

## **PROTOCOL**

### **AMENDING THE AGREEMENT ESTABLISHING THE INTERNATIONAL INVESTMENT BANK AND ITS CHARTER**

The Governments of the Republic of Bulgaria, the Socialist Republic of Vietnam, the Republic of Cuba, Mongolia, the Russian Federation, Romania, the Slovak Republic and the Czech Republic (the states are hereinafter collectively referred to as the "**Contracting Parties**"),

in accordance with Article XII and paragraph 1 of Article XXIV of the Agreement Establishing the International Investment Bank (hereinafter the "**Agreement**"), and Articles 29 and 30 of the Charter of the International Investment Bank (hereinafter the "**Charter**"), have agreed to amend the Agreement and the Charter as follows:

#### **ARTICLE I**

The Agreement (including the Charter, which is an attachment to the Agreement) shall be amended and restated according to the text set forth as an Annex to this Protocol.

The Annex to this Protocol shall form an integral part of this Protocol and shall constitute the amended and restated Agreement Establishing the International Investment Bank (hereinafter the "**Restated Agreement**"), together with (i) the Information on the Authorised Charter Capital and on the Allocation of the Quotas Among the Bank's Members given in the Appendix No. 1 to the Restated Agreement and (ii) the amended and restated Charter of the International Investment Bank which forms the Appendix No. 2 to the Restated Agreement.

#### **ARTICLE II**

The Ministry of Foreign Affairs of the Russian Federation shall perform the functions of the depositary of this Protocol and the Restated Agreement (hereinafter the "**Depositary**").

A certified copy of this Protocol, including the Restated Agreement, shall be sent by the Depositary to each Contracting Party.

#### **ARTICLE III**

This Protocol and the Restated Agreement shall enter into force thirty days after the date on which the last Contracting Party has provided the Depositary with its instruments (hereinafter the "**Instrument**") of ratification, acceptance, or approval (depending on the requirements of the national or internal procedures) necessary to bring this Protocol and the Restated Agreement into effect.

The Depositary shall duly inform the other Contracting Parties of the deposit of each Instrument and of the date this Protocol and the Restated Agreement are deemed to have entered into force.

Made in [●] on \_\_\_ [May 2014] in a single original in the Russian and English languages with the texts in both languages being equally authentic.

On behalf of the Government  
of the Republic of Bulgaria

On behalf of the Government  
of the Socialist Republic of Vietnam

On behalf of the Government  
of the Republic of Cuba

On behalf of the Government  
of Mongolia

On behalf of the Government  
of the Russian Federation

On behalf of the Government  
of Romania

On behalf of the Government  
of the Slovak Republic

On behalf of the Government  
of the Czech Republic

**ANNEX**  
**TO THE PROTOCOL AMENDING THE AGREEMENT ESTABLISHING THE**  
**INTERNATIONAL INVESTMENT BANK AND ITS CHARTER**

**AGREEMENT ESTABLISHING THE INTERNATIONAL INVESTMENT BANK**

The contracting parties, pursuing the effective development of the economies of the member states, have agreed as follows.

**Article 1**

The International Investment Bank (hereinafter the "Bank") is established.

The contracting parties are the members of the Bank.

Membership in the Bank shall be open to the states and the international financial organisations, which share the Bank's aims and operating principles and assume the relevant obligations arising out of this Agreement and the Charter.

The accession process shall be governed by Article 17 of this Agreement.

The Bank shall operate with due respect for the sovereignty of the Bank's member states, protection of the rights and interests of all members of the Bank, and non-discriminatory treatment towards all of the Bank's members.

**Article 2**

As a multilateral development institution, the Bank shall primarily focus on promoting economic growth, increasing the competitiveness of national economies, expanding trade and economic ties, and maximising investment interaction opportunities in the interests of the member states.

The Bank's primary objective shall be arranging financing and co-financing, based on commercial principles, for economically viable investment projects and programmes implemented by the Bank's members and organisations operating in the territory of the Bank's members, which are vital for the development and diversification of the economies of the Bank's member states, as well as other projects that conform to the Bank's aims.

In its operations, the Bank shall be guided by the need to ensure efficient use of its resources, to guarantee its ability to pay its obligations, to give due regard for the borrowers' financial position, and to adhere to principles of strict liability for repayment of loans issued by the Bank.

The Bank shall strive to provide financing for those projects that feature cutting edge technologies, implement new technological processes, and develop the production of new products.

In carrying out its activities, the Bank shall undertake prudent measures to mitigate or hedge against credit, exchange rate, and other risks.

The Bank shall strive to regionally diversify its operations and to support the economies of all of the member states.

