THE NEW DEVELOPMENT BANK

Report on Review of Condensed Financial Statements
and Condensed Financial Statements
For the nine months ended September 30, 2022

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CONTENTS	PAGE(S)

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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, 2022 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 these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matter - Restriction on Distribution

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

Deloitte Touche Tohmatsu CPA LLP

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

December 13, 2022

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Condensed Statement of Profit or Loss and Other Comprehensive Income
For the nine months ended September 30, 2022
Expressed in millions of U.S. dollars

	Notes	Nine months ended September 30, 2022 (unaudited)	Nine months ended September 30, 2021 (unaudited)	Year ended December 31, 2021 (audited)
Interest income	6	348	196	271
Interest expense	6	(134)	(88)	(123)
Net interest income	6	214	108	148
Net fee income	7	8	6	8
Net gains/(losses) on financial instruments at fair value through profit or loss (FVTPL)	8	601	22	(46)
		823	136	110
Staff costs	9	(38)	(36)	(49)
Other operating expenses	10	(16)	(13)	(19)
Impairment losses under expected credit loss model, net of reversal		(118)	5	(2)
Foreign exchange (losses)/gains		(635)	(4)	60
Other expense	11	(1)	(9)	(11)
Operating profit for the period		15	79	89
Unwinding of interest on paid-in capital receivables		2	17	21
Profit for the period		17	96	110
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to profit or loss:				
Fair value loss on debt instruments at fair value through other comprehensive income (FVTOCI)		(28)	(3)	(7)
Impairment loss for debt instruments at FVTOCI included in profit or loss, net of reversal		1	1	1
Other comprehensive expense for the period		(27)	(2)	(6)
Total comprehensive (expense)/income for the period		(10)	94	104

Condensed Statement of Financial Position
As at September 30, 2022
Expressed in millions of U.S. dollars

	Notes	As at September 30, 2022 (unaudited)	As at December 31, 2021 (audited)
Assets			
Cash and cash equivalents	12	835	1,856
Due from banks other than cash and cash equivalents	13	4,050	4,916
Derivative financial assets	14	251	44
Financial assets held under resale agreements	15	99	-
Financial assets at FVTPL	16	53	211
Debt instruments at FVTOCI	17	3,310	1,298
Debt instruments measured at amortised cost	18	2,843	2,258
Loans and advances	19	13,779	13,965
Paid-in capital receivables	20	269	335
Right-of-use assets		-*	-*
Property and equipment	21	1	1
Intangible assets	22	1	1
Other assets	23	112	3
Total assets		25,603	24,888
Liabilities			
Derivative financial liabilities	14	639	160
Financial liabilities designated at FVTPL	24	10,670	10,140
Note payables	25	2,964	3,296
Bond payable	26	500	499
Lease liabilities		-*	-*
Contract liabilities	27	47	46
Other liabilities	28	60	14
Total liabilities		14,880	14,155
Equity			
Paid-in capital	29	10,299	10,299
Reserves	30	(39)	(14)
Retained earnings		463	448
Total equity		10,723	10,733
Total equity and liabilities		25,603	24,888

* Less than USD half of a million

The condensed financial statements on pages 2 to 39 were approved and authorised for issue by the Management of the Bank and the Board of Directors on December 13, 2022 and signed on their behalf by:

Marcos Prado Troyjo
President

Leslie Warren Maasdorp
Chief Financial Officer

Halima Nazeer
Director General,
Finance, Budget and Accounting

Condensed Statement of Changes in Equity
For the nine months ended September 30, 2022
Expressed in millions of U.S. dollars

	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 period	-	-	-	-	15	15
Other comprehensive expense for the period	-	-	(27)	-	-	(27)
Unwinding of interest on paid-in capital receivables for the period	-	-	-	-	2	2
Total comprehensive (expense)/income for the period	-	-	(27)	-	17	(10)
Special contribution from founding member	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables (Note 20)	-	-	-	-*	-	-*
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	2	(2)	-
As at September 30, 2022 (unaudited)	10,299	-*	(32)	(7)	463	10,723

	Paid-in capital	Capital reserve	Revaluation reserve	Other reserves	Retained earnings	Total
As at January 1, 2021	10,000	-*	1	(27)	359	10,333
Operating profit for the period	-	-	-	-	79	79
Other comprehensive expense for the period	-	-	(2)	-	-	(2)
Unwinding of interest on paid-in capital receivables for the period	-	-	-	-	17	17
Total comprehensive (expense)/income for the period	-	-	(2)	-	96	94
Capital subscriptions	188	-	-	-	-	188
Impact on discounting of paid-in capital receivables (Note 20)	-	-	-	(6)	-	(6)
Special contribution from founding member	-	-*	-	-	-	-*
Impact of early payment on paid-in capital receivables (Note 20)	-	-	-	6	-	6
Reclassification of unwinding of interest arising from paid-in capital receivables	-	-	-	17	(17)	-
As at September 30, 2021 (unaudited)	10,188	-*	(1)	(10)	438	10,615

