

**THE NEW DEVELOPMENT BANK**

**Report on Review of Condensed Financial Statements  
and Condensed Financial Statements  
For the nine months ended September 30, 2020**

THE NEW DEVELOPMENT BANK

REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS AND CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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<u>CONTENTS</u>	<u>PAGE(S)</u>
REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS	1
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
CONDENSED STATEMENT OF FINANCIAL POSITION	3
CONDENSED STATEMENT OF CHANGES IN EQUITY	4
CONDENSED STATEMENT OF CASH FLOWS	5 - 6
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	7 - 31

DTT(R)(20)R00015

## REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK

### Introduction

We have reviewed the accompanying condensed statement of financial position of the New Development Bank (the "Bank") as of September 30, 2020 and the related condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and certain explanatory notes (the "condensed financial statements").

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

### Scope of Review

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

### Conclusion

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

### Other Matter - Restriction on Distribution

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

*Deloitte Touche Tohmatsu CPA LLP*

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

December 15, 2020



**MAKING AN  
IMPACT THAT  
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THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	<u>Notes</u>	<u>Nine months ended September 30, 2020 (unaudited)</u>	<u>Nine months ended September 30, 2019 (unaudited)</u>	<u>Three months ended September 30, 2020 (unaudited)</u>	<u>Three months ended September 30, 2019 (unaudited)</u>	<u>Year ended December 31, 2019 (audited)</u>
Interest income	6	185,802	169,249	66,635	61,029	230,555
Interest expense	6	(47,394)	(21,618)	(21,277)	(9,511)	(32,812)
Net interest income	6	138,408	147,631	45,358	51,518	197,743
Net fee income	7	3,357	1,112	1,659	792	1,567
Net (losses)/gains on financial instruments at fair value through profit or loss	8	(72,354)	35,000	(85,971)	22,191	21,907
		69,411	183,743	(38,954)	74,501	221,217
Staff costs	9	(30,302)	(24,374)	(10,986)	(8,742)	(33,218)
Other operating expenses	10	(18,139)	(11,144)	(8,710)	(3,472)	(18,053)
Impairment losses under expected credit loss model, net of reversal		(23,268)	(525)	3,631	391	(2,073)
Foreign exchange gains/(losses)		88,599	(31,671)	94,850	(21,241)	(17,396)
Operating profit for the period/year		86,301	116,029	39,831	41,437	150,477
Unwinding of interest on paid-in capital receivables		37,409	54,519	11,499	17,901	72,428
Profit for the period/year		123,710	170,548	51,330	59,338	222,905
Total comprehensive income for the period/year		123,710	170,548	51,330	59,338	222,905

THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2020  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	<u>Notes</u>	<u>As at September 30, 2020 (unaudited)</u>	<u>As at December 31, 2019 (audited)</u>
<b>Assets</b>			
Cash and cash equivalents	11	2,459,343	1,023,495
Due from banks other than cash and cash equivalents	12	6,810,669	5,494,752
Derivative financial assets	13	5,416	5,436
Financial assets held under resale agreements	14	202,719	-
Financial assets at fair value through profit or loss	15	550,000	-
Debt instruments measured at amortised cost	16	353,193	33,771
Loans and advances	17	6,171,236	1,544,917
Paid-in capital receivables	18	2,759,320	3,713,543
Right-of-use assets	19	284	141
Property and equipment	20	1,324	1,455
Intangible assets	21	1,555	1,433
Other assets	22	1,932	1,607
<b>Total assets</b>		<u>19,316,991</u>	<u>11,820,550</u>
<b>Liabilities</b>			
Derivative financial liabilities	13	62,449	12,182
Financial liabilities designated at fair value through profit or loss	23	5,404,265	882,757
Borrowings	24	-	110,053
Note payables	25	3,511,268	623,256
Lease liabilities	26	253	138
Contract liabilities	27	24,758	14,513
Other liabilities	28	10,608	6,339
<b>Total liabilities</b>		<u>9,013,601</u>	<u>1,649,238</u>
<b>Equity</b>			
Paid-in capital	29	10,000,000	10,000,000
Other reserves	30	(40,680)	(86,457)
Retained earnings		344,070	257,769
<b>Total equity</b>		<u>10,303,390</u>	<u>10,171,312</u>
<b>Total equity and liabilities</b>		<u>19,316,991</u>	<u>11,820,550</u>

The condensed financial statements on pages 2 to 31 were approved and authorised for issue by the Management of the Bank and the Board of Directors on December 15, 2020 and signed on their behalf by:

  
 \_\_\_\_\_  
 President

  
 \_\_\_\_\_  
 Chief Financial Officer



THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	<u>Paid-in capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2020	10,000,000	(86,457)	257,769	10,171,312
Operating profit for the period	-	-	86,301	86,301
Unwinding of interest on paid-in capital receivables for the period	-	-	37,409	37,409
Profit and total comprehensive income for the period	-	-	123,710	123,710
Impact of early payment on paid-in capital receivables (Note 18)	-	8,368	-	8,368
Reclassification of unwinding of interest arising from paid-in capital receivables	-	37,409	(37,409)	-
As at September 30, 2020 (unaudited)	<u>10,000,000</u>	<u>(40,680)</u>	<u>344,070</u>	<u>10,303,390</u>
	<u>Paid-in capital</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
As at January 1, 2019	10,000,000	(162,429)	107,292	9,944,863
Operating profit for the period	-	-	116,029	116,029
Unwinding of interest on paid-in capital receivables for the period	-	-	54,519	54,519
Profit and total comprehensive income for the period	-	-	170,548	170,548
Impact of early payment on paid-in capital receivables (Note 18)	-	3,395	-	3,395
Reclassification of unwinding of interest arising from paid-in capital receivables	-	54,519	(54,519)	-
As at September 30, 2019 (unaudited)	<u>10,000,000</u>	<u>(104,515)</u>	<u>223,321</u>	<u>10,118,806</u>

THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Nine months ended <u>September 30, 2020</u> (unaudited)	Nine months ended <u>September 30, 2019</u> (unaudited)
OPERATING ACTIVITIES		
Profit for the period	123,710	170,548
Adjustments for:		
Interest expenses of bonds, borrowings, note payables and lease liabilities	47,392	21,618
Interest income from debt instruments measured at amortised cost	(1,468)	(649)
Depreciation and amortization	612	427
Unrealised losses/(gains) on financial instruments	86,292	(31,808)
Unwinding of interest on paid-in capital receivables	(37,409)	(54,519)
Impairment losses under expected credit loss model, net of reversal	23,268	525
Exchange (gains)/losses on debt instruments measured at amortised cost	(544)	1,149
Exchange gains on lease liabilities	(40)	(3)
Debt issuance cost	8,918	552
Operating cash flows before changes in operating assets and liabilities	<u>250,731</u>	<u>107,840</u>
Net increase in due from banks	(1,320,248)	(1,211,914)
Net increase in loans and advances	(4,639,035)	(442,652)
Net increase in financial assets held under resale agreements	(202,719)	-
Net increase in financial assets at fair value through profit or loss ("FVTPL")	(550,000)	-
Net increase in other assets	(325)	(178)
Net increase in other liabilities and contract liabilities	8,800	3,623
Interest paid on bonds and borrowings	(27,058)	(13,414)
Interest paid on note payables	(10,886)	(602)
Interest paid on lease liabilities	(2)	(3)
Interest received on debt instruments measured at amortised cost	1,575	543
NET CASH USED IN OPERATING ACTIVITIES	<u>(6,489,167)</u>	<u>(1,556,757)</u>

THE NEW DEVELOPMENT BANK

CONDENSED STATEMENT OF CASH FLOWS - continued  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
 EXPRESSED IN THOUSANDS OF U.S. DOLLARS

	Nine months ended <u>September 30, 2020</u> (unaudited)	Nine months ended <u>September 30, 2019</u> (unaudited)
INVESTING ACTIVITIES		
Purchase of debt instruments measured at amortised cost	(339,529)	(48,475)
Proceeds from redemption of debt instruments measured at amortised cost	20,072	40,267
Purchase of financial assets at fair value through profit or loss	(1,819)	-
Purchase of property and equipment and intangible assets	(547)	(383)
NET CASH USED IN INVESTING ACTIVITIES	<u>(321,823)</u>	<u>(8,591)</u>
FINANCING ACTIVITIES		
Paid-in capital received	1,000,000	609,212
Proceeds from issuance of bonds	4,480,231	448,012
Proceeds from issuance of note payables	5,346,731	765,020
Proceeds from short-term borrowings	250,000	-
Repayment of short-term borrowings	(360,000)	-
Repayment from note payables	(2,461,115)	(99,398)
Payment of issuance cost of bonds	(8,918)	(552)
Payment of issuance cost on note payables	(47)	(131)
Payment of lease liabilities	(44)	(61)
NET CASH FROM FINANCING ACTIVITIES	<u>8,246,838</u>	<u>1,722,102</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,435,848	156,754
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,023,495</u>	<u>122,988</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>2,459,343</u>	<u>279,742</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	<u>211,313</u>	<u>135,954</u>
Interest paid	<u>(37,948)</u>	<u>(14,019)</u>



## THE NEW DEVELOPMENT BANK

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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#### 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 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. The headquarters of the Bank is located in Shanghai, China. On August 17, 2017, the Bank officially opened the Africa Regional Center ("ARC"), in Johannesburg, which is the first regional office of the Bank.

According to the Agreement, the initial authorised capital of the Bank is United States Dollar ("USD") 100 billion and the initial subscribed capital of the Bank is USD 50 billion. Each founding member shall initially subscribe for 100,000 shares, totaling USD 10 billion, of which 20,000 shares correspond to paid-in capital and 80,000 shares correspond to callable shares. The contribution of the amount initially subscribed by each founding member, to the paid-in capital stock of the Bank, shall be made in dollars in 7 instalments, pursuant to the Agreement.

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.

As at September 30, 2020, the Bank had 167 (December 31, 2019: 149) employees including the President and 4 (December 31, 2019: 4) Vice-Presidents. In addition, there were 10 (December 31, 2019: 12) consultants/secondees appointed by the Bank on a short-term basis.

Since the outbreak of COVID-19 in January 2020, strict prevention measures has been implemented by the governments and it caused interruption of business in various sectors. The Bank has also taken certain measures to mitigate negative impact of business interruption, including certain work-from-home arrangements for its staff. The directors of the Bank consider that the impact of Covid-19 is not material to the Bank's financial position as at 30 September 2020 and the performance for the period then ended.

#### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The condensed statement of profit or loss and other comprehensive income and relevant notes for the year ended December 31, 2019 is also presented.

The condensed financial statements for the nine months ended September 30, 2020 should be read in conjunction with the Bank's financial statements for the year ended December 31, 2019.

## THE NEW DEVELOPMENT BANK

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES - continued

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed financial statements for the nine months ended September 30, 2020 are the same as those presented in the Bank's financial statements for the year ended December 31, 2019.

