
MINUTES OF THE 7TH MEETING OF THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK HELD AT THE NEW DEVELOPMENT BANK, SHANGHAI, CHINA ON 22 NOVEMBER 2016 AT 09:00AM

PRESENT:

Board of Directors and Alternate Directors Acting for Directors

- i. Mr. Luis Balduino (Director, Brazil, Chairperson of the Board of Directors)
- ii. Mr. Andrey Bokarev (Alternate Director, Russia)
- iii. Mr. Dinesh Sharma (Director, India)
- iv. Mr. Shixin Chen (Director, China)
- v. Mr. Tito Mboweni (Director, South Africa)
- vi. Mr. K. V. Kamath (President and Board Member)

Alternate Directors

- i. Mr. Guoqi Wu (China)

Vice Presidents

- i. Mr. Paulo Nogueira Batista
- ii. Mr. Vladimir Kazbekov
- iii. Mr. Xian Zhu
- iv. Mr. Leslie Maasdorp

Advisors accompanying Directors

- i. Mr. Marcelo de Lima, Head of Division for Sustainable Development, Secretariat for International Affairs, Ministry of Finance, Brazil
- ii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iii. Mr. Weijie Liu, Deputy Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- iv. Ms. Yue Ding, Senior Staff, Department of International Financial and Economic Cooperation, Ministry of Finance, China

New Development Bank

- i. Mr. Halady Satish Rao
- ii. Mr. He Tian
- iii. Mr. Liliang Teng
- iv. Mr. Garvit Sah
- v. Ms. Irina Burukina
- vi. Mr. Letian Lin
- vii. Mr. Shu Zhan
- viii. Mr. Fabio Batista
- ix. Mr. Couto Silva
- x. Mr. Gregory Moana Chin
- xi. Ms. Miya Liu
- xii. Ms. Yolande Dwarika

1. Adoption of the Agenda

The agenda was adopted with an additional item entitled, briefing by the President of the Bank.

2. Leave of absence

The Director for Russia was not present and was represented by the Alternate Director for Russia.

3. Briefing by the President of the Bank

The President of the Bank provided a briefing on the progress that the New Development Bank (“NDB” or “the Bank”) had made since the last Board of Directors (“the Board”) meeting in July. The progress report was welcomed by the Board.

4. Approval of the Minutes and Summary of the 6th meeting of the Board of Directors, 20 July 2016 and the Minutes and Summary of the Teleconference meeting of the Board Directors, 31 August 2016

The Board of Directors approved the Minutes (2016-BD07-DOC-003) and Summary (2016-BD07-DOC-004) of the 6th meeting of the Board of Directors held on 20 July 2016 and the Minutes (2016/B07/DOC-005) and Summary (2016/B07/DOC-006) of the informal teleconference meeting of the Board of Directors held on 31 August 2016.

5. Record of approval of matters agreed to during the inter-sessional period

The Board of Directors took note of the inter-sessional decisions made since the 6th Board of Directors meeting on 20 July 2016. The approved decisions included the following:

- i. Memorandum of Understanding between International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and Multilateral Investment Guarantee Agency, (the “World Bank Group”) and the New Development Bank;
- ii. General Conditions of the New Development Bank;
- iii. Children Education Assistance Allowance for Globally Recruited Professional Staff of the New Development Bank;
- iv. The President of the Bank’s acceptance of the Economic Times Lifetime Achievement Award for 2016;
- v. Memorandum of Understanding with the Eurasian Development Bank on General Cooperation; and
- vi. To request United Nations General Assembly Observer Status for the NDB.

No objections were received to the nine Director-General appointments.

6. Matters arising from the 6th meeting of the Board of Directors

a) Briefing on Strategy of the Bank

The Vice President and Chief Risk Officer (“CRO”), Mr. Paulo Nogueira Batista Jr., updated the Board on the on-going work of drafting the strategy as well as incorporating the comments received from Governors during the First Annual Meeting.

The Board of Directors made comments and suggestions on the draft strategy.

It was decided that the revised draft would be circulated to the Board of Directors by 23 January 2017. A video conference and if needed a face-to-face meeting of Board of Directors would be scheduled after the Chinese New Year holiday in order for the Board of Directors to discuss the revised draft and after incorporating their comments, to submit the final draft to the Board of Governors for their consideration.

b) Discussion on Terms and Conditions of the New Membership

It was recalled that the draft Terms and Conditions of New Membership was circulated on 20 October 2016. The Board acknowledged the progress made and encouraged that further work be done. The Management indicated that the revised Terms and Conditions and a separate document on the shareholding formula and criteria and requirements for the acceptance of new members would be circulated to the Board of Directors for consideration.

(c) Briefing on progress on International Credit Rating

The Management made a presentation on the progress towards obtaining an international credit rating for NDB. Management advised that the process is on track and that the aim is to engage and complete the rating process during the first quarter of 2017. As mandated by the Board, the objective is to obtain the highest possible rating for the Bank. The Board of Directors noted progress on the international credit rating process.

(d) Briefing on bond issuance in member country markets

This matter was deferred to the discussion on the funding plan for 2017.

7. Discussion on project proposals from Credit and Investment Committee

(a) The Government of the Republic of India for Madhya Pradesh Major District Roads Project implemented by MP Road Development Corporation Ltd.

The Board of Directors considered the note (2016-BD07-DOC-007) and project documentation (2016-BD07-DOC-009) pertaining to the proposed loan of USD 350 million to Government of India for Madhya Pradesh Major District Roads Project implemented by MP Road Development Corporation Ltd., for on-lending to the Government of Madhya Pradesh which would use it for upgrading approximately 1500 km of major district roads to improve connectivity of the interior regions of the state with the national and state highway networks. This Project was considered and approved by the Board of Directors.