* Less than USD half of a million

Condensed Statement of Cash Flows
For the nine months ended September 30, 2022
Expressed in millions of U.S. dollars

	Nine months ended September 30, 2022 (unaudited)	Nine months ended September 30, 2021 (unaudited)
OPERATING ACTIVITIES		
Profit for the period	17	96
Adjustments for:		
Interest expense	134	88
Interest income from debt instruments measured at amortised cost	(22)	(11)
Interest income from debt instruments at FVTOCI	(28)	(1)
Depreciation and amortisation	-*	1
Unrealised gains on financial instruments	(550)	(37)
Realised gains on derivatives	(69)	(1)
Realised losses from bond designated at FVTPL	18	16
Unwinding of interest on paid-in capital receivables	(2)	(17)
Impairment losses under expected credit loss model, net of reversal	118	(5)
Exchange losses on debt instruments at FVTOCI	16	-
Exchange gains on debt instruments measured at amortised cost	(2)	(1)
Exchange (gains)/losses on note payables	(15)	-*
Exchange gains on lease liabilities	-*	-*
Debt issuance cost	1	9
Operating cash flows before changes in operating assets and liabilities	(384)	137
Net decrease in due from banks	867	2,722
Net decrease/(increase) in loans and advances	115	(5,352)
Net (increase)/decrease in financial assets held under resale agreements	(99)	7
Net decrease in financial assets at FVTPL	200	400
Net (increase)/decrease in other assets	(29)	1
Net increase in other liabilities and contract liabilities	-*	5
Cash generated from/(used in) operations	670	(2,080)
Interest paid on bonds	(134)	(78)
Interest paid on note payables	(5)	(14)
Interest paid on lease liabilities	-*	-*
Interest received on debt instruments measured at amortised cost	17	8
Interest received on debt instruments at FVTOCI	6	1
Proceeds from settlement on derivatives	8,115	1,581
Payment of settlement on derivatives	(8,062)	(1,613)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	607	(2,195)

* Less than USD half of a million

Condensed Statement of Cash Flows - continued
For the nine months ended September 30, 2022
Expressed in millions of U.S. dollars

	Nine months ended September 30, 2022 (unaudited)	Nine months ended September 30, 2021 (unaudited)
INVESTING ACTIVITIES		
Purchase of debt instruments measured at amortised cost	(861)	(917)
Proceeds from redemption of debt instruments measured at amortised cost	283	433
Purchase of financial assets at FVTOCI	(2,919)	(906)
Proceeds from redemption of debt instruments at FVTOCI	885	8
Purchase of financial assets at FVTPL	(39)	(12)
Proceeds from settlement on derivatives	14	15
Payment of settlement on derivatives	(15)	(17)
Purchase of property and equipment and intangible assets	-*	(1)
NET CASH USED IN INVESTING ACTIVITIES	(2,652)	(1,397)
FINANCING ACTIVITIES		
Paid-in capital received	68	695
Contribution from a founding member	-*	-*
Proceeds from issuance of bonds	1,671	5,034
Repayment of bonds	(317)	(464)
Proceeds from issuance of note payables	4,196	5,184
Repayments of note payables	(4,610)	(4,402)
Payment of issuance cost of bond	(1)	(9)
Payment of issuance cost on note payables	-*	-*
Proceeds from settlement on derivatives	120	400
Payment of settlement on derivatives	(103)	(365)
Repayments of lease liabilities	-*	-*
NET CASH FROM FINANCING ACTIVITIES	1,024	6,073
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,021)	2,481
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,856	2,193
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	835	4,674
Interest received	293	273
Interest paid	(139)	(92)

* Less than USD half of a million

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. The Bank has established Africa Regional Center in Johannesburg, Americas Regional Office in Sao Paulo with a sub-office in Brasilia, and Eurasian Regional Centre in Moscow.

As at September 30, 2022, the Bank had seven member countries. Additionally, the Bank's Board of Governors admitted two prospective members that will officially become a member country once they deposit their instrument of accession.

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

2. Basis of Preparation 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, 2021 are also presented for reference.

The condensed financial statements for the nine months ended September 30, 2022 should be read in conjunction with the Bank's financial statements for the year ended December 31, 2021.

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, 2022 are the same as those presented in the Bank's financial statements for the year ended December 31, 2021.

2. Basis of Preparation and Principal Accounting Policies - continued

In the current interim period, the Bank has applied the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Bank's condensed financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020

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

3. Key Sources of Estimation Uncertainty

The preparation of condensed financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the accounting policies of the Bank. The key sources of estimation uncertainty used in the condensed financial statements for the nine months ended September 30, 2022 are the same as those followed in the preparation of the Bank's financial statements for the year ended December 31, 2021.

