

**MINUTES OF THE SEVENTH AUDIT, RISK AND COMPLIANCE COMMITTEE
MEETING OF THE NEW DEVELOPMENT BANK HELD AT SHANGHAI, CHINA ON
MAY 28, 2018 AT 8:00 AM**

PRESENT:

Members of the Audit, Risk and Compliance Committee

- i. Mr. Dondo Mogajane (Director for South Africa, Chairman)
- ii. Mr. Marcello de Moura Estevão Filho (Director for Brazil)
- iii. Mr. M.M. Kutty (Director for India)
- iv. Mr. Shixin Chen (Director for China)
- v. Mr. Guoqi Wu (Alternate Director for China)
- vi. Mr. Andrey Bokarev (Alternate Director for Russia)
- vii. Ms. Vuyelwa Vumendlini (Alternate Director for South Africa)
- viii. Mr. K. V. Kamath (President and Board Member)

Advisors accompanying Committee Members

- i. Mr. Erivaldo Alfredo Gomes, Deputy Secretary for International Affairs, Ministry of Finance, Brazil
- ii. Mr. Jean Rodolfo Taruhn, Consul, Consulate General of the Federative Republic in Brazil in Shanghai
- iii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Ms. Olga Polikarpova, Leading Expert, Department for International Financial Affairs, Ministry of Finance, Russia
- v. Mr. Prashant Lokhande, Counsellor (Economic) of the Embassy of India, Beijing
- vi. Mr. Liu Weijie, Director, Ministry of Finance, China
- vii. Ms. Jin Rui, Staff member, Ministry of Finance, China
- viii. 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 and external Auditors

- i. Mr. Naveen Srivastava, Director General, Corporate Secretary
- ii. Ms. Lynette Milne, Director General, Finance, Budget and Accounting
- iii. Ms. Yolande Dwarika, Chief, Corporate Secretary
- iv. Mr. Srinivas Yanamandra, Chief, Compliance
- v. Mr. Kamal Ahuja, Chief, Internal Audit
- vi. Mr. Sanjay Chiboo, Chief, Finance, Budget and Accounting
- vii. Ms. Miya Liu, Junior Professional, Corporate Secretary
- viii. Mr. Leon Fan, Independent Auditor, Deloitte

1. Adoption of the Agenda

The agenda (2018-ARC07-DOC-001-REV1) was considered and adopted by the Audit, Risk and Compliance Committee (“**the Committee**” or “**the ARC**”).

2. Leave of absence

The absence of the Director for Russia was recorded. The Director for Russia was represented by the Alternate Director.

3. Adoption of the Minutes and Summary of the 6th ARC meeting held on March 1, 2018

The Minutes (2018-ARC07-DOC-003) and Summary (2018-ARC07-DOC-004) of the 6th Committee Meeting held on March 1, 2018 were approved without amendment.

4. Matters Arising from previous meetings

The Committee considered the Note on Matters Arising from the 6th Audit, Risk, Budget and Compliance Committee meeting (2017-ARC07-DOC-005) and took note thereof.

5. Independent Audited Financial Statements for the period ended March 31, 2018

The Committee considered the Note on Condensed Financial Statements for the period ended March 31, 2018 (2018-ARC07-DOC-006) and the Condensed Financial Statements for the period ended March 31, 2018 (2018-ARC07-DOC-007). The Committee

recommended that the Board of Directors (“**the Board**”) approve the Condensed Financial Statements for the period ended March 31, 2018.

6. Unaudited Financial Statement of the Project Preparation Fund for the period ended March 31, 2018

The Committee considered the Note on New Development Bank Project Preparation Fund Condensed Unaudited Financial Statements for the period ended March 31, 2018 (2018-ARC07-DOC-008) and the Condensed Unaudited Financial Statements for the period ended March 31, 2018 (2018-ARC07-DOC-009). The Committee recommended that the Board of Directors approve the Condensed Unaudited Financial Statements of the Project Preparation Fund for the period ended March 31, 2018.

7. Review of Capital Management Policy

The Committee considered the Note on the Propose Amendments to the Capital Management Policy (2018-ARC07-DOC-015) and the revisions to the Capital Management Policy (2018-ARC07-DOC-015a), (2018-ARC07-DOC-015b) and (2018-ARC07-DOC-015c). The Committee recommended that the Board approve the revisions to the Capital Management Policy, as amended.

8. Risk Report

a. Quarterly Risk Report for the period ended March 31, 2018

The Committee considered the Quarterly Risk Report for the period ended March 31, 2018 (2018-ARC07-DOC-010) and took note thereof.

b. Operational Risk Report for the period for the period ended March 31, 2018

The Committee considered the Operational Risk Report for the period for the period ended March 31, 2018 (2018-ARC07-DOC-011) and took note thereof.

c. Credit Risk Exposure Limits for Treasury Counterparts

The Committee considered the Note on Credit Risk Exposure Limits for Treasury Counterparts (2018-ARC07-DOC-016) and recommended that the Board approve the credit risk exposure limits.

9. Compliance Update

The Committee considered the Note on Compliance Update to the Committee (2018-ARC07-DOC-012) and took note thereof.

10. Internal Audit

Internal Audit Update and Internal Audit Report

The Committee considered the Note from the Internal Audit division (2018-ARC07-DOC-013) together with the Internal Audit report for the first quarter of 2018 (2018-ARC07-DOC-014) and took note thereof.

11. Closed Session

The Committee met with Chief, Internal Audit in a closed session.

12. Any Other Business

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