### **Article 3**

1. The Bank's authorised charter capital shall comprise the quotas allocated among the Bank's members and, where applicable, the unallocated charter capital. The Bank's authorised charter capital shall consist of paid-up charter capital and, where applicable, unpaid charter capital.
2. The unpaid portion of the quotas allocated among members of the Bank shall constitute callable capital, which may be used to increase the paid-up charter capital in the manner described in the Bank's Charter.
3. The Board of Governors shall determine the size of the authorised charter capital and the distribution of quotas in the authorised charter capital among the members of the Bank.
4. The authorised charter capital may be increased upon the accession of a new member of the Bank by the amount of the new member's quota. The amount, manner, and dates for the initial contribution of a new member of the Bank shall be determined by the Board of Governors as agreed upon with the corresponding new member of the Bank.
5. Information on the amount of the authorised charter capital and on the allocation of quotas in the authorised charter capital among the Bank's members as of the date of this version hereof is set forth in Appendix No. 1 hereto.

### **Article 4**

The Bank shall form a capital reserve.

The Bank may establish its own special purpose funds.

The Board of Governors shall determine the purpose, size, dates, and conditions for establishing and using the capital reserve and the special purpose funds.

### **Article 5**

On the basis of separate agreements, the Bank may assume obligations to manage special purpose funds established using the resources of interested states and organisations in order to handle tasks consistent with the aims of the Bank's activities. The relevant agreements may be concluded by the Bank upon the resolution of the Board of Governors.

### **Article 6**

The Bank may raise funds by receiving loans and credits, issuing bonds or other securities, and in other forms.

### **Article 7**

1. The Bank provides loans to organisations that have the necessary legal capacity.
2. The Bank may issue guarantees, use its own funds in syndicated lending in relation to projects implemented jointly with international and national financial institutions and banks, carry out securities transactions, acquire equity interests in organisations, and provide consulting services.

**Article 8**

The Bank may place its temporarily available funds with other banks, buy and sell currencies, gold, and securities, and engage in other banking transactions that conform to the Bank's aims.

**Article 9**

The Bank shall operate in an efficient and effective manner so as to avoid any losses.

**Article 10**

The Bank may contact and establish business relations with international financial organisations and other international institutions, economic organisations of the Bank's member states, and other banks and organisations, in each case on the basis of equality of the parties.

**Article 11**

1. The Bank shall be recognised as an international organisation. The Bank shall possess full legal personality and, in particular, the full legal capacity required to perform its functions and achieve its aims in accordance with the provisions of this Agreement and the Charter of the Bank.
2. In the territory of each of the Bank's member states, the Bank, the representatives of the members in the Board of Governors and the Board of Directors, and the officers and employees of the Bank shall enjoy the privileges and immunities necessary to perform the functions and achieve the aims set forth in this Agreement and the Bank's Charter. Said privileges and immunities are defined in Articles 13, 14 and 15 of this Agreement.
3. The Bank may open branches and representative offices and establish subsidiaries in the territory of the state where it has its seat, as well as in the territory of other states.

The legal relations between the Bank and the state where the Bank's seat, its branches and representative offices are located, shall be governed by the agreements entered into between the Bank and the corresponding state.

4. The Bank shall be liable for its obligations with all its assets.

The Bank shall not be liable for its members' obligations, nor shall the Bank's members be liable for the Bank's obligations.

**Article 12**

The Bank's operations shall be governed by this Agreement and the Bank's Charter, the text of which forms an integral part of this Agreement and has been attached to this Agreement as Appendix No. 2, as well as by any of the Bank's other regulations.

### **Article 13**

1. The Bank, its property and assets, its archives and documents, wherever located and whoever possessed by, as well as the Bank's operations, shall be immune from any form of administrative or court proceedings, with the exception of those cases where the Bank has waived immunity.
2. The premises of the Bank and of its branches and representative offices, as well as the Bank's archives and documents, shall be inviolable in the territory of any of the Bank's member states.
3. Within the scope of its official activities, in the territory of its member states, the Bank shall:
  - a) be immune from any and all taxes or fees, whether national or local, except for specific service fees;
  - b) be free from any obligations to pay, withhold, or collect any taxes;
  - c) be immune from any customs duties or taxes or fees or any import or export restrictions in relation to goods intended for official use; and
  - d) enjoy all benefits with regard to priority ranking, tariffs and rates of postal, telegraphic, and telephone communications offered to other international organisations and diplomatic missions in the corresponding state.
4. Goods acquired or imported and exempted from fees, taxes, and customs duties under this Article shall not be sold, hired out, lent or given away against payment or free of charge, except in accordance with conditions laid down by the member states which have granted corresponding exemptions.

### **Article 14**

1. In performing their official duties, representatives of the members of the Bank in the Board of Governors, as well as their deputies, shall enjoy the following privileges and immunities in the territory of each of the Bank's member states:
  - a) immunity from any court or administrative proceedings with respect to any actions taken by them in their official capacity. This immunity shall not apply to civil liability in cases of damage arising from road traffic accidents;
  - b) personal baggage customs privileges equal to those attributable to the corresponding rank of diplomatic officials in the relevant state;
  - c) exemption from direct taxes or charges with respect to any amounts paid to the representatives or their deputies by the relevant member that appointed them; and
  - d) exemption from any national service obligations.
2. A member of the Bank shall be obliged to waive any privileges or immunities granted to its representative in the Board of Governors or its deputy where it considers those privileges or immunities would obstruct justice and can be waived with no detriment to

the Bank's interests, to the extent and on the terms and conditions that it considers would satisfy the Bank's interests.

