging instruments in line with the Bank's risk management policies.

### KEY ELEMENTS OF NDB'S FUNDING STRATEGY

- › Diversifying funding by market, instrument, currency, and tenor
- › Regular benchmark issuances in different currencies
- › Maintaining a consistent presence in key funding markets
- › Local currency financing in national currencies of member countries
- › Issuing thematic debt instruments, such as green, social, and sustainability bonds
- › Aligning with the 2030 Agenda

To diversify its funding sources, NDB has established borrowing programmes in international markets as well as domestic markets of member countries. These programmes serve as funding platforms for the Bank to mobilise resources in various currencies through both public and private transactions.

In 2023, NDB continued to diversify its borrowing across markets, currencies, and maturities to support its business activities. During the year, the Bank raised a total of USD 4.6 billion, part in USD and the rest in RMB, ZAR, and HKD, through public issuances and private placements of bonds in various markets. Notably, the USD 1.25 billion bond issued in April 2023 became the first green bond issued by NDB in international capital markets, strengthening NDB's strategic commitment to sustainability. The RMB 8.5 billion bond issued by the Bank in May 2023 marked the largest ever panda bond issuance by an MDB, which established a new benchmark for top panda bond issuers and reiterated NDB's status as one of the largest MDB issuers in the panda bond market. Also in 2023, NDB debuted with dual-tranche ZAR-offerings in the South African bond market, which became integral to funding the Bank's growing ZAR lending business.

## BENCHMARK BONDS ISSUED IN 2023

BOND	AMOUNT	ISSUE DATE	MATURITY DATE	ANNUAL COUPON RATE
2023 USD Green Bond	USD 1,250 million	April 26, 2023	April 26, 2026	5.125%
2023 RMB Bond	RMB 8,500 million	May 30, 2023	May 30, 2026	2.86%
2023 ZAR Bond (NDBB01)	ZAR 500 million	August 21, 2023	August 21, 2026	3M JIBAR + 95 bps
2023 ZAR Bond (NDBB02)	ZAR 1,000 million	August 21, 2023	August 21, 2028	3M JIBAR + 105 bps
2023 ZAR Bond (NDBB03)	ZAR 500 million	December 8, 2023	December 8, 2026	3M JIBAR + 90 bps
2023 ZAR Bond (NDBB04)	ZAR 831 million	December 8, 2023	December 8, 2028	3M JIBAR + 110 bps

During the year, the Bank also signed its first USD 2 billion syndicated loan and expanded its revolving credit capacities. Furthermore, the Bank continued to build its short-term liquidity management capabilities by regularly issuing commercial papers under its USD 8 billion Euro Commercial Paper Programme. The total amount of outstanding commercial papers issued under this programme stood at USD 2.3 billion as of the end of the year.

## 4.4

## TREASURY PORTFOLIO MANAGEMENT

NDB's treasury portfolio is focused on preserving the Bank's capital, maintaining a strong liquidity position, and delivering returns, while providing efficient management of the Bank's funds within the established risk limits. The Bank's treasury investment portfolio primarily consists of highly rated fixed-income instruments, such as bank deposits, interbank money market instruments, sovereign bonds, debt instruments of banks, and highly rated corporate bonds. The actual composition of the portfolio depends on market conditions, the investment outlook and the Bank's various risk limits.

During 2023, NDB made treasury investments in USD, RMB, EUR, and ZAR. Continued efforts were made to maintain the diversification of the treasury investment portfolio in terms of instruments, jurisdictions, and counterparties, with due regard to the Bank's conservative risk management policies and guidelines. As the Bank makes disbursements in local currencies and actively manages its asset-liability and currency risks, it undertakes hedging transactions in the form of cross-currency swaps, interest rate swaps, and foreign exchange forwards, wherever needed. At the end of 2023, the Bank's treasury investment portfolio stood at USD 10.4 billion and continued to have a robust credit rating profile.

## 4.5

## LIBOR TRANSITION

The London Interbank Offered Rate (LIBOR), the most widely used interest rate benchmark in the global financial system over the past four decades, was phased out on June 30, 2023. NDB's transition to post-LIBOR markets was conducted and concluded by a LIBOR Transition Working Group under the oversight of the Bank's LIBOR Transition Steering Committee.

Based on NDB's LIBOR transition strategy and approach approved by the BoD in 2021, the Bank smoothly transitioned its balance sheet from LIBOR to the Secured Overnight Financing Rate (SOFR), by offering an option to borrowers to convert their USD LIBOR-based loans into loans linked to SOFR. Where borrowers accepted this conversion option, the reference rate of associated funding was also converted from LIBOR to SOFR. The Bank successfully aligned all assets and liabilities to mitigate the risks rising from the LIBOR transition process.

On the project financing side, SOFR-based loan products were launched by NDB on January 1, 2022, and the Bank stopped offering LIBOR-based loan products on the same day. Fallback language has also been included in all legacy LIBOR-based loans to facilitate transition from LIBOR to SOFR. It also serves as an enabling provision to facilitate transition to new benchmarks in the future.

NDB's LIBOR transition was fully completed by the end of 2023.



# 05 INSTITUTIONAL DEVELOPMENT



 CHINA

BEIJING GAS TIANJIN NANGANG LNG EMERGENCY RESERVE PROJECT

## 5.1

## TALENT MANAGEMENT

NDB's staff plays a critical role in the achievement of the Bank's mandate and strategic objectives. To attract the best talent in the market and retain high performing staff, the Bank constantly improves its talent management processes and prioritises staff well-being by providing accessible wellness resources, comprehensive health solutions, and an Employee Assistance Programme for additional support. By attracting talent from diverse backgrounds and nurturing a capable workforce, NDB aims to ensure that it has the necessary competencies to achieve its goals.

### TALENT ACQUISITION

In 2023, NDB offered 55 job openings that yielded over 6,600 applications from member countries. Selection of candidates was based on a rigorous, merit-based evaluation process. At the end of 2023, NDB's workforce stood at 244 employees, comprising five members of the Management, 209 professional and support staff members, and 30 short-term consultants, secondees and outsourced staff.

#### EMPLOYEES BY CATEGORY (AS AT DECEMBER 31, 2023)

CATEGORY	NUMBER	PERCENTAGE OF TOTAL EMPLOYEES
President and Vice Presidents	5	2.0
Professional staff (managerial)	27	11.1
Professional staff (non-managerial)	172	70.5
Support Staff	10	4.1
Short-term consultants, secondees, and outsourced staff	30	12.3
<b>Total</b>	<b>244</b>	<b>100.0</b>



NDB STAFF PHOTO DURING THE HIGH LEVEL VISIT OF H.E. MR. LUIZ INÁCIO LULA DA SILVA, PRESIDENT OF THE FEDERATIVE REPUBLIC OF BRAZIL



CAREER FAIRS HOSTED BY NDB IN TOP UNIVERSITIES IN ITS MEMBER COUNTRIES

Acknowledging the importance of gender balance, NDB strives to achieve greater representation of women at all levels of its organisational structure. In 2023, the share of women in professional staff, both managerial and non-managerial positions, reached the level of 35%, reaching closer to the strategic target of 40% set by the Bank for the end of its 2022–2026 strategy cycle. Overall, women’s representation improved to 39% of NDB’s entire workforce as of end-2023.

## TALENT DEVELOPMENT

Enhancing staff learning remains a priority for NDB to build a talent-intensive institution. In 2023, the Bank partnered with reputed international training providers to deliver in-house learning and development programmes both virtually and face-to-face. These programmes covered technical skills in the areas of risk management, finance, operations, as well as soft skills covering negotiations, report writing, and people management.

The Bank’s managerial staff also participated for the first time in the leadership development programme offered by a peer international finance institution. Additionally, staff continued to benefit from a series of knowledge-sharing events and capacity-building sessions conducted in-house by various NDB teams throughout the year. These sessions covered the Bank’s operations and other activities such as regulatory frameworks in member countries, project procurement, cyber security, and independent evaluation.

## EMPLOYEE ENGAGEMENT

Following the conclusion of NDB’s first staff engagement survey in January 2023, action planning workshops were held with the employees across the Bank to enhance staff engagement in the decision-making process to foster a more engaged and motivated workforce. This helped to promote a culture of transparency and trust, while improving the overall work environment.

Also in 2023, NDB held its first Bank-wide retreat that brought together the Management and staff from all organisational units. The retreat served to promote a shared understanding and alignment around the core values of the organisation and created a platform for building trust and collaboration across the Bank.

## 5.2

**DIGITAL TRANSFORMATION**

Throughout 2023, NDB made significant strides in enhancing its information technology (IT) system and information security, and in reinforcing its support for business operations and organisational development. These initiatives enabled the Bank to enhance the delivery of digital services across its member countries.

During the year, the Bank expanded its IT infrastructure and network in its headquarters and regional offices to better facilitate key events and accessibility to NDB systems. To expand its online service offering, the Bank further developed new tools and functionalities, including a digital document management and workflow system, an intranet collaboration system, a client portal, and a comprehensive office and workspace system. The Bank also improved integration and messaging with the payment system, explored artificial intelligence technologies, and advanced data analytics and reporting. These enhancements helped to promote internal productivity, streamline processes, and enhance user experience.

Information security remained as a focus, with 2023 seeing an upgrade to the relevant systems. Key accomplishments in this area included the establishment of a round-the-clock security operations centre, the implementation of vulnerability management and penetration test programmes, and the provision of cybersecurity awareness trainings.

Ensuring IT system resilience was also a top priority to maintain robust system operations. In addition to critical system disaster recovery planning, an analysis of data residency was conducted across relevant systems to mitigate risks associated with system continuity and data security. Resilient network connectivity was extended in multiple member country locations.



## 5.3

## PARTNERSHIPS AND ENGAGEMENTS



PRESIDENT ROUSSEFF WITH LEADERS OF DEVELOPING COUNTRIES AND INTERNATIONAL ORGANISATIONS WHO VISITED NDB HEADQUARTERS IN 2023

Effective partnerships and active engagements with members of the development community allows NDB to enhance its international standing and strategic positioning as a MDB created by and designed for EMDCs, promoting views and voices that reflect the development aspirations and experiences of these countries. By tapping into the expertise of development partners and leveraging insights gained from engagement groups, NDB also strives to continuously strengthen its ability to fulfil its mandate and achieve its strategic goals.

In addition to its engagements with peers as the chair of the Heads of MDBs Group, NDB's participation in multilateral collaboration platforms and working groups, especially those led by MDBs, also intensified in 2023. Additionally, the Bank augmented its engagements with the G20 and the associated working groups, such as the International Financial Architecture Working Group and the Sustainable Finance Working Group. These engagements provided opportunities to enhance the Bank's collaboration with the key global stakeholders, allowing the Bank to contribute to the international development discourse.

Since its inception, NDB has been collaborating and cooperating with a large number of partners in various forms. Notably, the Bank had a total of 37 effective memoranda of understanding (MoUs) on general cooperation with a wide range of partners at the end of 2023. Through these MoUs, the Bank established effective frameworks for cooperation at the strategic, operational, and technical levels with key partners for the realisation of their common goals. The main areas of collaboration between NDB and its partners include high-level engagements, joint participation in project financing, information exchanges in areas of mutual interest, as well as knowledge sharing through various events and forums. In line with the spirit of SDG 17 on Partnerships for the Goals, most of the projects in NDB's portfolio have been undertaken by the Bank in collaboration with its development partners, such as peer MDBs, national financial intermediaries, commercial banks, government agencies, and private sector entities.

# 06 THE YEAR AHEAD



## 📍 BRAZIL

URBAN AND SUSTAINABLE INFRASTRUCTURE PROGRAMME – ARACAJU CITY OF THE FUTURE

Following the successful transition of NDB's leadership in 2023, 2024 is expected to be a year of accelerated progress for the Bank on its journey to become a leading provider of solutions for infrastructure and sustainable development for EMDCs. Under the strong leadership of President Rousseff, NDB will continue to make significant headway in achieving its ambitious goals in terms of mobilising resources, financing for impact, and institution building, which collectively represent the strategic imperatives for the Bank.

The year 2024 is an important milestone in the history of NDB, marking the 10th anniversary of the signing of the Agreement on NDB by the BRICS Leaders in 2014 in Fortaleza, Brazil. Over the past decade, NDB has successfully evolved from being a concept into a fully-fledged MDB by and for EMDCs. Reflecting on what has been accomplished and what could be improved will provide valuable lessons to guide the Bank in its continuous evolution going forward.

The year 2024 also marks the midpoint of the five-year implementation cycle of NDB's General Strategy for 2022–2026. Despite the very challenging and highly uncertain operating environment caused by the lingering impact of the COVID-19 pandemic as well as intensified geopolitical issues, NDB managed to make positive progress in the first half of the strategy cycle. As the Bank moves into the second half of the five-year period, a mid-term review will take stock of progress and propose actions to accelerate implementation in the rest of the strategy cycle.

After a successful year chairing the Group of Heads of MDBs in 2023, NDB passes on the chairship with full support and continued engagement. In the collaborative spirit of the joint statement issued under NDB's chairship, the Bank is committed to deepening its multilateral and bilateral engagements with peer MDBs on a wide array of topics, such as co-financing, climate action, country platforms, private capital mobilisation, among other joint initiatives. Such engagements will not only contribute to making MDBs a better, bigger, and more effective system, but also present invaluable opportunities for NDB to learn good practices as well as lessons from its peers.

As the baton of the G20 Presidency was handed over by India to Brazil and with South Africa being the next in line, the G20 Troika in 2024 comprises three out of the five founding members of NDB. This provides the Bank a great opportunity to increasingly contribute to the international community's discourse on development issues through its own experiences and distinct voice, representing the aspirations of EMDCs at G20 and other international forums.

In parallel with the expansion of BRICS in 2024, NDB's membership expansion will also continue in a gradual and balanced manner. A further expanded membership will enable NDB to continuously raise its institutional profile, reinforce its international standing, strengthen its capital base, diversify its project portfolio, boost its capacity to mobilise and deploy resources, enlarge its talent pool, and bolster its role as a platform for wider collaboration among countries in the Global South.



NDB STAFF AND MANAGEMENT AT THE BANK-WIDE RETREAT IN SHANGHAI, CHINA

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# FINANCIAL STATEMENTS

 **SOUTH AFRICA**

DURBAN CONTAINER TERMINAL BERTH RECONSTRUCTION PROJECT





# NDB ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023  
(Prepared in accordance with International Financial Reporting Standards)

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# INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF THE NEW DEVELOPMENT BANK

## Opinion

We have audited the financial statements of the New Development Bank (the Bank), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

### Key audit matter

Measurement of Expected Credit Loss (ECL) of loans and advances

We identified the measurement of ECL for the Bank's loans and advances as a key audit matter due to the significance of these assets to the Bank's financial statements and the significant management judgement and estimation required in the measurement.

As disclosed in Note 4 to the financial statements, significant management judgement and estimation is required in the measurement of ECL includes assessing whether the credit risk of an asset has significantly increased, using appropriate models and assumptions, determining the key inputs including probability of default (PD) and loss given default (LGD), selecting forward-looking scenarios and their probability weighting.

As at 31 December 2023, the Bank held loans and advances to customers of USD 17,861 million, less impairment allowance of USD 94 million as disclosed in Note 19 to the financial statements.

### How our audit addressed the key audit matter

Our procedures in relation to Management's measurement of ECL for loans and advances included:

- Understanding and evaluating key controls of the management over the measurement of ECL;
- Evaluating the appropriateness of the ECL model, and the critical assumptions and parameters used in the model, including PD, LGD, macroeconomic scenarios and their weightings selected for forward-looking measurement;
- Evaluating the determination of the criteria for significant increase in credit risk by Management and, on a sample basis, testing its application;
- Recalculating the ECL outputs on a sample basis independently.

