

**MINUTES OF THE EIGHTEENTH AUDIT, RISK AND COMPLIANCE COMMITTEE
MEETING OF THE NEW DEVELOPMENT BANK (VIDEOCONFERENCE) HELD ON
MARCH 29, 2021 AT 19:00 (CHINA TIME)**

PRESENT:

Members of the Audit, Risk and Compliance Committee

- i. Mr. K. Rajaraman (Director for India, Chairperson)
- ii. Mr. Zhijun Cheng (Director for China)
- iii. Mr. Bin Han (Alternate Director for China)
- iv. Mr. Enoch Godongwana (Director for South Africa)
- v. Ms. Vuyelwa Vumendlini (Alternate Director for South Africa)
- vi. Mr. Roberto Fendt Junior (Director for Brazil)
- vii. Mr. Erivaldo Gomes (Alternate Director for Brazil)
- viii. Mr. Sergei Storchak (Director for Russia)
- ix. Mr. Marcos Troyjo (President and Committee Member)

Advisors and other Participants accompanying Committee Members

- i. Mr. Marcos Guimarães, Deputy Secretary for International Economic Affairs, Ministry of Economy, Brazil
- ii. Ms. Raquel Breda dos Santos, General Coordinator for Global Development Institutions, Ministry of Economy, Brazil
- iii. Ms. Raquel Porto Ribeiro Mendes, Coordinator for Relationship with Global Development Institutions, Ministry of Economy, Brazil
- iv. Ms. Livia Braga, Infrastructure Analyst, Ministry of Economy, Brazil
- v. Mr. Pavel Snisorenko, Director, Department for International Financial Affairs, Ministry of Finance, Russia
- vi. Mr. Oleg Podomatko, Deputy Director, Department for International Financial Affairs, Ministry of Finance, Russia
- vii. Ms. Elena Zamorina, Advisor, Department for International Financial Affairs, Ministry of Finance, Russia

- viii. Ms. Aparna Bhatia, Economic Adviser, Department of Economic Affairs, Ministry of Finance, India
- ix. Mr. Prasanna V. Salian, Deputy Secretary, Department of Economic Affairs, Ministry of Finance, India
- x. Mr. Lekhan Thakkar, Counsellor (Economic), Embassy of India in Beijing, India
- xi. Mr. Kaviarasan K, Deputy Director, Department of Economic Affairs, Ministry of Finance, India
- xii. Mr. Jiangnan Qian, Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- xiii. Ms. Hongna Li, Deputy Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- xiv. Mr. Yazhou Yan, Staff Member, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- xv. Mr. Mfundo Hlatswayo, Chief Director, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- xvi. Ms. Didintle Letsie, Senior Economist, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- xvii. Mr. Lesego Ntoahae, Economist, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- xviii. Ms. Tlangelani Mageza, Staff, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa

Vice Presidents

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

Secretary to the Committee

- i. Ms. Yolande Dwarika, Director General and Corporate Secretary

Other New Development Bank Staff and Independent Auditors

(Attachment I)

1. Adoption of the Agenda

The Agenda (2021-ARC18-DOC-001) was considered and adopted by the Audit, Risk and Compliance Committee (“ARC” or “Committee”).

2. Opening Remarks by the NDB President

The Committee took note of the Opening Remarks by the NDB President.

3. Leave of Absence

All Directors were present. The meeting had the requisite quorum.

4. Approval of the Minutes and Summary of the 17th ARC Meeting held on December 14, 2020

The Minutes (2021-ARC18-DOC-003) and Summary (2021-ARC18-DOC-004) of the 17th ARC Meeting held on December 14, 2020 were approved by the Committee.

5. Record of Approval of Matters Agreed to During the Inter-sessional Period

The Committee considered the Note on the Inter-Sessional Decisions of the Audit, Risk and Compliance Committee since the 17th Meeting (2021-ARC18-DOC-005-REV1) and took note thereof.

6. Matters Arising from the Previous Meeting

The Committee considered the Matters Arising from the 17th ARC Meeting of the New Development Bank (2021-ARC18-DOC-006) and took note thereof.

7. Financial Statements

a. Annual Audited Financial Statements for the New Development Bank for the year ended December 31, 2020

The Committee considered the New Development Bank Independent Auditor's Report and Financial Statements and Condensed Financial Statements for the year ended December 31, 2020 (2021-ARC18-DOC-007-b) and recommended that it be submitted to the Board of Directors ("Board") for submission to the Board of Governors for approval.

b. Annual Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the year ended December 31, 2020

The Committee considered the New Development Bank Project Preparation Fund Independent Auditor's Report and Financial Statements for the year ended December 31, 2020 (2021-ARC18-DOC-008-b) and recommended that it be submitted to the Board for submission to the Board of Governors for approval.

8. Risk Management Report for the period ended December 31, 2020

The Committee considered the Risk Management Report Q4 2020 (2021-ARC18-DOC-009) and took note thereof.