4. Financial Risk Management

Overview

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

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

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

4. Financial Risk Management - continued

Overview - continued

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 and other price 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 Ratings and Fitch) to provide an initial assessment of the credit quality of sovereign and non-sovereign borrowers and treasury counterparties. In case where the loans are guaranteed by the governments of the individual countries, the credit risk is assessed on the guarantor. In case a loan does not count with 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.

Expected Credit Loss (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 nine months ended September 30, 2022 and the year ended December 31, 2021.

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.

4. Financial Risk Management - continued

Credit risk - continued

Significant increases in credit risk - continued

Quantitative criteria:

- Delay in interest or principal 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 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.

4. Financial Risk Management - continued

Credit risk - continued

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 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 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);
- Loss given default (LGD) for the sovereign loans is set at a range of 10% to 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 10% is adopted for sovereign debt instruments measured at amortised cost and sovereign debt instruments at FVTOCI. LGD of 45% is adopted for due from banks, non-sovereign debt instruments measured at amortised cost and non-sovereign debt instruments at FVTOCI.
- 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 and/or loan commitments. The EAD includes the sum of principal and interest receivable over the next 12 months for due from banks, debt instruments measured at amortised cost and debt instruments at FVTOCI; and
- Discount rate is equal to the effective interest rate.

4. Financial Risk Management - continued

Credit risk - continued

Lifetime ECL measurement

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

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

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

Forward-looking information incorporated in ECL

Macro scenario development

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

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

The baseline, optimistic and pessimistic scenarios were given weightings of 50%, 25% and 25% respectively. The estimation is based on the best representative management judgment and use of forward looking information available without undue cost or effort, whereby, 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).

4. Financial Risk Management - continued

Credit risk - continued

Significant event that has impact on ECL measurement

The Bank is closely monitoring the recent global macroeconomic developments and has incorporated the impact of relevant changes in PIT-PD considered when estimating expected credit losses in the current interim period. The financial position and performance of the Bank has been affected on account of an increase in expected credit losses as shown in the disclosures in Notes 19 and 28 respectively.

5. Fair Value of Financial Assets and Liabilities

The Bank's financial instruments that are measured subsequent to initial recognition at fair value mainly included financial liabilities designated at FVTPL, derivatives, financial assets at FVTPL, and debt instruments at FVTOCI as at September 30, 2022.

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; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

5. Fair Value of Financial Assets and Liabilities - continued

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

The Bank is of the opinion that there is no active market related to its bonds issued 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 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 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 market.

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.

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

As at September 30, 2022 (unaudited)	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets				
Financial assets at FVTPL	-	-	53	53
Debt instruments at FVTOCI	916	2,394	-	3,310
Derivatives	-	251	-	251
Total financial assets measured at fair value	916	2,645	53	3,614
Financial liabilities				
Derivatives	-	639	-	639
Financial liabilities designated at FVTPL	-	10,670	-	10,670
Total financial liabilities measured at fair value	-	11,309	-	11,309

As at December 31, 2021 (audited)	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets				
Financial assets at FVTPL	-	200	11	211
Debt instruments at FVTOCI	576	722	-	1,298
Derivatives	-	44	-	44
Total financial assets measured at fair value	576	966	11	1,553
Financial liabilities				
Derivatives	-	160	-	160
Financial liabilities designated at FVTPL	-	10,140	-	10,140
Total financial liabilities measured at fair value	-	10,300	-	10,300

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2022 and the year ended December 31, 2021.

5. Fair Value of Financial Assets and Liabilities - continued

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

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

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
As at beginning of the period/year	11	-
Purchased	39	11
Unrealised changes in fair value recognized in profit or loss	3	(1)
Transfer from level 2	-	1
As at end of the period/year	53	11

There was no third-party credit enhancement in the fair value measurement for financial liabilities designated at FVTPL as at September 30, 2022 and December 31, 2021.

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 expected fair value of loans and advances and debt instruments measured at amortised cost, which is not presented on the Bank's statement of financial position at their fair values.

The fair value of 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.

Fair value of debt instruments measured at amortised cost are generally based upon quoted market prices, if available. If the market prices are not readily available, fair values are estimated using either adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

	As at September 30, 2022 (unaudited)		As at December 31, 2021 (audited)	
	Carrying amount USD million	Fair value USD million	Carrying amount USD million	Fair value USD million
Financial assets				
Debt instruments measured at amortised cost	2,843	2,703	2,258	2,238
Loans and advances	13,779	13,824	13,965	14,312

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 - continued

As at September 30, 2022 (unaudited)	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets				
Debt instruments measured at amortised cost	1,451	1,252	-	2,703
Loans and advances	-	-	13,824	13,824

As at December 31, 2021 (audited)	Level 1 USD million	Level 2 USD million	Level 3 USD million	Total USD million
Financial assets				
Debt instruments measured at amortised cost	1,091	1,147	-	2,238
Loans and advances	-	-	14,312	14,312

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 condensed statement of financial position, approximate their fair values.

