

INFORMATION MEMORANDUM

DATED 18 FEBRUARY 2015

---



**Eurasian Development Bank**

**US\$3,500,000,000**

**Euro-Commercial Paper Programme**

*The Arrangers and the Dealers for the Programme*

**UBS Investment Bank**

**VTB Capital plc**

## TABLE OF CONTENTS

DEEMED REPRESENTATIONS AND WARRANTIES .....	3
IMPORTANT NOTICE.....	5
TERMS AND CONDITIONS .....	11
RISK FACTORS .....	14
THE ISSUER .....	27
TAXATION.....	31
SELLING RESTRICTIONS.....	32
FORM OF MULTICURRENCY GLOBAL NOTE.....	35
FORM OF MULTICURRENCY DEFINITIVE NOTE.....	48
PROGRAMME PARTICIPANTS .....	60

## DEEMED REPRESENTATIONS AND WARRANTIES

The issue of any Notes shall hereinafter be referred to as the "**Transaction**". For the purposes of this section of the Information Memorandum, the term "**Associate**" means in relation to a person (the "**first person**") each of its affiliates, subsidiaries, branches, associates (as defined by applicable laws and regulations and including, without limitation, any joint venture parties) and the first person's respective officers, directors, supervisory board members, employees, representatives and agents from time to time.

By purchasing any Notes, each purchaser (a "**Purchaser**") acknowledges and is hereby deemed to undertake, represent and warrant and agree, in each case for the benefit of the Arrangers and the Dealers (both as defined below), as follows: (a) it has received from or on behalf of the Issuer or has been able to obtain from (i) public sources published by or on behalf of the Issuer and (ii) other public sources not published by and unrelated to the Issuer (such unrelated public information, "**Public Domain Information**"), all information (including the information contained in or referred to herein) relating to the Issuer, the Notes (each as defined below) and the Transaction (all the foregoing, collectively, the "**Information**") that it deems necessary and appropriate in connection with the relevant Transaction; (b) that no representation or warranty (express or implied) is or has been made or given by the Arrangers or the Dealers, or the Issuer (i) in the case of the Arrangers and the Dealers, as to the accuracy, completeness or sufficiency of the Information or (ii) in the case of the Issuer, as to the accuracy, completeness or sufficiency of the Public Domain Information, and nothing in the Information (or in the case of the Issuer, the Public Domain Information only) is, or shall be relied upon as, a promise, representation or warranty by the Arrangers or the Dealers, or the Issuer; (c) neither the Arrangers nor the Dealers make nor have made any warranty, representation or recommendation as to the merits of the Transaction, the purchase for or offer of the Notes, or as to the condition, financial or otherwise, of the Issuer, its respective Associates or as to any other matter relating thereto or in connection therewith; and (d) nothing herein shall be construed as a recommendation to any Purchaser to purchase the Notes.

Each Purchaser understands that the Notes are a speculative investment and involve a high degree of risk. In making any decision to purchase the Notes, each Purchaser represents that it has such business and financial experience as is required to give it the capacity to protect its own interests in connection with the purchase of the Notes and will rely on its own examination and due diligence of the Issuer, the Notes and the terms of the issue of the Notes, including the merits and risks involved.

Each Purchaser: (a) has consulted or will consult with its own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent it has deemed necessary; (b) has had, or will have had before settlement, the opportunity to review all publicly available records and filings and all other documents concerning the Issuer that it considers necessary or appropriate in making an investment decision; (c) has reviewed, or will have reviewed before settlement, all information that it believes is necessary or appropriate in connection with its purchase of the Notes; and (d) has made or will make its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and not upon any view expressed by or on behalf of the Arrangers or the Dealers or any of their respective Associates.

Each Purchaser acknowledges and agrees that the Information (other than Public Domain Information) has been, is being or will be prepared and provided to it by the Issuer for the Purchaser's reference in connection with the Transaction, and it will not hold the Arrangers or the Dealers or any of their respective Associates responsible or liable for any misstatements in or omission from the Information and that neither the Arrangers nor the Dealers nor any of their respective Associates, nor any person acting on behalf of any of the Arrangers or the Dealers nor any of their respective Associates, accepts any responsibility for any Information which has been made available to a Purchaser, whether at the date of this Information Memorandum, the date of any issue of Notes or otherwise, and neither the Arrangers nor the Dealers nor any of their respective Associates, nor any person acting on behalf of the Arrangers or the Dealers nor any of their respective Associates makes

any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information, whether at the date of publication, the date of this Information Memorandum, the date of issue of any Notes or otherwise.

