
**MINUTES OF THE TWENTY-SECOND AUDIT, RISK AND COMPLIANCE
COMMITTEE MEETING OF THE NEW DEVELOPMENT BANK
(VIDEOCONFERENCE) HELD ON MARCH 10, 2022 AT 19:30 (CHINA STANDARD
TIME)**

PRESENT:

Committee Members - Directors and Alternate Directors

- i. Mr. Rajat Kumar Mishra (Director for India and Chairperson of the Committee)
- ii. Mr. Zhijun Cheng (Director for China)
- iii. Mr. Bo Zhang (Alternate Director for China)
- iv. Mr. Dondo Mogajane (Director for South Africa)
- v. Mr. Marcos Machado Guimarães (Temporary Alternate Director for Brazil)¹
- vi. Ms. Raquel Breda dos Santos (Temporary Alternate Director for Brazil)²
- vii. Mr. Oleg Podomatko (Temporary Alternate Director for Russia)
- viii. Mr. Md. Shahriar Kader Siddiky (Temporary Additional Director for the Constituency of Bangladesh and the United Arab Emirates)
- ix. Mr. Abdalla Ahmed Al Obeidli (Temporary Additional Alternate Director for the Constituency of Bangladesh and the United Arab Emirates)

Advisors and other Participants accompanying Directors and Alternate Directors

- i. Ms. Raquel Porto Ribeiro Mendes, Coordinator for Relations with Global Development Institutions, Ministry of Economy, Brazil
- ii. Ms. Livia Braga, Infrastructure Analyst, Ministry of Economy, Brazil
- iii. Ms. Elena Zamorina, Advisor, Department for International Financial Affairs, Ministry of Finance, Russian Federation

¹ Mr. Marcos Guimarães was appointed as the Temporary Alternate Director for Brazil and attended the meeting in the beginning.

² Ms. Raquel Santos was appointed the Temporary Alternate Director for Brazil after Mr. Marcos Guimarães left the meeting.

- iv. Mr. Prasanna V. Salian, Deputy Secretary, Department of Economic Affairs, Ministry of Finance
- v. Mr. Jiangnan Qian, Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- vi. Mr. Lei Zhang, Deputy Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- vii. Ms. Hongna Li, Deputy Director, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- viii. Mr. Yazhou Yan, Staff, Division IFI IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- ix. Mr. Mfundo Hlatshwayo, Chief Director, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa
- x. Mr. Marlon Geswint, Chief Director, Country and Thematic Analysis, National Treasury, South Africa
- xi. Ms. Didintle Letsie, Senior Economist, BRICS, Global and Emerging Market, International and Regional Economic Policy, National Treasury, South Africa
- xii. Mr. Oratilwe Teisho, Assistant Director, BRICS, Global and Emerging Market, International and Regional Economic Policy, National Treasury, South Africa

Senior Management

- i. Mr. Marcos Troyjo, President and Committee Member
- ii. Mr. Vladimir Kazbekov, Vice-President and Chief Operating Officer (“COO”)
- iii. Mr. Anil Kishora, Vice-President and Chief Risk Officer (“CRO”)
- iv. Mr. Qiangwu Zhou, Vice-President and Chief Administrative Officer (“CAO”)
- v. 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 Committee considered and adopted the Agenda of the 22nd Meeting of the Audit, Risk and Compliance Committee (2022-ARC22-DOC-001-REV1).

2. Opening Remarks by the NDB President

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

3. Leave of Absence

The Directors for Brazil and Russia were absent. They were represented by their Temporary Alternates. The meeting had the requisite quorum.

4. Approval of the Minutes and Summary of the 21st ARC Meeting held on December 13, 2021

The Committee approved Minutes (2022-ARC22-DOC-003) and Summary of the 21st ARC Meeting held on December 13, 2021 (2022-ARC22-DOC-004-a), including Summary of the Open Session and Summary of the Closed Session (2022-ARC22-DOC-004-b).

5. Matters Arising from the Previous Meeting

The Committee considered Matters Arising from the 21st ARC Meeting of the New Development Bank (2022-ARC22-DOC-005) and took note thereof.