6. Net Interest Income

	Nine months ended September 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)
Interest income calculated using the effective interest rate method			
- Banks	52	54	67
- Loans and advances	246	129	186
- Debt instruments measured at amortised cost	22	11	15
- Financial assets held under resale agreements	-*	1	1
- Debt instruments at FVTOCI	28	1	2
- Swap related collateral	-*	-	-
Total interest income	348	196	271
Interest expense calculated using the effective interest rate method			
- Note payables	(22)	(8)	(9)
- Bond payable	(3)	-	-*
Interest expense on financial liabilities at FVTPL	(109)	(80)	(114)
Interest expense on lease liabilities	-*	-*	-*
Total interest expense	(134)	(88)	(123)
Net interest income	214	108	148

* Less than USD half of a million

7. Net Fee Income

	Nine months ended September 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)
Front-end fee recognised	2	2	3
Commitment fee	6	4	5
Total	8	6	8

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

	Nine months ended September 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)
Derivatives	(203)	23	(66)
Bonds	801	1	21
Money market funds	-*	-*	-*
Others (Note 1 below)	3	(2)	(1)
Total	601	22	(46)

The realised gains arising from derivative financial instruments for the nine months ended September 30, 2022 were USD 69 million (unaudited) (nine months ended September 30, 2021: realised gains of USD 1 million, unaudited) and the realised loss arising from the bond redemption for the nine months ended September 30, 2022 were USD 18 million (unaudited) (nine months ended September 30, 2021: realised loss of USD 16 million, unaudited).

Note 1: Others include less than USD half a million dividend income from investments in private equity fund for the nine months ended September 30, 2022 (for the nine months ended September 30, 2021: Nil).

* Less than USD half of a million

9. Staff Costs

	Nine months ended September 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)
Salaries and allowances	29	28	37
Other benefits	9	8	12
Total	38	36	49

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).

9. Staff Costs - continued

The charge recognised for the nine months ended September 30, 2022 for the SRP and PRP was USD 6 million (unaudited) (nine months ended September 30, 2021: USD 6 million, unaudited) and USD 1 million (unaudited) (nine months ended September 30, 2021: less than USD half of a million, unaudited) respectively and is included in "Other benefits". There are two retirement plans in operation. Both SRP and PRP are defined contribution schemes and are operated through trust funds. For SRP, both the Bank and staff contribute. For PRP, only the Bank contributes.

The Bank did not incur any salary expenses and other employee benefits for members of the Board of Governors and the Board of Directors except the President of the Bank for the nine months ended September 30, 2022 and 2021. 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 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)
Office expenses	6	3	5
Lease rentals in respect of short-term leases/low value assets	-*	-*	-*
Professional fees	3	4	6
Auditor's remuneration	1	1	1
Travel expenses	1	-*	-*
IT expenses	5	4	6
Hospitality expenses	-*	-*	-*
Depreciation and amortisation	-*	1	1
Others	-*	-*	-*
Total	16	13	19

* Less than USD half of a million

11. Other Expense

	Nine months ended September 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)	Year ended December 31, 2021 USD million (audited)
Bond issuance costs	1	9	11
Total	1	9	11

12. Cash and Cash Equivalents

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Cash on hand	-*	-*
Demand deposit	263	1,300
Time deposit with original maturity within three months	572	556
Total	835	1,856

* Less than USD half of a million

13. Due From Banks Other than Cash and Cash Equivalents

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Commercial banks	4,624	5,475
Less: ECL allowance	(2)	(3)
	4,622	5,472
Less: Time deposit with original maturity within three months	(572)	(556)
Total	4,050	4,916

Reconciliation of provision for due from banks:

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
ECL allowance of due from banks as at beginning of the period/year	3	4
Additions	2	2
Derecognition	(2)	(3)
Change in risk parameters	(1)	-*
ECL allowance of due from banks as at end of the period/year	2	3

* Less than USD half of a million

There has been no significant increase in credit risk since initial recognition associated with the amounts due from banks up to September 30, 2022.

14. Derivative Financial Assets/Liabilities

During the nine months ended September 30, 2022, the Bank entered into derivative contracts in connection with the Renminbi (RMB) bond (Series 1) issued in January 2022, RMB bond (Series 2) issued in May 2022, that were paired with swaps of which the total notional amounts in RMB 3 billion, RMB 7 billion, to convert the issuance proceeds into the interest rate structure sought by the Bank.

