

**MINUTES OF THE TWELFTH AUDIT, RISK AND COMPLIANCE COMMITTEE  
MEETING OF THE NEW DEVELOPMENT BANK HELD AT SHANGHAI, ON  
SEPTEMBER 11, 2019 AT 11:00**

PRESENT:

**Members of the Audit, Risk and Compliance Committee**

- i. Mr. Enoch Godongwana (Director for South Africa, Chairperson)
- ii. Mr. Rodrigo de Oliveira Godinho (Temporary Alternate Director for Brazil)
- iii. Ms. Elena Zamorina (Temporary Alternate Director for Russia)
- iv. Mr. K. Rajaraman (Director for India)
- v. Mr. Wencai Zhang (Director for China)
- vi. Mr. Qiangwu Zhou (Alternate Director for China)
- vii. Mr. K. V. Kamath (President and Board Member)

**Advisors and other Participants accompanying Committee Members**

- i. Mr. Yuanjie Yang, Director, Division IFI IV, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- ii. Ms. Rui Jin, Staff Member, Division IFI IV, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- iii. Mr. Yazhou Yan, Staff Member, Division IFI IV, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- iv. 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 Independent Auditors**

- i. Ms. Yolande Dwarika, Chief, Corporate Secretary

- ii. Mr. Weijie Liu, Principal Professional, Corporate Secretary
- iii. Ms. Miya Liu, Junior Professional, Corporate Secretary

The following staff members and representatives of independent auditors attended the meeting for relevant agenda items with the approval of the Chairperson:

- i. Mr. Jose Luiz Fernandez, Director General, Risk Management
- ii. Ms. Halima Nazeer, Director General, Finance, Budget and Accounting
- iii. Mr. Bharan Kumar Guntupalli, Chief, Risk Management
- iv. Mr. Paritosh Pandit, Chief, Finance, Budget and Accounting
- v. Mr. Manish Singh, Chief, Human Resources
- vi. Mr. Srinivas Yanamandra, Chief, Compliance
- vii. Mr. Kamal Ahuja, Chief, Internal Audit
- viii. Mr. Leon Fan, Independent Auditor, Deloitte
- ix. Ms. Jessica Li, Independent Auditor, Deloitte
- x. Ms. Annie Pan, Independent Auditor, Deloitte

#### **1. Adoption of the Agenda**

The agenda (2019-ARC12-DOC-001-REV1) was considered and adopted by the Audit, Risk and Compliance Committee (“Committee” or “ARC”).

#### **2. Leave of Absence**

The absence of the Director for Brazil and the Director for Russia was recorded. The Director for Brazil and the Director for Russia were represented by the respective Temporary Alternate Directors. The meeting had the requisite quorum.

#### **3. Adoption of the Minutes and Summary of the 11<sup>th</sup>ARC Meeting held on June 24, 2019**

The Minutes (2019-ARC12-DOC-003) and Summary (2019-ARC12-DOC-004) of the 11<sup>th</sup> ARC Meeting held on June 24, 2019 were approved by the Committee.

#### **4. Matters Arising from Previous Meetings**

The Committee considered the Matters Arising from the 11<sup>th</sup>ARC Meeting of the New Development Bank (2019-ARC12-DOC-005) and took note thereof.

#### **5. Independent Audit**

##### **a. Audited Financial Statements for the New Development Bank for the period ended June 30, 2019**

The Committee considered the Note on New Development Bank Condensed Financial Statements for the period ended June 30, 2019 (2019-ARC12-DOC-006-a) and the

Independent Auditor's Report and Condensed Financial Statements for the period ended June 30, 2019 (2019-ARC12-DOC-006-b). The Committee recommended that the Board of Directors ("Board") approve the Audited Financial Statements for the New Development Bank for the period ended June 30, 2019.

**b. Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the period ended June 30, 2019**

The Committee considered the Note on Project Preparation Fund Condensed Financial Statements for the period ended June 30, 2019 (2019-ARC12-DOC-007-a) and the Independent Auditor's Report and Condensed Financial Statements for the Project Preparation Fund of the New Development Bank for the period ended June 30, 2019 (2019-ARC12-DOC-007-b). The Committee recommended that the Board approve the Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the period ended June 30, 2019.

**6. Risk**

**a. Risk Management Report for the period ended June 30, 2019**

The Committee considered the Note on the Risk Management Report (2019-ARC12-DOC-008-a) and the Risk Management Report for the period ended June 30, 2019 (2019-ARC12-DOC-008-b) and took note thereof.

**7. Compliance**

**a. Compliance Update**

The Committee considered the Compliance Update (2019-ARC12-DOC-009) and took note thereof.

**b. Review of Whistleblower Procedures**

The Committee considered the Schedule of Changes for Whistleblower Procedures (2019-ARC12-DOC-010-a), the revised Whistleblower Procedures in track-change mode (2019-ARC12-DOC-010-b) and the revised Whistleblower Procedures in clean version (2019-ARC12-DOC-010-c). The Committee recommended that the Board approve the revised Whistleblower Procedures.

**8. Internal Audit**

**a. Status of Audit Observations from previous Audit Reports**

The Committee considered the Note from the Internal Audit Division for the Audit, Risk and Compliance Committee (2019-ARC12-DOC-011-a) and took note thereof.

**b. Internal Audit Report for the period ended March 31, 2019**

The Committee considered the Internal Audit Report of Treasury and Portfolio Management for the period ended March 31, 2019 (2019-ARC12-DOC-011-b) and took note thereof.

**c. Internal Audit Report for the period ended June 30, 2019**

The Committee considered the Internal Audit Report of Lending and Operations and Human Resources for the period ended June 30, 2019 (2019-ARC12-DOC-011-c) and took note thereof.

**9. Closed Session**

The Committee met with the Chief, Internal Audit and the representatives of the Independent Auditor, Deloitte respectively in a closed session.

**10. Any Other Business**

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