

**MINUTES OF THE FIFTH AUDIT, RISK, BUDGET AND COMPLIANCE MEETING OF
THE NEW DEVELOPMENT BANK HELD AT SHANGHAI, CHINA ON NOVEMBER 20,
2017 AT 09:00 AM**

PRESENT:

Members of the Audit, Risk, Budget and Compliance Committee

- i. Mr. Marcello Estevão (Director for Brazil)
- ii. Mr. Andrey Bokarev (Alternate Director for Russia)
- iii. Mr. Dinesh Sharma (Director for India)
- iv. Mr. Shixin Chen (Director for China)
- v. Mr. Guoqi Wu (Alternate Director for China)
- vi. Mr. Andile Kuzwayo (Temporary Alternate Director for South Africa)
- vii. Mr. K. V. Kamath (President and Committee Member)

Other Advisors and Attendees accompanying Committee Members

- i. Ms. Raquel Porto Ribeiro Mendes, Head of the Division for Sustainable Development, Secretariat for International Financial Affairs, Ministry of Finance, Brazil
- ii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iii. Mr. Weijie Liu, Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- iv. Ms. Rui Jin, Staff member, Department of International Financial and Economic Cooperation, Ministry of Finance, China

Vice Presidents

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

New Development Bank

- i. Mr. Subrahmanya Pulle Srinivas, Director General, Front Office of the President
- ii. Mr. Naveen Srivastava, Director General, Corporate Secretary
- iii. Ms. Lynette Milne, Director General, Finance, Budget & Accounting
- iv. Mr. Sanjay Chiboo, Chief, Finance, Budget & Accounting
- v. Mr. Srinivas Yanamandra, Chief, Compliance
- vi. Mr. Kamal Ahuja, Chief, Internal Audit
- vii. Ms. Yolande Dwarika, Chief, Corporate Secretary
- viii. Ms. Miya Liu, Consultant, Corporate Secretary
- iv. Mr. Jeff Tao, Independent Audit, Deloitte
- v. Mr. Annie Pan, Independent Auditor, Deloitte

1. Adoption of the Agenda

The draft agenda was considered by the Audit, Risk, Budget and Compliance Committee (“the Committee” or “ARBC”). The Committee decided that agenda item 9(b) will be considered by the Budget, Human Resources and Compensation Committee. The Committee adopted the amended agenda.

2. Leave of absence

The absence of the Directors for Russia and South Africa was recorded. The Director for Russia was represented by the Alternate Director and the Director for South Africa was represented by a Temporary Alternate Director.

3. Adoption of the Minutes and Summary of the 4th ARBC meeting held on June 18, 2017 and the Special ARBC meeting held on September 29, 2017 (via Teleconference)

The draft Minutes (2017-ARBC05-DOC-003) and Summary (2017-ARBC05-DOC-004) of the 4th Meeting of the ARBC held on June 18, 2017, as well as the draft Minutes (2017-ARBC05-DOC-005) and Summary (2017-ARBC05-DOC-006) of the ARBC meeting held on September 29, 2017, via teleconference, were approved without amendment.

4. Matters Arising from previous meetings

The document on matters arising from the previous ARBC Meeting (2017-ARBC05-DOC-007) was presented. The Committee took note of the progress made on the matters arising from previous meetings.

5. Risk Report

The Committee considered the Quarterly Risk Report for the period ending 30 September 2017 (2017-ARBC05-DOC-008) and the Quarterly Operational Risk Report for

the period ending 30 June 2017 (2017-ARBC05-DOC-009), and recommended that the Board of Directors take note of these reports.

6. Budget Utilisation Report for 2017 and Proposed Expenditure Budget for 2018

The Committee recommended that the Board of Directors approve the Proposed Expenditure Budget for 2018 of USD 55.36 million and took note of the Budget Utilisation Report for 2017. It was also noted that the proposed increase in average base salaries component of the Budget was only for budgeting purposes and not linked to any performance policy. Any actual increase and its utilisation would be subject to Board's approval. It was further decided that a report on budget performance would be presented to the Committee on a quarterly basis.

7. Independent Audit

The Committee reviewed the Audited Financial Statements for the nine months ending 30 September 2017 (2017-ARBC05-DOC-011), and recommended the Audited Financial Statements to the Board of Directors for its consideration.

8. Internal Audit

The Committee considered the update (2017-ARBC05-DOC-012) by the internal auditor, and the Internal Audit Reports for Quarter 2 and for Quarter 3 of 2017 (2017-ARBC04-DOC-013 and 2017-ARBC05-DOC-014) and noted that the Bank should implement all the suggestions made by the Internal Auditor within the indicated timeline. It recommended that the Board of Directors take note of the report.

9. Compliance

The Committee noted the Note on Compliance Update related issue to the Committee (2017-ARBC05-DOC-015) and recommended that the Board of Director approve the proposed amendments the Code of Business Conduct and Ethics of the Bank (2017-ARBC05-DOC-017, ARBC05-DOC-018 and ARBC05-DOC-019) as well as the proposed amendment to the Whistleblower Procedure (2017-ARBC05-DOC-020, 2017-ARBC05-DOC-021 and 2017-ARBC05-DOC-022). The Committee decided to defer the draft Code of Conduct for Board Officials for the consideration of the Budget, Human Resources and Compensation Committee.

10. Closed Session

The Committee met Chief Internal Auditor, Independent Auditors and Chief, Compliance in separate closed sessions.

11. Any other matter

No other matters were discussed.

The meeting ended with the Chairperson's thanks to the members of Committee and the Management for their participation during the Meeting.