

**MINUTES OF THE FIRST AUDIT, RISK AND BUDGET COMPLIANCE MEETING OF
THE NEW DEVELOPMENT BANK HELD AT THE NEW DEVELOPMENT BANK,
SHANGHAI, CHINA ON 21 NOVEMBER 2016 AT 09:00 AM**

PRESENT:

Members of the Audit, Risk and Budget Compliance Committee

- i. Mr. Tito Mboweni (Director for South Africa, Chairperson of the Committee)
- ii. Mr. Luis Balduino (Director for Brazil)
- iii. Mr. Dinesh Sharma (Director for India)
- iv. Mr. Shixin Chen (Director for China)
- v. Mr. K. V. Kamath (President and Committee Member)

Advisors accompanying Committee Members

- i. Mr. Weijie Liu, Deputy Director, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- ii. Mr. Yue Ding, Senior Staff, Department of International Financial and Economic Cooperation, Ministry of Finance, China

Vice Presidents

- i. Mr. Leslie Maasdorp
- ii. Mr. Vladimir Kazbekov
- iii. Mr. Xian Zhu
- iv. Mr. Paulo Nogueira Batista

New Development Bank

- i. Mr. Abhishek Haridas Pathak, Executive Assistant to the President
- ii. Mr. Gregory Moana Chin, Consultant
- iii. Mr. Douglas Qin, Seconded
- iv. Ms. Miya Liu, Consultant
- v. Ms. Yolande Dwarika, Seconded

Auditors

- i. PricewaterhouseCoopers (“PwC”) – Internal auditor
- ii. Deloitte – Independent auditor

1. Adoption of the Agenda

The agenda was considered and adopted.

2. Leave of absence

The absence of the Director for Russia was noted.

3. Audit

a. Review of Financial Statements

1) The financial statements for the period 24 December 2015 to 30 June 2016

The Management presented the audited financial statements for the period 24 December 2015 to 30 June 2016. The financial statements were prepared for the period commencing 24 December 2016 as this was the date of receipt of the first instalment.

The Management noted that while annual audits were required in terms of NDB policies, in the future quarterly audits would be undertaken.

The Committee, after reviewing the financial statements for the period 24 December 2015 to 30 June 2016 was of the view that the Independent Auditor’s Report and Financial Statements were fairly presented.

2) The financial statements for the period 1 July 2016 to 30 September 2016

The Management presented the unaudited NDB Financial Statements from 1 July 2016 to 30 September 2016 (2016-ARBC01-DOC-003).

The Committee, after reviewing the financial statements for the period from 1 July 2016 to 30 September 2016 (2016-ARBC01-DOC-004) found that they were fairly presented.

The Committee decided to submit the audited financial statements for period from 24 December 2015 to 30 June 2016 and the financial statements from 1 July 2016 to 30 September 2016 to the Board of Directors for consideration.¹

¹ Note that the financial accounts for each year will be submitted to the Board of Governors at the annual meeting for approval.

b. Discussion of Internal Audit Report

The internal auditor PwC presented its Internal Audit Report on financial reporting for the period, 1 July to 30 September 2016.

The Committee noted the Internal Audit Report on financial reporting and made recommendations to the Management.

c. Appointment of External Auditor for 2017

The Committee reviewed the Note (2016-ARBC01-DOC-0006) provided by the Management and recommended to the Board of Directors that Deloitte be appointed as NDB's External Auditor for CY2016, CY2017 and another additional year CY2018.

d. Appointment of Internal Auditor for 2017

The Committee reviewed the Note provided by the Management and recommended to the Board of Directors that PwC be appointed as NDB's Internal Auditor for CY2017 and CY2018.

4. Risk

a. Report from Chief Risk Officer

The Chief Risk Officer ("CRO") presented a quarterly risk report to ARBC as of 30 September 2016 (2016-ARBC01-DOC-008).

The Management stated that the Bank is currently reviewing the risk related policies internally and would submit revisions for Committee's consideration. The Committee noted the Risk Report as of 30 September 2016.

5. Budget Compliance

a. Report from Chief Finance Officer ("CFO") on budget performance and other matters

The Management presented a Budget Utilisation Report for the period ending 30 September 2016 (2016-BD07-DOC-010).

The Committee took note of the Budget Utilisation Report.

b. Budget for 2017

The Management presented the Budget for 2017. The total budget for 2017 is USD 42.87 million.

The Committee recommended the Budget 2017 to the Board of Directors, subject to the comments made in the meeting. Furthermore, the Committee recommended a review of the Budget in the next 6 months.

6. Closed Session (Referred to as Executive Session in Terms of Reference)

The Committee met with the internal and external auditors in a closed session.

7. Any other matter

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