(b) The Government of People’s Republic of China for Putian Pinghai Bay Offshore Wind Power Project

The Board of Directors considered the note (2016-BD07-DOC-007) and project documentation (2016-BD07-DOC-008) pertaining to the proposed loan of RMB 2 billion to People’s Republic of China for Putian Pinghai Bay Offshore Wind Power Project implemented by Fujian Investment and Development Group Co. Ltd. (subject to approval by the State Council of China), for Phase 2 (250 MW) of the wind power project to be set up in the Pinghai Bay in Putian, Fujian Province. This Project was considered and approved by the Board of Directors, however it should be subject to the approval by the State Council of China. The Board also approved the procurement of wind turbines and other high technology equipment outside of the member countries, in accordance with the Article 21 (vi) of the Articles of Agreement of NDB.

8. Operations Work plan

The Management presented its work plan for the operation envisaged in 2017. The Management proposed to develop the 2017 operations in a systematic and planned manner. In this regard, the Bank forecast to lend USD 2.5 billion in the course of next year, which would require approximately 15 projects to be prepared and developed.

The Management proposed to develop a policy note for priority sectors. A short country specific concept paper would be prepared in collaboration with member countries before engaging in country partnerships.

It was decided that a document on the operations work plan would be developed and be presented to the Board.

9. African Regional Centre

The Management briefed the Board of Directors on the progress of establishing the African Regional Centre.

10. Update on Project Preparation Facility

The Management proposed to establish a project preparation facility. The project preparation facility would be open to all member countries. The Board agreed that Management would circulate a paper on the project preparation facility.

11. Budget for 2017

The Management presented the Budget utilization Report for the period ending 30 September 2016 (2016-BD07-DOC-010). It was noted that the budget utilisation was less than expected as a result of tight cost control and the lower than anticipated hiring of staff during 2016. The Board of Directors noted the budget utilisation report.

The budget for 2017 was presented by the Management. The Board of Directors considered and approved the Budget for 2017. A review of the budget will be conducted in 6 months' time.

12. Funding Plan for 2017

The Management presented the funding plan for 2017, which mainly related to meeting the funding needs associated with the established targets for the growth in loan portfolio to cover the Bank's operations and other expenses without using its paid-in capital.

The Management indicated that the funding plan aims to achieve an optimal funding portfolio to meet the Bank's liquidity needs in a timely fashion ensuring flexibility in terms of choice of instruments, and ability to react quickly to changing market conditions. Secondly the funding plan is focused on creating a diversified portfolio in local currencies of BRICS countries as well as hard currencies (mainly USD) based on the parameters of the Bank's loan portfolio and demand from its borrowers. Finally the Plan aims to ensure the maximum possible match between assets and liabilities (in terms of tenors, types of interest rates, fixed or floating, currencies etc.) and optimal pricing. The Board adopted the funding plan for 2017.

Emergency funding plan for 2017: It was noted that the Treasury will develop such a plan after identifying the conditions which would trigger the emergency funding plan. The Treasury will explore the opportunities to set up short term borrowing credit lines with potential counterparties. Once developed the emergency funding program will be reviewed on an annual basis and results would be reported to the Finance Committee

and the Board. The Board endorsed the approach to the emergency funding plan for 2017.

13. Briefing on Human Resources

The Board of Directors took note of the progress on recruitment. The Management also indicated that a performance management policy would be developed.

14. Update on progress of establishing the Risk Function of the Bank

The CRO reported that the risk department was in the process of being established and strengthened. A communication would be sent to the Board elaborating on the establishment of the Bank's risk functions.

15. Report of the Chairperson of Audit, Risk and Budget Compliance Committee

Mr. Mboweni, the Chairperson of the Audit, Risk and Budget Compliance Committee ("ARBC") provided a report on the first meeting of the ARBC. The Board took note of the report and recommendations of the ARBC.

16. Briefing of the President on the BRICS Summit

This briefing was provided under agenda item entitled briefing by the President of the Bank.

17. Date and venue of the next Board of Governors Annual Meeting

The Management recalled that a communication had been circulated indicating that at the invitation of the Indian Government, the Second Annual Meeting of the Board of Governors of the New Development Bank would take place from 31 March to 2 April 2017 in New Delhi, India. The draft programme and draft agenda were noted by the Board of Directors. The Management was requested to circulate the proposed dates to the Governors, including the proposed programme of the Second Annual Meeting.

18. 2017 Tentative Calendar of meetings

The Board of Directors noted the tentative calendar of meetings (2016-BD07-DOC-011).

19. Any other matters

a) Corporate Procurement

The Management circulated a note to the Board on the issue of Corporate Procurement. The Board took note of the issues raised by the Management.

b) EXPO presentation on the Status of Preparation of the Permanent Building

A presentation was made by the Shanghai Expo Team on the progress choosing the top three architectural design schemes for the permanent premises of NDB. NDB had presented requirements to Shanghai Expo and Expo was already were in the process of selection. The scheme would be finalised in late November 2016. The Management and Board thanked the Shanghai Government and the Expo for their efforts and progress. The President noted that it was his hope that the construction would be completed in three years' time.

c) Vote of Thanks to the Chairperson

The Board was grateful to Mr. Luis Balduino who served as the first Chairperson of the NDB Board of Directors and helped navigate the work of the Bank during its formation phase. The President thanked the Chairperson of the Board for his contribution and leadership. Mr. Balduino expressed that it had been a privilege to be the Chairperson of the Board and thanked the President for his outstanding leadership and Management for their contribution. He thanked the Board for its cooperation and support. The Board wished him well in his future endeavours.