Similarly, the Bank also entered into derivative contracts for the Euro Medium Term Note, including Series 11, 12 both issued in May, 2022 and Series 13, issued in September 2022, that were paired with swaps of which the total notional amounts are USD 50 million, USD 50 million and AUD 73 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 a debt instrument at FVTOCI that was paired with a swap to convert the notional amounts into the interest rate structure sought by the Bank during the nine months ended September 30, 2022. The Bank has also entered into forward contracts for due from banks other than cash and cash equivalents to convert the notional amounts into the currency structure sought by the Bank.

Notwithstanding the purpose for achieving an economic hedge, the Bank opted not to apply hedge accounting to any derivative contracts entered into for the nine months ended September 30, 2022 and the year ended December 31, 2021.

As at September 30, 2022 (unaudited)	Notional Amount USD million	Fair Value Asset USD million	Fair Value Liability USD million
Interest Rate Swap	15,170	56	612
Forward Contract	1,439	124	-
Cross Currency Swap	1,395	71	27
Total	18,004	251	639

As at December 31, 2021 (audited)	Notional Amount USD million	Fair Value Asset USD million	Fair Value Liability USD million
Interest Rate Swap	10,227	31	124
Forward Contract	1,620	2	4
Cross Currency Swap	1,308	11	32
Total	13,155	44	160

The Bank has entered into several agreements with its derivative counterparties under the Master Agreement of the International Swaps and Derivatives Association (ISDA). The Bank requires collateral in the form of cash 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 September 30, 2022, the Bank has paid cash collateral of USD 29 million (Note 23) (December 31, 2021: Nil) from the swap counterparties, and has received cash collateral of USD 2 million (Note 28) (December 31, 2021: Nil) to the swap counterparties.

15. Financial assets held under resale agreements

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Analysed by collateral type:		
- Bonds	99	-
Total	99	-

There has been no significant increase in credit risk since initial recognition associated with the financial assets held under resale agreements up to September 30, 2022.

16. Financial Assets at FVTPL

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Mandatorily measured at FVTPL:		
- Money market fund	-	200
- Private equity fund	53	11
Total	53	211

17. Debt Instruments at FVTOCI

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Government bonds	189	98
Corporate bonds	270	282
Commercial bank bonds	2,573	423
Policy bank bonds	278	495
Total	3,310	1,298

17. Debt Instruments at FVTOCI - continued

Reconciliation of provision for debt instruments at FVTOCI:

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
ECL allowance of debt instruments at FVTOCI as at beginning of the period/year	1	-*
Additions	2	1
Derecognition	(1)	-*
Change in risk parameters	-*	-*
ECL allowance of debt instruments at FVTOCI as at end of the period/year	2	1

* Less than USD half of a million

There has been no significant increase in credit risk since initial recognition associated with the debt instruments at FVTOCI up to September 30, 2022.

18. Debt Instruments Measured at Amortised Cost

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Government bonds	100	100
Policy bank bonds	1,353	1,009
Commercial bank bonds	1,074	833
Corporate bonds	319	319
Less: ECL allowance	(3)	(3)
Net carrying amount	2,843	2,258

18. Debt Instruments Measured at Amortised Cost - continued

Reconciliation of provision for debt instruments measured at amortised cost:

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
ECL allowance of debt instruments measured at amortised cost as at beginning of the period/year	3	1
Additions	1	3
Derecognition	-*	(1)
Change in risk parameters	(1)	-*
ECL allowance of debt instruments measured at amortised cost as at end of the period/year	3	3

As at September 30, 2022 (unaudited)	12-month ECL USD million	Lifetime ECL - not credit-impaired USD million	Total USD million
Impairment allowance	3	-*	3

As at December 31, 2021 (audited)	12-month ECL USD million	Lifetime ECL - not credit-impaired USD million	Total USD million
Impairment allowance	3	-	3

* Less than USD half of a million

There has been no credit-impaired debt instruments measured at amortised cost up to September 30, 2022.

19. Loans and Advances

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Principal	13,850	13,937
Interest receivable	37	63
Gross carrying amount	13,887	14,000
Less: ECL allowance	(108)	(35)
Net carrying amount	13,779	13,965

19. Loans and Advances - continued

Reconciliation of provision for loans raised

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
ECL allowance of loans as at beginning of the period/year	35	31
Additions	3	11
Derecognition	(5)	(5)
Change in risk parameters	75	(2)
ECL allowance of loans as at end of the period/year	108	35

For the nine months ended September 30, 2022, the change in risk parameters to the ECL allowance of USD 75 million was mainly due to change in the PD, LGD and EAD as a result of transfer of stages of loans and advances to the lifetime ECL - not credit-impaired.

For the nine months ended September 30, 2022, an ECL allowance of USD 1 million (unaudited) (for the year ended December 31, 2021: Nil, audited) was transferred from 12-month ECL to lifetime ECL - not credit-impaired and the additions to the ECL allowance of USD 90 million (unaudited) (for the year ended December 31, 2021: Nil, audited) were made under lifetime ECL - not credit-impaired, in relation to loans and advances with gross carrying amount of USD 2,014 million (unaudited) (for the year ended December 31, 2021: Nil, audited).