6. Financial Statements

a. Annual Audited Financial Statements for the New Development Bank for the year ended December 31, 2021

The Committee considered the Note on the New Development Bank Annual Financial Statements for the year ended December 31, 2021 (2022-ARC22-DOC-006-a) and the Independent Auditor's Report and Financial Statements for the New Development Bank for the year ended December 31, 2021 (2022-ARC22-DOC-006-b-REV1), and recommended that the Board approve submission of the Financial Accounts of the Ordinary Operations of the New Development Bank for the period from January 1, 2021 to December 31, 2021 to the Board of Governors for approval, subject to the Management review and update of the subsequent events.

b. Annual Audited Financial Statements for the Project Preparation Fund of the New Development Bank for the year ended December 31, 2021

The Committee considered the Note on Project Preparation Fund ("PPF") Annual Financial Statements for the year ended December 31, 2021 (2022-ARC22-DOC-007-a-REV1) and Independent Auditor's Report and the Financial Statements of the New Development Bank PPF for the year ended December 31, 2021 (2022-ARC22-DOC-007-b-REV1), and recommended that the Board approve the submission of the Financial Accounts of the Project Preparation Fund of the New Development Bank for the period from January 1, 2021 to December 31, 2021 to the Board of Governors for approval, subject to the Management review and update of the subsequent events.

7. Risk Management Report for the period ended December 31, 2021

The Committee considered the Risk Management Report Q4_2021 (2022-ARC22-DOC-008) and took note thereof.

8. Practices adopted by MDBs on Internal Credit Rating for Non-Sovereign Transactions

The Committee considered the Note on Practices Adopted by Multilateral Development Banks on Internal Credit Ratings for Non-Sovereign Transactions (2022-ARC22-DOC-009) and took note thereof.

9. Policy Reviews

a. Capital Management Policy

The Committee considered the Note and Schedule of Changes of the Proposed Amendments to the Capital Management Policy (2022-ARC22-DOC-010-a), the revised Capital Management Policy in track-change mode (2022-ARC22-DOC-010-b) and the revised Capital Management Policy in clean version (2022-ARC22-DOC-010-c), and requested the Management to undertake further work, taking into account recommendations by Committee Members.

b. Accounting Policy and Measurement

The Committee considered the Note and Schedule of Changes of the Proposed Amendments to the Accounting Policy and Measurement (2022-ARC22-DOC-011-a), the revised the Accounting Policy and Measurement in track-change mode (2022-ARC22-DOC-011-b) and the revised Accounting Policy and Measurement in clean version (2022-ARC22-DOC-011-c) and recommended that the Board approve the revised Accounting Policy and Measurement.

c. Provisioning and Write-Off Policy

The Committee considered the Note and Schedule of Changes of the Proposed Amendments to the Provisioning and Write-Off Policy (2022-ARC22-DOC-012-a), the revised Provisioning and Write-Off Policy in track-change mode (2022-ARC22-DOC-012-b) and the revised Provisioning and Write-Off Policy in clean version (2022-ARC22-DOC-012-c) and recommended that the Board approve the revised Provisioning and Write-Off Policy.

10. Amendments to Treasury Business Management Ratios and Limits

The Committee considered the Note and Schedule of Changes of the Proposed Amendments to the Treasury Business Management Policy (2022-ARC22-DOC-013-a), the revised Treasury Business Management Policy in track-change mode (2022-

ARC22-DOC-013-b) and the revised Treasury Business Management Policy in clean version (2022-ARC22-DOC-013-c), and requested the Management to undertake further analysis on the treasury business management limits and ratios, taking into account recommendations by Committee Members.

11. Compliance

a. Annual Compliance Update

The Committee considered the Compliance Update (2022-ARC22-DOC-014) and took note thereof. The Committee provided guidance for the next steps on handling complaints.

b. Annual Compliance Management Plan for 2022

The Committee considered the Annual Compliance Management Plan (2022-ARC22-DOC-015). The Committee took note of the 2021 Compliance Assessment Report and the 2021 Anti-Money Laundering Work Report and recommended that the Board approve the 2022 Compliance Management Plan.

12. Update on the Electronic Data Interchange Platform Project

The Committee took note of the oral update on the Electronic Data Interchange Platform Project and requested further work on this matter.

13. Internal Audit

a. Internal Audit Reports

The Committee considered the Cover Note on Internal Audit Reports (2022-ARC22-DOC-017-a); the Internal Audit Report for Human Resources Department covering Staff Relationship Management (2022-ARC22-DOC-017-b); the Internal Audit Report for Human Resources Department covering Employee Exit and Termination Process (2022-ARC22-DOC-017-c); the Internal Audit Report for Finance, Budget and Accounting Department covering (i) Lending and Operations Disbursement and Revenue Recognition Process and (ii) Expenses and Payment Process (2022-ARC22-DOC-017-d); and the Internal Audit Report for IT Division covering (i) Cybersecurity and Information Security and (ii) IT-third party and vendor management (2022-ARC22-DOC-017-e), and took note thereof. The Committee raised detailed requests for the next steps.