In the current interim period, the Bank has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the Bank's condensed financial statements:

Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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

### 3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Bank. The key sources of estimation uncertainty used in the condensed financial statements for the nine months ended September 30, 2020 are the same as those followed in the preparation of the Bank's financial statements for the year ended December 31, 2019.

### 4. FINANCIAL RISK MANAGEMENT

#### **Overview**

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

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

4. FINANCIAL RISK MANAGEMENT - continued

**Overview** - continued

The primary responsibility for risk management at an operational level rests with the management. 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 includes exchange rate risk and interest rate risk.

**Credit risk**

The Bank is committed to mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries. The Bank will provide financial support through loans, guarantees, equity investment and other financial activities to fulfill this purpose. Any possibility of inability or unwillingness of borrowers or obligors to meet their financial obligation with the Bank leads to 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 limits would apply to exposures to single jurisdiction, sectors, obligors and products.

The Bank mainly relies on external credit rating results from major international rating agencies (e.g. Moody's, Standard and Poor's and Fitch) to provide an initial assessment of the credit quality of borrowers and treasury counterparties. In case where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed on the guarantor. The Risk Division of the Bank monitors the overall credit risk of the Bank on a periodic basis.

In case a loan has neither a sovereign guarantee nor an external credit rating, the Bank uses an internal credit rating taking into account specific project, sector, macro and country credit risks. The Risk Division of the Bank monitors the overall credit risk profile of the Bank on a periodic basis. The Risk Division obtains the latest rating result of the obligors to measure credit risk profile of the Bank.

*ECL measurement*

The Bank applies a three-stage model for impairment based on changes in credit quality since initial recognition.

4. FINANCIAL RISK MANAGEMENT - continued

**Credit risk - continued**

*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 payment exceeds 30 days;
- Rating downgrade by 3 notches compared to the rating at initial recognition.

*Qualitative criteria:*

- History of arrears within 12 months;
- Cross default is activated;
- Material regulatory action against the borrower;
- Failure to comply with covenants or loan condition renegotiation.

*Credit-impaired financial assets*

ECL is calculated on a 12-month or lifetime basis. 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. 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 impairment allowance 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.

4. FINANCIAL RISK MANAGEMENT - continued

**Credit risk - continued**

*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 for sovereign loans is changed for the nine months ended September 30, 2020, for the refinement of key assumptions and estimates made based on the Bank's recent experience and peer practice after the Bank's revisiting the ECL model, from the latest Standard and Poor's observed default rate to Moody's model which has been applied for non-sovereign loans in prior years and considers specific rating, country and industry information. The unconditional Point-in-time Probability of Default is also derived based on Moody's model for due from banks and debt instruments measured at amortised cost. It is then conditioned on three future macro-economic scenarios (baseline, optimistic and pessimistic);
- Loss Given Default ("LGD") for the sovereign loans is changed for the nine months ended September 30, 2020 for the refinement of key assumptions and estimates made based on the Bank's recent experience and peer practice from 30% to a range of 10% - 45%, and LGD for the non-sovereign loans is changed from 75% to 45% for non-sovereign loans with senior unsecured claims and 75% for non-sovereign loans with subordinated claim, respectively, after the Bank's revisiting the ECL model. 45% of LGD is applied for due from banks and debt instruments measured at amortised cost;
- Exposure at Default ("EAD") includes the sum of loans disbursed, interest receivable and net projected disbursement schedule over the next 12 months for sovereign and non-sovereign loans. The EAD includes the sum of principal and interest receivable for due from banks and debt instruments measured at amortised cost; 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 the calculation used for the 12-month ECL measurement purposes;
- 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. The EAD is based on the sum of principal and interest receivable throughout the remaining life for due from banks and debt instruments measured at amortised cost;
- Discount rate is equal to the effective interest rate; and
- Lifetime of the loan is the remaining loan contract period.

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Bank's financial instruments that are measured subsequent to initial recognition at fair value mainly included financial liabilities designated at fair value through profit or loss, derivatives and financial assets at fair value through profit or loss as at September 30, 2020.

The Risk Division 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 identical financial assets or the liabilities that the Bank can access at the measurement date.
- Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the assets or liabilities in the market and published by reputable agencies like Bloomberg and Reuters. These inputs are used for arriving at the fair value of the assets or the liabilities.
- Level 3: Inputs for the financial asset or liability that are not based on the observable market data (unobservable inputs).

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 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 fair value through profit or loss 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 money market fund is based on the net asset value that is determined with reference to observable prices of underlying investment portfolio and adjustments of related expenses.

THE NEW DEVELOPMENT BANK

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - continued

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

The table below shows the comparison of fair value of the financial assets and financial liabilities.

	<u>Level 1</u> USD'000	<u>Level 2</u> USD'000	<u>Level 3</u> USD'000	<u>Total</u> USD'000
Unaudited				
As at September 30, 2020				
Financial assets				
Financial assets at fair value				
through profit or loss	-	550,000	-	550,000
Derivatives	-	5,416	-	5,416
Total financial assets measured at fair value	-	555,416	-	555,416
Financial liabilities				
Derivatives				
	-	62,449	-	62,449
Financial liabilities designated at fair value	-	5,404,265	-	5,404,265
Total financial liabilities measured at fair value	-	5,466,714	-	5,466,714
	<u>Level 1</u> USD'000	<u>Level 2</u> USD'000	<u>Level 3</u> USD'000	<u>Total</u> USD'000
Audited				
As at December 31, 2019				
Financial assets				
Derivatives				
	-	5,436	-	5,436
Total financial assets measured at fair value	-	5,436	-	5,436
Financial liabilities				
Derivatives				
	-	12,182	-	12,182
Financial liabilities designated at fair value	-	882,757	-	882,757
Total financial liabilities measured at fair value	-	894,939	-	894,939

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2020 and during the year ended December 31, 2019.