For the nine months ended September 30, 2022, an ECL allowance of USD 17 million (unaudited) (for the year ended December 31, 2021: Nil, audited) was transferred from lifetime ECL - not credit -impaired to 12-month ECL and the reversal of ECL allowance of USD 15 million (unaudited) (for the year ended December 31, 2021: Nil, audited) were made under 12-month ECL, in relation to loans and advances with gross carrying amount of USD 287 million (unaudited) (for the year ended December 31, 2021: Nil, audited).

As at September 30, 2022 (unaudited)	12-month ECL USD million	Lifetime ECL - not credit-impaired USD million	Total USD million
Impairment allowance	15	93	108

As at December 31, 2021 (audited)	12-month ECL USD million	Lifetime ECL - not credit-impaired USD million	Total USD million
Impairment allowance	18	17	35

There has been no credit-impaired loans and advances up to September 30, 2022.

20. Paid-in Capital Receivables

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Balance as at the beginning of period/year (Note 1 below)	344	1,912
Add:		
Paid-in capital receivables originated during the period/year (Note 2 below)	-	299
Less:		
Installment received during the period/year	(68)	(1,867)
Total nominal amounts of receivable at the end of the period/year (Note 4 below)	276	344
Less:		
Interest on paid-in capital receivables to be unwound in the future period/year (Note 3 below)	(7)	(9)
Balance as at the end of the period/year	269	335

Note 1: The Bank established the rights to receive the initial subscribed paid-in capital of founding members 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 seven installments. The first installment of paid-in capital shall be paid by each member within six months of the Agreement coming in force and the second installment shall become due 18 months from the date the Agreement came into force. 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 the Bangladesh and the United Arab Emirates of 1,884 shares and 1,112 shares respectively, which total USD 188 million and USD 111 million upon the effective date of the Board of Governors' Resolutions of admission of the Bangladesh as a Borrowing Member and the United Arab Emirates as a Non-Borrowing Member of the New Development Bank (the Resolutions). The payment of the amount of Bangladesh and the United Arab Emirates initially subscribed to the paid-in capital stock of the Bank shall be made in seven installments, respectively. The first installment of paid-in capital of Bangladesh and the United Arab Emirates shall be paid within six months of the Resolutions coming in force respectively and the second installment shall become due 18 months from the date the Resolutions came into force. The remaining five installments shall each become due successively one year from the date on which the preceding installment becomes due.

20. Paid-in Capital Receivables - continued

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 632 million (December 31, 2021: USD 632 million, audited) less USD 589 million (unaudited) of accumulated unwinding interest already unwound on the paid-in capital receivables (December 31, 2021: USD 587 million, audited) and USD 36 million (unaudited) of accumulated early payment impact on discounting which was credited to reserves as an equity transaction by the end of September 30, 2022 (December 31, 2021: USD 36 million, audited).

Note 4: As at September 30, 2022, the total paid-in capital receivables that will become due within one-year amounted to an undiscounted value of USD 37 million (unaudited) (December 31, 2021: USD 68 million, audited), and that will become due over one-year amounted to an undiscounted value of USD 239 million (unaudited) (December 31, 2021: USD 276 million, audited).

21. Property and Equipment

(Unaudited)	IT Equipment USD million	Appliance USD million	Vehicle USD million	Furniture USD million	Total USD million
Cost as at January 1, 2022	4	-*	-*	-*	4
Additions during the period	-*	-	-	-*	-*
Cost as at September 30, 2022	4	-*	-*	-*	4
Accumulated depreciation as at January 1, 2022	(3)	-*	-*	-*	(3)
Depreciation for the period	-*	-*	-*	-*	-*
Accumulated depreciation as at September 30, 2022	(3)	-*	-*	-*	(3)
Net book value as at September 30, 2022	1	-*	-*	-*	1

(Audited)	IT Equipment USD million	Appliance USD million	Vehicle USD million	Furniture USD million	Others USD million	Total USD million
Cost as at January 1, 2021	3	-*	-*	-*	-*	3
Additions during the year	1	-	-*	-*	-	1
Disposal for the year	-*	-	-	-	-	-*
Cost at December 31, 2021	4	-*	-*	-*	-*	4
Accumulated depreciation as at January 1, 2021	(2)	-*	-*	-*	-*	(2)
Depreciation for the year	(1)	-*	-*	-*	-*	(1)
Disposals/written-off	-*	-	-	-	-	-*
Accumulated depreciation as at December 31, 2021	(3)	-*	-*	-*	-*	(3)
Net book value as at December 31, 2021	1	-*	-*	-*	-	1

* Less than USD half of a million

22. Intangible Assets

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Cost		
As at the beginning of period/ year	2	2
Additions for the period/year	-*	-*
As at the end of the period/year	2	2
Accumulated amortisation		
As at the beginning of the period/year	(1)	(1)
Amortisation for the period/year	-*	-*
As at the end of the period/year	(1)	(1)
Net book value		
As at the end of the period/year	1	1

* Less than USD half of a million

23. Other Assets

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Prepayment of matured Note Payables (Note 1 below)	80	-
Commitment fee receivables	1	2
Other receivables	2	-*
Others (Note 2 below)	-*	1
Swap related collateral	29	-
Total	112	3

* Less than USD half of a million

Note 1: Note payables maturing on October 3, 2022.

