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**MINUTES OF THE 13<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF THE NEW DEVELOPMENT BANK HELD AT SHANGHAI, CHINA ON MARCH 2, 2018 AT 09:00 AM**

PRESENT:

**Board of Directors and Alternate Directors**

- i. Mr. Shixin Chen (Director for China, Chairperson)
- ii. Mr. Tiago Berriel (Alternate Director for Brazil, on behalf of the Director for Brazil)
- iii. Mr. Andrey Bokarev (Alternate Director for Russia, on behalf of the Director for Russia)
- iv. Mr. M.M. Kutty (Director for India)
- v. Mr. Dondo Mogajane (Director for South Africa)
- vi. Mr. Guoqi Wu (Alternate Director for China)
- vii. Mr. K. V. Kamath (President and Board Member)

**Advisors and other participants accompanying Directors**

- i. Ms. Ludmila Vidigal Silva, Coordinator-General for International Cooperation and Development at the Secretariat for International Affairs, Ministry of Finance, Brazil
- ii. Mr. Martin Normann Kämpf, Consul, Counsel General of the Federative Republic in Brazil
- iii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Mr. Prashant Lokhande, Counsellor (Economic) of the Embassy of India, Beijing
- v. Mr. Weijie Liu, Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- vi. Ms. Rui Jin, Staff member, Department of International Financial and Economic Cooperation, Ministry of Finance, China

- vii. Mr. Andile Kuzwayo, Director: BRICS Global and Emerging Market, International and Regional Economic Policy, National Treasury, South Africa

### **Vice Presidents**

- i. Mr. Sarquis Sarquis, Vice-President and Chief Risk Officer (“CRO”)
- ii. Mr. Vladimir Kazbekov, Vice-President and Chief Administrative Officer (“CAO”)
- iii. Mr. Xian Zhu, Vice-President and Chief Operations Officer (“COO”)
- iv. Mr. Leslie Maasdorp, Vice President and Chief Financial Officer (“CFO”)

### **New Development Bank Staff**

- i. Mr. Subrahmanya Pulle Srinivas, Director General, Front Office of the President
- ii. Mr. Naveen Srivastava, Director General, Corporate Secretary
- iii. Mr. Xiangzhi Zhang, Director General, Administration
- iv. Ms. Lynette Milne, Director General, Finance, Budget and Accounting
- v. Mr. Yury Surkov, Director General, Operations Policy and Project Implementation and Support
- vi. Mr. Levan Zolotarev, Director General, Treasury and Portfolio Management
- vii. Mr. Sergei Kuznetsov, Director General, Legal
- viii. Mr. Srinivas Yanamandra, Chief, Compliance
- ix. Ms. Yolande Dwarika, Chief, Corporate Secretary
- x. Mr. Sanjay Chiboo, Chief, Finance, Budget and Accounting
- xi. Mr. Manish Singh, Chief, Human Resources
- xii. Mr. Alexander Baryshnikov, Chief, Information Technology
- xiii. Mr. Greesh Sharma, Principal Professional, Operations Policy and Project Implementation and Support
- xiv. Ms. Victoria Putilina, Senior Professional, Project Financing
- xv. Mr. Garvit Sah, Senior Professional, Project Financing
- xvi. Mr. Saurabh Ghugre, Executive Assistant to the CFO
- xvii. Mr. Ningqian Zhang, Executive Assistant to the COO
- xviii. Ms. Raisa Leao, Young Professional, Project Financing
- xix. Mr. Paul Hoffman, Young Professional, Treasury and Portfolio Management
- xx. Mr. Tim Fleming, Young Professional, Project Financing
- xxi. Mr. Aleksei Kretov, Junior Professional, Project Financing
- xxii. Ms. Miya Liu, Junior Professional, Corporate Secretary

**1. Adoption of the Agenda**

The Director for China was elected to serve as the Chairperson of the 13<sup>th</sup> meeting of the Board of Directors (the “Board”). The Board adopted the agenda.

**2. Leave of Absence**

The absence of the Directors for Brazil and Russia was recorded. The Director for Brazil and the Director for Russia were represented by the respective Alternate Directors.

**3. Approval of the Minutes and Summary of the 12<sup>th</sup> Board of Directors Meeting held on November 20, 2017**

The Board approved the Minutes (2018-BD13-DOC-003) and Summary (2018-BD13-DOC-004) of the 12<sup>th</sup> Board of Directors meeting held on November 20, 2017.

