

**MINUTES OF THE EIGHTH AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING
OF THE NEW DEVELOPMENT BANK HELD AT SHANGHAI, CHINA ON SEPTEMBER
17, 2018 AT 01:00 PM**

PRESENT:

Members of the Audit, Risk and Compliance Committee

- i. Mr. Dondo Mogajane (Director for South Africa, Chairperson)
- ii. Ms. Vuyelwa Vumendlini (Alternate Director for South Africa)
- iii. Mr. Erivaldo Alfredo Gomes (Temporary Alternate Director for Brazil)
- iv. Mr. Andrey Bokarev (Alternate Director for Russia)
- v. Mr. Prashant Goyal (Alternate Director for India)
- vi. Mr. Shixin Chen (Director for China)
- vii. Mr. Zhengwei Zhang (Alternate Director for China)
- viii. Mr. K. V. Kamath (President and Board Member)

Advisors and other Participants accompanying Committee Members

- i. Mr. Marcos Machado Guimarães, Coordinator-General for International Cooperation and Development at the Secretariat for International Affairs, Ministry of Finance, Brazil
- ii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iii. Ms. Jiandi Ye, Director, IFI Division V, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- iv. Mr. Weifeng Yang, Deputy Director, IFI Division V, Department of International Financial and Economic Cooperation, Ministry of Finance, China
- v. Ms. Jin Rui, Staff Member, IFI Division V, Department of International Financial and Economic Cooperation, Ministry of Finance, China

Vice Presidents

- i. Mr. Sarquis Sarquis, Vice-President and Chief Risk Officer (“CRO”)
- ii. Mr. Vladimir Kazbekov, Vice-President and Chief Administrative Officer (“CAO”)

- iii. Mr. Xian Zhu, Vice-President and Chief Operations Officer (“COO”)
- iv. Mr. Leslie Maasdorp, Vice President and Chief Financial Officer (“CFO”)

New Development Bank Staff and Independent Auditors

- i. Mr. Naveen Srivastava, Director General and Corporate Secretary
- ii. Ms. Yolande Dwarika, Chief, Corporate Secretary
- iii. Mr. Srinivas Yanamandra, Chief, Compliance
- iv. Mr. Kamal Ahuja, Chief, Internal Audit
- v. Mr. Robert Urry, Chief, Risk Management
- vi. Mr. Bharan Guntupalli, Chief, Risk Management
- vii. Mr. Weijie Liu, Principal Professional, Corporate Secretary
- viii. Mr. Tsepo Taole, Senior Professional, Risk Management
- ix. Ms. Miya Liu, Junior Professional, Corporate Secretary

The following staff members and representative of independent auditors attended the meeting for relevant agenda items with the approval of the Chairperson:

- x. Ms. Lynette Milne, Director General, Finance, Budget and Accounting
- xi. Mr. Sanjay Chiboo, Chief, Finance, Budget and Accounting
- xii. Mr. Leon Fan, Independent Auditor, Deloitte

1. Adoption of the Agenda

The agenda (2018-ARC08-DOC-001) was considered and adopted by the Audit, Risk and Compliance Committee (“the Committee” or “ARC”).

2. Leave of absence

The absence of the Director for Brazil and the Director for Russia was recorded. The Director for Brazil was represented by a Temporary Alternate Director. The Director for Russia was represented by the Alternate Director. The Director for India was yet to be appointed and India was represented by the Alternate Director.

3. Adoption of the Minutes and Summary of the 7th ARC Meeting held on May 28, 2018

The Minutes (2018-ARC08-DOC-003) and Summary (2018-ARC08-DOC-004) of the 7th ARC Meeting held on May 28, 2018 were approved, subject to an amendment.

4. Matters Arising from previous meetings

The Committee considered the Matters Arising from the 7th Audit, Risk and Compliance Committee Meeting of the New Development Bank (2018-ARC08-DOC-005) and took note thereof.

5. Independent Audit

a. Quarterly Audited Financial Statements for the period ended June 30, 2018

The Committee considered the Note on the Quarterly Audited Financial Statements for the period ended June 30, 2018 (2018-ARC08-DOC-006) and the Independent Auditor's Report for the quarterly ended June 30, 2018 (2018-ARC08-DOC-007). The Committee recommended that the Board of Directors ("the Board") approve the Quarterly Audited Financial Statements for the period ended June 30, 2018.

b. Quarterly Unaudited Financial Statement for the Project Preparation Fund for the period ended June 30, 2018

The Committee considered the Note on the Quarterly Unaudited Financial Statements for the Project Preparation Fund for the period ended June 30, 2018 (2018-ARC08-DOC-008) and the Quarterly Unaudited Financial Statements for the Project Preparation Fund for the period ended June 30, 2018 (2018-ARC08-DOC-009). The Committee recommended that the Board approve the Quarterly Unaudited Financial Statements for the Project Preparation Fund for the period ended June 30, 2018.

6. Risk Report

a. Quarterly Credit Risk Report for the period ended June 30, 2018

The Committee considered the Quarterly Credit Risk Report for the period ended June 30, 2018 (2018-ARC08-DOC-010) and took note thereof.

b. Quarterly Market and Liquidity Risk Report for the period ended June 30, 2018

The Committee considered the Quarterly Market and Liquidity Risk Report for the period ended June 30, 2018 (2018-ARC08-DOC-011) and took note thereof.

c. Quarterly Operational Risk Report for the period ended June 30, 2018

The Committee considered the Quarterly Operational Risk Report for the period ended June 30, 2018 (2018-ARC08-DOC-012) and took note thereof.

7. Compliance Update

The Committee considered the Note on Compliance Update to the Committee (2018-ARC07-DOC-013) and recommended that the Board approve the revised Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy (2018-ARC08-DOC-014), (2018-ARC08-DOC-015) and (2018-ARC08-DOC-016).

8. Internal Audit

Internal Audit Update and Quarterly Internal Audit Report for the period ended June 30, 2018

The Committee considered the Note on Internal Audit Update (2018-ARC08-DOC-017) together with the Quarterly Internal Audit Report for the period ended June 30, 2018 (2018-ARC08-DOC-018) and took note thereof.

9. Redacted Minutes of the 1st and 2nd Audit, Risk, Budget and Compliance Committee Meetings

The Committee considered the Note on the Redaction of the Minutes of the 1st and 2nd Meetings of the Audit, Risk, Budget and Compliance Committee (2018-ARC08-DOC-019) together with the redacted Minutes of the 1st and 2nd Meetings of the Audit, Risk, Budget and Compliance Committee and the original Minutes of the 1st and 2nd Meetings of the Audit, Risk, Budget and Compliance Committee, and approved the Redacted Minutes of the 1st and 2nd Meetings of the Audit, Risk, Budget and Compliance Committee to be disclosed on the website of the Bank.

10. Closed Session

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

11. Any Other Business

No other matters were discussed. The meeting ended with thanks from the Chairperson of the Committee.