There were no third-party credit enhancements in the fair value measurement for financial liabilities designated at fair value through profit or loss as at September 30, 2020 and December 31, 2019.

THE NEW DEVELOPMENT BANK

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - continued

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

The Bank considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Bank's condensed statements of financial position approximate their fair values.

6. NET INTEREST INCOME

	Nine months ended September <u>30, 2020</u> USD'000 (unaudited)	Nine months ended September <u>30, 2019</u> USD'000 (unaudited)	Three months ended September <u>30, 2020</u> USD'000 (unaudited)	Three months ended September <u>30, 2019</u> USD'000 (unaudited)	Year ended December <u>31, 2019</u> USD'000 (audited)
Interest income from banks	114,633	143,985	33,458	51,110	194,079
Interest income from loans and advances	69,213	24,615	31,976	9,602	35,719
Interest income from debt instruments measured at amortised cost	1,468	649	713	317	757
Interest income from financial assets held under resale agreements	488	-	488	-	-
Total interest income	<u>185,802</u>	<u>169,249</u>	<u>66,635</u>	<u>61,029</u>	<u>230,555</u>
Interest expense on bonds issued	(33,516)	(17,694)	(16,278)	(6,380)	(24,664)
Interest expense on short-term borrowings	(580)	-	(228)	-	(53)
Interest expense on note payables	(13,294)	(3,921)	(4,769)	(3,130)	(8,091)
Interest expense on financial assets sold under repurchase agreements	(2)	-	(2)	-	-
Interest expense on lease liabilities	(2)	(3)	-	(1)	(4)
Total interest expense	<u>(47,394)</u>	<u>(21,618)</u>	<u>(21,277)</u>	<u>(9,511)</u>	<u>(32,812)</u>
Net interest income	<u>138,408</u>	<u>147,631</u>	<u>45,358</u>	<u>51,518</u>	<u>197,743</u>



THE NEW DEVELOPMENT BANK

7. NET FEE INCOME

	Nine month ended September <u>30, 2020</u> USD'000 (unaudited)	Nine month ended September <u>30, 2019</u> USD'000 (unaudited)	Three month ended September <u>30, 2020</u> USD'000 (unaudited)	Three month ended September <u>30, 2019</u> USD'000 (unaudited)	Year ended December <u>31, 2019</u> USD'000 (audited)
Front-end fee recognised	934	349	349	167	540
Commitment fee	2,423	763	1,310	625	1,027
Total	<u>3,357</u>	<u>1,112</u>	<u>1,659</u>	<u>792</u>	<u>1,567</u>

8. NET (LOSSES)/GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Nine months ended September <u>30, 2020</u> USD'000 (unaudited)	Nine months ended September <u>30, 2019</u> USD'000 (unaudited)	Three months ended September <u>30, 2020</u> USD'000 (unaudited)	Three months ended September <u>30, 2019</u> USD'000 (unaudited)	Year ended December <u>31, 2019</u> USD'000 (audited)
Derivatives	(36,500)	(5,977)	(43,337)	(10,138)	1,593
Bonds	(34,186)	40,977	(42,060)	32,329	20,314
Money market funds	151	-	151	-	-
Others (Note)	(1,819)	-	(725)	-	-
Total	<u>(72,354)</u>	<u>35,000</u>	<u>(85,971)</u>	<u>22,191</u>	<u>21,907</u>

The realised gains arising from derivative financial instruments for the nine months ended September 30, 2020 were USD 13,787 thousand (unaudited) (nine months ended September 30, 2019: USD 3,192 thousand, unaudited).

Note: Others mainly represent unrealised losses on investments in private equity fund.

9. STAFF COSTS

	Nine month ended September <u>30, 2020</u> USD'000 (unaudited)	Nine month ended September <u>30, 2019</u> USD'000 (unaudited)	Three month ended September <u>30, 2020</u> USD'000 (unaudited)	Three month ended September <u>30, 2019</u> USD'000 (unaudited)	Year ended December <u>31, 2019</u> USD'000 (audited)
Salaries and allowances	23,390	18,872	8,449	7,016	25,767
Other benefits	6,912	5,502	2,537	1,726	7,451
Total	<u>30,302</u>	<u>24,374</u>	<u>10,986</u>	<u>8,742</u>	<u>33,218</u>

THE NEW DEVELOPMENT BANK

9. STAFF COSTS - continued

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 nine months ended September 30, 2020 for the SRP and PRP was USD 4,711 thousand (unaudited) (nine months ended September 30, 2019 : USD 3,733 thousand, unaudited) and USD 473 thousand (unaudited) (nine months ended September 30, 2019 : USD 367 thousand, unaudited) respectively and is included in "Other benefits". There are two retirement plans in operation. Both SRP and PRP are defined contribution schemes and are operated through trust funds. For SRP, both the Bank and staff contribute. For PRP, only the Bank contributes.

The Bank did not incur any salary expenses and other employee benefits for members of the Board of Governors and the Board of Directors except the President of the Bank for the nine months ended September 30, 2020 and 2019. 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.