Note 2: Others mainly include prepayment.

24. Financial Liabilities Designated at FVTPL

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Bonds and notes - Principal	11,384	10,012
- Interest payable	57	80
- Fair value adjustment	(771)	48
Total	10,670	10,140

In January 2022, the Bank issued a three-year RMB bond with par value of RMB 3 billion with the maturity date on January 24, 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 with par value of RMB 7 billion 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 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 bond with par value of AUD 73 million with the maturity date of September 1, 2024. The interest is paid by the Bank annually with fixed coupon rate of 4.12%.

On February 26, 2022, a three-year RMB bond with par value of RMB 2 billion was matured.

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, 2022 and the year ended December 31, 2021. The contractual principal amount to be paid at maturity in original currency are RMB 25 billion (December 31, 2021: RMB 17 billion, audited) for RMB denominated bonds, USD 7.5 billion, GBP 35 million, HKD 500 million and AUD 73 million (December 31, 2021: USD 7.4 billion, GBP 35 million and HKD 500 million, audited) for USD, GBP, HKD and AUD denominated notes respectively.

25. Note Payables

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Note payables	2,964	3,296
Total	2,964	3,296

25. Note Payables - continued

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

The Bank received a confirmation of a Euro-commercial Paper (ECP) issuance with its trade date on September 29, 2022. The ECP has been recognized as a Note Payables at the settlement date on October 3, 2022.

26. Bond Payable

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Bond payable	500	499
Total	500	499

27. Contract Liabilities

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Deferred income (Note 1 below)	47	46
Total	47	46

Note 1: The deferred income disclosed above relates to the unsatisfied performance obligations of front end fees as at September 30, 2022 and December 31, 2021. Revenue recognised for the nine months ended September 30, 2022 that was included in the contract liabilities balance at the beginning of the period is USD 2 million (unaudited) (nine months ended September 30, 2021: USD 2 million, unaudited).

28. Other Liabilities

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Employee benefits payable	1	-*
Accrued expenses	4	6
Impairment provision of loan commitments	49	4
Annual leave provision	4	4
Swap related collateral	2	-
Total	60	14

* Less than USD half of a million

Reconciliation of provision for loan commitments

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
ECL allowance of loan commitments as at beginning of the period/year	4	8
Additions	4	-*
Derecognition	-*	(2)
Change in risk parameters	41	(2)
ECL allowance of loan commitments as at end of the period/year	49	4

* Less than USD half of a million

For the nine months ended September 30, 2022, the additions to the ECL allowance of USD 4 million (unaudited) (December 31, 2021: USD less than half a million, audited) was due to origination of loan commitments that is expected to be drawn down within 12 months from September 30, 2022 of USD 702 million (unaudited) (December 31, 2021: USD 731 million, audited).

For the nine months ended September 30, 2022, the change in risk parameters to the ECL allowance of USD 41 million was due to change in the PD, LGD and EAD mainly as a result of transfer of stages of loan commitments to the lifetime ECL - not credit-impaired (December 31, 2021: Nil, audited).

28. Other Liabilities - continued

As at September 30, 2022 (unaudited)	12-month ECL USD million	Lifetime ECL - not credit-impaired USD million	Total USD million
Impairment allowance	1	48	49

As at December 31, 2021 (audited)	12-month ECL USD million	Lifetime ECL - not credit-impaired USD million	Total USD million
Impairment allowance	1	3	4

There has been no credit-impaired loan commitments up to September 30, 2022.

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 and the Resolution, is set out in the following table. There is no amendment to the terms of subscription payment in the Agreement and the Resolution on September 30, 2022. 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 September 30, 2022 (unaudited)		As at December 31, 2021 (audited)	
	Number of shares	Amount in USD million	Number of shares	Amount in USD million
Authorised shared capital	1,000,000	100,000	1,000,000	100,000
Less: unsubscribed by members	(485,020)	(48,502)	(485,020)	(48,502)
Total subscribed capital	514,980	51,498	514,980	51,498
Less: callable capital	(411,984)	(41,199)	(411,984)	(41,199)
Total paid in capital	102,996	10,299	102,996	10,299

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:

As at September 30, 2022 (unaudited)	Total shares Numbers	Total capital USD million	Callable capital USD million	Paid-in capital USD million	Paid-in capital[1] received USD million	Paid-in capital outstanding USD million
Brazil	100,000	10,000	8,000	2,000	2,000	-
Russia	100,000	10,000	8,000	2,000	2,000	-
India	100,000	10,000	8,000	2,000	2,000	-
China	100,000	10,000	8,000	2,000	2,000	-
South Africa	100,000	10,000	8,000	2,000	2,000	-
Bangladesh	9,420	942	754	188	14	174
United Arab Emirates	5,560	556	445	111	9	102
Total	514,980	51,498	41,199	10,299	10,023	276

As at December 31, 2021 (audited)	Total shares Numbers	Total capital USD million	Callable capital USD million	Paid-in capital USD million	Paid-in capital[1] received USD million	Paid-in capital outstanding USD million
Brazil	100,000	10,000	8,000	2,000	1,973	27
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	1,982	18
Bangladesh	9,420	942	754	188	-	188
United Arab Emirates	5,560	556	445	111	-	111
Total	514,980	51,498	41,199	10,299	9,955	344

[1]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 and United Arab Emirates' paid-in capital stock is also received in seven installments according to annexure of the Resolution.

30. Reserves

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Capital reserve (Note 1 below)	-*	-*
Revaluation reserve	(32)	(5)
Other reserves (Note 2 below)	(7)	(9)
Total	(39)	(14)

* Less than USD half of a million

Note 1: As at September 30, 2022, the Bank has received cash contributions amounting to USD 0.30 million (unaudited) (December 31, 2021: USD 0.20 million, audited) from Russian Federation for the reimbursement of relevant payments for the Eurasian Regional Office. 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.

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.

31. Commitments

(1) Capital commitments

As at September 30, 2022 and December 31, 2021, the Bank had no irrevocable capital expenditures commitment.

(2) Credit Commitments

	As at September 30, 2022 USD million (unaudited)	As at December 31, 2021 USD million (audited)
Letters of effectiveness signed	7,042	7,186
Letters of effectiveness yet to be signed	620	620
Total	7,662	7,806

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 founding member governments are disclosed below. As at September 30, 2022 and December 31, 2021, 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

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

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

According to the Agreement between the Government of the Russian Federation and the Bank on the Hosting of the New Development Bank Eurasian Regional Center (ERC) in the Russian Federation, the Government of the Russian Federation has agreed to transfer special purpose contribution to the Bank for reimbursement of rent payment of ERC office premises and the cost of purchasing of supply of furniture, equipment, and other facilities for the operation of ERC. Details of the cash contribution received from the Russian Federation as of September 30, 2022 are set out in Note 30.

32. Related Party Disclosure - continued

(1) Name and relationship - continued

Details of the paid-in capital receivables as at September 30, 2022 and December 31, 2021 are set out in Note 20, and unwinding of interest on paid-in capital receivables for the nine months ended September 30, 2022 and 2021 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 nine months ended September 30, 2022:

Name	Countries	Position
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 period, the remuneration of KMP were as follows:

	Nine months ended September 30, 2022 USD million (unaudited)	Nine months ended September 30, 2021 USD million (unaudited)
Salary and allowance	3	3
Staff Retirement Plan	-*	-*
Post-Retirement Insurance Plan	-*	-*
Other short-term benefits	-*	1
Total	3	4

* Less than USD half of a million

33. Segment Information

For the nine months ended September 30, 2022, 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, 2022, the NDB-PPF had received contributions amounting to USD 8 million (unaudited) (December 31, 2021: USD 7 million, audited). The Bank has not earned any income from NDB-PPF for the nine months ended September 30, 2022 and 2021.

35. Reclassification of Comparative Figures

For the nine months ended September 30, 2021, USD 32 million realised losses on derivatives hedging instruments were included in "adjustment for" in operating activities of Condensed Statement of Cash Flows. The Bank has presented proceeds from settlement on derivatives and payment of settlement on derivatives separately in operating activities on the basis of the classification of the cash flows arising from the transaction to which it is linked for the nine months ended September 30, 2022. As a result, the figures for the nine months ended September 30, 2021 have been amended in the condensed statement of cash flows for the nine months ended September 30, 2022 to conform with current interim period presentation. Accordingly, USD 1,581 million and USD 1,613 million have been reclassified and presented as proceeds from settlement on derivatives and payment of settlement on derivatives respectively in the net cash from operating activities for the nine months ended September 30, 2021 in the condensed statement of cash flows for the nine months ended September 30, 2022.

This reclassification does not have a material impact on the information in the Bank's condensed statement of profit or loss and other comprehensive income and condensed statement of cash flows.

36. Subsequent Events

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 Secured Overnight Financing Rate (SOFR) compounded index plus 90 basis points.

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

37. 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 13, 2022.

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