3. Clause 1 of this Article shall not apply to relationships between a representative of a member of the Bank in the Board of Governors as well as his/her deputy and the authorities of the state of which they are citizens.

### **Article 15**

1. In the territory of each of the Bank's member states, in performing their official duties, the members of the Board of Directors and the officers and employees of the Bank shall:
  - a) be immune from any court or administrative proceedings with respect to any action taken by them in their official capacity. This immunity shall not apply to civil liability in cases of damage arising from road traffic accidents;
  - b) enjoy, together with their families, repatriation benefits equal to those granted to the staff of diplomatic missions in the relevant state;
  - c) be exempt from any customs duties, taxes, or charges payable in relation to any imported goods intended for personal or family use;
  - d) be exempt from paying any taxes on their salary or other remuneration paid to them by the Bank, as well as from social security payments; and
  - e) be exempt from any national service obligations.
2. A member of the Bank shall be obliged to waive any privileges or immunities granted to its representatives in the Board of Directors where it considers those privileges or immunities would obstruct justice and can be waived with no detriment to the Bank's interests, to the extent and on the terms and conditions that it considers would satisfy the Bank's interests. Under similar circumstances, and on similar terms and conditions, the Board of Governors shall be obliged to waive any privileges or immunities granted to members of the Management Board, and the Chairperson of the Management Board shall be obliged to waive any privileges or immunities granted to any of the Bank's officers or employees, except members of the Board of Directors or Management Board.
3. Clause 1 of this Article, excluding sub-clauses "a" and "d", shall not apply to relationships between a member of the Board of Directors, an officer or employee of the Bank, and the authorities of the state of which they are citizens.
4. The Bank shall periodically provide the competent authorities of a member state with the names of persons entitled to the privileges and immunities provided for in Article 14 of this Agreement and in this Article, for the purposes of enabling those persons to benefit from the respective privileges and immunities.

### **Article 16**

In performing their official duties, the Bank's officers shall act as international officers. They shall report directly to the Bank and be independent from any authorities or officials of their respective states. Each of the Bank's member states shall respect the international nature of said duties.

### **Article 17**

Those wishing to accede to this Agreement in accordance with Article 1 and to be admitted as a member in the Bank shall submit a formal application to the Board of Governors, indicating that they share the Bank's aims and operational principles and will assume all obligations arising out of this Agreement and the Bank's Charter.

New members of the Bank shall be accepted upon a resolution of the Board of Governors.

Participation in the Bank's operations may be carried out on the basis of a special status defined by the Board of Governors.

A duly certified copy of the resolution of the Board of Governors approving the admission of a new member shall be sent to that member and the depositary of this Agreement. A new member shall be deemed to have acceded to this Agreement, and shall be admitted as a member in the Bank, once said document, together with the instrument of accession has been received by the depositary, whereupon the depositary shall notify the other members of the Bank and the Bank itself.

### **Article 18**

Each member may terminate its membership in the Bank and withdraw from participating in this Agreement in the manner described in the Bank's Charter. Termination of membership in the Bank shall not release the relevant member from its obligations to the Bank until they have been discharged in full. The Board of Governors shall formally notify the depositary of this Agreement of any member's termination of its membership in the Bank.

This Agreement shall be terminated if at least 2/3 of its members declare their withdrawal from the Bank and denounce this Agreement in accordance with this Article. In this case, the Bank shall terminate its operations within the dates and in the manner established by the Board of Governors.

### **Article 19**

Amendments to this Agreement may be introduced on the basis of the resolution of the Board of Governors. Each member of the Bank, the Board of Directors and the Management Board may propose amendments to this Agreement to be considered by the Board of Governors.

Amendments to this Agreement shall come into force after a written consent to such amendments has been received from all members of the Bank provided that each member of the Bank has complied with applicable national or internal procedures.

### **Article 20**

The Ministry of Foreign Affairs of the Russian Federation shall perform the functions of the depositary of this Agreement.

## APPENDIX NO. 1

### TO THE AGREEMENT ESTABLISHING THE INTERNATIONAL INVESTMENT BANK

#### INFORMATION ON THE AMOUNT OF THE AUTHORISED CHARTER CAPITAL AND ON THE ALLOCATION OF QUOTAS AMONG THE BANK'S MEMBERS

As of [8 May 2014]:

1. The authorised charter capital of the Bank is 2 billion euro.
2. Quotas in the authorised charter capital and interests in the paid-up charter capital are allocated to the members of the Bank as follows:

