
**MINUTES OF THE TWENTY-SIXTH AUDIT, RISK AND COMPLIANCE COMMITTEE
MEETING OF THE NEW DEVELOPMENT BANK HELD ON APRIL 24, 2023 AT 10:00
(CHINA STANDARD TIME)**

PRESENT:

Committee Members – Directors and Alternate Directors

- i. Mr. Zhijun Cheng (Director for China, Chairperson of the Committee)
- ii. Mr. Bo Zhang (Alternate Director for China)
- iii. Mr. Dondo Mogajane (Director for South Africa)
- iv. Ms. Tatiana Rosito (Director for Brazil)
- v. Mr. Pavel Snisorenko (Alternate Director for Russia)
- vi. Dr. Prasanna V. Salian (Alternate Director for India)
- vii. Mr. Md. Shahriar Kader Siddiky (Temporary Additional Director for the Constituency of Bangladesh, the United Arab Emirates and Egypt)

Advisors and Other Participants accompanying Directors and Alternate Directors

- i. Ms. Raquel Porto Ribeiro Mendes, General Coordinator for Global Development Institutions, Secretariat for International Affairs, Ministry of Finance, Brazil
- ii. Ms. Rebeca Gouget Miranda, Coordinator, Ministry of Finance, Brazil (via video)
- iii. Mr. Oleg Podomatko, Deputy Director, Department of International Financial Affairs, Ministry of Finance, Russia
- iv. Ms. Ekaterina Guseva, Head of Division, Department of International Financial Affairs, Ministry of Finance, Russia
- v. Mr. Lekhan Thakkar, Counsellor (Economic), Embassy of India in Beijing, India
- vi. Mr. Lei Zhang, Deputy Director, IFI Division IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- vii. Ms. Xiaoyi Lei, Staff, IFI Division IV, Department of International Economic and Financial Cooperation, Ministry of Finance, China
- viii. Mr. Victor Luvhengo, Senior Economist of Multinational Development Banks and Concessional Finance, International and Regional Economic Policy, National Treasury, South Africa

- ix. Mr. Oratilwe Teisho, Assistant Director, BRICS, Global and Emerging Markets, International and Regional Economic Policy, National Treasury, South Africa

Senior Management

- i. H.E. Mrs. Dilma Rousseff, 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 Audit, Risk and Compliance Committee (“Committee” or “ARC”) considered and adopted the Agenda of the 26th Meeting of the Audit, Risk and Compliance Committee (2023-ARC26-DOC-001).

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 Russia and India were represented by their respective Alternate Directors. The meeting had the requisite quorum.

4. Approval of the Minutes and Summary of the 25th ARC Meeting held on December 6, 2022

The Committee considered and approved the Minutes (2023-ARC26-DOC-003) and the Summary (2023-ARC26-DOC-004-a), including the Summary of the Closed Session (2023-ARC26-DOC-004-b) of the 25th ARC Meeting held on December 6, 2022.

5. Matters Arising from the Previous Meeting

The Committee considered the Matters Arising from the 25th ARC Meeting (2023-ARC26-DOC-005-REV1) and took note of the progress.

6. Financial Statements

a. Annual Audited Financial Statements of the New Development Bank for the year ended December 31, 2022

The Committee considered the Note on the Annual Financial Statements of the New Development Bank for the year ended December 31, 2022 (2023-ARC26-DOC-006-a); the Independent Auditor's Report and Financial Statements of the New Development Bank for the year ended December 31, 2022 (2023-ARC26-DOC-006-b-REV1); the Presentation to the Audit, Risk and Compliance Committee on 2022 Annual Audit of the New Development Bank and NDB Project Preparation Fund (2023-ARC26-DOC-006-c). The Committee recommended that the Board of Directors ("Board") approve submission of the Independent Auditor's Report and Financial Statements of the New Development Bank for the year ended December 31, 2022 to the Board of Governors for approval, subject to updates on subsequent events.

b. Annual Audited Financial Statements of the Project Preparation Fund of the New Development Bank for the year ended December 31, 2022

The Committee considered the Note on the Annual Financial Statements of the Project Preparation Fund for the year ended December 31, 2022 (2023-ARC26-DOC-007-a) and the Independent Auditor's Report and Financial Statements of the Project Preparation Fund for the year ended December 31, 2022 (2023-ARC26-DOC-007-b). The Committee recommended that the Board approve submission of the Independent Auditor's Report and Financial Statements of the Project Preparation Fund of the New Development Bank for the year ended December 31, 2022 to the Board of Governors for approval.

c. Financial Analysis of the New Development Bank for the year ended December 31, 2022

The Committee considered the Financial Analysis of the New Development Bank for the year ended December 31, 2022 (2023-ARC26-DOC-007-c) and took note thereof.