## Other Information

Management of the Bank is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Responsibilities of Management and the Board of Governors for the Financial Statements

Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for overseeing the Bank's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of the Bank.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Governors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with the Board of Governors, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Deloitte Touche Tohmatsu CPA LLP*

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

April 26, 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

► FOR THE YEAR ENDED DECEMBER 31, 2023  
EXPRESSED IN MILLIONS OF U.S. DOLLARS

	NOTES	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
Interest income	7	1,284	569
Interest expense	7	(425)	(206)
Net interest income	7	859	363
Net fee income	8	9	11
Net (losses)/gains on financial instruments at fair value through profit or loss (FVTPL)	9	(244)	328
		624	702
Staff costs	10	(56)	(53)
Other operating expenses	11	(31)	(22)
Impairment losses under expected credit loss model, net of reversal	12	48	(125)
Foreign exchange gains/(losses)		6	(393)
Other expense		(7)	(2)
Operating profit for the year		584	107
Unwinding of interest on paid-in capital receivables		9	2
Profit for the year		593	109
Other comprehensive income/(expense) Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on debt instruments at fair value through other comprehensive income (FVTOCI)		30	(27)
Impairment loss for debt instruments at FVTOCI included in profit or loss		_*	_*
Other comprehensive income/(expense) for the year		30	(27)
<b>Total comprehensive income for the year</b>		<b>623</b>	<b>82</b>

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

# STATEMENT OF FINANCIAL POSITION

## ▶ AS AT DECEMBER 31, 2023 EXPRESSED IN MILLIONS OF U.S. DOLLARS


	NOTES	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
<b>Assets</b>			
Cash and cash equivalents	13	762	1,876
Due from banks other than cash and cash equivalents	14	6,335	4,023
Derivative financial assets	15	204	156
Financial assets at FVTPL	16	84	55
Debt instruments at FVTOCI	17	2,000	2,944
Debt instruments measured at amortised cost	18	1,231	2,579
Loans and advances	19	17,767	14,405
Paid-in capital receivables	20	427	269
Right-of-use assets		1	-*
Property and equipment		1	1
Intangible assets		-*	1
Other assets	21	28	42
<b>Total assets</b>		<b>28,840</b>	<b>26,351</b>
<b>Liabilities</b>			
Derivative financial liabilities	15	508	656
Financial liabilities designated at FVTPL	22	12,669	11,189
Note payables	23	2,248	3,041
Bond payables	24	1,654	551
Lease liabilities		-*	-*
Contract liabilities	25	51	47
Other liabilities	26	68	52
<b>Total liabilities</b>		<b>17,198</b>	<b>15,536</b>
<b>Equity</b>			
Paid-in capital	27	10,538	10,299
Reserves	28	(35)	(39)
Retained earnings		1,139	555
<b>Total equity</b>		<b>11,642</b>	<b>10,815</b>
<b>Total equity and liabilities</b>		<b>28,840</b>	<b>26,351</b>

\* Less than USD half of a million

The annual financial statements on pages 66 to 129 were approved and authorised for issue by the Board of Governors on April 26, 2024 and signed on their behalf by:



Dilma Vana Rousseff  
President



Leslie Warren Maasdorp  
Chief Financial Officer



Halima Nazeer  
Director General, Finance, Budget and Accounting

# STATEMENT OF CHANGES IN EQUITY

## ► FOR THE YEAR ENDED DECEMBER 31, 2023 EXPRESSED IN MILLIONS OF U.S. DOLLARS

	PAID-IN CAPITAL	CAPITAL RESERVE	REVALUATION RESERVE	OTHER RESERVES	RETAINED EARNINGS	TOTAL
As at January 1, 2023	10,299	-*	(32)	(7)	555	10,815
Operating profit for the year	-	-	-	-	584	584
Other comprehensive income for the year	-	-	30	-	-	30
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	9	9
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>593</b>	<b>623</b>
Capital subscriptions	239	-	-	-	-	239
Special contribution from founding member	-	-*	-	-	-	-*
Impact on discounting of paid-in capital receivables	-	-	-	(35)	-	(35)
Impact of early payment on paid-in capital receivables (Note 20)	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	9	(9)	-
<b>As at December 31, 2023</b>	<b>10,538</b>	<b>-*</b>	<b>(2)</b>	<b>(33)</b>	<b>1,139</b>	<b>11,642</b>

	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 profit for the year	-	-	-	-	107	107
Other comprehensive expense for the year	-	-	(27)	-	-	(27)
Unwinding of interest on paid-in capital receivables for the year	-	-	-	-	2	2
<b>Total comprehensive (expense)/income for the year</b>	<b>-</b>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>109</b>	<b>82</b>
Capital subscriptions	-	-	-	-	-	-
Special contribution from founding member	-	-*	-	-	-	-*
Impact on discounting of paid-in capital receivables	-	-	-	-	-	-
Impact of early payment on paid-in capital receivables (Note 20)	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	2	(2)	-
<b>As at December 31, 2022</b>	<b>10,299</b>	<b>-*</b>	<b>(32)</b>	<b>(7)</b>	<b>555</b>	<b>10,815</b>

\* Less than USD half of a million

# STATEMENT OF CASH FLOWS

## ► FOR THE YEAR ENDED DECEMBER 31, 2023 EXPRESSED IN MILLIONS OF U.S. DOLLARS

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
<b>OPERATING ACTIVITIES</b>		
Profit for the year	593	109
Adjustments for:		
Interest expense	425	206
Interest income from debt instruments measured at amortised cost	(59)	(32)
Interest income from debt instruments at FVTOCI	(60)	(50)
Depreciation and amortisation	1	-*
Losses on disposal of property and equipment	1	-
Unrealised gains on financial instruments	(29)	(319)
Realised losses/(gains) on derivatives	250	(27)
Realised losses from financial liabilities designated at FVTPL	23	18
Unwinding of interest on paid-in capital receivables	(9)	(2)
Impairment losses under expected credit loss model, net of reversal	(48)	125
Exchange losses on debt instruments at FVTOCI	4	11
Exchange losses on debt instruments measured at amortised cost	1	-*
Exchange losses/(gains) on note payables	-*	(11)
Exchange losses on lease liabilities	-*	-*
Debt issuance cost	7	2
Fee expense	-*	-
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>1,100</b>	<b>30</b>
Net (increase)/decrease in due from banks	(2,314)	895
Net increase in loans and advances	(3,317)	(536)
Net decrease in financial assets at FVTPL	-	200
Net decrease/(increase) in other assets	14	(39)
Net (decrease)/increase in other liabilities and contract liabilities	(2)	8
<b>Cash (used in)/generated from operations</b>	<b>(4,519)</b>	<b>558</b>
Proceeds from settlement on derivatives	2,344	9,159
Payment of settlement on derivatives	(2,284)	(9,107)
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(4,459)</b>	<b>610</b>

\* Less than USD half of a million



► FOR THE YEAR ENDED DECEMBER 31, 2023  
EXPRESSED IN MILLIONS OF U.S. DOLLARS

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
<b>INVESTING ACTIVITIES</b>		
Interest received on debt instruments measured at amortised cost	69	28
Interest received on debt instruments at FVTOCI	31	12
Purchase of debt instruments measured at amortised cost	(1,796)	(1,105)
Proceeds from redemption of debt instruments measured at amortised cost	3,160	788
Purchase of debt instruments at FVTOCI	(1,726)	(2,919)
Proceeds from redemption of debt instruments at FVTOCI	2,725	1,273
Purchase of financial assets at FVTPL	(27)	(42)
Proceeds from settlement on derivatives	20	16
Payment of settlement on derivatives	(12)	(15)
Purchase of property and equipment and intangible assets	(2)	-*
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>2,442</b>	<b>(1,964)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid on bonds and borrowings	(220)	(141)
Interest paid on note payables	(121)	(10)
Interest paid on lease liabilities	-*	-*
Paid-in capital received	55	68
Special contribution from founding member	-	-*
Fee expense paid on borrowings	-*	-
Proceeds from issuance of bonds	4,630	2,131
Repayment from bonds	(2,325)	(367)
Proceeds from issuance of note payables	5,957	5,089
Repayments from note payables	(6,748)	(5,368)
Payment of issuance cost of bond	(7)	(2)
Payment of issuance cost on note payables	-*	-*
Proceeds from settlement on derivatives	3	134
Payment of settlement on derivatives	(321)	(160)
Repayments of lease liabilities	-*	-*
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>903</b>	<b>1,374</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,114)</b>	<b>20</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>1,876</b>	<b>1,856</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>762</b>	<b>1,876</b>
<b>Interest received in operating activities</b>	<b>983</b>	<b>326</b>
<b>Interest paid in operating activities</b>	<b>-*</b>	<b>-*</b>

\* Less than USD half of a million

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

## 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 December 31, 2023, 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. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing the annual financial statements, the Bank has consistently applied International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), amendments and the related Interpretations (IFRICs) (herein collectively referred to as IFRSs) issued by the International Accounting Standards Board (IASB).

### *Amendments to IFRSs that are mandatorily effective for the current year*

In the current year, the Bank has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2023 for the preparation of the Bank's financial statements:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates

The application of the amendments to IFRSs in the current year has had no material impact on the Bank's financial positions and performance for the current and prior years but has affected the disclosures of the Bank's accounting policies in Note 3 to the financial statements.

### *Amendments to IFRSs in issue but not yet effective*

The Bank anticipates that the application of all amendments to IFRSs will have no material impact on the financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### **Basis of preparation of financial statements**

The annual financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, and in accordance with the IFRSs. These policies have been consistently applied throughout the year. For the purpose of preparation of the annual financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The Management of the Bank has, at the time of approving the annual financial statements, a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

More details about fair value hierarchy are provided in Note 6.

The preparation of the annual financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting years. It also requires Management

to exercise its judgement in the process of applying the Bank's policies. The areas involving a higher degree of judgement or complexity, or areas where judgements and estimates are significant to the financial statements, are disclosed in Note 4.

The material accounting policies adopted are set out below and have been applied consistently to each year presented.

#### **Revenue**

##### **Interest income**

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments at fair value through other comprehensive income.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

##### **Front-end fee**

Front-end fees relating to the origination or acquisition of a financial asset are recognised as deferred income at the date of the first drawdown. They are subsequently amortised over the period of the contract when they satisfy the performance obligation.

##### **Commitment fee**

Commitment fees relating to the undrawn loan commitment are recognised over the commitment period.

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

#### **Borrowing costs**

All borrowing costs of the Bank are recognised in profit or loss in the period in which they are incurred.

#### **Financial instruments**

##### **Initial recognition and measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Bank's financial instruments mainly consist of cash and cash equivalents, due from banks other than cash and cash equivalents, financial assets at FVTPL, debt instruments at FVTOCI, debt instruments measured at amortised cost, loans and advances, paid-in capital receivables, certain other assets, financial liabilities designated at FVTPL, note payables, bond payables, certain other liabilities, and derivative financial assets/liabilities.

Financial assets and financial liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or

received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### **Classification and subsequent measurement of financial instruments**

###### **Financial assets**

The Bank classifies its financial assets under IFRS 9 *Financial Instruments* depending on the Bank's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

###### **Financial assets measured at amortised cost**

The Bank classifies an asset measured at amortised cost when the following conditions have been met:

- The financial asset is held within a business model whose objective to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Bank applies the effective interest method to the amortised costs of a financial asset.

###### **Financial assets classified as at FVTOCI**

The Bank classifies debt instruments at FVTOCI if they are held within a business model whose objective is achieved by both selling and collecting contractual cash flows and the contractual terms of financial asset give rise on specified dates to cash flows that are SPPI.

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying

amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

### *Financial assets at FVTPL*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Bank may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “net gains/losses on financial instruments at fair value through profit or loss” line item.

### *Financial liabilities and equity*

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 *Business Combinations* applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed and effective as a hedging instrument or a financial guarantee contract.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL; or
- It forms part of a group of financial liabilities, which is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Bank's key management personnel.

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

The Bank applies the fair value measurement option to the bonds issued during 2019 to 2023, respectively to reduce the measurement or recognition inconsistency resulting from the economically related interest rate swap and cross currency swap with the same notional amount in total.

#### *Financial liabilities measured at amortised cost*

Other financial liabilities such as note payables and bond payables are subsequently measured at amortised cost, using the effective interest method.

#### **Derivative financial instruments**

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and currency risk, including interest rate swaps, cross currency swaps and forwards. Further details of derivative financial instruments are disclosed in Note 15.

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

#### **Impairment**

The Bank performs impairment assessment under expected credit loss (ECL) model on financial assets and items which are subject to impairment assessment under IFRS 9, such as loans and advances, debt instruments measured at amortised cost, debt instruments at FVTOCI, due from banks other than cash and cash equivalents, paid-in capital receivables,

loan commitments and certain other assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

ECL of a financial instrument should be measured in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies a three-stage approach to measuring ECL on financial assets measured at amortised cost, debt instruments at FVTOCI and loan commitments. Financial assets and loan commitments migrate through the following three stages based on the change in credit quality since initial recognition:

#### *(i) Stage 1: 12-month ECL*

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events, occurring within the next 12 months, is recognised.

#### *(ii) Stage 2: Lifetime ECL - not credit-impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL is recognised.

#### *(iii) Stage 3: Lifetime ECL - credit-impaired*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. 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 (net of impairment allowance) rather than the gross carrying amount.

For Stage 3 loans measured at amortised cost, the ECL provision represents the difference between the outstanding amount from the client and the expected recovery amount.

More details about credit risk analysis are provided in Note 5.

The disclosure regarding significant increases in credit risk, definition of default and credit-impaired financial assets are detailed in Note 5.

### Measurement of ECL

The measurement of ECL is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the loan commitments draws down the loan, and the cash flows that the Bank expects to receive if the loan is drawn down.

Except for investments in debt instruments that are measured at FVTOCI and loan commitments, the Bank recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their net carrying amount. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the revaluation reserve in relation to accumulated loss allowance. The expected credit losses of loan commitment are recognised as a provision and presented in other liabilities.

### Write-off policy

The Bank writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has

been placed under liquidation or has entered into bankruptcy proceedings, or in the case of assets other than sovereign loans, when the amounts are over 90 days past due or the amounts of sovereign loans are over 180 days past due. Financial assets written off may still be subject to enforcement activities under the Bank's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

### Derecognition/modification of financial instruments

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the Bank has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Bank applies the practical expedient, when the contractual terms of a financial asset are modified, the Bank assesses whether the revised terms result in a substantial modification from original terms taking into account

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Bank considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Modification of financial liabilities**

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Bank applies the practical expedient, when the contractual terms of a financial liability are modified, the Bank assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Bank considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent. For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

#### **Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform**

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Bank applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Bank then applies the applicable requirements in IFRS 9 on modification of a financial asset or a financial liability (see accounting policy above) to the additional changes to which the practical expedient does not apply.

#### **Offsetting**

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Bank has a legally enforcement right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.



### **Net gains/losses on financial instruments at FVTPL**

Net gains/losses on financial instruments at FVTPL represents non-trading derivatives held for risk management purposes used in economic hedge relationship but not qualifying for hedge accounting relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets measured at FVTPL, as required by or elected under IFRS 9 Financial Instruments. The line item includes fair value changes, settlement of net interest payments, dividends and foreign exchange differences.

### **Employee benefits**

In the accounting period in which employees provide services, the Bank recognises the salary and welfare costs incurred and estimated employee benefits, as a liability at the undiscounted amount of the benefits expected to be paid, with a corresponding charge to the profit or loss for the current period.

The amounts payable arising on the Bank's defined contribution scheme are recognised in the financial statements in the period in which the related service is provided. The Bank has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to pay any employee the benefits relating to services rendered in any current and prior period.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

### **Paid-in capital**

In accordance with the Agreement, the Bank has authorised capital and subscribed capital that is further divided into paid-in shares and callable shares. The Bank's paid-in capital is denominated in USD.

Where shares have been issued on terms that provide the Bank rights to receive cash or another financial asset, on a specified future date, the Bank recognises the financial asset at the fair value of the amount of receivable.

### **Taxation**

The Bank enjoys tax exemption within the territory of mainland China according to Article 9 of the Headquarters 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, the People's Republic of China.

The Bank shall be also immune from all taxation, restrictions and customs duties for the transfers, operations and transactions it carries out pursuant to the Agreement entered into force on July 3, 2015.

### **Cash and cash equivalents**

Cash comprises of cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Bank's short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### **Foreign currencies**

The financial statements of the Bank are presented in the currency of the primary economic environment in which the Bank operates, its functional currency, which is USD. In preparing the annual financial statements of the Bank, transactions in currencies other than the Bank's functional currency (USD) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated after initial recognition.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS APPLIED BY MANAGEMENT

In the application of the Bank's accounting policies, the Bank is required to make estimates and judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying accounting policies

#### **Measurement of the ECL allowance for the financial assets measured at amortized cost, fair value through other comprehensive income and loan commitments**

The following significant judgement is required in applying the accounting requirements for measuring the ECL:

- Determining criteria for significant increase in credit risk and credit-impaired.

As disclosed in Note 5, the Bank considers both qualitative and quantitative criteria in assessing whether a financial instrument has experienced a significant increase in credit risk.

### Key sources of estimation uncertainty

#### **Measurement of the ECL allowance for loans and advances and loan commitments**

The measurement of the ECL allowance for the Bank's loans and advances and loan commitments requires the use of a model and certain assumptions. This involves:

- Choosing an appropriate model and determining appropriate assumptions for the measurement of ECL; and
- Establishing the number and weighting of forward-looking scenarios for each type of product.

Details of the model and certain assumptions used in measuring ECL are further disclosed in Note 5, which also presents sensitivities of the ECL.

#### **Valuation of bonds designated at FVTPL**

Certain financial liabilities are measured at FVTPL. The Bank is required to use valuation techniques to determine the fair value. The Bank made judgements about the appropriate discount rate to apply which was calculated on the basis of zero-coupon yield curve and adjusted spread. The valuation models of the bonds designated at FVTPL are also based on underlying observable market data and market accepted valuation techniques.

The Bank's analysis and method for determining the fair value of financial liabilities designated at fair value are provided in Note 6.

#### **Discounting of paid-in capital receivables**

The discounted cash flow model is used by the Bank to calculate the present value of paid-in capital receivables at initial recognition. In determining the discount rate of paid-in capital receivables, the Bank took into account various factors including the funding cost of similar instruments issued by similar institutions, instrument-specific risk profile. It was concluded by Management of the Bank that USD LIBOR yield curve is the most appropriate discount rate that reflects the time value and the credit risk of the receivables in question.

## 5. 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, 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.

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 based 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.

A summary of rating grade that is being used by the Bank is as below:

- Senior investment grade: broadly corresponds with AAA to A- under the S&P Global Rating scale;
- Investment grade: broadly corresponds with BBB+ to BBB- under the S&P Global Rating scale;
- Sub-investment grade: broadly corresponds with BB+ to D under the S&P Global Rating scale.

All ratings are derived from global rating agencies or the Bank's internal credit rating criteria.

## 5. FINANCIAL RISK MANAGEMENT - CONTINUED

### *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 year ended December 31, 2023 and 2022.

### *Significant increases in credit risk*

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

#### *Quantitative criteria:*

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

#### *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 or principal or other contractual payment exceeds 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).

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.

### 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

- Three macro scenarios: baseline, optimistic and pessimistic. Each scenario is forecasted for five years.
- Based on each member country's development and conditions, a range of forward-looking macro-economic information is considered.
- 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 judgement and 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. FINANCIAL RISK MANAGEMENT - CONTINUED

### *Sensitivity Analysis*

The sensitivity of provisions for loans and loan commitments to the key variables used in determining the impairment is provided below.

	AS AT DECEMBER 31, 2023 RECALCULATED ECL	AS AT DECEMBER 31, 2022 CHANGE IN ECL
	USD MILLION	USD MILLION
<b>Rating</b>		
All upgraded 1 notch	97	(21)
All downgraded 1 notch	137	19
<b>Staging</b>		
All in Stage 1	53	(65)
All in Stage 2	179	61
<b>LGD</b>		
All increased by 10%	169	51
<b>Weights of the scenarios</b>		
The baseline, optimistic and pessimistic scenarios were given weightings of 45%, 25% and 30% respectively	120	2

### Credit quality analysis

The following table sets out the loans and loan commitments for sovereign loans, Non-sovereign loans and bond investments, with their respective ECL allowance balances.