	Quotas in the authorised charter capital (EUR)	Interests in the paid-up charter capital (EUR)
Republic of Bulgaria	123,000,000.00	29,838,332.42
Socialist Republic of Vietnam	4,700,000.00	1,024,274.56
Republic of Cuba	23,400,000.00	5,360,773.37
Mongolia	6,200,000.00	1,049,341.80
Russian Federation	580,700,000.00	140,025,792.59
Romania	76,700,000.00	18,453,958.51
Slovak Republic	62,800,000.00	21,481,113.06
Czech Republic	125,600,000.00	30,374,957.01
Total:	1,003,100,000.00	247,608,543.32

3. The unallocated portion of the Bank's authorised charter capital is EUR 996,900,000.00.

## **APPENDIX NO. 2**

### **TO THE AGREEMENT ESTABLISHING THE INTERNATIONAL INVESTMENT BANK**

#### **CHARTER OF THE INTERNATIONAL INVESTMENT BANK**

The members of the International Investment Bank (hereinafter the "Bank") are the contracting parties to the Agreement Establishing the Bank (hereinafter the "Agreement").

#### **GENERAL PROVISIONS**

##### **Article 1**

The Bank shall organise and perform credit and other banking operations in accordance with the Agreement and this Charter, which is an integral part of the Agreement.

##### **Article 2**

The Bank shall be an international organisation.

The Bank's full name in Russian shall be "МЕЖДУНАРОДНЫЙ ИНВЕСТИЦИОННЫЙ БАНК";

The Bank's full name in English shall be "INTERNATIONAL INVESTMENT BANK";

The Bank's abbreviated name in Russian shall be "МИБ";

The Bank's abbreviated name in English shall be "IIB".

The Bank shall have its seat in Moscow, Russian Federation.

The Bank's aims and objectives, its legal capacity, including the scope of its legal authority and limits on its liability, the legal regulations of the Bank's operations, and the privileges and immunities enjoyed by the Bank, the representatives of the members in the Board of Governors and the Board of Directors, and the officers and employees of the Bank in the territory of each of the member states shall be governed by the Agreement and this Charter.

The Bank shall have the authority to:

- a. enter into international agreements;
- b. purchase, dispose of, lease, or rent out any property, including real property and other property, as well as conclude any other transactions that are not in conflict with this Charter;
- c. appear in state courts and arbitration tribunals as a claimant or defendant; in each of its member states, the Bank shall have the same procedural rights as those afforded to legal entities in the corresponding member state;
- d. open branches and representative offices;

- e. establish subsidiaries;
- f. adopt internal regulations governing its operations;
- g. undertake other actions to achieve the aims and objectives provided for in the Agreement and this Charter.

### **Article 3**

The Bank shall engage in banking and investment activities in accordance with the Agreement and this Charter.

In order to attain its aims and objectives, the Bank shall have the power to:

- a. arrange and provide financing (or co-financing) for the investment projects and programmes of the Bank's members and organisations operating in the territory of the Bank's member states, as well as other projects consistent with the Bank's lending policy, including in the form of providing loans to, or acquiring equity interests in, organisations, using its own funds and funds raised in international and national financial markets, as well as other available resources;
- b. engage in securities and derivatives transactions;
- c. provide investment and banking services;
- d. provide financial leasing services;
- e. finance, and provide guarantees for, export and import operations between organisations operating in the territory of member states, between member states of the Bank and other states, and between organisations operating in the territory of member states and organisations of other states;
- f. act as a trustee of special purpose and investment funds established by the Bank's members, organisations of the Bank's member states and other organisations;
- g. participate in projects intended to support small- and medium-sized businesses in member states;
- h. provide consulting and information and analysis services;
- i. provide advisory assistance to organisations and government agencies of the Bank's member states regarding arranging and providing financing for investment projects and programmes, as well as foreign trade operations within the framework of the Bank's development strategy;
- j. cooperate with government authorities and agencies, international organisations and other establishments, procure cooperation between organisations of the Bank's member states and organisations in other states;
- k. conclude any other deals and transactions that are consistent with the aims and objectives provided for in the Agreement and this Charter.

#### **Article 4**

The Bank shall be liable for its obligations with all its assets.

The Bank shall not be liable for its members' obligations, nor shall the Bank's members be liable for the Bank's obligations.

#### **Article 5**

The Bank shall have a seal with its logo and name in the Russian and English languages.

Russian and English shall be the Bank's official languages. The working language of the Bank shall be Russian.

#### **Article 6**

The Bank shall guarantee the secrecy of its clients' and correspondents' transactions, documents, accounts, and deposits.

The Bank's officers and other employees shall maintain the secrecy of the transactions, documents, accounts, and deposits of the Bank, as well as of its clients and correspondents.

### **MEMBERSHIP**

#### **Article 7**

Membership in the Bank shall be open to states and international financial organisations. The Bank's admission process shall be governed by Article 17 of the Agreement and this Article.

Those wishing to be admitted as members of the Bank in accordance with Article 1 of the Agreement shall formally apply to the Board of Governors, stating that they share the Bank's aims and operating principles and will assume all obligations arising out of the Agreement and this Charter.

Membership in the Bank shall be granted by a resolution of the Bank's Board of Governors.

