

**MINUTES OF THE TENTH AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING
OF THE NEW DEVELOPMENT BANK HELD AT CAPE TOWN, SOUTH AFRICA, ON
MARCH 31, 2019 AT 09:30AM**

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. Marcos Troyjo (Director for Brazil)
- iv. Mr. Sergei Storchak (Director for Russia)
- v. Mr. K. Rajaraman (Director for India)
- vi. Ms. Jiandi Ye (Temporary Alternate Director for China)
- i. Mr. K. V. Kamath (President and Board Member)

Advisors and other Participants accompanying Committee Members

- i. Mr. Erivaldo Alfredo Gomes, Secretary for International Economic Affairs, Ministry of Economy, Brazil
- ii. Mr. Michel Laham Neto, Deputy Consul-General, Brazilian Consulate General in Cape Town, Brazil
- iii. Ms. Elena Zamorina, Consultant, Department for International Financial Affairs, Ministry of Finance, Russia
- iv. Mr. Prasanna V. Salian, Joint Director, United Nations and Other Multilateral Institutions Division, Department of Economic Affairs, Ministry of Finance, India
- v. Mr. Enoch Godongwana, Advisor, South Africa
- vi. Mr. Mfundo Hlatshwayo, Chief Director, BRICS Global and Emerging Market, International and Regional Economic Policy, National Treasury, South Africa
- vii. Mr. Andile Kuzwayo, Director, BRICS Global and Emerging Market, International and Regional Economic Policy Division, National Treasury, South Africa

Vice Presidents

- ii. Mr. Sarquis Sarquis, Vice-President and Chief Risk Officer (“CRO”)
- iii. Mr. Vladimir Kazbekov, Vice-President and Chief Administrative Officer (“CAO”)
- iv. Mr. Xian Zhu, Vice-President and Chief Operations Officer (“COO”)
- v. 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. Weijie Liu, Principal Professional, Corporate Secretary
- iv. 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:

- v. Ms. Lynette Milne, Director General, Finance, Budget and Accounting
- vi. Mr. Manish Singh, Chief, Human Resources
- vii. Mr. Srinivas Yanamandra, Chief, Compliance
- viii. Mr. Kamal Ahuja, Chief, Internal Audit
- ix. Mr. Bharan Guntupalli, Chief, Operational Risk
- x. Mr. Leon Fan, Independent Auditor, Deloitte
- xi. Mr. Sanjay Chiboo, Consultant

1. Adoption of the Agenda

The agenda (2019-ARC10-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 China was recorded. The Director for China was represented by a Temporary Alternate Director.

3. Adoption of the Minutes and Summary of the 9thARC Meeting held on November 15, 2018

The Minutes (2019-ARC10-DOC-003) and Summary (2019-ARC10-DOC-004) of the 9th ARC Meeting held on November 15, 2018 were approved by the Committee.

4. Matters Arising from Previous Meetings

The Committee considered the Matters Arising from the 9thARC Meeting of the New Development Bank (2019-ARC10-DOC-005) and took note thereof.

5. Independent Audit

a. Annual Audited Financial Statements for the New Development Bank for CY2018

The Committee considered the Note on the Annual Audited Financial Statements for the New Development Bank for CY2018 (2019-ARC10-DOC-006) and the Annual Audited Financial Statements for the New Development Bank for CY2018 (2019-ARC10-DOC-006-a). The Committee recommended that the Board of Directors approve the submission of the Annual Audited Financial Statements for the New Development Bank for CY2018 to the Board of Governors for consideration and approval.

b. Audited Financial Statements for the Project Preparation Fund of the New Development Bank for January 20, 2017 to December 31, 2018

The Committee considered the Note on NDB-PPF Audited Financial Statements for the period from January 20, 2017 to December 31, 2018 (2019-ARC10-DOC-007) and the NDB-PPF Audited Financial Statements for the period from January 20, 2017 to December 31, 2018 (2019-ARC10-DOC-007-a). The Committee recommended that the Board of Directors approve the submission of Audited Financial Statements for the Project Preparation Fund of the New Development Bank for January 20, 2017 to December 31, 2018 to the Board of Governors for consideration and approval.

6. Risk

a. Quarterly Credit Risk Report for the period ended December 31, 2018

The Committee considered the Quarterly Credit Risk Report for the period ended December 31, 2018 (2019-ARC10-DOC-008) and took note thereof.

b. Quarterly Market and Liquidity Risk Report for the period ended December 31, 2018

The Committee considered the Quarterly Market and Liquidity Risk Report for the period ended December 31, 2018 (2019-ARC10-DOC-009) and took note thereof.

c. Quarterly Operational Risk Report for the period ended December 31, 2018

The Committee considered the Quarterly Operational Risk Report for the period ended December 31, 2018 (2019-ARC10-DOC-010) and took note thereof.

d. Enterprise Risk Management and Risk Appetite Framework

The Committee considered the Note on the Enterprise Risk Management and Risk Appetite Framework (2019-ARC10-DOC-011) and the Enterprise Risk Management and Risk Appetite Framework (2019-ARC10-DOC-011-a). The Committee decided that a revised Enterprise Risk Management and Risk Appetite Framework be submitted to the Board of Directors, taking into account the suggestions made by the Committee members.

7. Compliance Update

The Committee considered the Note on Compliance Update (2019-ARC10-DOC-012) and the Annual Compliance Update (2019-ARC10-DOC-013, including the Compliance Assessment Report, the Anti-Money Laundering Work Report and the Compliance Management Plan 2019), and took note thereof.

The Committee recommended that the Board of Directors approve the Compliance Management Plan 2019.

8. Internal Audit

The Committee considered the Note from Internal Audit Division (2019-ARC10-DOC-014), the Internal Audit Report for Q4_2018 (2019-ARC10-DOC-015-a) and the Corporate Procurement Report conducted by Internal Audit Division (2019-ARC10-DOC-015-b) and took note thereof.

The Committee considered the Risk-based Internal Audit Plan for 2019 (2019-ARC10-DOC-016) and recommended that the Board of Directors approve it, as amended.

The Committee considered the proposed revisions to the Internal Audit Policy (2019-ARC10-DOC-017-a, 2019-ARC10-DOC-017-b and 2019-ARC10-DOC-017-c) and recommended that the Board of Directors approve the revised Internal Audit Policy, as amended.

The Committee considered the proposed revisions to the Internal Audit Charter (2019-ARC10-DOC-018-a, 2019-ARC10-DOC-018-b and 2019-ARC10-DOC-018-c) and recommended that the Board of Directors approve the revised Internal Audit Charter.

The Committee considered the Note on Procurement for Internal Audit Services for CY2019 (2019-ARC10-DOC-019) and recommended that the Board of Directors approve the proposal on procuring KPMG as the Internal Auditor of the New Development Bank for CY2019.

9. Closed Session

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

10. Any Other Business

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