	AS AT DECEMBER 31, 2023		
	GROSS CARRYING AMOUNT OF LOANS/BONDS	UNUTILISED LOAN COMMITMENTS	ECL
	USD MILLION	USD MILLION	USD MILLION
Loans and Loan commitments:			
- Sovereign operations	15,930	5,313	(32)
- Non-sovereign operations	1,931	794	(86)
<b>Subtotal</b>	<b>17,861</b>	<b>6,107</b>	<b>(118)</b>
Treasury:			
- Debt instruments measured at amortised cost	1,232	N/A	(1)
- Debt instruments at FVTOCI	2,003	N/A	(1)
<b>Subtotal</b>	<b>3,235</b>	<b>N/A</b>	<b>(2)</b>
<b>Total</b>	<b>21,096</b>	<b>6,107</b>	<b>(120)</b>

	AS AT DECEMBER 31, 2022		
	GROSS CARRYING AMOUNT OF LOANS/BONDS	UNUTILISED LOAN COMMITMENTS	ECL
	USD MILLION	USD MILLION	USD MILLION
Loans and Loan commitments:			
- Sovereign operations	12,711	6,647	(72)
- Non-sovereign operations	1,827	493	(94)
<b>Subtotal</b>	<b>14,538</b>	<b>7,140</b>	<b>(166)</b>
Treasury:			
- Debt instruments measured at amortised cost	2,582	N/A	(3)
- Debt instruments at FVTOCI	2,977	N/A	(1)
<b>Subtotal</b>	<b>5,559</b>	<b>N/A</b>	<b>(4)</b>
<b>Total</b>	<b>20,097</b>	<b>7,140</b>	<b>(170)</b>

## 5. FINANCIAL RISK MANAGEMENT - CONTINUED

### *Credit exposure on loan facilities*

The table below represents an analysis of the credit quality of loan facilities, based on the external rating of the counterparties:

AS AT DECEMBER 31, 2023	EFFECTIVE FACILITY	UTILISED	UNUTILISED LOAN COMMITMENTS
	USD MILLION	USD MILLION	USD MILLION
Senior investment grade	7,107	5,304	1,803
Investment grade	7,090	4,636	2,454
Sub-investment grade	9,511	7,661	1,850
<b>Total</b>	<b>23,708</b>	<b>17,601</b>	<b>6,107</b>
Interest receivable		260	
Less: ECL allowance		(94)	
<b>Net carrying amount as at December 31, 2023</b>		<b>17,767</b>	

AS AT DECEMBER 31, 2022	EFFECTIVE FACILITY	UTILISED	UNUTILISED LOAN COMMITMENTS
	USD MILLION	USD MILLION	USD MILLION
Senior investment grade	6,843	4,153	2,690
Investment grade	6,831	4,277	2,554
Sub-investment grade	7,840	5,944	1,896
<b>Total</b>	<b>21,514</b>	<b>14,374</b>	<b>7,140</b>
Interest receivable		164	
Less: ECL allowance		(133)	
<b>Net carrying amount as at December 31, 2022</b>		<b>14,405</b>	

Additional disclosures on the stage classification and ECL allowance of loans and advances and loan commitments are set out in Note 19 and Note 26, respectively.



### Concentration risk

The following table breaks down the credit risk exposures relating to loans and commitments, in their carrying amounts, by country.

AS AT DECEMBER 31, 2023	EFFECTIVE FACILITY	UTILISED	UNUTILISED LOAN COMMITMENTS
	USD MILLION	USD MILLION	USD MILLION
Brazil	2,895	2,492	403
Russia	3,476	2,101	1,375
India	6,439	4,170	2,269
China	7,107	5,304	1,803
South Africa	3,791	3,534	257
<b>Total</b>	<b>23,708</b>	<b>17,601</b>	<b>6,107</b>
Interest receivable		260	
Less: ECL allowance		(94)	
<b>Net carrying amount as at December 31, 2023</b>		<b>17,767</b>	

AS AT DECEMBER 31, 2022	EFFECTIVE FACILITY	UTILISED	UNUTILISED LOAN COMMITMENTS
	USD MILLION	USD MILLION	USD MILLION
Brazil	1,665	1,353	312
Russia	3,091	2,024	1,067
India	6,175	3,806	2,369
China	6,843	4,153	2,690
South Africa	3,740	3,038	702
<b>Total</b>	<b>21,514</b>	<b>14,374</b>	<b>7,140</b>
Interest receivable		164	
Less: ECL allowance		(133)	
<b>Net carrying amount as at December 31, 2022</b>		<b>14,405</b>	

## 5. FINANCIAL RISK MANAGEMENT - CONTINUED

### *Credit exposure on deposits*

The Bank had deposits with commercial banks that are subject to credit risk. These deposits are mainly placed with highly rated banks in mainland China, Hong Kong and Singapore. The credit ratings of banks are analysed as below:

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Cash and cash equivalents		
Senior investment grade	761	1,713
Investment grade	-*	163
Sub-investment grade	1	-*
Due from banks other than cash and cash equivalents		
Senior investment grade	5,824	4,024
Investment grade	514	-
<b>Total</b>	<b>7,100</b>	<b>5,900</b>
Less: ECL allowance	(3)	(1)
<b>Net carrying amount</b>	<b>7,097</b>	<b>5,899</b>

\* Less than USD half of a million

### *Credit exposure on debt instruments measured at amortised cost*

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Senior investment grade	1,127	2,463
Investment grade	105	105
Sub-investment grade	-	14
<b>Total</b>	<b>1,232</b>	<b>2,582</b>
Less: ECL allowance	(1)	(3)
<b>Net carrying amount</b>	<b>1,231</b>	<b>2,579</b>

*Credit exposure on debt instruments at FVTOCI*

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Senior investment grade	2,000	2,944
<b>Total</b>	<b>2,000</b>	<b>2,944</b>

ECL allowance of due from banks and debt instruments at FVTOCI are measured on the base of 12-month ECL up to December 31, 2023 and 2022. The credit exposure on cash and cash equivalents exclude cash on hand. Additional disclosures on the stage classification and ECL allowance of debt instruments at amortised cost is set out in Note 18.

*Credit risk on derivatives*

The Bank has entered into derivative contracts for the purpose of achieving an economic hedge of currency and interest rate risk associated with the bonds issued, time deposits, loans and advances, debt instruments measured at amortised cost and debt instruments at FVTOCI. The Bank operates with counterparties with high credit rating and enters into derivative contracts with them mainly through master agreements.

**Liquidity risk**

The Bank's liquidity risk arises mainly from the following two circumstances:

- (i) Insufficient liquidity to settle obligations (i) 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.
- (ii) Inability to liquidate an investment at a reasonable price within the required period of time.

The Bank utilises a set of risk measurement tools for identifying, monitoring, managing and controlling liquidity risk. The Bank maintains an appropriate mix of liquid assets as a source of liquidity for day-to-day operational needs, as well as for meeting emergency funding needs. The Bank also has the channel to borrow funds and issue debt securities or note payables in order to achieve its development mission and optimise liquidity. In addition, the Bank monitors liquidity risk through the liquidity risk ratios and indicators, as prescribed in the liquidity risk management policy of the Bank.

The following table presents the cash flows associated with the main financial assets and financial liabilities based on the remaining period at the end of reporting period to the contractual maturity date. The balances in the tables will not necessarily agree to the amounts presented on the statement of financial position as amounts incorporate cash flows on an undiscounted basis, therefore, the figures include both principal and associated future interest payments.

## 5. FINANCIAL RISK MANAGEMENT - CONTINUED

AS AT DECEMBER 31, 2023	ON DEMAND	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	MATURITY UNDEFINED	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Non-derivatives</b>								
Cash and cash equivalents	633	129	-	-	-	-	-	762
Due from banks other than cash and cash equivalents	-	335	1,591	4,560	-	-	-	6,486
Financial assets at FVTPL	-	-	-	-	-	-	84	84
Debt instruments measured at FVTOCI	-	51	125	1,811	76	-	-	2,063
Debt instruments measured at amortised cost	-	104	411	115	623	-	-	1,253
Loans and advances	-	-	434	762	5,399	20,319	-	26,914
Paid-in capital receivables	-	-	28	47	344	41	-	460
Other financial assets	-*	-	1	-	-	-	24	25
Financial liabilities designated at FVTPL	-	(10)	(1,401)	(2,674)	(9,376)	-	-	(13,461)
Bond payables	-	(3)	(18)	(566)	(1,124)	-	-	(1,711)
Note payables	-	-	(575)	(1,722)	-	-	-	(2,297)
Lease liabilities	-	-	-*	-*	-*	-	-	-*
Other financial liabilities	(31)	-	-	-	-	-	(8)	(39)
<b>Sub-total</b>	<b>602</b>	<b>606</b>	<b>596</b>	<b>2,333</b>	<b>(4,058)</b>	<b>20,360</b>	<b>100</b>	<b>20,539</b>
<b>Derivatives</b>								
<i>Net setting derivatives</i>								
Interest rate swap - cash inflow	-	21	23	(28)	117	-	-	133
Interest rate swap - cash outflow	-	(72)	(17)	(141)	(164)	-	-	(394)
<i>Gross setting derivatives</i>								
Cross currency swap - cash inflow	-	9	68	609	2,269	625	-	3,580
Cross currency swap - cash outflow	-	(11)	(45)	(555)	(2,204)	(800)	-	(3,615)
Foreign exchange forward - cash inflow	-	-	-	-	-	-	-	-
Foreign exchange forward - cash outflow	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>(53)</b>	<b>29</b>	<b>(115)</b>	<b>18</b>	<b>(175)</b>	<b>-</b>	<b>(296)</b>
<b>Net</b>	<b>602</b>	<b>553</b>	<b>625</b>	<b>2,218</b>	<b>(4,040)</b>	<b>20,185</b>	<b>100</b>	<b>20,243</b>

\* Less than USD half of a million

AS AT DECEMBER 31, 2022	ON DEMAND	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	MATURITY UNDEFINED	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Non-derivatives</b>								
Cash and cash equivalents	744	1,094	39	-	-	-	-	1,877
Due from banks other than cash and cash equivalents	-	904	981	2,070	103	-	-	4,058
Financial assets at FVTPL	-	-	-	-	-	-	55	55
Debt instruments measured at FVTOCI	-	77	51	2,635	253	-	-	3,016
Debt instruments measured at amortised cost	-	77	319	1,056	1,175	-	-	2,627
Loans and advances	-	-	320	537	4,615	19,448	-	24,920
Paid-in capital receivables	-	-	24	14	187	51	-	276
Other financial assets	-*	-	2	-	-	-	38	40
Financial liabilities designated at FVTPL	-	(33)	(28)	(2,451)	(9,581)	-	-	(12,093)
Bond payables	-	(1)	(5)	(17)	(576)	-	-	(599)
Note payables	-	(680)	(357)	(2,031)	-	-	-	(3,068)
Lease liabilities	-	-	-*	-*	-*	-	-	-*
Other financial liabilities	(5)	-	-	-	-	-	(10)	(15)
<b>Sub-total</b>	<b>739</b>	<b>1,438</b>	<b>1,346</b>	<b>1,813</b>	<b>(3,824)</b>	<b>19,499</b>	<b>83</b>	<b>21,094</b>
<b>Derivatives</b>								
<i>Net setting derivatives</i>	-	-	-	-	-	-	-	-
Interest rate swap - cash inflow	-	9	11	176	273	-	-	469
Interest rate swap - cash outflow	-	(42)	(48)	(354)	(594)	-	-	(1,038)
<i>Gross setting derivatives</i>	-	-	-	-	-	-	-	-
Cross currency swap - cash inflow	-	1	36	98	962	581	-	1,678
Cross currency swap - cash outflow	-	(2)	(26)	(30)	(934)	(682)	-	(1,674)
Foreign exchange forward - cash inflow	-	254	6	1,235	-	-	-	1,495
Foreign exchange forward - cash outflow	-	(239)	(6)	(1,213)	-	-	-	(1,458)
<b>Sub-total</b>	<b>-</b>	<b>(19)</b>	<b>(27)</b>	<b>(88)</b>	<b>(293)</b>	<b>(101)</b>	<b>-</b>	<b>(528)</b>
<b>Net</b>	<b>739</b>	<b>1,419</b>	<b>1,319</b>	<b>1,725</b>	<b>(4,117)</b>	<b>19,398</b>	<b>83</b>	<b>20,566</b>

\* Less than USD half of a million

## 5. FINANCIAL RISK MANAGEMENT - CONTINUED

### Interest rate benchmark reform

As listed in Note 19 and Note 15 several of the Bank's LIBOR loans and advances and derivatives have been subject to the interest rate benchmark reform. The Bank is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

During the year ended December 31, 2023, the Bank has completed the transition of interest rate benchmark reform for all financial instruments on its balance sheet. As of December 31, 2023, there is no instrument outstanding subject to the interest rate benchmark reform.

### Market risk

Market risk is the risk that market rates and prices on assets, liabilities and off-balance sheet positions change which result in profits and losses to the Bank. The Bank's market risk mainly consists of interest rate risk and exchange rate risk arising from the current portfolio. The Treasury and Portfolio Management Department of the Bank makes investment and hedging decisions within the guidelines set in Board-approved policies.

### Interest rate risk

Interest rate risk is defined as the risk of adverse impact on the Bank's financial position, including its income and economic value, due to interest rate movements. The Bank's lending and investment activities may expose the Bank to interest rate risk. In addition, changes in the macro-economic environment have a significant impact on the movement of interest rate curves for different currencies.

The Bank has limited tolerance towards interest rate risks. The primary strategy for interest rate risk management is to match the interest rate sensitivity of individual currencies on both sides of the statement of financial position. The tenor (for which the interest is fixed) indicates the extent to which a financial instrument is exposed to interest rate risk. Interest rate risk arises principally from the 1) sensitivity associated with the net spread between the rate the Bank earns on its assets and the cost of borrowings which funds those assets, and 2) the sensitivity of the income earned from funding a portion of the Bank's assets with equity.

Accordingly, interest rate risk management aims to minimise mis-matches of structure and maturities (re-pricing) of interest rate sensitive assets and liabilities by adopting a match-funding principle complemented by duration gap analysis, interest rate repricing gap analysis, economic value of equity analysis and scenario analysis. The Bank aims to maintain the duration up to the approved limits by generating a stable overall net interest margin that is not overly sensitive to sharp changes in market interest rates, but adequately responsive to general market trends. An adequate match-funding refers to the principles of funding that has broadly the same characteristics as the corresponding loans in terms of interest rate and currency. Such minimisation of mismatches protects the Bank's net interest margin from fluctuations in market interest rates. The Bank also undertakes derivative transactions to hedge interest rate risk.

The Bank measures its interest rate exposure by estimating the interest rate re-pricing profile which is used to analyse the impact of interest rate change on its net interest income due to the re-pricing mismatch between assets, liabilities and off-balance sheet positions over a range of re-pricing buckets. Interest bearing assets and liabilities including off-balance sheet positions are slotted into their respective re-pricing time bands according to their earliest interest re-pricing dates.

### Interest rate sensitivity analysis

The objective of Net Interest Income (NII) sensitivity analysis is to utilise projected earnings simulations to forecast, measure and manage interest rate risk. NII analysis measures the sensitivity of net interest income earnings to changes in interest rates.

The sensitivity analysis is prepared assuming the interest bearing financial assets and liabilities outstanding at the end of each respective reporting periods were outstanding for the whole year.

When reporting to the Management on the interest rate risk, in order to consider the possible change in interest rates, a 100 basis points increase or decrease in the relevant interest rates is adopted for sensitivity analysis, The impact of a change in interest rates on the last date of the reporting period is shown below.

	IMPACT ON PROFIT	
	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
+ 100 basis points	76	56
- 100 basis points	(76)	(56)

### Exchange rate risk

The Bank's exchange rate risk arises from the impact of exchange rate movements on net open positions. Accordingly, movements in currencies in which the Bank transacts, relative to its functional currency (USD), can affect the Bank's financial results. The Bank's main exposure to the exchange rate risk is associated with Renminbi (RMB) for the year ended December 31, 2023, and 2022. The RMB exposures are mainly hedged through swaps or forwards.

The Bank aims at reducing or limiting exposure to the exchange rate risk arising from its normal course of business, while maximising its capacity to assume the risks of extending credit to clients (or borrowers) within its approved risk limits. The Bank uses the net exchange position limit to evaluate the exchange rate risk exposure.

The Bank seeks to match the currency of its assets with the currency of the corresponding funding source. The Bank uses currency derivative contracts to align the currency composition of its equity and liabilities to its asset.

## 5. FINANCIAL RISK MANAGEMENT - CONTINUED

### Exchange rate sensitivity analysis

The following table shows the impact of an appreciation or depreciation of USD against foreign currencies as at December 31, 2023 and 2022 assuming that all other variables remain constant. The sensitivity analysis includes outstanding foreign currency denominated monetary items in their net carrying amounts as at December 31, 2023 and 2022.

	IMPACT ON PROFIT	
	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
10% appreciation	5	9
10% depreciation	(5)	(9)

### Capital management

The Bank monitors its capital adequacy level within a Capital Management Framework (CMF), which seeks to ensure that the Bank'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.

The Bank 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 has been equally distributed amongst the founding members and the payment of the amount initially subscribed to the paid-in capital stock of the Bank has been paid in full.

According to Article 7d of the Agreement, an increase of the authorised and subscribed capital stock of the Bank, 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 the Bank as per Article 7e of the Agreement.



## 6. 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 December 31, 2023.

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.

### ***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 fund 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, including valuation methods 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.