Participation in the Bank's operations may be carried out on the basis of a special status defined by the Bank's Board of Governors.

#### **Article 8**

Any member of the Bank may withdraw from membership in the Bank by sending notice to the Board of Governors (hereinafter a "Withdrawing Member") no less than six months before the proposed withdrawal date. The Bank and the Withdrawing Member shall agree on a fair and equitable method for calculating the mutual obligations in connection with such withdrawal and settling said obligations. The Board of Governors shall approve the procedure of withdrawal of a member of the Bank and the mechanism for calculating mutual claims between the Bank and a Withdrawing Member.

A Withdrawing Member shall remain liable for direct obligations to the Bank incurred on or before the date on which its membership terminates. A Withdrawing Member shall also remain liable for its contingent liabilities to the Bank so long as any part of the loans, equity investments, or guarantees, which were entered into before it ceases to be a member, is

outstanding; however, it shall not incur liabilities with respect to loans and guarantees entered into thereafter by the Bank, nor share in the income or the expenses of the Bank.

The Withdrawing Member's interest in the paid-up portion of the Bank's charter capital shall be considered for the purposes of the settling process.

The Withdrawing Member's quota in the Bank's authorised charter capital shall be added to the unallocated portion of the authorised charter capital of the Bank. Upon the resolution of the Board of Governors, the Withdrawing Member's quota may be fully or partially distributed among the Bank's remaining members and/or new members in the Bank.

## **THE BANK'S RESOURCES**

### **Article 9**

The Bank's resources shall be made up of contributions from the members to the Bank's charter capital, funds raised in any form from the Bank's members and in financial markets, and appropriations of a portion of profits to the Bank's capital reserves and special purpose funds.

The Bank's resources shall only be used for achieving its aims and fulfilling the functions provided for in this Charter.

### **Article 10**

1. The Bank's authorised charter capital shall be comprised of the quotas allocated among the Bank's members and, if applicable, the unallocated charter capital. The Bank's authorised charter capital shall consist of paid-up charter capital and, if applicable, unpaid charter capital.
2. The size of the authorised charter capital and the allocation of the quotas in the authorised charter capital shall be determined by the Board of Governors. The quota of a member of the Bank in the Bank's authorised charter capital may be changed based on a request by or the consent of the corresponding Bank member.
3. On the basis of a resolution of the Board of Governors the paid-up charter capital of the Bank may be increased within the limits of the unpaid quotas, based on a request by or the consent of the member of the Bank making a contribution to the Bank's charter capital.
4. The unpaid portion of the quotas allocated among the Bank's members shall constitute callable capital. For the Bank to meet its financial obligations, the Board of Governors may authorise an increase of the paid-up charter capital of the Bank by means of contributions by all of the Bank's members, made proportionately to their interests in the paid-up charter capital, but within the limits of the unpaid quotas of each member of the Bank.
5. Payments towards the Bank's charter capital shall be made in euros or any other currency determined in the procedure established by the Board of Governors.
6. A member of the Bank that has made its contribution to the charter capital shall receive a certificate from the Bank evidencing the payment and amount of the contribution.

**Article 11**

The Bank shall form a capital reserve, and it may also establish its own special purpose funds. The Bank's capital reserve and special purpose funds shall be financed from its profits.

**Article 12**

The Bank may establish special purpose funds financed by the resources of interested states and organisations.

The purpose, size, terms, conditions and arrangements for establishing and functioning of the special purpose funds shall be governed by agreements between the interested states and organisations and the Bank.

**Article 13**

The Bank may raise funds in any currency by receiving financial and bank credits and loans in national and international capital markets, attracting deposits, issuing and offering its securities and other financial instruments in accordance with the procedure established by the Board of Directors, as well as in any other form.

**INVESTMENT ACTIVITY****Article 14**

The Bank shall provide loans in accordance with the aims and objectives set forth in the Bank's development strategy as approved by the Board of Governors.

The Bank shall provide loans using its own and borrowed funds, as well as cooperate with other financial and banking institutions in providing such loans.

Where a loan is provided to any organisations owned or controlled by a member of the Bank, the Bank may, as required and subject to the consent of the corresponding member of the Bank, be granted a guarantee by the corresponding member for the said organisation's obligations to the Bank.

The Bank shall provide loans to organisations in separate member states subject to approval of the relevant member state's authorised agencies.

The Bank shall issue guarantees for obligations of organisations in the manner established by the Board of Directors.

The Bank may engage in investment activities by financing projects, acquiring equity interests in organisations, participating in special purpose funds and in any other form.

**Article 15**

When engaging in investment activities, the Bank shall safeguard its own interests and, in particular, shall organise and be involved in the assessment of investment projects by experts and shall assess the solvency of each recipient of the investments.

The Bank's investment activities in any country that is not a member of the Bank shall be carried out upon the resolution of the Board of Governors.

**Article 16**

The Bank shall ensure that an efficient risk management and compliance and control systems are in place that are consistent with best practices for international banks.

The Bank shall seek to comply with international best practices in the area of social responsibility and information transparency with regard to its operations.