7. Independent Auditor

a. Communication to ARC pursuant to the Johannesburg Stock Exchange Listing Requirements

The Committee considered the Note on Communication to the Audit, Risk and Compliance Committee pursuant to the Johannesburg Stock Exchange Listing Requirements (2023-ARC26-DOC-008-a) and the Communication to ARC pursuant to JSE Requirements (2023-ARC26-DOC-008-b), and took note thereof.

8. Risk Management Report for the period ended December 31, 2022

The Committee considered the Risk Management Report Q4 2022 (2023-ARC26-DOC-009) and took note thereof.

9. Policy Reviews

a. Exchange Rate Risk Management Policy

The Committee considered the Note and Schedule of Changes on the Proposed Amendments to the Exchange Rate Risk Management Policy (2023-ARC26-DOC-010-a), the revised Exchange Rate Risk Management Policy in track-change mode (2023-ARC26-DOC-010-b), the Exchange Rate Risk Management Policy in clean version (2023-ARC26-DOC-010-c) and recommended that the Board approve the revised Exchange Rate Risk Management Policy.

b. Interest Rate Risk Management Policy

The Committee considered the Note and Schedule of Changes on the Proposed Amendments to the Interest Rate Risk Management Policy (2023-ARC26-DOC-011-a), the revised Interest Rate Risk Management Policy in track-change mode (2023-ARC26-DOC-011-b), the Interest Rate Risk Management Policy in clean version (2023-ARC26-DOC-011-c) and recommended that the Board approve the revised Interest Rate Risk Management Policy.

c. Operational Risk Management Policy

The Committee considered the Note and Schedule of Changes on the Proposed Amendments to the Operational Risk Management Policy (2023-ARC26-DOC-012-a), the revised Operational Risk Management Policy in track-change mode (2023-ARC26-DOC-012-b), Operational Risk Management Policy in clean version (2023-ARC26-DOC-012-c) and recommended that the Board approve the revised Operational Risk Management Policy.

d. Enterprise Risk Management and Risk Appetite Framework

The Committee considered the Management and Risk Appetite Framework (2023-ARC26-DOC-013-a), the revised Enterprise Risk Management and Risk Appetite Framework in track-change mode (2023-ARC26-DOC-013-b), Enterprise Risk Management and Risk Appetite Framework in clean version (2023-ARC26-DOC-013-c) and recommended that the Board approve the revised Enterprise Risk Management and Risk Appetite Framework.

e. Business Continuity Management Policy

The Committee considered the Note and Schedule of Changes for the Proposed Amendments to the Business Continuity Management Policy (2023-ARC26-DOC-014-a), the revised Business Continuity Management Policy in track-change mode (2023-ARC26-DOC-014-b), Business Continuity Management Policy in clean version (2023-ARC26-DOC-014-c) and recommended that the Board approve the revised Business Continuity Management Policy.

f. Accounting Policy and Measurement

The Committee considered the Note and Schedule of Changes on Proposed Amendments to the Accounting Policy and Measurement (2023-ARC26-DOC-015-a), the revised Accounting Policy and Measurement in track change mode (2023-ARC26-DOC-015-b), Accounting Policy and Measurement in clean version (2023-ARC26-DOC-015-c) and recommended that the Board approve the revised Accounting Policy and Measurement.

10. Update on Treasury Investment Portfolio

The Committee took note of the oral update on the treasury investment portfolio.

11. Compliance

a. Annual Compliance Update for 2022

The Committee considered the Note on Compliance Update (2023-ARC26-DOC-016) and took note thereof.

b. Annual Compliance Management Plan for 2023

The Committee considered the Annual Compliance Management Plan for 2023(2023-ARC26-DOC-017). The Committee took note of the Compliance Assessment Report for 2022 and the Anti-Money Laundering Work Report for 2022, and recommended that the Board approve the Annual Compliance Management Plan for 2023.

12. Update on the Electronic Data Interchange Platform Project

The Committee took note of an oral update on the the progress of NDB Client Portal.

13. Internal Audit

a. Status Update from the Internal Audit Department

The Committee considered the Note from the Internal Audit Department to the Audit, Risk, Compliance Committee as of March 27, 2023 (2023-ARC26-DOC-018) and took note thereof.

b. Internal Audit Annual Report for 2022

The Committee considered the Note to the Audit, Risk and Compliance Committee on the NDB Internal Audit Annual Report for CY2022 (2023-ARC26-DOC-019) and the Internal Audit Annual Report 2022 (2023-ARC26-DOC-20), and took note of the Internal Audit Annual Report 2022.

c. Status of Audit Observations from Previous Audit Reports

The Committee considered the Note to the Audit, Risk and Compliance Committee on the Status of Audit Observations Reported in the Previous Committee Meetings (2023-ARC26-DOC-021) and its Annexures (2023-ARC26-DOC-022). The Committee took note of the status of audit observations from previous audit reports.