**6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES** - CONTINUED

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
As at December 31, 2023				
Financial assets				
Financial assets at FVTPL	-	-	84	84
Debt instruments at FVTOCI	245	1,755	-	2,000
Derivative financial assets	-	204	-	204
<b>Total financial assets measured at fair value</b>	<b>245</b>	<b>1,959</b>	<b>84</b>	<b>2,288</b>
Financial liabilities				
Derivative financial liabilities	-	508	-	508
Financial liabilities designated at FVTPL	-	12,669	-	12,669
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>13,177</b>	<b>-</b>	<b>13,177</b>

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
As at December 31, 2022				
Financial assets				
Financial assets at FVTPL	-	-	55	55
Debt instruments at FVTOCI	881	2,063	-	2,944
Derivative financial assets	-	156	-	156
<b>Total financial assets measured at fair value</b>	<b>881</b>	<b>2,219</b>	<b>55</b>	<b>3,155</b>
Financial liabilities				
Derivative financial liabilities	-	656	-	656
Financial liabilities designated at FVTPL	-	11,189	-	11,189
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>11,845</b>	<b>-</b>	<b>11,845</b>

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023 and 2022.

There was no third-party credit enhancement in the fair value measurement for financial liabilities designated at FVTPL as at December 31, 2023 and 2022.

**RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AT FVTPL**

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
As at beginning of the year	55	11
Purchased	27	42
Unrealised changes in fair value recognised in profit or loss	2	2
<b>As at end of the year</b>	<b>84</b>	<b>55</b>

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

The table below shows the carrying amount and 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 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 DECEMBER 31, 2023		AS AT DECEMBER 31, 2022	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Financial assets</b>				
Debt instruments measured at amortised cost	1,231	1,176	2,579	2,458
Loans and advances	17,767	19,710	14,405	15,456

#### AS AT DECEMBER 31, 2023

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Financial assets</b>				
Debt instruments measured at amortised cost	976	200	-	1,176
Loans and advances	-	-	19,710	19,710

#### AS AT DECEMBER 31, 2022

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Financial assets</b>				
Debt instruments measured at amortised cost	1,305	1,153	-	2,458
Loans and advances	-	-	15,456	15,456

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 the loans and advances above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of respective counterparties.

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.

## 7. NET INTEREST INCOME

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Interest income calculated using the effective interest rate method		
- Banks	327	97
- Loans and advances	837	390
- Debt instruments measured at amortised cost	59	32
- Financial assets held under resale agreements	-*	-*
- Swap related collateral	1	-
- Debt instruments at FVTOCI	60	50
<b>Total interest income</b>	<b>1,284</b>	<b>569</b>
Interest expense calculated using the effective interest rate method		
- Note payables	(119)	(45)
- Bond payables	(60)	(10)
- Interest expense on financial liabilities designated at FVTPL	(246)	(151)
- Financial assets sold under repurchase agreements	-*	-
- Swap related collateral	-*	-*
Interest expense on lease liabilities	-*	-*
<b>Total interest expense</b>	<b>(425)</b>	<b>(206)</b>
<b>Net interest income</b>	<b>859</b>	<b>363</b>

\* Less than USD half of a million

## 8. NET FEE INCOME

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Front-end fee recognised	3	3
Commitment fee	6	8
<b>Total fee income</b>	<b>9</b>	<b>11</b>
Upfront fee expense	-*	-
<b>Total fee expense</b>	<b>-*</b>	<b>-</b>
<b>Net fee income</b>	<b>9</b>	<b>11</b>

\* Less than USD half of a million

## 9. NET (LOSSES)/ GAINS ON FINANCIAL INSTRUMENTS AT FVTPL

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Derivatives	(54)	(357)
Bonds issued	(192)	683
Money market funds	-	-*
Others (Note 1 below)	2	2
<b>Total</b>	<b>(244)</b>	<b>328</b>

Note 1: Others mainly represent investments in private equity fund.

\* Less than USD half of a million

## 10. STAFF COSTS

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Salaries and allowances	43	40
Other benefits	13	13
<b>Total</b>	<b>56</b>	<b>53</b>

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 year ended December 31, 2023 for the SRP and PRP was USD 8 million (year ended December 31, 2022: USD 8 million) and USD 1 million (year ended December 31, 2022: USD 1 million) 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 year ended December 31, 2023 and 2022. 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.

## 11. OTHER OPERATING EXPENSES

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Office expenses	9	7
IT expenses	8	7
Professional fees	7	5
Travel expenses	5	2
Auditor's remuneration	1	1
Lease rentals in respect of short-term leases/low value assets	-	-*
Hospitality expenses	-*	-*
Depreciation and amortisation	1	-*
Others	-*	-*
<b>Total</b>	<b>31</b>	<b>22</b>

\* Less than USD half of a million

## 12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Impairment losses (reversed)/recognised on:		
- Due from banks other than cash and cash equivalents	2	(2)
- Debt instruments at FVTOCI	-*	-*
- Debt instruments measured at amortised cost	(2)	-*
- Loans and advances	(39)	98
- Loan commitments	(9)	29
<b>Total</b>	<b>(48)</b>	<b>125</b>

\* Less than USD half of a million

## 13. CASH AND CASH EQUIVALENTS

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Cash on hand	-*	-*
Demand deposit	633	744
Time deposit with original maturity within three months	129	1,132
<b>Total</b>	<b>762</b>	<b>1,876</b>

\* Less than USD half of a million

## 14. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Commercial banks	6,467	5,156
Less: ECL allowance	(3)	(1)
	6,464	5,155
Less: Time deposit with original maturity within three months	(129)	(1,132)
<b>Total</b>	<b>6,335</b>	<b>4,023</b>

### ► RECONCILIATION OF PROVISION FOR DUE FROM BANKS:

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
ECL allowance of due from banks as at beginning of the year	1	3
Additions	3	1
Derecognition	(1)	(3)
Change in risk parameters	-*	-*
<b>ECL allowance of due from banks as at end of the year</b>	<b>3</b>	<b>1</b>

\* Less than USD half of a million

For the year ended December 31, 2023, the additions to the ECL allowance of USD 3 million (December 31, 2022: USD 1 million) was due to increase or origination of due from banks with gross carrying amount of USD 6,366 million (December 31, 2022: USD 4,744 million).

For the year ended December 31, 2023, the derecognition to the ECL allowance of USD 1 million (December 31, 2022: USD 3 million) was due to decrease of due from banks with gross carrying amount of USD 5,055 million (December 31, 2022: USD 5,062 million).



## 15. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

During the year ended December 31, 2023, the Bank has entered into derivative contracts in relation to the USD and European Monetary Unit (EUR) denominated notes and the Renminbi (RMB) bond, that were paired with swaps of which the total notional amounts are USD 3,307 million to convert the issuance proceeds into the interest rate structure sought by the Bank.

Similarly, the Bank also entered into derivative contracts in connection with three Hong Kong Dollar (HKD) denominated notes issued in May, June and September 2023 respectively, that were paired with swaps of which the total notional amounts are HKD 750 million, HKD 500 million and HKD 625 million respectively, to convert the issuance proceeds into the currency and/or interest rate structure sought by the Bank.

Besides, the Bank has entered into derivative contracts in connection with loans and advances, debt instruments measured at amortised cost and due from banks that were paired with swaps to convert the notional amounts into the currency and/or interest rate 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 year ended December 31, 2023 and 2022.

The Bank has adhered to ISDA IBOR Fallbacks Protocol for the IBOR fallback of its derivatives governed by ISDA.

AS AT DECEMBER 31, 2023	NOTIONAL USD	FAIR VALUE ASSET	FAIR VALUE LIABILITY
	USD MILLION	USD MILLION	USD MILLION
Interest Rate Swap	12,864	113	407
Cross Currency Swap	3,113	91	101
<b>Total</b>	<b>15,977</b>	<b>204</b>	<b>508</b>

AS AT DECEMBER 31, 2022	NOTIONAL USD	FAIR VALUE ASSET	FAIR VALUE LIABILITY
	USD MILLION	USD MILLION	USD MILLION
Interest Rate Swap	14,129	58	612
Forward Contract	1,494	38	2
Cross Currency Swap	1,381	60	42
<b>Total</b>	<b>17,004</b>	<b>156</b>	<b>656</b>

## 15. DERIVATIVE FINANCIAL ASSETS/LIABILITIES - CONTINUED

### ▶ MAJOR TERMS OF THE INTEREST RATE SWAP ARE AS FOLLOWS:

AS AT DECEMBER 31, 2023	NOTIONAL USD	RECEIVED RATE	PAID RATE
USD MILLION			
Floating to floating	396	Fallback Rate (6-month USD LIBOR)	SOFR
Receive fixed pay floating	12,393	0.424% to 5.7%	3-month SHIBOR, Fallback Rate (6-month USD LIBOR), SOFR or EURIBOR
Pay fixed receive floating	75	Fallback Rate (3-month USD LIBOR)	0.384% to 0.857%
<b>Total</b>	<b>12,864</b>		

AS AT DECEMBER 31, 2022	NOTIONAL USD	RECEIVED RATE	PAID RATE
USD MILLION			
Floating to floating	1,996	6-month USD LIBOR	SOFR
Receive fixed pay floating	11,978	0.353% to 3.334%	3-month SHIBOR, 6-month USD LIBOR or SOFR
Pay fixed receive floating	155	3-month USD LIBOR	0.2635% to 0.8570%
<b>Total</b>	<b>14,129</b>		

### ▶ MAJOR TERMS OF THE CROSS CURRENCY SWAP ARE AS FOLLOWS:

AS AT DECEMBER 31, 2023	NOTIONAL USD	RECEIVED RATE	PAID RATE
USD MILLION			
Floating to floating	2,703	Fallback Rate (6-month USD LIBOR), 3-month USD LIBOR or SOFR	3-month ZAR JIBAR, 6-month EUR Euribor, 3-month SHIBOR or SARON
Receive fixed pay floating	402	0.56% to 4.904%	Fallback Rate (6-month USD LIBOR) or SOFR
Fixed to fixed	8	0.86%	2.98%
<b>Total</b>	<b>3,113</b>		

AS AT DECEMBER 31, 2022	NOTIONAL USD	RECEIVED RATE	PAID RATE
USD MILLION			
Floating to floating	1,197	6-month USD LIBOR, 6-month CHF LIBOR or 3-month SHIBOR	3-month ZAR JIBAR, 3-month USD LIBOR, 6-month USD LIBOR, or SOFR
Receive fixed pay floating	163	0.56% to 4.12%	6-month USD LIBOR or SOFR
Fixed to fixed	21	0.86% to 1.88%	2.98% to 5.945%
<b>Total</b>	<b>1,381</b>		

► MAJOR TERMS OF THE FORWARD CONTRACT ARE AS FOLLOWS:

AS AT DECEMBER 31, 2022	NOTIONAL USD	DEAL RATE
	USD MILLION	
Exchange of RMB to USD	254	USD 1: RMB 6.5125 to USD 1: RMB 6.5317
Exchange of EUR to USD	1,238	USD 1: EUR 1.0069 to USD 1: EUR 1.1092
Exchange of ZAR to USD	2	USD 1: ZAR 16.6478
<b>Total</b>	<b>1,494</b>	

The Bank has entered certain derivative transactions that are covered by the ISDA Master Agreement signed with various banks. These derivative instruments are not offset in the statement of financial position as the ISDA Master Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Bank currently has no legally enforcement right to set off the recognised amounts.

The Bank or counterparties require collateral in the form of cash and security against the exposures to derivative counterparties. The Bank records cash collateral in respect of the interest rate swaps and cross currency swaps based on 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. As at December 31, 2023, the Bank has paid cash collateral of USD 24 million (Note 21) (December 31, 2022: USD 38 million) to the swap counterparties, and has received cash collateral of USD 8 million (Note 26) (December 31, 2022: USD 10 million) from the swap counterparties.

## 16. FINANCIAL ASSETS AT FVTPL

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	
Mandatorily measured at FVTPL:		
- Private equity fund	84	55
<b>Total</b>	<b>84</b>	<b>55</b>

## 17. DEBT INSTRUMENTS AT FVTOCI

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Government bonds	147	190
Bank bonds	1,780	2,482
Corporate bonds	73	272
<b>Total</b>	<b>2,000</b>	<b>2,944</b>

### ► RECONCILIATION OF PROVISION FOR DEBT INSTRUMENTS AT FVTOCI:

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
ECL allowance of debt instruments at FVTOCI as at beginning of the year	1	1
Additions	1	1
Derecognition	(1)	(1)
Change in risk parameters	-*	-*
<b>ECL allowance of debt instruments at FVTOCI as at end of the year</b>	<b>1</b>	<b>1</b>

\* Less than USD half of a million

For the year ended December 31, 2023, the additions to the ECL allowance of USD 1 million (December 31, 2022: USD 1 million) was due to increase or purchase of debt instruments at FVTOCI with gross carrying amount of USD 1,753 million (December 31, 2022: USD 2,529 million).

For the year ended December 31, 2023, the derecognition to the ECL allowance of USD 1 million (December 31, 2022: USD 1 million) was due to redemption of debt instruments at FVTOCI with gross carrying amount of USD 2,727 million (December 31, 2022: USD 856 million).

## 18. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Government bonds	125	100
Bank bonds	1,022	2,165
Corporate bonds	85	317
Less: ECL allowance	(1)	(3)
<b>Net carrying amount</b>	<b>1,231</b>	<b>2,579</b>

### ► RECONCILIATION OF PROVISION FOR DEBT INSTRUMENTS MEASURED AT AMORTISED COST:

AS AT DECEMBER 31, 2022	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
ECL allowance of debt instruments measured at amortised cost as at beginning of the year	3	3
Additions	-*	1
Derecognition	(1)	(1)
Change in risk parameters	(1)	-*
Transfer to lifetime ECL - not credit-impaired	-	-*
<b>ECL allowance of debt instruments measured at amortised cost as at end of the year</b>	<b>1</b>	<b>3</b>

\* Less than USD half of a million

For the year ended December 31, 2023, the additions to the ECL allowance of USD less than half a million (December 31, 2022: USD 1 million) was due to increase or purchase of debt instruments measured at amortised cost with gross carrying amount of USD 77 million (December 31, 2022: USD 915 million).

For the year ended December 31, 2023, the derecognition to the ECL allowance of USD 1 million (December 31, 2022: USD 1 million) was due to redemption of debt instruments measured at amortised cost with gross carrying amount of USD 1,427 million (December 31, 2022: USD 594 million).

ECL allowance of debt instruments measured at amortised cost is measured on the base of 12-month ECL up to December 31, 2023.

## 19. LOANS AND ADVANCES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Principal	17,601	14,374
Interest receivable	260	164
Gross carrying amount	17,861	14,538
Less: ECL allowance	(94)	(133)
<b>Net carrying amount</b>	<b>17,767</b>	<b>14,405</b>

As at December 31, 2023, the net carrying amount of loans and advances denominated in RMB, Swiss Franc (CHF), South African Rand (ZAR) or EUR amounted to USD 6,368 million (December 31, 2022: USD 5,118 million).

As at December 31, 2023, the floating reference rates of the Bank's loans and advances were SOFR, SARON, 6-month EURIBOR, 3-month SHIBOR or 3-month ZAR JIBAR (December 31, 2022: SOFR, SARON, 6-month USD LIBOR, 6-month EURIBOR, 3-month SHIBOR or 3-month ZAR JIBAR).

### ► RECONCILIATION OF PROVISION FOR LOANS AND ADVANCES

	12 MONTH ECL	LIFETIME ECL - NOT CREDIT-IMPAIRED	LIFETIME ECL - CREDIT-IMPAIRED	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
ECL allowance of loans as at January 1, 2023	21	112	-	133
Additions	5	1	1	7
Derecognition	(1)	(1)	-*	(2)
Change in risk parameters	(5)	(57)	18	(44)
Transfer to lifetime ECL - credit-impaired	-	-*	-*	-
<b>ECL allowance of loans as at December 31, 2023</b>	<b>20</b>	<b>55</b>	<b>19</b>	<b>94</b>

	12 MONTH ECL	LIFETIME ECL - NOT CREDIT-IMPAIRED	LIFETIME ECL - CREDIT-IMPAIRED	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
ECL allowance of loans as at January 1, 2022	18	17	-	35
Additions	1	3	-	4
Derecognition	(5)	-*	-	(5)
Change in risk parameters	(8)	107	-	99
Transfer to lifetime ECL - not credit-impaired	(2)	2	-	-
Transfer to 12 month ECL	17	(17)	-	-
<b>ECL allowance of loans as at December 31, 2022</b>	<b>21</b>	<b>112</b>	<b>-</b>	<b>133</b>

\* Less than USD half of a million

For the year ended December 31, 2023, the additions to the ECL allowance of USD 7 million (December 31, 2022: USD 4 million) was due to increase or origination of loans and advances with gross carrying amount of USD 3,627 million (December 31, 2022: USD 1,285 million).

For the year ended December 31, 2023, the derecognition to the ECL allowance of USD 2 million (December 31, 2022: 5 million) was due to repayment of loans and advances with gross carrying amount of USD 318 million (December 31, 2022: USD 394 million).

For the year ended December 31, 2023, the change in risk parameters led to the reversal of ECL of USD 44 million (for the year ended December 31, 2022: recognition of ECL of USD 99 million, audited) was mainly due to change in the PD.

AS AT DECEMBER 31, 2023	12 MONTH ECL	LIFETIME ECL - NOT CREDIT-IMPAIRED	LIFETIME ECL - CREDIT-IMPAIRED	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Gross carrying amount</b>	<b>15,727</b>	<b>2,091</b>	<b>43</b>	<b>17,861</b>

AS AT DECEMBER 31, 2022	12 MONTH ECL	LIFETIME ECL - NOT CREDIT-IMPAIRED	LIFETIME ECL - CREDIT-IMPAIRED	TOTAL
	USD MILLION	USD MILLION	USD MILLION	USD MILLION
<b>Gross carrying amount</b>	<b>12,505</b>	<b>2,033</b>	<b>-</b>	<b>14,538</b>

## 20. PAID-IN CAPITAL RECEIVABLES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Balance as at the beginning of year (Note 1 below)	276	344
Add: Paid-in capital receivables originated during the year (Note 2 below)	239	-
Less: Installment received during the year	(55)	(68)
Total nominal amounts of receivable at the end of the year (Note 4 below)	460	276
Less: Interest on paid-in capital receivables to be unwound in the future year (Note 3 below)	(33)	(7)
<b>Balance as at the end of the year</b>	<b>427</b>	<b>269</b>

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 and second installments of paid-in capital were paid by each member within 6 months and 18 months respectively from the dates of depositing the instruments 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 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 Egypt's instruments of accession are deposited. The payment of the amount of Egypt 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 3: 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, 2022: USD 632 million) less USD 598 million of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2022: USD 589 million) and USD 36 million of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of December 31, 2023 (December 31, 2022: USD 36 million).

