

**MINUTES OF THE THIRD AUDIT, RISK AND BUDGET COMPLIANCE MEETING OF
THE NEW DEVELOPMENT BANK HELD AT NEW DELHI, INDIA ON 31 MARCH 2017
AT 09:00 AM**

PRESENT:

Members of the Audit, Risk and Budget Compliance Committee

- i. Mr. Tito Mboweni (Director for South Africa, Chairman of the Committee)
- ii. Mr. Marcello Estevão (Director for Brazil)
- iii. Mr. Andrey Bokarev (Alternate Director for Russia)
- iv. Mr. Dinesh Sharma (Director for India)
- v. Mr. Raj Kumar (Alternate Director for India)
- vi. Mr. Guoqi Wu (Alternate Director for China)
- vii. Mr. Monale Ratsoma (Alternate Director for South Africa)
- viii. Mr. K. V. Kamath (President and Committee Member)

Advisors accompanying Committee Members

- i. Mr. Erivaldo Alfredo Gomes, Deputy Secretary for International Affairs, Ministry of Finance, Brazil
- ii. Ms. Carolina Costellini, Diplomat, Embassy of Brazil
- iii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Mr. Alexander Karyukin, Counsellor Finance, Russian Embassy in India
- v. Mr. Bhaskar Dasgupta, Department of Economic Affairs, Ministry of Finance, India
- vi. Ms. Urmila Bahlot, Deputy Director, Multilateral Institutions Division, Department of Economic Affairs, Ministry of Finance, India
- vii. Mr. Weijie Liu, Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China

Vice Presidents

- i. Mr. Paulo Nogueira Batista Jr.

- ii. Mr. Vladimir Kazbekov
- iii. Mr. Xian Zhu
- iv. Mr. Leslie Maasdorp

New Development Bank

- i. Mr. Simbarashe Mabhena, Chief, Market Risk
- ii. Mr. Jeff Tao, Independent Auditor, Deloitte
- iii. Mr. Kamal Ahuja, Chief, Internal Audit
- iv. Mr. Srinivas Yanamandra, Chief, Compliance
- v. Ms. Miya Liu, Consultant
- vi. Ms. Yolande Dwarika, Seconded

1. Adoption of the Agenda

The agenda was considered and adopted by the Audit, Risk and Budget Compliance Committee (“**the Committee**”).

2. Leave of absence

The Director for China and the Director for Russia were not present and were represented by the respective Alternate Directors.

3. Adoption of the Minutes and Summary of the 2nd ARBC

The Minutes (2017-ARBC03-DOC-003) and Summary (2017-ARBC03-DOC-004) of the Second Meeting of the Audit, Risk and Budget Compliance Committee of the New Development Bank (“**NDB**” or “**the Bank**”) held on 22 February 2017 were approved without amendment.

4. Matters Arising

The Matters Arising from the 1st and 2nd Audit, Risk and Budget Compliance Meeting, document 2017-ARBC03-DOC-005, was presented. The Committee noted the progress on the matters arising from the 1st and 2nd Audit, Risk and Budget Compliance Meeting.

5. Financial Accounts

The Committee reviewed the financial statements for the period from 3 July 2015 (the date when the Articles of Agreement of the NDB entered into force) to 31 December 2016. The Committee agreed to recommend the financial statements for period from 3 July 2015 to 31 December 2016 to the Board of Directors for consideration, in accordance with Article 12(a)(ii) of the Articles of Agreement.

6. Policy Review

The suggested amendments to the relevant policies from the Risk division were presented to the Board. The Risk division proposed that six policies be modified:

- 1) Operational Risk Management Policy;
- 2) Interest Rate Risk Management Policy;
- 3) Exchange Rate Risk Management Policy;
- 4) Liquidity Risk Management Policy;
- 5) Credit Risk Management Policy; and
- 6) Provisioning and Write-Off Policy

The Committee considered the amendments proposed by the Risk division and recommended that the Board of Directors approve the proposed changes to the aforementioned risk policies.

7. Audit

Internal Audit Status Update and Internal Audit Report

The Chief of Internal Audit presented the Internal Audit Status update and the PricewaterhouseCoopers Internal Audit Report dated 1 March 2017, to the Committee. The Committee noted the Internal Audit Status update and the Internal Audit Report.

8. Compliance Update

The Chief of Compliance presented the Annual Compliance update, document number 2017-ARBC03-DOC-010, together with the Compliance Assessment Report, Anti-Money Laundering Work Report and Compliance Management Plan, as well as the Whistleblower Procedures.

The Committee noted the Annual Compliance update and the Compliance Assessment Report. The Committee reviewed and approved the Anti-Money Laundering Work Report and Compliance Management Plan, as well as the Whistleblower Procedures, and submitted them for the consideration of the Board of Directors.

9. Closed Session (Referred to as Executive Session in Terms of Reference)

The Committee met with the Chief of Internal Auditor, and the Independent Auditor in a closed session, during which the Committee discussed a number of issues. The Chairman of the Committee would discuss these issues with the President of the Bank.

10. Any other matter

No other matters were discussed. The meeting ended with the Chairman's thanks to the Members of Committee and Management for their participation during the Meeting.