**OTHER OPERATIONS OF THE BANK****Article 17**

The Bank may enter into any transactions generally accepted in international banking practice, provided they correspond with the Bank's aims.

**Article 18**

The Bank shall create corresponding reserves for potential losses when it performs its operations in the event there is a delay in payment or default under any credit or loan provided or guaranteed by the Bank.

The Bank's operating losses shall be apportioned as follows:

- a) firstly, against the reserves referred to in paragraph 1 of this Article;
- b) secondly, against any profit generated in the corresponding reporting period;
- c) thirdly, against retained profits from prior periods;
- d) fourthly, against the paid-up portion of the charter capital;
- e) finally, against callable capital that is payable on the terms and conditions determined by a resolution of the Board of Governors in accordance with Clause 4 of Article 10 of this Charter.

Losses shall be distributed among the Bank's members in proportion to their shares in the paid-up charter capital as of the end of the fiscal year during which such losses occurred.

**BANK GOVERNANCE****Article 19**

The Bank's governing bodies shall be the Board of Governors, the Board of Directors, and the Management Board.

**BOARD OF GOVERNORS****Article 20**

1. The Board of Governors shall be the Bank's supreme collective governing body.

When adopting resolutions in the Board of Governors, each member of the Bank shall be allotted a number of votes proportionate to the amount of its interest in the Bank's paid-up charter capital.

Each Bank member shall appoint one representative and his/her deputy to serve on the Board of Governors, and shall formally notify the Bank of the appointment.

Should any representative be absent from a meeting of the Board of Governors, his/her deputy shall perform the duties of the representative, including participating in voting.

2. The Board of Governors shall meet on an as-needed basis, but no less than annually.

Each of the Bank's members' representatives shall chair meetings of the Board of Governors in rotation.

The rules and procedures of the Board of Governors shall be established by the regulations of the Board of Governors.

### **Article 21**

1. The Board of Governors shall:

- a) determine the general directions of the Bank's operations and approve the Bank's development strategy;
- b) based on the proposals of the Board of Directors, determine the scope of authority of the Board of Directors and the Management Board in making investments and conducting banking operations;
- c) approve the Bank's annual report, balance sheet, and distribution of profits;
- d) appoint the Chairperson of the Management Board and his/her deputies;
- e) appoint the Chairperson and members of the Bank's Auditing Committee, receive its reports, and adopt resolutions according to the reports;
- f) appoint the Bank's external auditor;
- g) adopt resolutions:
  - to amend the Agreement and this Charter;
  - to admit new members to the Bank and to set the terms and conditions of their admission;
  - to change the size of the Bank's authorised charter capital;
  - to allocate or reallocate the members' quotas in the Bank's authorised charter capital, including the allocation of the unallocated portion of the Bank's charter capital;
  - to increase the Bank's paid-up charter capital in accordance with Article 10 of this Charter;
  - to determine the procedure of withdrawal of a member of the Bank and the mechanism for calculating mutual claims between the Bank and the relevant member;

- to establish and to close the Bank's branches and representative offices;
  - to establish and to liquidate the Bank's subsidiaries;
  - to define the purpose, size, dates, and conditions of establishing and using the Bank's capital reserve and special purpose funds;
  - to determine the terms and procedure for the termination of the Bank's operations;
- h) approve:
- regulations for the Board of Governors, the Board of Directors, the Management Board and the Auditing Committee determining, inter alia, the procedure for forming the corresponding governing bodies, their operating rules and procedures and the number of members of said bodies;
  - the Bank's budget for the corresponding period;
  - the Bank's organisational structure down to the level of independent subdivisions;
- i) carry out other functions arising out of the Agreement and this Charter that may be necessary for the Bank to attain its aims and objectives.
2. Resolutions of the Board of Governors shall be passed unanimously by all members of the Bank represented by their representatives on any of the following matters that fall within the exclusive competence of the Board of Governors:
- making amendments to the Agreement and this Charter;
  - admitting new members of the Bank and determining the terms and conditions for their admission;
  - changing the size of the Bank's authorised charter capital;
  - determining the dates and procedure for the termination of the Bank's operations.
3. Resolutions on all other matters shall be adopted in the Board of Governors by a qualified majority of at least  $\frac{3}{4}$  of the total votes held by the Bank's members, provided that a simple majority of the representatives of the Bank's members who actually voted on the relevant resolution voted in favour of the resolution.
- The Board of Governors shall have the authority to adopt resolutions only if representatives of at least  $\frac{3}{4}$  of the total number of the Bank's members attend the meeting of the Board of Governors.
4. Except for the matters referred to in Clause 2 above, the Board of Governors may delegate any matter assigned by this Charter to the competence of the Board of Governors to the Board of Directors.
5. The Board of Governors shall have full authority over, and may adopt resolutions on, any matters falling within the scope of authority of the Bank's other governing bodies.