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

The Board took note of the inter-sessional decisions taken since the 12<sup>th</sup> Board of Directors Meeting. The inter-sessional decisions included the following:

- (a) The 3<sup>rd</sup> Annual Meeting of the Board of Governors was agreed to be held on May 28-29, 2018 in Shanghai;
- (b) The Board of Directors recommended that the Board of Governors appoint Mr. Sarquis Sarquis as a Vice-President of the New Development Bank.

**5. Matters Arising from previous meetings**

The Board considered the matters arising from the 12<sup>th</sup> Board of Directors meeting (2018-BD13-DOC-005).

- (a) Expansion of new membership

The Board considered the issue and agreed to have further consultations.

- (b) Third Annual Meeting

The Board took note of the Memorandum of Understanding between the People’s Republic of China and the New Development Bank regarding the Hosting of the Third Annual Meeting of the Board of Governors of the New Development Bank in China.

The Board took note of the progress made on matters arising from the 12<sup>th</sup> Board meeting.

**6. Project proposals**

**(a) Loan of USD 50 million to the State of Pará for Pará Sustainable Municipalities Project, Guaranteed by the Federative Republic of Brazil**

The Board considered the project document (2018-BD13-DOC-007) on the proposed loan of USD 50 million to the Brazilian State of Pará for Pará Sustainable Municipalities Project, Guaranteed by the Federative Republic of Brazil. The Board approved the project proposal subject to the completion of the domestic procedures in Brazil. The Board also approved on an exceptional basis, the increase to the limit of retroactive financing not exceeding 20% of the loan amount for eligible project expenditures incurred 12 months prior to the date of the loan signing.

**(b) Loan of USD 71 million to the State of Maranhão for Maranhão Road Corridor – South North Integration, Guaranteed by the Federative Republic of Brazil**

The Board considered the project document (2018-BD13-DOC-008) on the proposed loan of USD 71 million to the Brazilian State of Maranhão for Maranhão Road Corridor – South North Integration, Guaranteed by the Federative Republic of Brazil. The Board approved the project proposal subject to the completion of the domestic procedures in Brazil. The Board also approved on an exceptional basis, the increase to the limit of retroactive financing not exceeding 20% of the loan amount for eligible project expenditures incurred 12 months prior to the date of the loan signing.

**The Board adopted Resolution 2018-BD-R019.**

**7. Presentation on a proposed loan of USD 300 million to Sibur holding, Public Joint Stock Company for Sustainable Infrastructure: “Zabsipneftekhim”**

The Board took note of the presentation on the proposed loan of USD 300 million to Sibur holding, Public Joint Stock Company for Sustainable Infrastructure: “Zabsipneftekhim”.

**8. Proposal on exception from certain limits on Non Sovereign Transactions**

The Board considered the Note on a Waiver for a Limit set in the Policy on Transactions without Sovereign Guarantee (2018-BD13-DOC-010). The Board approved a one-time

waiver of the limit for exposure to a single project, as set in the NDB Policy on Transactions without Sovereign Guarantee, for the three specific projects proposed by the Bank.

**9. Non-sovereign Loan Pricing Framework**

The Board considered the Note on Non-Sovereign Loan Pricing (2018-BD13-DOC-011) and approved the proposed non-sovereign loan pricing framework.

**10. Presentation on Project Pipeline**

The Board took note of the presentation on the project pipeline.

**11. Update on Credit Rating Process**

The Board took note of the progress made on the credit rating process.

**12. Presentation on Financial Model**

The Board took note of the presentation on the financial model.

**13. Report of the Chairperson of Audit, Risk and Compliance Committee**

The Chairperson of the 6<sup>th</sup> Audit, Risk, Budget and Compliance Committee (“ARC”), provided a report on the sixth meeting of the ARC. The Board took note of the report and approved the recommendations made by the ARC including the following:

- a. The submission of the Audited Financial Statements for the year ended December 31, 2017 to the Board of Governors, in accordance with Article 12(a)(ii) of the Articles of Agreement;
- b. The submission of the NDB-Project Preparation Fund 2017 Condensed Unaudited Financial Statements to the Board of Governors, in accordance with Article 12(a)(ii) of the Articles of Agreement;
- c. The proposal for Credit Risk Concentration Limits, applicable from January 1, 2021, and took note that the ARC would review Annex II of the proposal after six months;
- d. Revisions to the:

- (i) Accounting Policy and Measurement;
- (ii) Interest Rate Risk Management Policy;
- (iii) Exchange Rate Risk Management Policy; and
- (iv) Credit Risk Management Policy;
- e. Compliance Management Plan for 2018; and
- f. Internal Audit Plan for 2018 and the increase of fees to PwC.