10. OTHER OPERATING EXPENSES

	Nine months ended September <u>30, 2020</u> USD'000 (unaudited)	Nine months ended September <u>30, 2019</u> USD'000 (unaudited)	Three months ended September <u>30, 2020</u> USD'000 (unaudited)	Three months ended September <u>30, 2019</u> USD'000 (unaudited)	Year ended December <u>31, 2019</u> USD'000 (audited)
Office expenses	2,372	2,352	856	445	3,407
Professional fees	2,447	2,429	1,004	940	4,594
Auditor's remuneration	506	408	168	136	547
Travel expenses	585	3,101	88	983	4,168
IT expenses	2,555	1,717	1,318	730	3,961
Hospitality expenses	125	145	50	78	219
Depreciation and amortisation	612	427	209	153	589
Bond issuance costs	8,918	552	5,006	-	552
Others	19	13	11	7	16
<b>Total</b>	<b>18,139</b>	<b>11,144</b>	<b>8,710</b>	<b>3,472</b>	<b>18,053</b>

THE NEW DEVELOPMENT BANK

11. CASH AND CASH EQUIVALENTS

	As at September 30, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Cash on hand	14	11
Demand deposit	2,103,012	226,177
Time deposit with original maturity within three months	356,317	797,307
Total	<u>2,459,343</u>	<u>1,023,495</u>

12. DUE FROM BANKS OTHER THAN CASH AND CASH EQUIVALENTS

	As at September 30, 2020 USD'000 (unaudited)	As at December 31, 2019 USD'000 (audited)
Commercial banks	7,171,317	6,292,059
Less: ECL allowance	(4,331)	-
	<u>7,166,986</u>	<u>6,292,059</u>
Less: Time deposit with original maturity within three months	(356,317)	(797,307)
Total	<u>6,810,669</u>	<u>5,494,752</u>

There has been no significant increase in credit risk since initial recognition associated with the amounts due from banks up to September 30, 2020.

13. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Bank entered into derivative contracts for the green bond issued in July, 2016, that was paired with swaps of which the total notional amounts in Renminbi ("RMB") is 3 billion, to convert the issuance proceeds into the currency and interest rate structure sought by the Bank. Similarly, the Bank entered into derivative contracts for the new panda bond issued in February, 2019, the coronavirus combating bond issued in April, 2020, Euro Medium Term Note (series 1) issued in June, 2020, the new panda bond issued in July, 2020 and Euro Medium Term Note (series 2) issued in September, 2020 that were paired with swaps of which the total notional amounts are RMB 3 billion, RMB 5 billion, USD 1.5 billion, RMB 2 billion and USD 2 billion respectively, to convert the issuance proceeds into the interest rate structure sought by the Bank.

Besides, the Bank entered into derivative contracts for loans and advances with a notional amount of USD 516 million and for debt instruments measured at amortised cost with a notional amount of USD 13 million. The Bank has also entered into forward contracts for debt instruments measured at amortised cost and due from banks other than cash and cash equivalents.

Notwithstanding the purpose for achieving an economic hedge, the Bank opted not to apply hedge accounting to any derivative contracts entered into during the nine months ended September 30, 2020 and the year ended December 31, 2019.

THE NEW DEVELOPMENT BANK

13. DERIVATIVE FINANCIAL ASSETS/LIABILITIES - continued

Unaudited			
<u>As at September 30, 2020</u>	<u>Notional USD</u> USD'000	<u>Fair Value Asset</u> USD'000	<u>Fair Value Liability</u> USD'000
Interest Rate Swap	5,055,849	4,933	20,492
Forward Contract	637,784	-	17,351
Cross Currency Swap	889,071	483	24,606
Total	<u>6,582,704</u>	<u>5,416</u>	<u>62,449</u>
Audited			
<u>As at December 31, 2019</u>	<u>Notional USD</u> USD'000	<u>Fair Value Asset</u> USD'000	<u>Fair Value Liability</u> USD'000
Interest Rate Swap	732,590	5,436	177
Forward Contract	270,881	-	1,525
Cross Currency Swap	359,396	-	10,480
Total	<u>1,362,867</u>	<u>5,436</u>	<u>12,182</u>

14. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	<u>As at September</u> <u>30, 2020</u> USD'000 (unaudited)	<u>As at December</u> <u>31, 2019</u> USD'000 (audited)
Analysed by collateral type:		
Bonds	202,719	-
Total	<u>202,719</u>	<u>-</u>

There has been no significant increase in credit risk since initial recognition associated with the amounts financial assets held under resale agreements up to September 30, 2020.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>As at September</u> <u>30, 2020</u> USD'000 (unaudited)	<u>As at December</u> <u>31, 2019</u> USD'000 (audited)
Mandatorily measured at FVTPL:		
Money market fund	550,000	-
Total	<u>550,000</u>	<u>-</u>

THE NEW DEVELOPMENT BANK

16. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Policy bank bond	103,710	26,555
Commercial bank bond	249,955	7,216
Less: ECL allowance	(472)	-
Total	<u>353,193</u>	<u>33,771</u>

The debt instruments measured at amortised cost relate to the Bank's investments in commercial bank bonds of which two were denominated in RMB and four were denominated in USD, policy bank bonds of which five were denominated in RMB, one was denominated in INR and one was denominated in RUB as at September 30, 2020.

There has been no significant increase in credit risk since initial recognition associated with the amounts debt instruments measured at amortised cost up to September 30, 2020.

