
**MINUTES OF THE THIRTEENTH AUDIT, RISK AND COMPLIANCE COMMITTEE
MEETING OF THE NEW DEVELOPMENT BANK HELD IN SHANGHAI, ON
DECEMBER 2, 2019 AT 09:30**

PRESENT:

Members of the Audit, Risk and Compliance Committee

- i. Mr. Wencai Zhang (Director for China, Chairperson of the meeting)
- ii. Mr. Qiangwu Zhou (Alternate Director for China)
- iii. Mr. Andile Kuzwayo (Temporary Alternate Director for South Africa)
- iv. Mr. Yana Dumaresq (Temporary Alternate Director for Brazil)¹
- v. Mr. Andrey Bokarev (Alternate Director for Russia)
- vi. Mr. K. Rajaraman (Director for India)
- vii. Mr. K. V. Kamath (President and Board Member)

Advisors and other Participants accompanying Committee Members

- i. Mr. Marcos Guimarães, Deputy Secretary for International Economic Affairs, Ministry of Economy, Brazil
- ii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iii. Mr. Prashant Lokhande, Counsellor (Economic) of the Embassy of India in China, India
- iv. Mr. Kaviarasan K, Deputy Director, United Nations and Other Multilateral Institutions Division, Department of Economic Affairs, Ministry of Finance, India
- v. Mr. Yuanjie Yang, Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- vi. Ms. Hongna Li, Deputy Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- vii. Ms. Rui Jin, Staff Member, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- viii. Mr. Yazhou Yan, Staff Member, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China

¹ Ms. Yana Dumaresq was nominated as the Director for Brazil on December 16, 2019, effective from October 12, 2019. At the time of this meeting, she is appointed as the Temporary Alternate Director for Brazil.

- ix. Mr. Lesego Ntoahae, Economist, BRICS Global and Emerging Markets, 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, Director General and 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 the Independent Auditor 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. Annie Pan, Independent Auditor, Deloitte

1. Adoption of the Agenda

The Audit, Risk and Compliance Committee (“Committee” or “ARC”) appointed the Director for China as the Chairperson of the meeting.

The agenda (2019-ARC13-DOC-001) was considered and adopted by the Committee.

2. Leave of Absence

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

3. Adoption of the Minutes and Summary of the 12th ARC Meeting held on September 12, 2019

The Minutes (2019-ARC13-DOC-003) and Summary (2019-ARC13-DOC-004) of the 12th ARC Meeting held on September 12, 2019 were approved by the Committee.

4. Matters Arising from Previous Meetings

The Committee considered the Matters Arising from the 12th ARC Meeting of the New Development Bank (2019-ARC13-DOC-005) and took note thereof.

5. Independent Audit

a. Quarterly Audited Financial Statements for the New Development Bank for the period ended September 30, 2019

The Committee considered the Note on New Development Bank Condensed Financial Statements for the period ended September 30, 2019 (2019-ARC13-DOC-006-a) and the Independent Auditor's Report and Condensed Financial Statements for the period ended September 30, 2019 (2019-ARC13-DOC-006-b). The Committee recommended that the Board of Directors ("Board") approve the Quarterly Audited Financial Statements for the New Development Bank for the period ended September 30, 2019.

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

The Committee considered the Note on Project Preparation Fund Condensed Financial Statements for the period ended September 30, 2019 (2019-ARC13-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 September 30, 2019 (2019-ARC13-DOC-007-b). The Committee recommended that the Board approve the Quarterly Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the period ended September 30, 2019.

6. Independent Auditors

a. Re-Appointment of Independent Auditor

The Committee considered the Note on Re-appointment of the Independent Auditor (2019-ARC13-DOC-008), and recommended that the Board approve the followings:

- a. Re-appoint Deloitte as the Independent Auditor from FY2020 to FY2025;
- b. Prepare the quarterly financial statements as per the requirements of International Accounting Standard 34; and
- c. The audit fee of USD 550,000 for FY2020.

b. Rotation of Independent Auditors

The Committee considered the Note on Rotation of Independent Auditors (2019-ARC13-DOC-009), and recommended that the Board approve the followings:

- a. The independent auditors should rotate every 10 years with two 5-year terms. The total period should not exceed 10 years; and
- b. The audit partners should rotate every 5 years with a cooling-off period of 3 years.

7. Risk

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

The Committee considered the Risk Management Report for the period ended September 30, 2019 (2019-ARC13-DOC-010) and took note thereof.

b. Risk Limits for Equity Investments

The Committee considered the Note on Risk Limits for Investments in Equity Funds (2019-ARC13-DOC-011), and recommended that the Board approve the proposed risk limits for investments in equity funds.

8. Compliance

a. Compliance Update

The Committee considered the Compliance Update (2019-ARC13-DOC-012) and took note thereof.

b. Review of the Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy

The Committee considered the redrafted Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy (2019-ARC13-DOC-013), and recommended that the Board approve the redrafted Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy.

9. 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-ARC13-DOC-014) and took note thereof.

b. Internal Audit Report for the period ended September 30, 2019

The Committee considered the Internal Audit Report for Q3, 2019 (2019-ARC13-DOC-015) and took note thereof.

10. Closed Session

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

11. Any Other Business

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