The Board took note of the Quarterly Risk Report for the period ending December 31, 2017, the Operational Risk Report for the period for the period July 1, 2017-December 31. The Board took note of the Compliance Update, Compliance Assessment Report for 2017 and the Anti-Money Laundering Report. The Board also took note of the internal audit update and the Internal Audit Report.

**14. Report of the Chairperson of the Budget, Human Resources and Compensation Committee**

The Chairperson of the 1<sup>st</sup> Budget, Human Resources and Compensation Committee (“BHRC”) meeting provided a report to the Board on the first meeting of the BHRC. The Board approved the following:

- a. Revisions to the Budgeting Policy;
- b. Performance Management Policy;
- c. Creation of an additional position;
- d. Changes to the organisational structure;
- e. Revisions to Maternity Leave Rules;
- e. Revisions to the Children Education Assistance Allowance, as amended, and took note that further information on the rationale of the pre-school benefit would be provided to the BHRC;
- f. Annual base salary increment, effective from January 1, 2018; and
- g. The submission of the Code of Conduct for Board Officials, as amended, to the Board of Governors for their approval, and also approved associated changes to

the Code of Business Conduct and Ethics that apply to the Staff and Management of the Bank.

The Board took note of the Budget Utilisation Report for the period ending December 31, 2017. The Board also took note of the BHRC's approval of a request in terms of section 7(e) of the Code of Conduct for Board Officials.

**15. New Policies**

**(a) Policy on Guarantees**

The Board considered the Note on the Policy for Guarantees (2018-BD13-DOC-012) and the proposed Policy on Guarantees (2018-BD13-DOC-013). The Board approved the proposed Policy on Guarantees.

**16. Policies for Review**

**(a) Treasury Business Management Policy**

The Board considered the Note on the proposed revisions to the Treasury Business Management Policy (2018-BD13-DOC-014) and the proposed revisions to the policy (2018-BD13-DOC-015), (2018-BD13-DOC-015a) and (2018-BD13-DOC-015b). The Board approved the revisions to the Treasury Business Management Policy.

**(b) Debt Instrument Financing Policy**

The Board considered the Note on the proposed revisions to the Debt Instrument Financing Policy (2018-BD13-DOC-014) and the proposed revisions to the policy (2018-BD13-DOC-016), (2018-BD13-DOC-016a) and (2018-BD13-DOC-016b). The Board approved the revisions to the Debt Instrument Financing Policy.

**(c) Policy on Loans with Sovereign Guarantee**

The Board considered the Note on the proposed revisions of the Policy on Loans with Sovereign Guarantee (2018-BD13-DOC-017) and the proposed revisions to the policy (2018-BD13-DOC-017a), (2018-BD13-DOC-017b), and (2018-BD13-DOC-017c). The Board approved the revisions to the Policy on Loans with Sovereign Guarantee.

**(d) Procurement Policy**

The Board considered the Note on the proposed revisions to the Procurement Policy (2018-BD13-DOC-018) and the proposed revisions to the policy (2018-BD13-DOC-018a), (2018-BD13-DOC-018b) and (2018-BD13-DOC-018c). The Board approved the revisions to the Procurement Policy.

**(e) Corporate Procurement Policy**

The Board considered the Note on the proposed revisions to the Corporate Procurement Policy (20187-BD13-DOC-019) and the proposed revisions to the policy (2018-BD13-DOC-019a), (2018-BD13-DOC-019b) and (2018-BD13-DOC-019c). The Board approved the revisions to the Corporate Procurement Policy.

**17. Proposal on the Establishment of RMB Bond Programme and Euro Commercial Paper Programme**

The Board considered the Note on the Establishment of RMB Bond Borrowing Programme and Euro-commercial Borrowing Programme (2018-BD13-DOC-020). The Board approved the establishment of the RMB Bond Borrowing Programme and Euro-commercial Borrowing Programme.

**18. NDB IT Security Overview and Status Update**

The Board considered the Note concerning the IT Security Update (2018-BD13-DOC-021) and took note thereof.

**19. Brazil Regional Centre Update**

The Board took note of the progress made on the establishment of the Regional Office in Brazil and requested that the Host Country Agreement be circulated to the Board for approval.

**20. Board of Governors 3<sup>rd</sup> Annual Meeting**

The Board considered the Note on the Third Annual Meeting (2018-BD13-DOC-022) and approved the agenda, programme and Board of Governors draft resolutions, for submission to the Board of Governors.



**21. Date and venue of next Meeting**

The Board agreed that the next meeting of the Board of Directors will take place on May 28, 2018 in Shanghai, China.

**22. Any other matters**

No other matters were discussed. The meeting ended with thanks from the Chairperson of the Board.