Note 4: As at December 31, 2023, there was no overdue installments of paid-in capital receivables. The total paid-in capital receivables that will be due within one-year amounted to an undiscounted value of USD 74 million, and that will be due after one-year amounted to an undiscounted value of USD 386 million.



## 21. OTHER ASSETS

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Swap related collateral	24	38
Others (Note 1 below)	3	2
Commitment fee receivables	1	2
Other receivables	-*	-*
<b>Total</b>	<b>28</b>	<b>42</b>

\* Less than USD half of a million

Note 1: Others mainly include prepayment.

## 22. FINANCIAL LIABILITIES DESIGNATED AT FVTPL

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
<b>Bond</b>		
- Principal	12,979	11,744
- Interest payable	174	98
- Fair value adjustment	(484)	(653)
<b>Total</b>	<b>12,669</b>	<b>11,189</b>

In February 2019, the Bank issued a RMB 3 billion (USD 448 million equivalent) new panda bond consisting of two tranches, RMB 2 billion for a three-year tenor with the maturity date on February 26, 2022 at an annual fixed coupon rate of 3.00% and RMB 1 billion for a five-year tenor with the maturity date on February 26, 2024 at an annual fixed coupon rate of 3.32%. Tranche 1 of the bond with par value of RMB 2 billion has been fully repaid on February 26, 2022.

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

In June 2020, the Bank issued a three-year Euro Medium Term Note (series 1) with par value of USD 1.5 billion at a discount with the maturity date on June 23, 2023. The interest is paid by the Bank annually with fixed coupon rate of 0.625%. The note has been fully repaid on June 23, 2023.

In July 2020, the Bank issued a five-year RMB bond (series 2) with par value of RMB 2 billion (USD 284 million equivalent) with the maturity date on July 7, 2025. The interest is paid by the Bank annually with fixed coupon rate of 3%.

In September 2020, the Bank issued a five-year Euro Medium Term Note (series 2) with par value of USD 2 billion at a discount with the maturity date on September 29, 2025. The interest is paid by the Bank annually with fixed coupon rate of 0.625%.

In March 2021, the Bank issued a three-year RMB bond with par value of RMB 5 billion (USD 767 million equivalent) with the maturity date on March 25, 2024. The interest is paid by the Bank annually with fixed coupon rate of 3.22%.

In April 2021, the Bank issued a five-year Euro Medium Term Note (series 4) with par value of USD 1.5 billion at a discount with the maturity date on April 27, 2026. The interest is paid by the Bank annually with fixed coupon rate of 1.125%.

In July 2021, the Bank issued four notes with par value of USD 50 million, USD 50 million, GBP 35 million and HKD 500 million under the Euro Medium Term Note Programme as private placements, with the maturity date on July 5, 2023, July 6, 2023, July 15, 2024 and July 2, 2026 respectively. The interests are paid by the Bank annually with fixed coupon rate of 0.38%, 0.36%, 0.56% and 1% respectively. Two notes with par value of USD 50 million have been fully repaid on July 5, 2023 and July 6, 2023 respectively.

In July 2021, the Bank issued a three-year Euro Medium Term Note (series 9) with par value of USD 2.25 billion at a discount with the maturity date on July 22, 2024. The interest is paid by the Bank annually with fixed coupon rate of 0.625%.

In September 2021, the Bank issued a five-year RMB bond with par value of RMB 2 billion (USD 310 million equivalent) with the maturity date on September 17, 2026. The interest is paid by the Bank annually with fixed coupon rate of 3.02%.

In January 2022, the Bank issued a three-year RMB bond (series 1) with par value of RMB 3 billion (USD 472 million equivalent) with the maturity date on January 27, 2025. The interest is paid by the Bank annually with fixed coupon rate of 2.45%.

In May 2022, the Bank issued a three-year RMB bond (series 2) with par value of RMB 7 billion (USD 1,048 million equivalent) with the maturity date on May 20, 2025. The interest is paid by the Bank annually with fixed coupon rate of 2.70%.

In May 2022, the Bank issued two two-year Euro Medium Term Notes (series 10 and 11) with par value of USD 50 million each with the maturity date on May 6, 2024 and May 17, 2024. The interest is paid by the Bank annually with fixed coupon rate of 3.205% and 3.210% respectively.

In September 2022, the Bank issued a two-year AUD note (series 12) with par value of AUD 73 million (USD 51 million equivalent) under the Euro Medium Term Note Programme as a private placement with the maturity date of September 1, 2024. The interest is paid by the Bank annually with fixed coupon rate of 4.12%.

In October 2022, the Bank issued a three-year RMB bond (series 3) with par value of RMB 3 billion (USD 410 million equivalent) with the maturity date on October 26, 2025. The interest is paid by the Bank annually with fixed coupon rate of 2.53%.

In March 2023, the Bank issued a one-year note with par value of USD 500 million under the Euro Medium Term Note Programme as private placements, with the maturity date on March 15, 2024. The interest is paid by the Bank annually with fixed coupon rate of 5.869%.

In April 2023, the Bank issued a three-year note with par value of USD 1.25 billion at a discount under the Euro Medium Term Note Programme with the maturity date on April 26, 2026. The interest is paid by the Bank annually with fixed coupon rate of 5.125%.

In May 2023, the Bank issued a three-year note with par value of HKD 750 million (USD 96 million equivalent) under the Euro Medium Term Note Programme with the maturity date on May 22, 2026. The interest is paid by the Bank annually with fixed coupon rate of 4.10%.

In May 2023, the Bank issued a three-year RMB bond with par value of RMB 8.5 billion (USD 1.2 billion equivalent) with the maturity date on May 30, 2026. The interest is paid by the Bank annually with fixed coupon rate of 2.86%.

In June 2023, the Bank issued a three-year note with par value of HKD 500 million (USD 64 million equivalent) under the Euro Medium Term Note Programme as private placements, with the maturity date on June 20, 2026. The interest is paid by the Bank annually with fixed coupon rate of 4.65%.

In August 2023, the Bank issued a three-year note with par value of USD 100 million under the Euro Medium Term Note Programme as private placements, with the maturity date on August 25, 2026. The interest is paid by the Bank annually with fixed coupon rate of 5.00%.

In September 2023, the Bank issued a three-year note with par value of HKD 625 million (USD 80 million equivalent) under the Euro Medium Term Note Programme as private placements, with the maturity date on September 1, 2026. The interest is paid by the Bank annually with fixed coupon rate of 4.904%.

In October 2023, the Bank issued a three-year note with par value of USD 150 million under the Euro Medium Term Note Programme as private placements, with the maturity date on October 17, 2026. The interest is paid by the Bank annually with fixed coupon rate of 5.7%.

In December 2023, the Bank issued a five-year note with par value of USD 100 million under the Euro Medium Term Note Programme as private placements, with the maturity date on December 21, 2028. The interest is paid by the Bank annually with fixed coupon rate of 4.63%.

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the year ended December 31, 2023 and 2022. The contractual principal amount to be paid at maturity in original currency are RMB 31.5 billion (December 31, 2022: RMB 28 billion) for RMB denominated bonds, USD 7.95 billion, GBP 35 million, HKD 2.38 billion and AUD 73 million (December 31, 2022: USD 7 billion, GBP 35 million and HKD 500 million) for USD, GBP, HKD and AUD denominated notes respectively.

## 23. NOTE PAYABLES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Note payables	2,248	3,041
<b>Total</b>	<b>2,248</b>	<b>3,041</b>

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

## 24. BOND PAYABLES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Bond payables	1,654	551
<b>Total</b>	<b>1,654</b>	<b>551</b>

In December 2021, the Bank issued a three-year note with par value of USD 500 million at a discount under the Euro Medium Term Note Programme with the maturity date on December 9, 2024. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 28 basis points.

In October 2022, the Bank issued a three-year note with par value of USD 50 million at a discount under the Euro Medium Term Note Programme with the maturity date on October 18, 2025. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 90 basis points.

In May 2023, the Bank issued a five-year note with par value of USD 200 million under the Euro Medium Term Note Programme with the maturity date on May 18, 2028. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 115 basis points.

In May 2023, the Bank issued a three-year note with par value of USD 110 million under the Euro Medium Term Note Programme with the maturity date on May 22, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 100 basis points.

In July 2023, the Bank issued a three-year note with par value of USD 50 million under the Euro Medium Term Note Programme with the maturity date on July 19, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 95 basis points.

In July 2023, the Bank issued a three-year note with par value of USD 100 million under the Euro Medium Term Note Programme with the maturity date on July 24, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 95 basis points.

In August 2023, the Bank issued a three-year note with par value of USD 200 million under the Euro Medium Term Note Programme with the maturity date on August 3, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 95 basis points.

In August 2023, the Bank issued a three-year note with par value of USD 125 million under the Euro Medium Term Note Programme with the maturity date on August 15, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 90 basis points.

In August 2023, the Bank issued a five-year note with par value of ZAR 1,000 million (USD 53 million equivalent) under the ZAR Note Programme with the maturity date on August 21, 2028. The interest is paid by the Bank quarterly with a floating rate of Johannesburg Interbank Agreed Rate (JIBAR) compounded index plus 105 basis points.

In August 2023, the Bank issued a three-year note with par value of ZAR 500 million (USD 26 million equivalent) under the ZAR Note Programme with the maturity date on August 21, 2026. The interest is paid by the Bank quarterly with a floating rate of JIBAR compounded index plus 95 basis points.

In September 2023, the Bank issued a three-year note with par value of USD 80 million under the Euro Medium Term Note Programme with the maturity date on September 1, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 90 basis points.

In December 2023, the Bank issued a three-year note with par value of ZAR 500 million (USD 26 million equivalent) under the ZAR Note Programme with the maturity date on December 8, 2026. The interest is paid by the Bank quarterly with a floating rate of JIBAR compounded index plus 90 basis points.

In December 2023, the Bank issued a five-year note with par value of ZAR 831 million (USD 44 million equivalent) under the ZAR Note Programme with the maturity date on December 8, 2028. The interest is paid by the Bank quarterly with a floating rate of JIBAR compounded index plus 110 basis points.

In December 2023, the Bank issued a three-year note with par value of USD 79 million under the Euro Medium Term Note Programme with the maturity date on December 28, 2026. The interest is paid by the Bank quarterly with a floating rate of SOFR compounded index plus 85 basis points.

## 25. CONTRACT LIABILITIES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Deferred income (Note 1 below)	51	47
<b>Total</b>	<b>51</b>	<b>47</b>

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front end fees as at December 31, 2023 and 2022. Revenue recognised for the year ended December 31, 2023 that was included in the contract liabilities balance at beginning of the period is USD 3 million (year ended December 31, 2022: USD 3 million).

## 26. OTHER LIABILITIES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Impairment provision of loan commitments	24	33
Swap related collateral	8	10
Annual leave provision	4	4
Accrued expenses	6	4
Employee benefits payable	1	1
Payable for purchase of debt instruments measured at amortised cost	25	-
<b>Total</b>	<b>68</b>	<b>52</b>

### ► RECONCILIATION OF PROVISION FOR LOAN COMMITMENTS

	12 MONTH ECL	LIFETIME ECL - NOT CREDIT-IMPAIRED	TOTAL
	USD MILLION	USD MILLION	USD MILLION
ECL allowance of loan commitments as at January 1, 2023	5	28	33
Additions	1	11	12
Derecognition	(1)	(1)	(2)
Change in risk parameters	(2)	(17)	(19)
<b>ECL allowance of loan commitments as at December 31, 2023</b>	<b>3</b>	<b>21</b>	<b>24</b>

	12 MONTH ECL	LIFETIME ECL - NOT CREDIT-IMPAIRED	TOTAL
	USD MILLION	USD MILLION	USD MILLION
ECL allowance of loan commitments as at January 1, 2022	1	3	4
Additions	3	6	9
Derecognition	-*	-*	-*
Change in risk parameters	1	19	20
Transfer to lifetime ECL – not credit - Impaired	-*	-*	-
<b>ECL allowance of loan commitments as at December 31, 2022</b>	<b>5</b>	<b>28</b>	<b>33</b>

\* Less than USD half of a million

For the year ended December 31, 2023, the additions to the ECL allowance of USD 12 million (December 31, 2022: USD 9 million) was due to origination of loan commitments that is expected to be drawn down within 12 months from December 31, 2023 and/or over the remaining loan contract period of USD 1,053 million (December 31, 2022: USD 858 million).

For the year ended December 31, 2023, the derecognition to the ECL allowance of 2 million (December 31, 2022:

less than USD half of a million) was due to cancellation or full utilisation of loan commitments of USD 627 million (December 31, 2022: USD 469 million).

For the year ended December 31, 2023, the change in risk parameters led to the reversal of ECL of USD 19 million (for the year ended December 31, 2022: recognition of ECL of USD 20 million, audited) was mainly due to change in the PD.

## 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 as at December 31, 2023. 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.

	AS AT DECEMBER 31, 2023		AS AT DECEMBER 31, 2022	
	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)	(485,020)	(48,502)
Total subscribed capital	526,940	52,694	514,980	51,498
Less: callable capital	(421,552)	(42,156)	(411,984)	(41,199)
<b>Total paid in capital</b>	<b>105,388</b>	<b>10,538</b>	<b>102,996</b>	<b>10,299</b>

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 DECEMBER 31, 2023	TOTAL SHARES	TOTAL CAPITAL	CALLABLE CAPITAL	PAID-IN CAPITAL	PAID-IN CAPITAL <sup>1</sup> RECEIVED	PAID-IN CAPITAL OUTSTANDING
	NUMBERS	USD MILLION	USD MILLION	USD MILLION	USD MILLION	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
<b>Total</b>	<b>526,940</b>	<b>52,694</b>	<b>42,156</b>	<b>10,538</b>	<b>10,078</b>	<b>460</b>

AS AT DECEMBER 31, 2023	TOTAL SHARES	TOTAL CAPITAL	CALLABLE CAPITAL	PAID-IN CAPITAL	PAID-IN CAPITAL <sup>1</sup> RECEIVED	PAID-IN CAPITAL OUTSTANDING
	NUMBERS	USD MILLION	USD MILLION	USD MILLION	USD MILLION	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	14	174
UAE	5,560	556	445	111	9	102
<b>Total</b>	<b>514,980</b>	<b>51,498</b>	<b>41,199</b>	<b>10,299</b>	<b>10,023</b>	<b>276</b>

<sup>1</sup> Pursuant 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 DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Capital reserve (Note 1 below)	-*	-*
Revaluation reserve	(2)	(32)
Other reserves (Note 2 below)	(33)	(7)
<b>Total</b>	<b>(35)</b>	<b>(39)</b>

\* Less than USD half of a million

Note 1: As at December 31, 2023, the Bank has received cash contributions amounting to USD 0.30 million (December 31, 2022: USD 0.30 million) 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 December 31, 2023, 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 lease deed 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.



## 29. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Bank's statement of cash flows as cash flows from financing activities. The table below details changes in the Bank's assets and liabilities arising from financing activities, including both cash and non-cash changes.

	NON-CASH MOVEMENTS							AS AT DECEMBER 31, 2023
	AS AT JANUARY 1, 2023	FINANCING CASH OUTFLOWS/ (INFLOWS)	UNWINDING OF INTEREST	IMPACT OF EARLY PAYMENT	CAPITAL SUBSCRIPTIONS	IMPACT OF DISCOUNTING	FAIR VALUE CHANGES AND OTHERS <sup>1</sup>	
	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	
Derivative financial assets	45	79	-	-	-	-	(12)	112
Paid-in capital receivables	269	(55)	9	-*	239	(35)	-	427
<b>Total assets from financing activities</b>	<b>314</b>	<b>24</b>	<b>9</b>	<b>-*</b>	<b>239</b>	<b>(35)</b>	<b>(12)</b>	<b>539</b>

	NON-CASH MOVEMENTS							AS AT DECEMBER 31, 2023
	AS AT JANUARY 1, 2023	NET FINANCING CASH OUTFLOWS/ (INFLOWS)	INTEREST ACCRUED MOVEMENTS	FAIR VALUE CHANGES AND OTHERS <sup>1</sup>	FOREIGN EXCHANGE MOVEMENTS	DEBT ISSUANCE COSTS		
	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION		
Derivative financial liabilities	629	(239)	-	31	-	-	421	
Financial liabilities designated at FVTPL	11,189	1,042	246	192	-	-	12,669	
Bond payables	551	1,043	60	-	-	-	1,654	
Note payables	3,041	(912)	119	-	-*	-	2,248	
Lease liabilities	-*	-*	-*	-*	-*	-	-*	
Other liabilities	-	(7)	-	-	-	7	-	
<b>Total liabilities from financing activities</b>	<b>15,410</b>	<b>927</b>	<b>425</b>	<b>223</b>	<b>-*</b>	<b>7</b>	<b>16,992</b>	

\* Less than USD half of a million

<sup>1</sup> USD 12 million represents fair value changes and realised losses of derivative financial assets hedging transactions which are financing in nature economically.

USD 31 million represents fair value changes and realised gains of derivative financial liabilities hedging transactions which are financing in nature economically.