Each Purchaser understands and agrees that it may not rely on any investigation that the Arrangers or the Dealers or any of their respective Associates or any person acting on their behalf may have conducted with respect to the Issuer, its respective Associates, the Notes or the Transaction, and neither the Arrangers nor the Dealers nor any of their respective Associates have made any representation to a Purchaser, express or implied, with respect to the Transaction, the Issuer or the Notes.

Each Purchaser has such knowledge and experience in financial, business and international investment matters that it is capable of evaluating the merits and risks of purchasing the Notes, is experienced in investing in issues of this nature, has had or will have the opportunity to ask questions of, and receive answers and request information additional to the Information from, the Issuer, and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with, the issue of the Notes.

Neither the Arrangers nor the Dealers have made, and no Purchaser has relied upon, any representation, warranty or condition (express or implied) about, and neither the Arrangers nor the Dealers shall have any liability or responsibility to any Purchaser for, the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to a Purchaser in connection with the issue of the Notes or any non-performance by any party to any of them, and neither the Arrangers nor the Dealers have, and shall not owe, any duty whatsoever to a Purchaser in connection with the issue of the Notes.

## IMPORTANT NOTICE

This Information Memorandum (the "**Information Memorandum**") contains information provided by Eurasian Development Bank (the "**Issuer**") in connection with a Euro-commercial paper programme (the "**Programme**") under which the Issuer may issue and have outstanding at any time euro-commercial paper (the "**Notes**") up to a maximum aggregate amount of US\$3,500,000,000 or its equivalent in alternative currencies. The Issuer has, pursuant to a Dealer Agreement (the "**Dealer Agreement**") dated 16 July 2010, appointed UBS Limited and VTB Capital plc (the "**Arrangers**") as the arrangers and the dealers for the Notes under the Programme, and has authorised and requested the Arrangers to circulate this Information Memorandum in connection with the Programme, subject as provided in the Dealer Agreement. Furthermore, the Issuer has, pursuant to an Issue and Paying Agency Agreement dated 16 July 2010 (the "**Agency Agreement**"), appointed Citibank, N.A. as issue, principal paying and calculation agent.

This Information Memorandum is not intended to give a complete and comprehensive overview of the Issuer. Investors should seek further information from publicly available sources. However, the Issuer has confirmed to the Arrangers and the Dealers that the information contained or incorporated by reference in this Information Memorandum is true and accurate in all material respects.

Unless otherwise stated to the contrary, each prospective investor should not assume that the information contained in this Information Memorandum is accurate as of any date other than the date on the front cover of this Information Memorandum.

The information contained herein has not been independently verified by the Arrangers or the Dealers or any additional Dealer appointed under the Programme from time to time in accordance with the Dealer Agreement (together with the Arrangers and the Dealers, each a "**Dealer**"). Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Dealer as to the authenticity, origin, validity, accuracy or completeness at any time of this Information Memorandum or any further information supplied in connection with the Programme or in relation to the distribution of this Information Memorandum. Neither the Arrangers nor any Dealer accepts any liability in relation to this Information Memorandum or its distribution or with regard to any other information supplied by or on behalf of the Issuer hereafter.

This Information Memorandum is not and should not be construed as a recommendation by the Issuer, the Arrangers or any Dealer that any recipient of this Information Memorandum should purchase any of the Notes to be issued under the Programme. Each investor contemplating purchasing Notes to be issued under the Programme must make, and shall be deemed to have made, its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Information Memorandum is not intended to form the basis of any credit or other evaluation and no Dealer nor the Arrangers undertakes to review the financial or other condition of the Issuer or to make available any information coming to its attention regarding the Issuer or the Programme. This Information Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arrangers or any Dealer to any person to purchase any Notes.