b. Status of Audit Observations from previous Audit Reports

The Committee considered the Note on the Status of Audit Observations (2022-ARC22-DOC-018-a) and its Annexures (2022-ARC22-DOC-018-b) and provided guidance on the next steps on addressing outstanding audit issues.

c. Internal Audit Annual Review for CY2021

The Committee considered the Note on CY2021 Internal Audit Annual Review (2022-ARC22-DOC-019-a) and the CY2021 Internal Audit Annual Review (2022-ARC22-DOC-019-b) and took note of the CY2021 Internal Audit Annual Review.

d. Internal Audit Plan for 2022

The Committee considered the Note on the CY2022 Risk-based Internal Audit Plan (2022-ARC22-DOC-020-a) and the CY2022 Risk-based Internal Audit Plan (2022-ARC22-DOC-020-b) and recommended that the Board approve the CY2022 Risk-based Internal Audit Plan.

e. Revisions to the Internal Audit Charter

The Committee considered the Schedule of Substantive Changes to the Internal Audit Charter (2022-ARC22-DOC-022-a), the revised Internal Audit Charter in track-change mode (2022-ARC22-DOC-022-b) and the revised Internal Audit Charter in clean version (2022-ARC22-DOC-022-c) and recommended that the Board approve the revised Internal Audit Charter.

f. Revisions to the Internal Audit Policy

The Committee considered the Schedule of Substantive Changes to the Internal Audit Charter (2022-ARC22-DOC-023-a), the revised Internal Audit Charter in track-change mode (2022-ARC22-DOC-023-b) and the revised Internal Audit Charter in clean version (2022-ARC22-DOC-023-c) and recommended that the Board approve the revised Internal Audit Policy.

g. Appointment of the Outsourced Internal Auditor for CY2022

The Committee considered the Note on the Procurement of Internal Audit Services for CY2022 (2022-ARC22-DOC-024) and recommended that the Board approve the appointment of PwC Shanghai and Protiviti as the Bank's outsourced internal audit service providers for CY2022 as well as the proposed fees.

14. Closed Session

The Committee met with the Independent Auditor, Deloitte; the Chief, Internal Audit; and the Chief, Compliance, Integrity and Ethics and the Chief, Complaints Handling and Investigations in a respective closed session.

15. Any Other Business

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

The following staff members, representatives of the Independent Auditor and external consultants 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. Mr. Alexander Efimov, Young Professional
- iv. Ms. Helen Shen, Officer

Office of the President

- i. Mr. Artur Lacerda, Director General
- ii. Mr. Hanyong Liu, Chief
- iii. Mr. Couto Silva, Principal Professional
- iv. Ms. Jasmin Jakoet, Senior Professional
- v. Mr. Sidharth Kamani, Senior Professional
- vi. Mr. Julien Demeulemeester, Professional
- vii. Mr. James Elias, Executive Assistant to the President

Executive Assistants to Vice-Presidents

- i. Mr. Evgeny Kochkin, Executive Assistant to the COO
- ii. Mr. Ningqian Zhang, Executive Assistant to CAO
- iii. Mr. Kaviarasan Kailasam, Executive Assistant to the CRO

Other Departments/Divisions

- i. Mr. Sergei Kuznetsov, Director General and Legal Counsel
- ii. Ms. Halima Nazeer, Director General, Finance, Budget and Accounting
- iii. Mr. Jose Luiz Fernandes, Director General, Risk Management
- iv. Mr. Yousuf Ali Syed, Director General, Treasury and Portfolio Management
- v. Ms. Sharmila Govind, Director General, Human Resources
- vi. Mr. Paritosh Pandit, Chief Financial Controller
- vii. Mr. Kuldeep Goel, Chief, Credit Risk Management
- viii. Mr. Leon Myburgh, Chief, Portfolio Management
- ix. Mr. Srinivas Yanamandra, Chief, Compliance, Integrity and Ethics
- x. Mr. Morgan Pillay, Chief, Complaints Handling and Investigations
- xi. Mr. Kamal Ahuja, Chief, Internal Audit
- xii. Mr. Marcelo Cardoso, Chief, Legal
- xiii. Mr. Abhimanyu Ghosh, Principal Professional, Legal Department

- xiv. Mr. Qinghua Gu, Principal Professional, IT Division
- xv. Mr. Daniel Freitas, Principal Professional, Human Resources Department
- xvi. Mr. Chao Sun, Senior Professional, Internal Audit Department
- xvii. Mr. Huawei Zhang, Professional, Compliance and Investigations Department

Independent Auditors

- i. Ms. Jessica Li, Deloitte
- ii. Mr. Jason Han, Deloitte