d. Internal Audit Reports

The Committee considered the Note to the Audit, Risk and Compliance Committee on the Internal Audit Reports (2023-ARC26-DOC-023), the Internal Audit Report for Administration Department on the Headquarter Maintenance and Management Processes (2023-ARC26-DOC-024-a), the Internal Audit Report for Finance, Budget and Accounting Department on Bank Account and Cash Management Processes and Treasury Back-Office Processes (2023-ARC26-DOC-024-b) and took note of the two reports.

e. Internal Audit Plan for 2023

The Committee considered the Note to the Audit, Risk and Compliance Committee on the CY2023 Risk-based Internal Audit Plan (2023-ARC26-DOC-025-a) and the Risk-based Internal Audit Plan CY2023 (2023-ARC26-DOC-025-b). The Committee requested further work on the Internal Audit Plan CY2023, taking into account recommendations by the Committee.

f. Appointment of the Outsourced Internal Auditor for CY2023

The Committee considered the Note to the Audit, Risk and Compliance Committee on the Procurement of Internal Audit Services for CY2023 (2023-ARC26-DOC-026-a) and its annexures (2023-ARC26-DOC-026-b, c, d, e, f, g, h and i), and recommended that the Board approve the proposals therein.

g. Review of Internal Audit Policy

The Committee considered the Note to the Audit, Risk and Compliance Committee on the Proposed Amendments to the Internal Audit Charter and Internal Audit Policy (2023-ARC26-DOC-027-a), the Schedule of changes for the Internal Audit Policy (2023-ARC26-DOC-027-b), the revised Internal Audit Policy in track change mode (2023-ARC26-DOC-027-c), the Internal Audit Policy in clean version (2023-ARC26-DOC-027-d) and recommended that the Board approve the revised Internal Audit Policy.

h. Review of Internal Audit Charter

The Committee considered the Schedule of changes for the Internal Audit Charter (2023-ARC26-DOC-028-a), the revised Internal Audit Charter in track change mode (2023-ARC26-DOC-028-b), the Internal Audit Charter in clean version (2023-ARC26-DOC-028-c) and recommended that the Board approve the revised Internal Audit Charter.

i. Presentation on Internal Audit Department Positioning on the General Strategy for 2022-2026

The Committee considered the Presentation on Internal Audit Department Positioning on NDB's New General Strategy (2023-ARC26-DOC-029) and took note thereof.

14. Closed Session

The Committee met with the Independent Auditors, Director General and Chief, Internal Audit, as well as the Chief, Ethics and Investigations respectively.

15. 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, Professional
- iii. Mr. Alexander Efimov, Young Professional
- iv. Ms. Angela Gu, Senior Officer
- v. Ms. Shuang Zhao, Officer

Office of the President

- i. Mr. Artur Lacerda, Director General
- ii. Mr. Hanyong Liu, Chief
- iii. Ms. Melisha Naidoo, Principal Professional
- iv. Mr. Marcelo Takami, Principal Professional
- v. Ms. Lusha Zhuang, Professional
- vi. Mr. Luiz Eduardo Melin, Short Term Consultant
- vii. Mr. Marco Tulio De Oliveira Mendonca, Short Term Consultant
- viii. Mr. Aguinaldo Barbieri, Short Term Consultant

Executive Assistants to Vice-Presidents

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

Other Departments/Divisions

- i. Mr. Yousuf Syed, Director General, Treasury and Portfolio Management
- ii. Mr. Sergei Kuznetsov, Director General and Legal Counsel
- iii. Ms. Halima Nazeer, Director General, Finance, Budget and Accounting (via video)
- iv. Mr. Ashwani Muthoo, Director General, Independent Evaluation Office
- v. Mr. Lourival De Mattos, Director General, Internal Audit
- vi. Ms. Sharmila Govind, Director General, Human Resources
- vii. Mr. Paritosh Pandit, Chief, Financial Controller
- viii. Mr. Kuldeep Goel, Chief, Credit Risk
- ix. Mr. Leon Myburgh, Chief, Portfolio Management
- x. Mr. Morgan Pillay, Chief, Ethics and Investigations
- xi. Mr. Kamal Ahuja, Chief, Internal Audit
- xii. Mr. Marcelo Cardoso, Chief, Legal
- xiii. Mr. Gustavo Jerez, Chief, Enterprise and Operational Risk (via video)

- xiv. Mr. James Zhou, Chief, Integrity and Regulatory Compliance
- xv. Mr. Daniel Freitas, Principal Professional, Human Resources Department
- xvi. Ms. Alet Prinsloo, Principal Professional, Ethics and Investigations
- xvii. Mr. Qinghua Gu, Principal Professional, IT
- xviii. Mr. Alberto Pita, Senior Professional, Credit Risk (via video)
- xix. Ms. Laurel Zhu, Senior Professional, Ethics and Investigations
- xx. Mr. Huawei Zhang, Senior Professional, Compliance and Investigations
- xxi. Mr. Zhenchen Zhang, Principal Professional, Market Risk

Independent Auditors

- i. Ms. Jerry Su, Deloitte
- ii. Mr. Jason Han, Deloitte