9. Policy Reviews

a. Accounting Policy and Measurement

The Committee considered the Cover Note on Proposed Amendments to the Accounting Policy and Measurement (2021-ARC18-DOC-010-a), the revised Accounting Policy and Measurement in track-change mode (2021-ARC18-DOC-010-b) and the revised Accounting Policy and Measurement in clean version (2021-ARC18-DOC-010-c), and recommended that the revised Accounting Policy and Measurement be submitted to the Board for approval.

b. Provisioning and Write-Off Policy

The Committee considered the Note and Schedule of Changes to the Proposed Amendments to the Provisioning and Write-Off Policy (2021-ARC18-DOC-011-a), the revised Provisioning and Write-Off Policy in track-change mode (2021-ARC18-DOC-011-b) and the revised Provisioning and Write-Off Policy in clean version (2021-ARC18-DOC-011-c), and recommended that the revised Provisioning and Write-Off Policy be submitted to the Board for approval.

10. Compliance Update

The Committee considered the Annual Compliance Update (2021-ARC18-DOC-012), took note of the Annual Compliance Assessment Report for 2020 and the Annual Anti-Money Laundering Work Report for 2020, and recommended that the Board approve the Compliance Management Plan for 2021.

11. Internal Audit

a. Internal Audit Reports

The Committee considered the Internal Audit Report Q3 2020 of Finance, Budget and Accounting (2021-ARC18-DOC-014-a), the Internal Audit Report Q3 2020 of Compliance (2021-ARC18-DOC-014-b), the Internal Audit Report Q3 2020 of Market and Liquidity Risk Management (2021-ARC18-DOC-014-c), the Internal Audit Report Q3 2020 of Treasury and Portfolio Management (2021-ARC18-DOC-014-d), the Internal Audit Report Q4 2020 of Information Technology and Security for Cybersecurity and Information Security (2021-ARC18-DOC-014-e), the Update on Review of a Control for EDI Platform (2021-ARC18-DOC-019) and took note thereof.

The Committee agreed with the recommendations by the Internal Audit Department and raised detailed requests for the next steps.

b. Status of Audit Observations from previous Audit Reports

The Committee considered the Note from the Internal Audit Department for the Audit, Risk and Compliance Committee (2021-ARC18-DOC-013) and took note of the status of audit observations from the previous audit reports.

c. Internal Audit Plan for 2021

The Committee considered the Risk-based Internal Audit Plan CY2021 (2021-ARC18-DOC-015) and recommended that it be submitted to the Board for approval.

d. Revisions to the Internal Audit Policy

The Committee considered the Schedule of Substantive Changes to the Internal Audit Policy (2021-ARC18-DOC-016-a), the revised Internal Audit Policy in track-change mode (2021-ARC18-DOC-016-b) and the revised Internal Audit Policy in clean version (2021-ARC18-DOC-016-c), and recommended that the revised Internal Audit Policy be submitted to the Board for approval.

e. Revisions to the Internal Audit Charter

The Committee considered the Schedule of Substantive Changes to the Internal Audit Charter (2021-ARC18-DOC-017-a), the revised Internal Audit Charter in track-change mode (2021-ARC18-DOC-017-b) and the revised Internal Audit Charter in clean version (2021-ARC18-DOC-017-c), and recommended that the revised Internal Audit Charter be submitted to the Board for approval.

f. Appointment of Internal Auditor for CY2021

The Committee considered the supporting annexures concerning the appointment of internal auditor for CY2021 and recommended that the Board approve the proposal on appointment of PwC for the Bank's internal audit services for CY2021.

g. Update on the Appointment of Service Provider for Quality Assurance and Improvement Programme

The Committee took note that the President had approved the appointment of the Institute of Internal Auditors to conduct the Quality Assurance and Improvement Program.

12. Closed Session

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

13. Any Other Business

The meeting ended with thanks from the Chairperson of the meeting.

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

Corporate Secretary Department

- i. Mr. Weijie Liu, Principal Professional
- ii. Ms. Miya Liu, Young Professional
- iii. Ms. Helen Shen, Officer

Front Office of President

- i. Mr. Hanyong Liu, Chief
- ii. Mr. Couto Silva, Senior Professional
- iii. Ms. Jasmin Jakoet, Senior Professional
- iv. Mr. Sidharth Kamani, Professional
- v. Mr. Julien Demeulemeester, Young Professional
- vi. Ms. Lusha Zhuang, Young Professional
- vii. Mr. Artur Cardoso de Lacerda, Short Term Consultant
- viii. Mr. James Elias, Short Term Consultant

Executive Assistants to Vice-Presidents

- i. Mr. Evgeny Kochkin, Executive Assistant to the CAO
- ii. Mr. Abhishek Pathak, Executive Assistant to the CRO
- iii. Mr. Ningqian Zhang, Executive Assistant to COO
- iv. Mr. Craig Lai King, Executive Assistant to CFO

Other Departments

- i. Ms. Halima Nazeer, Director General, Finance, Budget and Accounting
- ii. Mr. Jose Luiz Fernandez, Director General, Risk Management
- iii. Mr. Paritosh Pandit, Chief and Financial Controller
- iv. Mr. Bharan Guntupalli, Chief, Enterprise and Operational Risk
- v. Mr. Kuldeep Goel, Chief, Credit Risk
- vi. Mr. Srinivas Yanamandra, Chief, Compliance
- vii. Mr. Kamal Ahuja, Chief, Internal Audit
- viii. Mr. Chao Sun, Professional, Internal Audit
- ix. Mr. Huawei Zhang, Professional, Compliance

Independent Auditors (Deloitte)

- i. Ms. Jessica Li
- ii. Ms. Annie Pan