17. LOANS AND ADVANCES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Principal	6,178,125	1,538,176
Interest receivable	13,612	11,276
Gross carrying amount	<u>6,191,737</u>	<u>1,549,452</u>
Less: ECL allowance	(20,501)	(4,535)
Net carrying amount	<u>6,171,236</u>	<u>1,544,917</u>

Reconciliation of provision for loans raised

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
ECL allowance of loans as at beginning of the period/year	4,535	2,655
Additions	12,885	1,127
Derecognition	(375)	(29)
Change in risk parameters	3,456	782
ECL allowance of loans as at end of the period/year	<u>20,501</u>	<u>4,535</u>

THE NEW DEVELOPMENT BANK

17. LOANS AND ADVANCES - continued

For the nine months ended September 30, 2020, the additions to the ECL allowance of USD 12,885 thousand (unaudited) (December 31, 2019: USD 1,127 thousand, audited) was due to origination of loans and advances with gross carrying amount of USD 4,819,313 thousand (unaudited) (December 31, 2019: USD 925,093 thousand, audited).

As at September 30, 2020 (unaudited)

	<u>12 Month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	8,584	11,917	20,501

As at December 31, 2019 (audited)

	<u>12 Month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	4,535	-	4,535

18. PAID-IN CAPITAL RECEIVABLES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Balance as at beginning of period/year (Note 1 below)	3,800,000	5,009,212
Less:		
Instalment received during the period/year (Note 2 below)	(1,000,000)	(1,209,212)
Total nominal amounts of receivable at the end of the period/year (Note 4 below)	2,800,000	3,800,000
Less:		
Interest on paid-in capital receivables to be unwound in the future period/year (Note 3 below)	(40,680)	(86,457)
Balance as at the end of the period/year	2,759,320	3,713,543

## THE NEW DEVELOPMENT BANK

### 18. PAID-IN CAPITAL RECEIVABLES – continued

Note 1: As disclosed in Note 29, the Bank established the rights to receive the initial subscribed paid-in capital of 100,000 shares, which total USD 10 billion upon the effective date of the Agreement. Each founding member shall initially and equally subscribe to 20,000 shares that correspond to paid-in capital. The payment of the amount initially subscribed to the paid-in capital stock of the Bank shall be made in 7 instalments. The first instalment of paid-in capital shall be paid by each member within 6 months of the Agreement coming in force and the second instalment shall become due 18 months from the date the Agreement came into force. The remaining 5 instalments shall each become due successively one year from the date on which the preceding instalment becomes due.

Note 2: The instalment received in the period ended September 30, 2020 resulted from the receipt of the fifth instalment, and partial receipts of sixth instalments ahead of schedule.

Note 3: The discounting method is applied to derive the interest to be unwound over the instalment period. The balance includes an initial discount of USD 622,285 thousand less USD 554,123 thousand (unaudited) of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2019: USD 516,714 thousand) and USD 27,482 thousand (unaudited) of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of September 30, 2020 (December 31, 2019: USD 19,114 thousand).

Note 4: As at September 30, 2020, there was no overdue instalments of paid-in capital receivables. The total paid-in capital receivables that will become due within one-year amount to an undiscounted value of USD 1.05 billion (unaudited), and that will become due over one-year amount to an undiscounted value of USD 1.75 billion (unaudited).

No member has defaulted on payments therefore, in the opinion of the management of the Bank is unlikely to incur any related credit risk associated with the capital receivables.

### 19. RIGHT-OF-USE ASSETS

<u>Property</u>	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Cost as at beginning of the period/year	226	226
Additions during the period/year	199	-
Cost as at end of the period/year	<u>425</u>	<u>226</u>
Accumulated depreciation		
As at beginning of the period/year	(85)	-
Depreciation for the period/year	(56)	(85)
Accumulated depreciation as at end of the period/year	<u>(141)</u>	<u>(85)</u>
Net book value as at end of the period/year	<u>284</u>	<u>141</u>

## THE NEW DEVELOPMENT BANK

### 20. PROPERTY AND EQUIPMENT

	<u>IT Equipment</u> USD'000	<u>Appliance</u> USD'000	<u>Vehicle</u> USD'000	<u>Furniture</u> USD'000	<u>Others</u> USD'000	<u>Total</u> USD'000
Unaudited						
Cost as at January 1, 2020	1,492	66	413	9	25	2,005
Additions during the period	133	5	-	15	-	153
Cost as at September 30, 2020	<u>1,625</u>	<u>71</u>	<u>413</u>	<u>24</u>	<u>25</u>	<u>2,158</u>
Accumulated depreciation						
as at January 1, 2020	(298)	(37)	(197)	(3)	(15)	(550)
Depreciation for the period	(216)	(11)	(50)	(3)	(4)	(284)
Accumulated depreciation as at September 30, 2020	<u>(514)</u>	<u>(48)</u>	<u>(247)</u>	<u>(6)</u>	<u>(19)</u>	<u>(834)</u>
Net book value as at September 30, 2020	<u>1,111</u>	<u>23</u>	<u>166</u>	<u>18</u>	<u>6</u>	<u>1,324</u>
Audited						
Cost as at January 1, 2019	953	66	413	9	25	1,466
Additions during the year	540	-	-	-	-	540
Disposal for the year	(1)	-	-	-	-	(1)
Cost as at December 31, 2019	<u>1,492</u>	<u>66</u>	<u>413</u>	<u>9</u>	<u>25</u>	<u>2,005</u>
Accumulated depreciation						
as at January 1, 2019	(95)	(24)	(131)	(1)	(10)	(261)
Depreciation for the year	(203)	(13)	(66)	(2)	(5)	(289)
Eliminated on disposal	-	-	-	-	-	-
Accumulated depreciation as at December 31, 2019	<u>(298)</u>	<u>(37)</u>	<u>(197)</u>	<u>(3)</u>	<u>(15)</u>	<u>(550)</u>
Net book value as at December 31, 2019	<u>1,194</u>	<u>29</u>	<u>216</u>	<u>6</u>	<u>10</u>	<u>1,455</u>