## 29. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

	AS AT JANUARY 1, 2022	NET FINANCING CASH OUTFLOWS/ (INFLOWS)	NON-CASH MOVEMENTS			AS AT DECEMBER 31, 2022
			UNWINDING OF INTEREST	IMPACT OF EARLY PAYMENT	FAIR VALUE CHANGES AND OTHERS <sup>2</sup>	
	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION
Derivative financial assets	28	5	-	-	12	45
Paid-in capital receivables	335	(68)	2	-*	-	269
<b>Total assets from financing activities</b>	<b>363</b>	<b>(63)</b>	<b>2</b>	<b>-*</b>	<b>12</b>	<b>314</b>

	AS AT JANUARY 1, 2022	NET FINANCING CASH OUTFLOWS/ (INFLOWS)	NON-CASH MOVEMENTS				AS AT DECEMBER 31, 2022
			INTEREST ACCRUED MOVEMENTS	FAIR VALUE CHANGES AND OTHERS	FOREIGN EXCHANGE MOVEMENTS	DEBT ISSUANCE COSTS	
	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION	USD MILLION
Derivative financial liabilities	127	(21)	-	523	-	-	629
Financial liabilities designated at FVTPL	10,140	1,581	151	(683)	-	-	11,189
Bond payables	499	42	10	-	-	-	551
Note payables	3,296	(289)	45	-	(11)	-	3,041
Lease liabilities	-*	-*	-*	-*	-*	-	-*
Other liabilities	-	(2)	-	-	-	2	-
<b>Total liabilities from financing activities</b>	<b>14,062</b>	<b>1,311</b>	<b>206</b>	<b>(160)</b>	<b>(11)</b>	<b>2</b>	<b>15,410</b>

\* Less than USD half of a million

<sup>2</sup> USD 12 million represents fair value changes and realised gains of derivative financial assets hedging transactions which are financing in nature economically.  
USD 523 million represents fair value changes and realised gains of derivative financial liabilities hedging transactions which are financing in nature economically.

## 30. FINANCIAL INSTRUMENTS

### ► CATEGORIES OF FINANCIAL INSTRUMENTS

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
<b>Financial assets</b>		
Financial assets at FVTPL	288	211
Debt instruments at FVTOCI	2,000	2,944
Financial assets measured at amortised cost	26,547	23,192
<b>Total</b>	<b>28,835</b>	<b>26,347</b>
<b>Financial liabilities</b>		
Financial liabilities at FVTPL	13,177	11,845
Financial liabilities measured at amortised cost	3,941	3,607
<b>Total</b>	<b>17,118</b>	<b>15,452</b>

## 31. COMMITMENTS

### 1) Capital commitments

As at December 31, 2023 and 2022, the Bank had no irrevocable capital expenditures commitment.

### 2) Credit Commitments

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD MILLION	USD MILLION
Letters of effectiveness signed	6,107	7,140
<b>Total</b>	<b>6,107</b>	<b>7,140</b>

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.

## 32. 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 member governments are disclosed below. As December 31, 2023 and 2022, no transactions, individually or collectively with governments are considered significant to the Bank.

### (1) Name and relationship

NAME OF RELATED PARTIES	RELATIONSHIP
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 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 furniture, equipment, and other facilities for the operation of ERC. Details of the cash contribution received from the Russian Federation as at December 31, 2023 and 2022 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 Republic of 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 December 31, 2023 are set out in Note 28.

Details of the paid-in capital receivables as at December 31, 2023 and 2022 are set out in Note 20, and unwinding of interest on paid-in capital receivables for the year ended December 31, 2023 and the year ended December 31, 2022 are set out in the statement of profit or loss and other comprehensive income.

## 32. 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 year ended December 31, 2023 and 2022:

#### ► FOR THE YEAR ENDED DECEMBER 31, 2023

NAME	COUNTRIES	POSITIONS
Dilma Vana Rousseff	Brazil	President (with effect from March 24, 2023)
Marcos Prado Troyjo	Brazil	President (up to March 23, 2023)
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

#### ► FOR THE YEAR ENDED DECEMBER 31, 2022

NAME	COUNTRIES	POSITIONS
Marcos Prado Troyjo	Brazil	President
Anil Kishora	India	Vice President; Chief Risk Officer
Vladimir Kazbekov	Russia	Vice President; Chief Operating Officer
Qiangwu Zhou	China	Vice President; Chief Administrative Officer
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer

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

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD MILLION	USD MILLION
Salary and allowance	3	3
Staff Retirement Plan	-*	-*
Post-Retirement Insurance Plan	-*	-*
Other short-term benefits	-*	-*
<b>Total</b>	<b>3</b>	<b>3</b>

\* Less than USD half of a million

### 33. SEGMENT REPORTING

For the year ended December 31, 2023 and 2022, 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 year ended December 31, 2023 and 2022.

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

AS AT DECEMBER 31, 2023	SOVEREIGN EXPOSURES	NON-SOVEREIGN EXPOSURES	TOTAL
	USD MILLION	USD MILLION	USD MILLION
Brazil	75	26	101
Russia	61	30	91
India	237	22	259
China	161	-	161
South Africa	196	38	234
<b>Total</b>	<b>730</b>	<b>116</b>	<b>846</b>

AS AT DECEMBER 31, 2022	SOVEREIGN EXPOSURES	NON-SOVEREIGN EXPOSURES	TOTAL
	USD MILLION	USD MILLION	USD MILLION
Brazil	32	18	50
Russia	23	12	35
India	102	11	113
China	104	-	104
South Africa	77	22	99
<b>Total</b>	<b>338</b>	<b>63</b>	<b>401</b>

## 34. 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.

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 December 31, 2023, the NDB-PPF had received contributions amounting to USD 9 million (December 31, 2022 USD 8 million). The Bank has not earned any income from NDB-PPF For the year ended December 31, 2023 and 2022.

## 35. RECLASSIFICATION OF COMPARATIVE FIGURES

For the year ended December 31, 2022, USD 28 million interest received on debt instruments measured at amortised cost, USD 12 million interest received on debt instruments at FVTOCI, USD 141 million interest paid on bonds, USD 10 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 statements 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 year ended December 31, 2023. As a result, the figures for the year ended December 31, 2022 have been amended in the statement of cash flows for the year ended December 31, 2023 to conform with current presentation. The interest received and interest paid at the bottom of page 9 in the statements 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".



## 36. SUBSEQUENT EVENTS

On March 11, 2024 and March 15, 2024, the Bank received paid-in capital installments from two member countries amounting to USD 17 million and USD 28 million respectively.

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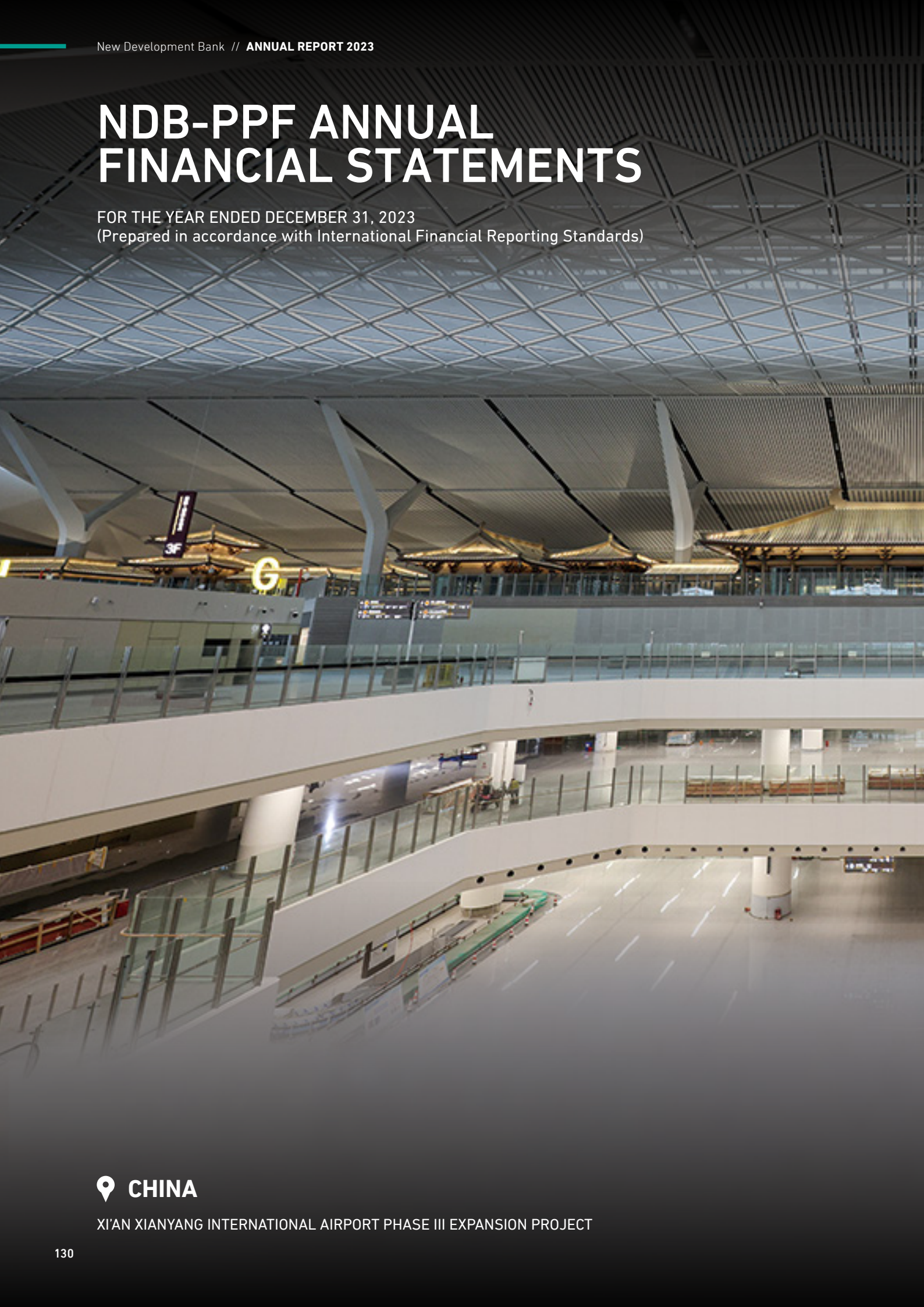
## 37. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the Board of Governors and authorised for issuance on April 26, 2024.

# NDB-PPF ANNUAL FINANCIAL STATEMENTS

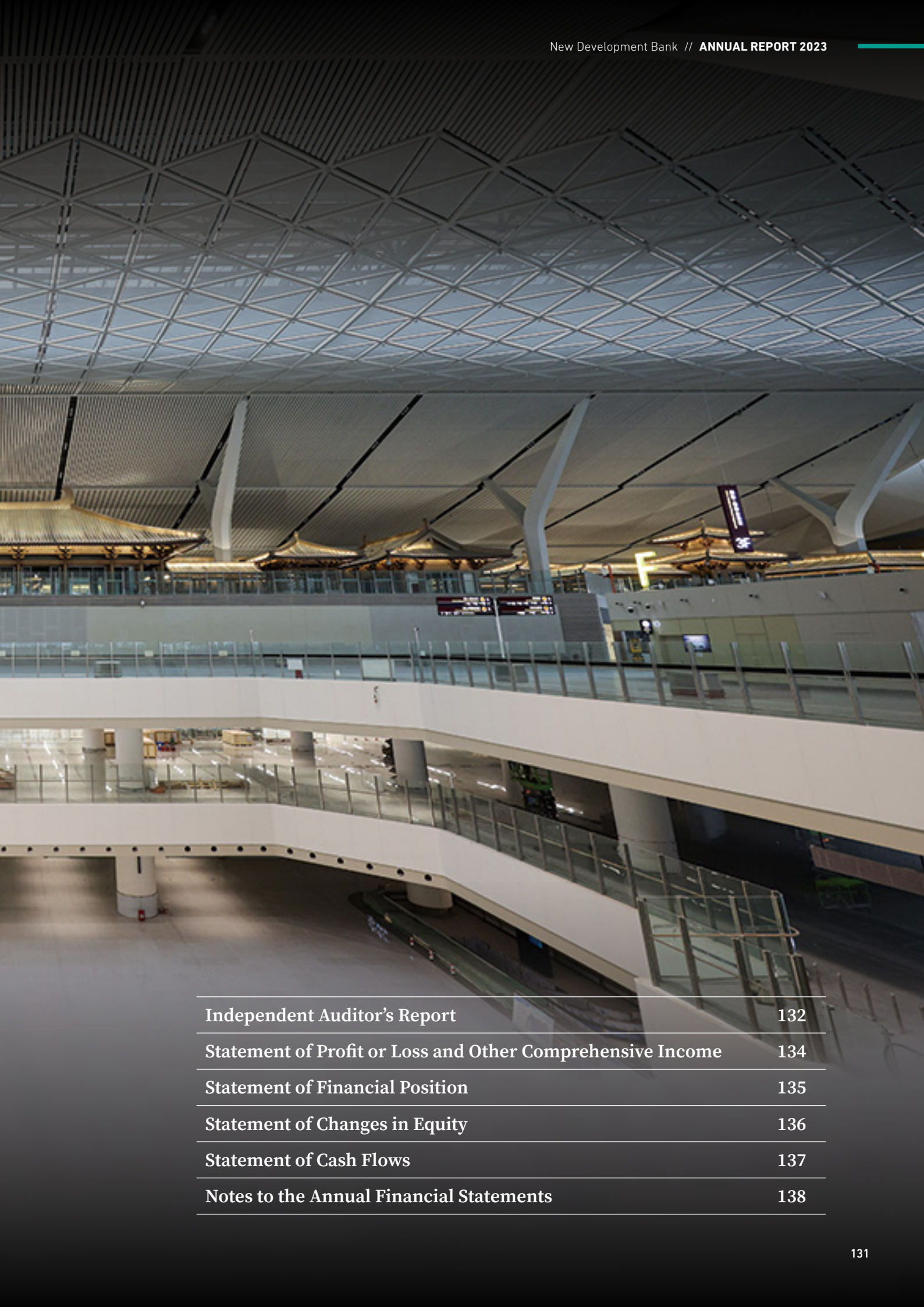
FOR THE YEAR ENDED DECEMBER 31, 2023

(Prepared in accordance with International Financial Reporting Standards)



 CHINA

XI'AN XIANYANG INTERNATIONAL AIRPORT PHASE III EXPANSION PROJECT



<b>Independent Auditor's Report</b>	<b>132</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>134</b>
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<b>Notes to the Annual Financial Statements</b>	<b>138</b>

# INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF THE NEW DEVELOPMENT BANK (THE BANK)

## Opinion

We have audited the financial statements of the New Development Bank Project Preparation Fund (the NDB-PPF), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the NDB-PPF as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the NDB-PPF in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and the Board of Governors of the Bank for the Financial Statements

Management of the Bank is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Bank is responsible for assessing the NDB-PPF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the NDB-PPF or to cease operations, or have no realistic alternative but to do so.

The Board of Governors of the Bank is responsible for overseeing the NDB-PPF's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NDB-PPF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of the Bank.
- Conclude on the appropriateness of the Management of the Bank's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NDB-PPF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NDB-PPF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Governors of the Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte Touche Tohmatsu CPA LLP*

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

April 26, 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

► FOR THE YEAR ENDED DECEMBER 31, 2023  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	NOTES	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
Interest income	6	455	130
Impairment losses under expected credit loss model, net of reversal		-*	-*
Operating expenses	7	(25)	(25)
Profit for the year		430	105
<b>Total comprehensive income for the year</b>		<b>430</b>	<b>105</b>

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

# STATEMENT OF FINANCIAL POSITION

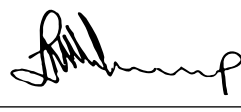
► AS AT DECEMBER 31, 2023  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	NOTES	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
<b>Assets</b>			
Cash and cash equivalents	8	373	278
Due from banks other than cash and cash equivalents	9	9,440	8,101
Other assets		1	5
<b>Total assets</b>		<b>9,814</b>	<b>8,384</b>
<b>Liabilities</b>			
Other liabilities	10	17	17
<b>Total liabilities</b>		<b>17</b>	<b>17</b>
<b>Equity</b>			
Contribution	11	9,000	8,000
Retained earnings		797	367
<b>Total equity</b>		<b>9,797</b>	<b>8,367</b>
<b>Total equity and liabilities</b>		<b>9,814</b>	<b>8,384</b>

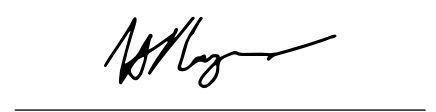
The financial statements on pages 132 to 146 were approved and authorised for issuance by Board of Governors on April 26, 2024 and signed on their behalf by:



\_\_\_\_\_  
Dilma Vana Rousseff  
President



\_\_\_\_\_  
Leslie Warren Maasdorp  
Chief Financial Officer



\_\_\_\_\_  
Halima Nazeer  
Director General, Finance, Budget and Accounting

# STATEMENT OF CHANGES IN EQUITY

► FOR THE YEAR ENDED DECEMBER 31, 2023  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	NOTE	CONTRIBUTION	RETAINED EARNINGS	TOTAL
As at January 1, 2023		8,000	367	8,367
Profit for the year		-	430	430
Total comprehensive income for the year		-	430	430
Contribution	11	1,000	-	1,000
<b>As at December 31, 2023</b>		<b>9,000</b>	<b>797</b>	<b>9,797</b>

	NOTE	CONTRIBUTION	RETAINED EARNINGS	TOTAL
As at January 1, 2022		7,000	262	7,262
Profit for the year		-	105	105
Total comprehensive income for the year		-	105	105
Contribution	11	1,000	-	1,000
<b>As at December 31, 2022</b>		<b>8,000</b>	<b>367</b>	<b>8,367</b>



# STATEMENT OF CASH FLOWS

► FOR THE YEAR ENDED DECEMBER 31, 2023  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
<b>OPERATING ACTIVITIES</b>		
Profit for the year	430	105
Impairment losses under expected credit loss model, net of reversal	-*	-*
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>430</b>	<b>105</b>
Net increase in due from banks other than cash and cash equivalents	(1,339)	(4,103)
Net decrease/(increase) in other assets	4	(3)
Net decrease in other liabilities	-*	(16)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(905)</b>	<b>(4,017)</b>
<b>FINANCING ACTIVITY</b>		
Contribution received	1,000	1,000
<b>CASH FROM FINANCING ACTIVITY</b>	<b>1,000</b>	<b>1,000</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	95	(3,017)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	278	3,295
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>373</b>	<b>278</b>

\* Less than USD half of a thousand

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

## 1. GENERAL INFORMATION

The Board of Governors of the New Development Bank (NDB or the Bank) approved the establishment of the NDB Project Preparation Fund (the NDB-PPF) on January 20, 2017 (the establishment date of the NDB-PPF) in accordance with Article 23a of the Agreement on the New Development Bank (the Agreement).