## **BOARD OF DIRECTORS**

### **Article 22**

The Board of Directors shall be the Bank's collective governing body responsible for the general management of the Bank's operations. The Board of Directors shall report to the Board of Governors.

The Board of Directors shall consist of representatives of the Bank's members.

Each member of the Bank shall appoint one director to serve on the Board of Directors.

For the purposes of the Board of Directors adopting resolutions, each director shall be allotted a number of votes proportionate to the size of the share of the Bank member that appointed said director in the Bank's paid-up charter capital.

Members of the Board of Directors shall be appointed for a term of three years and may be reappointed upon the expiration of said term, but for no longer than another three-year term.

Members of the Board of Directors may not simultaneously be members of the Board of Governors.

The Board of Directors shall meet as often as required to manage the Bank's affairs, but at least quarterly.

Members of the Board of Directors shall not be regular staff members of the Bank.

For performing their official duties, directors shall be paid a year-end bonus in accordance with the terms and conditions and in the manner approved by the Board of Governors.

### **Article 23**

The Board of Directors shall:

- a) approve the key regulations governing the various aspects of the Bank's operations, including its credit, financial, accounting, tariff, asset and liability management, and risk management policies (including determining the Bank's risk appetite);
- b) approve the Bank's Employment Rules, as well as other rules governing the relations between the Bank and its employees;
- c) approve the Bank's detailed organisational structure down to the departmental level, the staffing table, and the Bank's general and administrative cost estimates;
- d) support the activities of the Board of Governors;
- e) exercise other powers as set out in the Agreement and this Charter.

Resolutions on all matters shall be adopted by the Board of Directors by a qualified majority of at least  $\frac{3}{4}$  of total votes held by the directors, provided that a simple majority of the members of the Board of Directors who actually voted on the relevant resolution voted in favour of the resolution.

The Board of Directors shall have the authority to adopt resolutions only if directors representing at least  $\frac{3}{4}$  of the total number of the Bank's members attend the meeting of the Board of Directors.

The Board of Directors may delegate certain matters assigned by this Charter to the competence of the Board of Directors to the Management Board.

## **MANAGEMENT BOARD**

### **Article 24**

The Management Board shall be the Bank's executive body. The Management Board shall report to the Board of Directors and the Board of Governors.

The Management Board shall consist of the Chairperson of the Management Board and his/her deputies appointed by the Board of Governors for a five-year term, generally from among citizens of the Bank's member states.

When voting at Management Board meetings, each member of the Management Board shall have one vote.

The Management Board's main task shall be to supervise the Bank's operations in accordance with the Agreement, the Charter, the resolutions of the Board of Governors and the Board of Directors.

The Chairperson of the Management Board shall directly manage the day-to-day affairs of the Bank and the Management Board within the scope of his/her authority and rights granted under this Charter, the resolutions of the Board of Governors and the Board of Directors.

The Chairperson of the Management Board shall participate in the meetings of the Board of Governors and shall chair the meetings of the Board of Directors.

The Chairperson of the Management Board shall not vote at the meetings of the Board of Governors and the Board of Directors.

The following falls within the competence of the Chairperson of the Management Board:

- a) managing all of the Bank's property and assets in accordance with this Charter, the resolutions of the Board of Governors and the Board of Directors;
- b) representing the Bank, as well as submitting claims and instituting court and arbitration proceedings on behalf of the Bank;
- c) issuing orders and adopting decisions regarding the Bank's operational matters;
- d) concluding transactions and issuing powers of attorney on behalf of the Bank;
- e) approving the Bank's rules and regulations regarding the process for conducting credit and banking operations in accordance with the principles determined by the Bank's Board of Governors and the Board of Directors;
- f) hiring and firing the Bank's employees, other than members of the Management Board,

- g) approving the internal code of conduct;
- h) determining official salaries and wage rates in accordance with the Bank's budget, staffing tables, and general and administrative cost estimates, and rewarding employees' distinguished service;
- i) authorising the Bank's officers to represent the Bank, conclude transactions, and issue powers of attorney on behalf of the Bank.

The following falls within the competence of the Management Board:

- a) implementing the Bank's credit, financial, accounting, tariff, asset and liability management, and risk management policies, which have been approved by the Board of Directors;
- b) organising work aimed at raising and allocating available funds;
- c) adopting decisions to issue bonds;
- d) preparing necessary materials and proposals to be considered by the Board of Governors and the Board of Directors;
- e) building and using the Bank's business connections and correspondent banking relationships with other banks and organisations.

The Management Board shall adopt resolutions on all matters falling within the competence of the Management Board by a simple majority. Where a vote is tied, the vote of the Chairperson of the Management Board shall be the casting vote.

All matters discussed at the Management Board meetings shall be documented in the meeting minutes.

Deputies of the Chairperson of the Management Board shall govern defined areas of work and shall be accountable to the Chairperson of the Management Board.

## **Article 25**

When discharging their job duties, the Chairperson of the Management Board, the deputies of the Chairperson of the Management Board and the Bank's other officers shall act as international officers. They shall report to the Bank and be independent from any authorities or officials of the states of which they are citizens.