### 21. INTANGIBLE ASSETS

	<u>As at September</u> <u>30, 2020</u> USD'000 (unaudited)	<u>As at December</u> <u>31, 2019</u> USD'000 (audited)
Cost		
As at beginning of the year	1,726	1,009
Additions for the period/year	394	717
As at end of the period/year	<u>2,120</u>	<u>1,726</u>
Accumulated amortisation		
As at beginning of the period/year	(293)	(78)
Amortisation for the period/year	(272)	(215)
As at end of the period/year	<u>(565)</u>	<u>(293)</u>
Net book value		
As at end of the period/year	<u>1,555</u>	<u>1,433</u>



THE NEW DEVELOPMENT BANK

22. OTHER ASSETS

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Commitment fee receivables	1,144	792
Other receivables	244	118
Others (Note 1 below)	544	697
Total	<u>1,932</u>	<u>1,607</u>

Note 1: Others mainly include prepayment.

23. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Bond - Principal	5,376,254	896,023
- Interest payable	24,427	17,336
- Fair value adjustment	3,584	(30,602)
Total	<u>5,404,265</u>	<u>882,757</u>

In April, 2020, the Bank issued a three-year coronavirus combating bond with par value of RMB 5 billion (USD 704,434 thousand equivalent) with the maturity date on April 3, 2023. The interest is paid by the Bank annually with fixed coupon rate of 2.43%.

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%.

In July, 2020, the Bank issued a five-year panda bond with par value of RMB 2 billion (USD 284,337 thousand 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%.

There has been no change in fair value of the bond attributable to changes in the Bank's credit risk for the nine months ended September 30, 2020 and the year ended December 31, 2019. The contractual principal amount to be paid at maturity are RMB 13 billion for RMB denominated bonds and USD 3.5 billion for USD denominated notes respectively.

THE NEW DEVELOPMENT BANK

24. BORROWINGS

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Unsecured short-term borrowings	-	110,053
Total	<u>-</u>	<u>110,053</u>

25. NOTE PAYABLES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Note payables	3,511,268	623,256
Total	<u>3,511,268</u>	<u>623,256</u>

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

26. LEASE LIABILITIES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Lease liabilities		
Africa Regional Office rent	253	138
Total	<u>253</u>	<u>138</u>
Undiscounted lease payments		
Within 1 year	62	93
1 year to 5 years	197	49
Total	<u>259</u>	<u>142</u>

THE NEW DEVELOPMENT BANK

27. CONTRACT LIABILITIES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Deferred income (Note 1 below)	24,758	14,513
Total	<u>24,758</u>	<u>14,513</u>

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front end fees as at September 30, 2020 and December 31, 2019. Revenue recognised for the nine months ended September 30, 2020 that was included in the contract liabilities balance at beginning of the period is USD 701 thousand (unaudited) (nine months ended September 30, 2019: USD 188 thousand, unaudited).

28. OTHER LIABILITIES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Employee benefits payable	580	266
Accrued expenses	4,095	3,508
Impairment provision of loan commitments	3,818	1,319
Annual leave provision	2,115	1,246
Total	<u>10,608</u>	<u>6,339</u>

Reconciliation of provision for loan commitments

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
ECL allowance of loan commitments as at beginning of the period/year	1,319	1,126
Additions	3,173	1,254
Deductions	(1,122)	(1,066)
Change in risk parameters	448	5
ECL allowance of loan commitments as at end of the period/year	<u>3,818</u>	<u>1,319</u>

## THE NEW DEVELOPMENT BANK

### 28. OTHER LIABILITIES - continued

For the nine months ended September 30, 2020, the additions to the ECL allowance of USD 3,173 thousand (unaudited) (December 31, 2019: USD 1,254 thousand, audited) was due to origination or increase in expected drawdown of loan commitments within 12 months of September 30, 2020 of USD 914,079 thousand (unaudited) (December 31, 2019: USD 1,909,376 thousand, audited).

As at September 30, 2020 (unaudited)

	<u>12 month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	<u>1,061</u>	<u>2,757</u>	<u>3,818</u>

As at December 31, 2019 (audited)

	<u>12 month ECL</u> USD'000	<u>Lifetime ECL</u> USD'000	<u>Total</u> USD'000
Impairment allowance	<u>1,319</u>	<u>-</u>	<u>1,319</u>

### 29. 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, is set out in the following table. There is no amendment to the terms of subscription payment in the Agreement on September 30, 2020. 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.

	<u>As at September 30, 2020</u> (unaudited)		<u>As at December 31, 2019</u> (unaudited)	
	Number of shares	Amount in USD'000	Number of shares	Amount in USD'000
Authorised shared capital	1,000,000	100,000,000	1,000,000	100,000,000
Less: unsubscribed by members	(500,000)	(50,000,000)	(500,000)	(50,000,000)
Total subscribed capital	500,000	50,000,000	500,000	50,000,000
Less: callable capital	<u>(400,000)</u>	<u>(40,000,000)</u>	<u>(400,000)</u>	<u>(40,000,000)</u>
Total paid in capital	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>