The Issuer is providing this Information Memorandum only to prospective purchasers of the Notes ("**prospective investors**"). Each prospective investor should read this Information Memorandum before making a decision whether to purchase the Notes. Prospective investors must not use this Information Memorandum for any other purpose.

None of the Issuer, the Arrangers nor any Dealer accepts any responsibility, express or implied, for updating this Information Memorandum and neither the delivery of this Information Memorandum nor any offers or sales made on the basis hereof shall under any circumstances create any implication that this Information Memorandum is correct at any time subsequent to the date hereof or that there has been no change in the affairs of either of the Issuer since the date hereof. No person has been authorised to give any information or to make any representation not contained in this Information

Memorandum or any supplement hereto and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the Dealers nor the Arrangers undertake to review the business or financial condition or affairs of the Issuer during the life of the Programme nor to advise any investor of Notes of any information or change in such information coming to their attention.

None of the Issuer, the Arrangers nor any of the Dealers makes any comment about the treatment for taxation purposes of payments or receipts in respect of the Notes to or by a holder thereof and each investor contemplating purchasing Notes under the Programme is advised to consult a professional adviser in connection therewith.

The European Union (the "EU") has formally adopted a Directive regarding the taxation of savings income. From 1 July 2005, EU Member States are required to provide to the tax authorities of another EU Member State details of payments of interest and other similar income paid by a person within its jurisdiction to or for an individual resident in that other EU Member State, except that Austria and Luxembourg instead impose a withholding system for a transitional period (unless during such period they elect otherwise). A number of non EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

The Issuer is offering to sell the Notes only in places where such offers and sales are permitted. The distribution of this Information Memorandum may be restricted by law in certain jurisdictions, about which restrictions each prospective investor agrees to inform itself. By accepting a delivery of this Information Memorandum each prospective investor agrees to the foregoing restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer, sale or delivery of the Notes in the United States of America, the United Kingdom, the Russian Federation, Switzerland, Hong Kong and Singapore. See "*Selling Restrictions*".

The Notes have not been and will not be registered under the US Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States.

No application will be made at any time to list the Notes on any stock exchange.

A communication of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received in connection with the issue or sale of any Notes will only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

This document is only being distributed to and is only directed at (i) persons who are outside of the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). Any Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any such person who is not a relevant person should not act or rely on this document or any of its contents.

This document is being distributed to a limited circle of persons only and is provided exclusively for the information of prospective investors. Prospective investors must not provide or otherwise make available this document or information contained herein to any other person or entity. This document is being distributed in an electronic form. Each prospective investor is reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Dealers nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility

whatsoever in respect of any difference between the document distributed in electronic format and the hardcopy version available on request from the Dealers.

Under Russian law, the Notes are securities of a foreign issuer. The Notes are not eligible for "offering", "advertisement", "placement" and "circulation" in the Russian Federation unless and to the extent otherwise permitted under Russian law.

The information provided in this Information Memorandum is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer the Notes in Russia or to, or for the benefit of, any Russian person or entity. No person should at any time carry out any activities in breach of the restrictions set out in "*Selling Restrictions – The Russian Federation*".

Each prospective investor is responsible for making its own examination of the Issuer's business and their own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, each prospective investor will be deemed to have acknowledged and represented that:

- it has reviewed this Information Memorandum;
- it has had an opportunity, in connection with making an informed investment decision with respect to the Notes, to request additional information that it needs from the Issuer, the Arrangers or the Dealers; and
- the Arrangers and any Dealer are not responsible for, and are not making any representation to any prospective investor concerning, the Issuer's future performance or the accuracy or completeness of this Information Memorandum or otherwise in connection with the offering of the Notes.

None of the Issuer, the Arrangers or any Dealer is providing any prospective investor with any legal, business, tax or other advice in this Information Memorandum. Each prospective investor should consult with its own advisers, as needed, to assist it in making its investment decision and to advise it whether it is legally permitted to purchase the Notes.

Each prospective investor must comply with all laws that apply to it in any place in which it buys, offers or sells any Notes or possesses this Information Memorandum. It must also obtain any consents and approvals that it needs in order to purchase any Notes. Neither the Issuer nor the Arrangers are responsible for its compliance with these legal requirements.