## **REVIEW OF THE BANK'S OPERATIONS**

### **Article 26**

The Audit Committee, which shall be appointed by the Board of Governors for a term of five years and be composed of the Chairperson of the Audit Committee and its members, shall audit the Bank's operations, which shall include review of the implementation of resolutions adopted by the Board of Governors and the Board of Directors, annual reports, cash and property, records, reports and documents of the Bank and its branches, representative offices, and subsidiaries.

The Chairperson and members of the Audit Committee may not hold any other positions in the Bank.

The Board of Governors shall establish the procedure for conducting audits.

The Chairperson of the Management Board shall assist the Audit Committee during its audits and ensure availability of all of the Bank's operational documents that may be required to conduct an objective audit and to prepare a report.

The Audit Committee's reports shall be submitted to the Board of Governors and the Board of Directors.

## **THE BANK'S STRUCTURE**

### **Article 27**

The Board of Governors shall approve the Bank's organisational structure down to the level of its independent subdivisions, and the Board of Directors shall approve the organisational structure down to the departmental level.

The Bank's personnel shall be comprised of qualified specialists, who shall be hired, with preference being given to citizens of the Bank's member states.

## **DISPUTE RESOLUTION**

### **Article 28**

Claims may be lodged against the Bank within two years from the moment the right to the claim arises.

### **Article 29**

1. Disputes between the Bank and any party with which the Bank has entered into an agreement (other than a member of the Bank), shall be resolved in accordance with the terms of said agreement. The Bank shall strive to ensure that the relevant documents include a provision referring any disputes to the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation or to similar arbitration tribunals in other member states.
2. Disputes and disagreements arising in the course of the Bank's operations between the Bank and any member or former member of the Bank shall be, to the extent possible, resolved by the parties via negotiations and consultations.

Should any such dispute or disagreement fail to be settled via negotiations and consultations within six (6) months, the dispute or disagreement shall be transferred by any party to the dispute in accordance with the established procedure to the Board of Governors for resolution. The Board of Governors shall consider and resolve the dispute within six (6) months. Following this period any party may refer the dispute or disagreement for final settlement to an arbitration tribunal.

The tribunal shall include three arbitrators to be appointed within two months after the relevant dispute is referred to arbitration. One arbitrator shall be appointed by the Bank, a second arbitrator shall be appointed by the relevant member of the Bank, and the third arbitrator (the chairperson) shall be appointed as agreed upon by the two appointed

arbitrators. Should the arbitrators appointed by the parties to the dispute fail to agree on the appointment of the third arbitrator (the chairperson), then said third arbitrator (the chairperson) shall be appointed by the President of the International Court of Justice of the United Nations. The arbitrators shall adopt a resolution by a majority vote and it shall be final and binding on the parties to the dispute. The third arbitrator (the chairperson) shall have full authority to resolve all procedural issues in any case where the parties are in disagreement with respect to said procedural issues.

## **REPORTING AND AUDITING**

### **Article 30**

The Bank's financial year shall commence on January 1 and shall end on December 31.

In order to examine and verify the integrity of the Bank's annual financial statements, an audit of the Bank's financial statements shall be carried out annually by an independent external auditor.

The procedure for selecting the independent external auditor shall be established by the Board of Governors.

In reliance upon generally accepted international disclosure principles, the Bank shall publish its financial statements and other reports as the Bank may consider fit to achieve its aims and fulfil its functions.

## **DISTRIBUTION OF THE BANK'S PROFITS**

### **Article 31**

The Bank shall operate in an efficient and effective manner so as to avoid any losses.

The Board of Governors shall adopt a resolution to distribute the Bank's net profits following the approval of the annual report for the previous year. In accordance with said resolution, profits may be retained to form a capital reserve or special purpose funds, be distributed among the Bank's members, or be used for other purposes.

Distribution of the Bank's net profits among the Bank's members shall be done proportionately to their shares in the paid-up charter capital in accordance with the procedure established by the Board of Governors.

## **AMENDMENTS TO THE CHARTER**

### **Article 32**

Amendments to this Charter may be introduced on the basis of a resolution of the Board of Governors in accordance with its competence as described in Article 21 of this Charter. Each member of the Bank, the Board of Directors and the Management Board may propose amendments to this Charter to be considered by the Board of Governors.

Amendments to this Charter shall come into force after a written consent to such amendments has been received from all members of the Bank provided that each member of the Bank has complied with applicable national or internal procedures.

## **TEMPORARY SUSPENSION OF OPERATIONS**

### **Article 33**

In an emergency, the Board of Directors may temporarily suspend the provision of new credit and guarantees, the issuance of securities, and equity investments until the Board of Governors has reviewed the current circumstances and undertaken appropriate actions.

## **TERMINATION OF OPERATIONS**

### **Article 34**

The Bank's operations may be terminated in accordance with Article 18 of the Agreement. The Board of Governors shall determine the terms and procedure for termination of the Bank's operations and its liquidation.