THE NEW DEVELOPMENT BANK

29. PAID-IN CAPITAL - continued

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

Unaudited As at <u>September 30, 2020</u>	Total shares	Total capital	Callable capital	Paid-in capital	Paid-in capital <sup>1</sup> received	Paid-in capital outstanding
	Numbers	USD'000	USD'000	USD'000	USD'000	USD'000
Brazil	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
Russia	100,000	10,000,000	8,000,000	2,000,000	1,650,000	350,000
India	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
China	100,000	10,000,000	8,000,000	2,000,000	1,650,000	350,000
South Africa	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
<b>Total</b>	<b>500,000</b>	<b>50,000,000</b>	<b>40,000,000</b>	<b>10,000,000</b>	<b>7,200,000</b>	<b>2,800,000</b>
<b>Audited</b>	<b>Total</b>	<b>Total</b>	<b>Callable capital</b>	<b>Paid-in capital</b>	<b>Paid-in capital<sup>1</sup> received</b>	<b>Paid-in capital outstanding</b>
<b>As at <u>December 31, 2019</u></b>	<b>Numbers</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Brazil	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
Russia	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
India	100,000	10,000,000	8,000,000	2,000,000	1,000,000	1,000,000
China	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
South Africa	100,000	10,000,000	8,000,000	2,000,000	1,300,000	700,000
<b>Total</b>	<b>500,000</b>	<b>50,000,000</b>	<b>40,000,000</b>	<b>10,000,000</b>	<b>6,200,000</b>	<b>3,800,000</b>

<sup>1</sup>Pursuant to Article 9 and attachment 2 of the Agreement each founding members' paid in capital stock is received in 7 instalments.

As at September 30, 2020, all paid-in capital from founding members was received in accordance with the Articles, and partial receipts relating to the sixth instalment has been received ahead of schedule.

## THE NEW DEVELOPMENT BANK

### 30. OTHER RESERVES

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Accumulated impact on discounting of paid-in capital receivables	(40,680)	(86,457)
Total	<u>(40,680)</u>	<u>(86,457)</u>

Other reserves represent the difference on the present value of paid-in receivables and the nominal amounts of subscribed paid-in capital arisen from the instalment 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 to other reserves from retained earnings immediately following the unwinding treatment in the relevant accounting period.

### 31. COMMITMENTS

#### 1) Capital commitments

As at September 30, 2020, the Bank had no irrevocable capital expenditures commitment.

#### 2) Credit Commitments

	As at September <u>30, 2020</u> USD'000 (unaudited)	As at December <u>31, 2019</u> USD'000 (audited)
Letters of effectiveness signed	6,764,880	6,920,773
Letter of effectiveness yet to be signed	620,000	907,290
Total	<u>7,384,880</u>	<u>7,828,063</u>

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

## THE NEW DEVELOPMENT BANK

### 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, exempted from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

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

The name and relationship with founding member governments are disclosed below. As at September 30, 2020 and December 31, 2019, no transactions, individually or collectively with government are considered significant to the Bank.

#### (1) Name and relationship

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

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

Details of the paid-in capital receivables as at September 30, 2020 and December 31, 2019 are set out in Note 18, and unwinding of interest on paid-in capital receivables for the nine months ended September 30, 2020 and year ended December 31, 2019 are set out in the condensed statement of profit or loss and other comprehensive income.

#### (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 period ended September 30, 2020:

<b>Name</b>	<b>Country</b>	<b>Position</b>
Marcos Prado Troyjo	Brazil	President
Anil Kishora	India	Vice President; Chief Risk Officer
Vladimir Kazbekov	Russia	Vice President; Chief Administrative Officer
Xian Zhu	China	Vice President; Chief Operations Officer
Leslie Warren Maasdorp	South Africa	Vice President; Chief Financial Officer

## THE NEW DEVELOPMENT BANK

### 32. RELATED PARTY DISCLOSURE - continued

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

	Nine months ended September <u>30, 2020</u> (unaudited)	Nine months ended September <u>30, 2019</u> (unaudited)	Three months ended September <u>30, 2020</u> (unaudited)	Three months ended September <u>30, 2019</u> (unaudited)	Year ended December <u>31, 2019</u> (audited)
Salary and allowance	2,750	1,862	1,434	621	2,483
Staff Retirement Plan	281	272	94	91	362
Post-Retirement Insurance Plan	48	46	16	15	62
Other short term benefits	67	66	21	22	88
Total	<u>3,146</u>	<u>2,246</u>	<u>1,565</u>	<u>749</u>	<u>2,995</u>

### 33. SEGMENT INFORMATION

For the nine months ended September 30, 2020, the Bank has a single reportable segment and evaluates the financial performance of the Bank as a whole.

### 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 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 September 30, 2020, the NDB-PPF had received contributions amounting to USD 7 million (unaudited) (December 31, 2019: USD 7 million). The Bank has not earned any income from NDB-PPF for the nine months ended September 30, 2020 and 2019.



## THE NEW DEVELOPMENT BANK

### 35. SUBSEQUENT EVENTS

On December 2, 2020, USD 58 million of paid-in capital was received ahead of schedule from Brazil relating to the partial payment of the sixth instalment.

On October 9, 2020, a loan agreement for USD 300 million was signed with VALE S.A. to finance the North Region Transportation Infrastructure Improvement Project. This agreement became effective on October 9, 2020.

On November 19, 2020, a loan agreement for USD 500 million was signed with the Republic of India to finance the Delhi-Ghaziabad-Meerut Regional Rapid Transit System Project. This agreement shall be effective when the effectiveness conditions of the loan agreement have been complied with. As at the reporting date, the effectiveness conditions are yet to be complied with.

Subsequent to September 30, 2020, the Bank issued several zero-coupon notes with aggregate notional amounts of USD 180 million with original maturity date within one year.

### 36. APPROVAL OF CONDENSED FINANCIAL STATEMENTS

The condensed financial statements were approved by the Management and the Board of Directors and authorised for issuance on December 15, 2020.

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