The NDB-PPF is established as a multi-donor fund which is open to contributions by all the Bank's members (the Contributors). 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. As stipulated in Article 18c of the Agreement, the ordinary capital resources and the NDB-PPF resources of the Bank shall be held, used, committed, invested, or otherwise disposed of entirely separate from each other.

On September 4, 2017, the Bank signed a contribution agreement with the People's Republic of China (China) in respect of the commitment and contribution from China in an amount of USD 4,000,000 to the NDB-PPF. The Bank also signed a contribution agreement with the Ministry of Finance of the Russian Federation (Russia) on October 15, 2017 in respect of the commitment and contribution from Russia in an amount of USD 1,500,000 which was paid in three instalments to the NDB-PPF. On April 19, 2018, the Bank signed a contribution agreement with the Republic of India (India), for USD 1,500,000 which was paid in one instalment. On March 31, 2022, the Bank signed a contribution agreement with the Republic of South Africa (South Africa) for USD 2,000,000 which was paid in two instalments to the NDB-PPF.

As of December 31, 2023, all the contribution has been received from China, India, Russia and South Africa.

## 2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing the annual financial statements, the NDB-PPF has consistently applied International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), amendments and the related Interpretations (IFRICs) (herein collectively referred to as IFRSs) issued by the International Accounting Standards Board (IASB).

### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the NDB-PPF has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2023 for the preparation of the NDB-PPF's financial statements:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates

The application of the amendments to IFRSs in the current year has had no material impact on the NDB-PPF's financial positions and performance for the current and prior years but has affected the disclosures of the NDB-PPF's accounting policies in Note 3 to the financial statements.

### **Amendments to IFRSs in issue but not yet effective**

The NDB-PPF anticipates that the application of all the amendments to IFRSs will have no material impact on the financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### **Basis of preparation of financial statements**

The annual financial statements have been prepared on the historical cost basis, and in accordance with IFRSs. These policies have been consistently applied throughout the year. For the purpose of preparation of the annual financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The Management of the Bank has, at the time of approving the annual financial statements, a reasonable expectation that the NDB-PPF has adequate resources to continue in operational existence for the foreseeable future. Thus the Management of the Bank continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. As of December 31, 2023, NDB-PPF does not have financial assets and liabilities measured at fair value.

The preparation of the annual financial statements requires the use of certain accounting estimates. This requires Management to exercise its judgement in preparing the annual financial statements.

The material accounting policies adopted are set out below and have been applied consistently to the year presented.

#### **Revenue**

##### **Interest income**

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that

have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### **Financial instruments**

##### **Initial recognition and measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The NDB-PPF's financial instruments mainly consist of cash and cash equivalents and due from banks other than cash and cash equivalents.

Financial assets and financial liabilities are recognised in the statement of financial position when the NDB-PPF becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or

### 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION - CONTINUED

received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### **Classification and subsequent measurement of financial instruments**

##### Financial assets

The NDB-PPF classifies its financial assets under IFRS 9 Financial instruments depending on the NDB-PPF's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

##### *Financial assets measured at amortised cost*

The NDB-PPF classifies an asset measured at amortised cost when the following conditions have been met:

- The financial asset is held within a business model whose objective to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The NDB-PPF applies the effective interest method to the amortised costs of a financial asset. Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost.

##### Financial liabilities and equity

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the NDB-PPF are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at amortised cost*

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

##### *Impairment*

The NDB-PPF performs impairment assessment under expected credit loss (ECL) model on financial assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. ECL of a financial instrument should be measured in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The NDB-PPF applies a three-stage approach to measuring ECL on financial assets accounted for at amortised cost. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

*i) Stage 1: 12-month ECL*

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events, occurring within the next 12 months, is recognised.

*ii) Stage 2: Lifetime ECL - not credit impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL is recognised.

*iii) Stage 3: Lifetime ECL - credit impaired*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. 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 (net of impairment allowance) rather than the gross carrying amount. The NDB-PPF identifies financial assets as being credit-impaired when one or more events that could have a detrimental impact on future cash flows of the financial asset have occurred.

More details about credit risk analysis are provided in Note 4.

## Measurement of ECL

The measurement of ECL is a function of the probability of default, loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the probability of default and LGD is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to NDB-PPF in accordance with the contract and the cash flows that NDB-PPF expects to receive, discounted at the effective interest rate determined at initial recognition.

## Derecognition of financial instruments

The NDB-PPF derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers its rights to the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss.

The NDB-PPF derecognises financial liabilities when, and only when, the NDB-PPF's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## Cash and cash equivalents

Cash comprises of cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the NDB-PPF's short-term, highly liquid investments that are readily convertible to cash within three months and are subject to an insignificant risk of changes in value.

## 4. FINANCIAL RISK MANAGEMENT

### Overview

All the financial instruments of the NDB-PPF as of December 31, 2023 and 2022 are measured at amortised cost.

The NDB-PPF follows the risk management policies of the Bank. 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. The Management of the Bank and various specialist committees are tasked with integrating the management of risk into the day-to-day activities of NDB-PPF, by monitoring related risk parameters and tolerance through policies and procedures under the strategy approved by designated committees.

The NDB-PPF was not exposed to many financial risks with the exception of credit risk and interest rate risk associated with the financial institutions with which it deposited its cash resources for the year ended December 31, 2023. The impact of a change in interest rates during the reporting year is not considered significant by Management.

### Credit risk

The NDB-PPF takes on exposure to credit risk, which is a risk that one counterparty to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The NDB-PPF placed its cash equivalents and deposits with highly-rated banks (senior investment grade credit ratings) in mainland China and Hong Kong.

ECL allowance of due from banks is measured on the base of 12-month ECL up to December 31, 2023 and 2022.

## 5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

### *Fair value of the NDB-PPF's financial instruments that are not measured at fair value on a recurring basis*

The NDB-PPF considered that the carrying amounts of financial assets and financial liabilities measured at amortised cost, in the NDB-PPF's statement of financial position, approximate their fair values.

## 6. INTEREST INCOME

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD'000	USD'000
Interest income from banks	455	130
<b>Total</b>	<b>455</b>	<b>130</b>

## 7. OPERATING EXPENSES

	YEAR ENDED DECEMBER 31, 2023	YEAR ENDED DECEMBER 31, 2022
	USD'000	USD'000
Auditor's remuneration	25	25
<b>Total</b>	<b>25</b>	<b>25</b>

## 8. CASH AND CASH EQUIVALENTS

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD'000	USD'000
Demand deposit	373	278
<b>Total</b>	<b>373</b>	<b>278</b>

## 9. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD'000	USD'000
Commercial banks	9,445	8,106
Less: ECL allowance	(5)	(5)
<b>Total</b>	<b>9,440</b>	<b>8,101</b>

### ► RECONCILIATION OF PROVISION FOR DUE FROM BANKS:

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD'000	USD'000
ECL allowance of due from banks as at January 1	5	5
Reversal	-*	-*
<b>ECL allowance of due from banks as at December 31</b>	<b>5</b>	<b>5</b>

\* Less than USD half of a thousand

## 10. OTHER LIABILITIES

	AS AT DECEMBER 31, 2023	AS AT DECEMBER 31, 2022
	USD'000	USD'000
Accrued expenses	17	17
<b>Total</b>	<b>17</b>	<b>17</b>



## 11. CONTRIBUTION

As at December 31, 2023	CONTRIBUTION COMMITTED	CONTRIBUTION RECEIVED
	USD'000	USD'000
China	4,000	4,000
Russia	1,500	1,500
India	1,500	1,500
South Africa	2,000	2,000
<b>Total</b>	<b>9,000</b>	<b>9,000</b>

As at December 31, 2022	CONTRIBUTION COMMITTED	CONTRIBUTION RECEIVED
	USD'000	USD'000
China	4,000	4,000
Russia	1,500	1,500
India	1,500	1,500
South Africa	2,000	1,000
<b>Total</b>	<b>9,000</b>	<b>8,000</b>

## 12. RELATED PARTY DISCLOSURES

The NDB-PPF's related parties are the Bank and the Contributors.

The Bank is entrusted with the administration of the NDB-PPF to fulfill its purpose. The NDB-PPF has not incurred any management fees to the Bank for its administration of the NDB-PPF for the year ended December 31, 2023 and 2022.

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## 13. SUBSEQUENT EVENTS

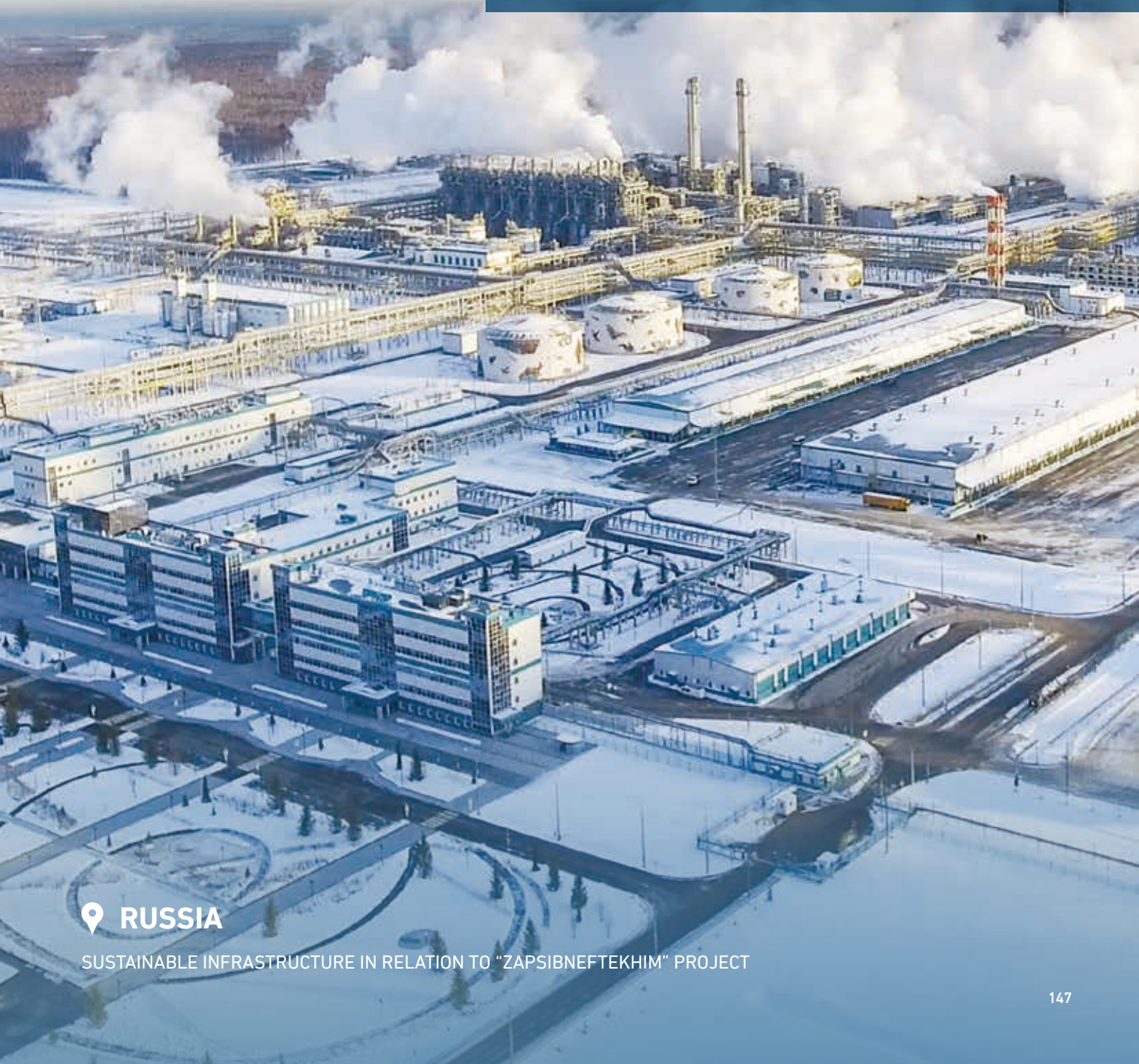
Up to the date of the issuance of the financial statements, there has been no material subsequent events since December 31, 2023 that would require additional disclosure or adjustment to the financial statements.

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## 14. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The financial statements were approved by the Management and the Board of Governors of the Bank and authorised for issuance on April 26, 2024.

# ANNEXE



 **RUSSIA**

SUSTAINABLE INFRASTRUCTURE IN RELATION TO "ZAPSIBNEFTEKHIM" PROJECT

# LIST OF ABBREVIATIONS AND DEFINED TERMS

ABBREVIATION / DEFINED TERM	DEFINITION
<b>2030 Agenda</b>	United Nations 2030 Agenda for Sustainable Development
<b>AoA or the Agreement</b>	Articles of Agreement
<b>ARC</b>	Audit, Risk and Compliance Committee
<b>AUD</b>	Australian Dollar
<b>BDMG</b>	Banco de Desenvolvimento de Minas Gerais S.A.
<b>BHRC</b>	Budget, Human Resources and Compensation Committee
<b>BoD</b>	Board of Directors
<b>BoG</b>	Board of Governors
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>CHF</b>	Swiss Franc
<b>CMF</b>	Capital Management Framework
<b>CIC</b>	Credit and Investment Committee
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>COMPESA</b>	Water and Sanitation Company of the State of Pernambuco
<b>COP28</b>	28th Conference of the Parties of the UNFCCC
<b>E&amp;S</b>	Environmental and Social
<b>EAD</b>	Exposure at Default
<b>EC</b>	Executive Committee
<b>ECL</b>	Expected Credit Loss
<b>EMDCs</b>	Emerging Market Economies and Developing Countries
<b>ERC</b>	Eurasian Regional Centre
<b>ESF</b>	Environment and Social Framework
<b>ESG</b>	Environmental, Social and Governance
<b>ESSs</b>	Environmental and Social Standards
<b>EUR</b>	Euro
<b>FC</b>	Finance Committee
<b>FVTOCI</b>	Fair Value through other Comprehensive Income
<b>FVTPL</b>	Fair Value through Profit or Loss
<b>G20</b>	Group of Twenty
<b>GBP</b>	Great Britain Pound
<b>HKD</b>	Hong Kong Dollar
<b>IASs</b>	International Accounting Standards
<b>IASB</b>	International Accounting Standards Board

ABBREVIATION / DEFINED TERM	DEFINITION
IEO	Independent Evaluation Office
IFRSs	International Financial Reporting Standards
INR	Indian Rupee
IRO	Indian Regional Office
ISAs	International Standards on Auditing
ISDA	International Swaps and Derivatives Association
IT	Information Technology
km	Kilometre
KMP	Key Management Personnel
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
m <sup>2</sup>	Square Metre
m <sup>3</sup>	Cubic Metre
Management	President and Vice Presidents
MDB	Multilateral Development Bank
MoU	Memorandum of Understanding
MW	Megawatt
NDB or the Bank	New Development Bank
NDB-PPF	NDB Project Preparation Fund
NII	Net Interest Income
Paris Agreement	Paris Agreement on Climate Change
PD	Probability of Default
PIT-PD	Point-in-time Probability of Default
PRP	Post Retirement Plan
RMB	Renminbi
SDGs	Sustainable Development Goals
SOFR	Secured Overnight Financing Rate
SPPI	Solely Payments of Principal and Interest
SRP	Staff Retirement Plan
UAE	United Arab Emirates
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WARR	Weighted Average Risk Rating
ZAR	South African Rand

# LIST OF PROJECTS APPROVED BY NDB

## OPERATIONS APPROVED IN 2016

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
01	Financing of Renewable Energy Projects and Associated Transmission (BNDES) <sup>30</sup>	Non-sovereign	Brazil	USD	300
02	Canara Renewable Energy Financing Scheme <sup>31</sup>	Sovereign	India	USD	250
03	Lingang Distributed Solar Power Project <sup>32</sup>	Sovereign	China	RMB	525
04	Project Finance Facility for Eskom	Sovereign	South Africa	USD	180
05	Nord-Hydro Project (On-lending through EDB) <sup>33</sup>	Non-sovereign	Russia	USD	50
06	Nord-Hydro Project (On-lending through IIB)	Non-sovereign	Russia	USD	50
07	Madhya Pradesh Major District Roads Project	Sovereign	India	USD	350
08	Putian Pinghai Bay Offshore Wind Power Project	Sovereign	China	RMB	2,000

## OPERATIONS APPROVED IN 2017

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
09	Judicial System Support Project	Sovereign	Russia	USD	460
10	Madhya Pradesh Multi Village Water Supply Project	Sovereign	India	USD	470
11	Hunan Ecological Development Project <sup>34</sup>	Sovereign	China	RMB	2,000
12	Jiangxi Industrial Low Carbon Restructuring and Green Development Pilot Project	Sovereign	China	USD	200
13	Ufa Eastern Exit Project <sup>35</sup>	Sovereign	Russia	USD	69
14	Rajasthan Water Sector Restructuring Project	Sovereign	India	USD	345

<sup>30</sup> Fully repaid in 2022.

<sup>31</sup> Cancelled in 2018.

<sup>32</sup> Partially cancelled in 2020. Remaining amount is RMB 242.9 million.

<sup>33</sup> Fully repaid in 2021.

<sup>34</sup> Cancelled in 2020.

<sup>35</sup> Cancelled in 2019.

## OPERATIONS APPROVED IN 2018

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
15	Pará Sustainable Municipalities Project	Sovereign	Brazil	USD	50
16	Maranhão Road Corridor – South North Integration <sup>36</sup>	Sovereign	Brazil	USD	71
17	Environmental Protection Project <sup>37</sup>	Non-sovereign	Brazil	USD	200
18	Development of Water Supply and Sanitation Systems Project	Sovereign	Russia	USD	320
19	Small Historic Cities Development Project	Sovereign	Russia	USD	220
20	Bihar Rural Roads Project	Sovereign	India	USD	350
21	Chongqing Small Cities Sustainable Development Project <sup>38</sup>	Sovereign	China	USD	300
22	Expansion and Modernisation of the Durban Container Terminal <sup>39</sup>	Non-sovereign	South Africa	USD	200
23	Luoyang Metro Project	Sovereign	China	USD	300
24	Greenhouse Gas Emissions Reduction and Energy Sector Development Project	Non-sovereign	South Africa	USD	300
25	Sustainable infrastructure in relation to “ZapSibNefteKhim” Project <sup>40</sup>	Non-sovereign	Russia	USD	300
26	Madhya Pradesh Major District Roads II Project <sup>41</sup>	Sovereign	India	USD	350
27	Madhya Pradesh Bridges Project	Sovereign	India	USD	175
28	Mumbai Metro Rail Project	Sovereign	India	USD	260
29	Hohhot New Airport Project	Sovereign	China	RMB	4,200
30	Guangdong Yudean Yangjiang Shapa Offshore Wind Power Project	Sovereign	China	RMB	2,000
31	Jiangxi Natural Gas Transmission System Development Project	Sovereign	China	USD	400

36 Cancelled in 2021.

37 Fully repaid in 2021.

38 Cancelled in 2020.

39 Changed into a ZAR 3.5 billion loan in 2020.

40 Fully repaid in 2020.

41 Partially cancelled in 2023. Remaining amount is USD 320 million.

# LIST OF PROJECTS APPROVED BY NDB

- CONTINUED

## OPERATIONS APPROVED IN 2019

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
32	Zhejiang Green Urban Project – Shengzhou Urban and Rural Integrated Water Supply and Sanitation Project Phase II	Sovereign	China	RMB	825
33	Chongzuo Water Resource Rehabilitation and Ecological Conservation Project	Sovereign	China	USD	300
34	Lesotho Highlands Water Project Phase II (Project Loan to TCTA)	Sovereign	South Africa	ZAR	3,200
35	Environmental Protection Project for Medupi Thermal Power Plant	Sovereign	South Africa	USD	480
36	Renewable Energy Sector Development Project	Non-sovereign	South Africa	ZAR	1,150
37	Ningxia Yinchuan Integrated Green Transport Development Project	Sovereign	China	RMB	2,100
38	Lanzhou New Area Regional Hub Multimodal Logistics and Transport Infrastructure Demonstration Project	Sovereign	China	RMB	2,512
39	Assam Bridge Project	Sovereign	India	USD	300
40	Development of Renewable Energy Sector in Russia Project	Non-sovereign	Russia	USD	300
41	Andhra Pradesh Roads and Bridges Reconstruction Project	Sovereign	India	USD	323
42	Andhra Pradesh Mandal Connectivity and Rural Connectivity Improvement Project	Sovereign	India	USD	323
43	South African National Toll Roads Strengthening and Improvement Programme	Sovereign	South Africa	ZAR	7,000
44	Fundo Clima – Brazil National Climate Fund Project <sup>42</sup>	Sovereign	Brazil	USD	500
45	REC Renewable Energy Sector Development Project	Non-sovereign	India	USD	300
46	North Region Transportation Infrastructure Improvement Project	Non-sovereign	Brazil	USD <sup>43</sup>	300
47	Manipur Water Supply Project	Sovereign	India	USD	312
48	Indore Metro Rail Project	Sovereign	India	USD	225
49	Hubei Huangshi Modern Tram Project	Sovereign	China	RMB	2,760
50	Patria Infrastructure Fund IV	Non-sovereign	Brazil	USD	100
51	Locomotive Fleet Renewal Programme	Non-sovereign	Russia	CHF	500
52	Battery Energy Storage Project	Sovereign	South Africa	ZAR	6,000
53	Development of Educational Infrastructure for Highly Skilled Workforce <sup>44</sup>	Sovereign	Russia	EUR	USD 500 equivalent

<sup>42</sup> Restructured in 2021 into a USD 500 million loan to BNDES with sovereign guarantee for BNDES Clima – Sustainable Financing to Support Global Climate Change Mitigation and Adaptation in Brazil.

<sup>43</sup> Includes a USD 50 million portion, which could be delivered in RMB.

<sup>44</sup> Cancelled in 2022.



## OPERATIONS APPROVED IN 2020

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
54	NDB Emergency Assistance Programme in Combating COVID-19	Sovereign	China	RMB	7,000
55	National Investment and Infrastructure Fund: Fund of Funds – I	Non-sovereign	India	INR	USD 100 equivalent
56	Emergency Assistance Programme in Combating COVID-19	Sovereign	India	USD	1,000
57	Teresina Educational Infrastructure Programme	Sovereign	Brazil	USD	50
58	COVID-19 Emergency Programme	Sovereign	South Africa	USD	1,000
59	Small Historic Cities Development Project Phase II	Sovereign	Russia	EUR	205
60	Emergency Assistance Programme in Combating COVID-19	Sovereign	Brazil	USD	1,000
61	Mumbai Metro Rail II (Line 6) Project	Sovereign	India	USD	241
62	Delhi-Ghaziabad-Meerut Regional Rapid Transit System Project <sup>45</sup>	Sovereign	India	USD	500
63	Russian Maritime Sector Support Programme <sup>46</sup>	Non-sovereign	Russia	EUR	100
64	Toll Roads Programme in Russia	Non-sovereign	Russia	USD	100
65	Water Supply and Sanitation Programme in Russia	Non-sovereign	Russia	USD	100
66	Brazil Emergency Assistance Programme for Economic Recovery	Sovereign	Brazil	USD	1,000
67	COVID-19 Emergency Programme Loan for Supporting India's Economic Recovery	Sovereign	India	USD	1,000
68	BNDES-NDB Sustainable Infrastructure Project	Sovereign	Brazil	USD	1,200
69	BRDE Urban, Rural and Social Infrastructure Programme to Achieve the SDGs	Sovereign	Brazil	EUR	135
70	Curitiba's Bus Rapid Transit Rideability Improvement Project	Sovereign	Brazil	USD	75
71	Cellular Network and Cloud Services Expansion Project	Non-sovereign	Russia	USD <sup>47</sup>	300
72	National Non-Toll Roads Management Programme	Sovereign	South Africa	USD	1,000

<sup>45</sup> Partially cancelled in 2023. Remaining amount is USD 418 million.

<sup>46</sup> Partially cancelled in 2022. Remaining amount is EUR 53.1 million.

<sup>47</sup> Multicurrency facility that could be delivered in USD, EUR or RMB.

# LIST OF PROJECTS APPROVED BY NDB

- CONTINUED

## OPERATIONS APPROVED IN 2021

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
73	Emergency Assistance Programme in Supporting China's Economic Recovery from COVID-19	Sovereign	China	RMB	7,000
74	Beijing Gas Tianjin Nangang LNG Emergency Reserve Project	Sovereign	China	EUR	436
75	COVID-19 Emergency Programme Loan for Supporting Russia's Healthcare Response	Sovereign	Russia	EUR	USD 1,000 equivalent
76	Pará II – Transport Infrastructure for Regional Development <sup>48</sup>	Sovereign	Brazil	USD	153
77	COVID-19 Emergency Programme Loan for Supporting South Africa's Economic Recovery from COVID-19	Sovereign	South Africa	USD	1,000
78	Anhui Province Roads Development Project	Sovereign	China	EUR	340
79	Sorocaba Mobility and Urban Development Project	Sovereign	Brazil	USD	40
80	Affordable Housing and Urban Development Programme	Non-sovereign	Russia	USD	300
81	Himachal Pradesh Rural Water Supply Project	Sovereign	India	USD	80
82	Qingdao Metro Line Six (Phase I) Project	Sovereign	China	RMB	3,237

<sup>48</sup> Cancelled in 2022.

## OPERATIONS APPROVED IN 2022

No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
83	Desenvolve SP Sustainable Infrastructure Project	Sovereign	Brazil	USD	90
84	FONPLATA Sustainable Infrastructure Project	Non-sovereign	Brazil	USD	50
85	Banco do Brasil Sustainable Finance Project	Non-sovereign	Brazil	USD	200
86	SABESP Investment Programme	Sovereign	Brazil	USD	300
87	Lanzhou Zhongchuan International Airport Phase III Expansion Project	Sovereign	China	EUR	265
88	Xi'an Xianyang International Airport Phase III Expansion Project	Sovereign	China	RMB	805
89	Meghalaya Ecotourism Infrastructure Development Project	Sovereign	India	USD	79
90	Lamphelpat Waterbody Rejuvenation Project	Sovereign	India	USD	70
91	Guangxi Trunk Road Network Improvement Programme	Sovereign	China	EUR	465
92	Corridor 4 of Phase II of Chennai Metro Rail Project	Sovereign	India	USD	347
93	Anhui Tongling G3 Road-Rail Bridge Project	Sovereign	China	RMB	2,190
94	Urban and Sustainable Infrastructure Programme – Aracaju City of the Future	Sovereign	Brazil	USD	84
95	Water and Wastewater Services Expansion Project in Manaus <sup>49</sup>	Non-sovereign	Brazil	USD	80
96	DBSA Sustainable Infrastructure Project <sup>50</sup>	Non-sovereign	South Africa	USD	200

<sup>49</sup> Cancelled in 2023.

<sup>50</sup> Changed to a USD 100 million loan in 2023.

# LIST OF PROJECTS APPROVED BY NDB

- CONTINUED

OPERATIONS APPROVED IN 2023					
No.	Project name	Type	Country	Financing currency	Approved financing amount (million)
97	Pernambuco Water and Sanitation Efficiency and Expansion Project	Sovereign	Brazil	USD	202
98	Guizhou Qianxinan Rural Roads Improvement Programme	Sovereign	China	RMB	1,280
99	Aparecida de Goiânia 100 Years' Infrastructure Programme	Sovereign	Brazil	USD	120
100	Network Modernisation and Broadband Connectivity Enhancement Project	Non-sovereign	South Africa	ZAR	1,350
101	Integrated Sewerage System for City of Imphal (Phase II) Project	Sovereign	India	USD	115
102	Gujarat Rural Road Programme	Sovereign	India	USD	500
103	Bihar Rural Roads Project (Phase 2)	Sovereign	India	USD	638
104	Bank of Huzhou Sustainable Infrastructure Project	Non-Sovereign	China	RMB	USD 50 equivalent
105	BDMG Infrastructure and Sustainable Development Project	Sovereign	Brazil	USD	200

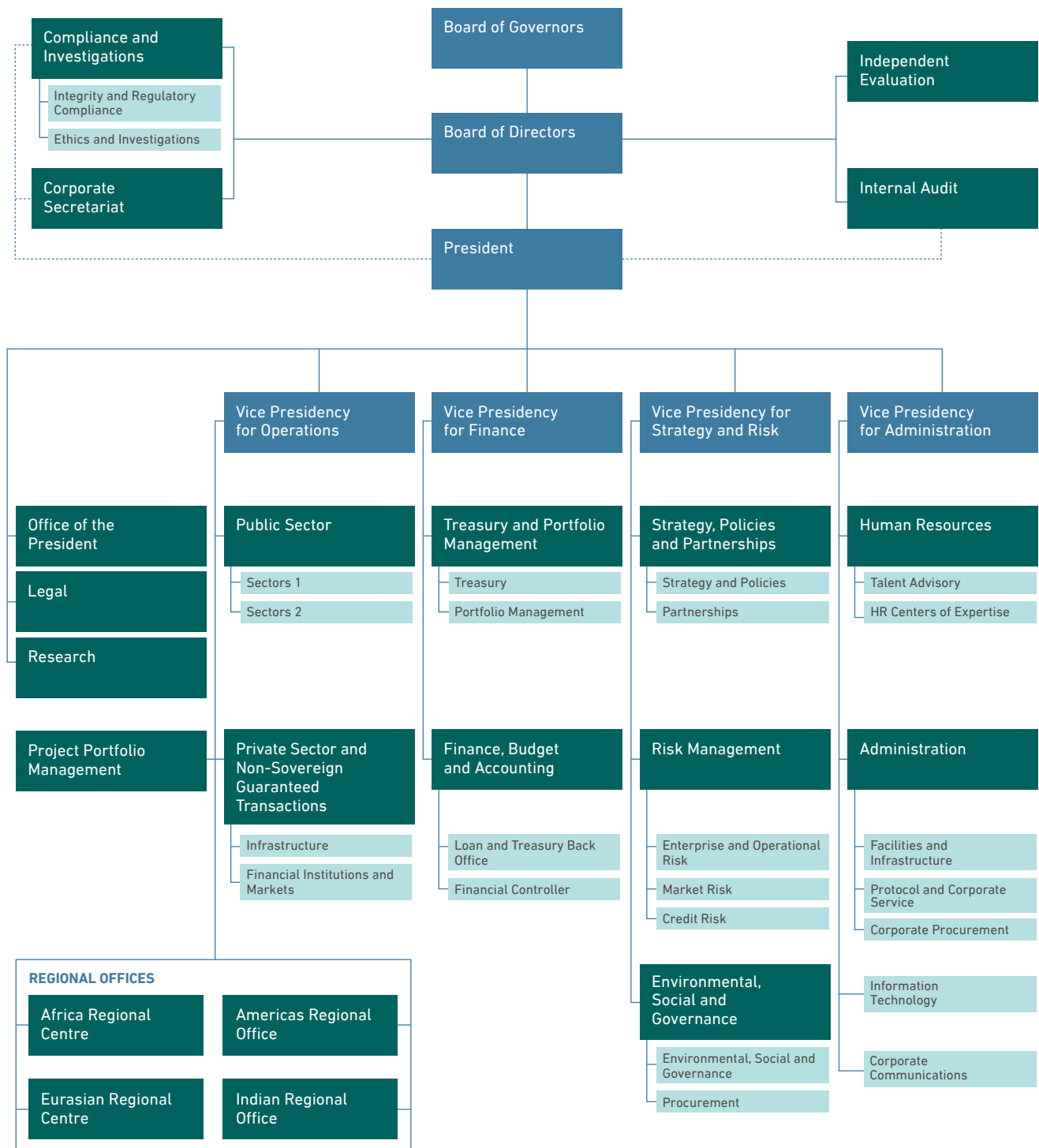
# NDB'S ORGANISATIONAL STRUCTURE

## ORGANISATIONAL UNIT

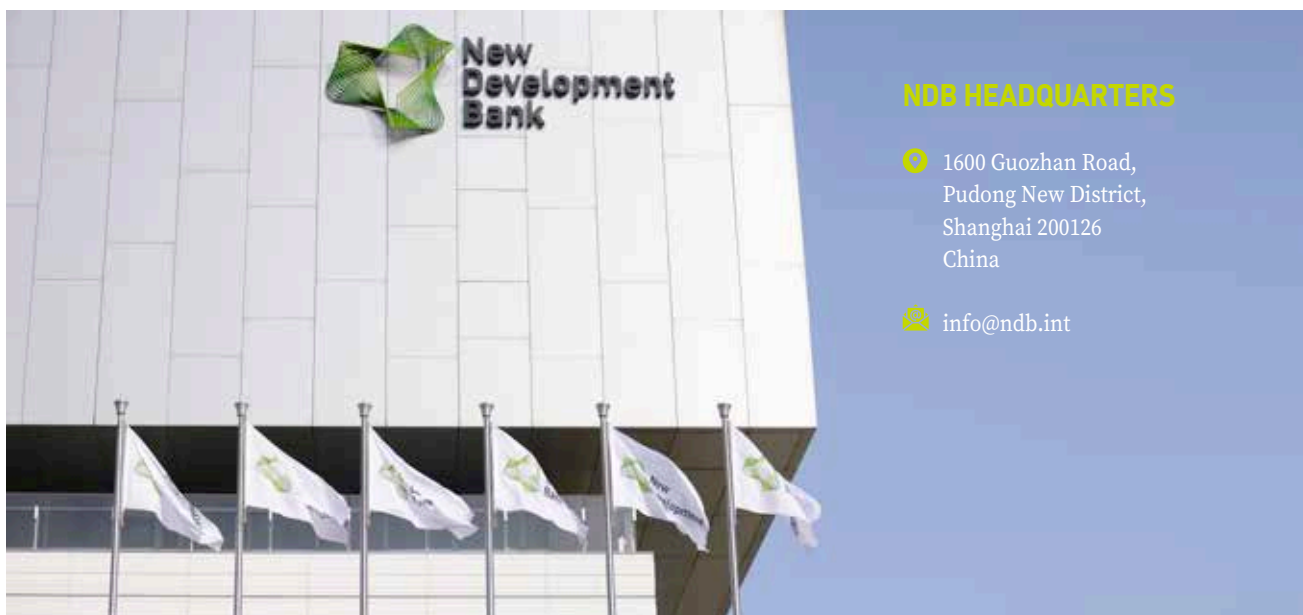
- Department
- Division

Note:

1. NDB has 21 Departments that are led by Directors General or equivalent.
2. NDB has 24 Divisions that are led by Chiefs and 4 Chief positions (total 28) under the Corporate Secretariat, Internal Audit, Legal and Office of the President.
3. Corporate Secretariat, Internal Audit, and Compliance and Investigations functionally report to the Board of Directors and administratively/operationally to the President.
4. Independent Evaluation Office reports directly and exclusively to the Board of Directors.



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