## **Interpretation**

All references in this Information Memorandum to:

- "**RUB**" and "**Rouble**" are to the lawful currency of the Russian Federation;
- "**KZT**" or "**Tenge**" are to the lawful currency of the Republic of Kazakhstan;
- "**Sterling**" and "**£**" are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland;
- "**Japanese Yen**" and "**¥**" are to the lawful currency of Japan;
- "**\$**", "**US\$**", "**Dollar**" and "**US Dollar**" are to the lawful currency of the United States of America; and

- "€" and "Euro" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the treaty establishing the European Community ("EC"), as amended by the Treaty on European Union.

### **Documents Incorporated by Reference**

The most recently published audited financial statements of the Issuer and any subsequently published interim financial statements (whether audited or unaudited) of the Issuer shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Any statement contained in a document incorporated by reference into this Information Memorandum shall be deemed to be modified or superseded to the extent that a statement contained in any subsequent document which also is incorporated by reference into this Information Memorandum modifies or supersedes such statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Except as provided above, no other information, including information on the website of the Issuer, is incorporated by reference into this Information Memorandum.

The Issuer will provide to each person to whom a copy of this Information Memorandum has been delivered, upon request of such person, a copy of any or all the documents incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Issuer at its office as set out at the end of this Information Memorandum.

### **LEGAL PERSONALITY; ENFORCEMENT OF JUDGMENTS**

The Issuer is an international organisation established by an agreement establishing the Eurasian Development Bank dated 12 January 2006 (the "**Establishing Agreement**"). As at the date of this Information Memorandum, the Issuer has six members: the Russian Federation, the Republic of Kazakhstan, the Republic of Tajikistan, the Republic of Armenia, the Republic of Belarus and the Kyrgyz Republic (the "**Issuer Member States**").

The Issuer's presence and legal status in the Republic of Kazakhstan are governed by the agreement between the government of the Republic of Kazakhstan and the Issuer on the terms of the Issuer's stay in the Republic of Kazakhstan dated 17 June 2006 and ratified on 11 January 2007 (the "**Kazakhstan Terms of Stay Agreement**"). On 7 October 2008, the Issuer entered into a similar agreement with the government of the Russian Federation (the "**Russian Terms of Stay Agreement**"), which agreement was ratified by the Russian Federation on 27 December 2009. On 4 January 2010, the Republic of Tajikistan ratified the agreement between the government of the Republic of Tajikistan and the Issuer on the terms of the Issuer's stay in the Republic of Tajikistan dated 21 October 2009 (the "**Tajikistan Terms of Stay Agreement**"). The Issuer entered into terms of stay agreements with the government of the Republic of Armenia on 27 April 2010 (the "**Armenia Terms of Stay Agreement**") which agreement was ratified by the Republic of Armenia on 25 October 2010 and the government of the Republic of Belarus on 18 June 2010 (the "**Belarus Terms of Stay Agreement**") which agreement was ratified by the Republic of Belarus on 3 June 2011. The Issuer entered into a terms of stay agreement with the government of the Kyrgyz Republic on 14 September 2011 (the "**Kyrgyz Terms of Stay Agreement**") which was ratified by the Kyrgyz Republic on 18 October 2011.

As an international organisation, the Issuer is not incorporated under the laws of any state and it is a creature of, and subject to, public international law. In a situation where the United Kingdom is not a party to the agreement establishing an international organisation and no Order in Council has been made under the International Organisations Act 1968 of the United Kingdom in relation to the relevant organisation (as is currently the case for the Issuer), the English courts have held that an international organisation will be recognised as an entity with separate legal personality that can sue

and be sued before the English courts where the organisation concerned has been incorporated in, or has separate legal personality otherwise conferred upon it by the laws of, at least one state which is recognised by the United Kingdom.

In this connection, the Establishing Agreement, the Kazakhstan Terms of Stay Agreement, the Russian Terms of Stay Agreement, the Tajikistan Terms of Stay Agreement, the Armenia Terms of Stay Agreement, Belarus Terms of Stay Agreement and the Kyrgyz Terms of Stay Agreement provide, that the Issuer is an international organisation with international legal capacity including the right to enter into international agreements within its competence and that the Issuer is recognised as a separate legal entity in the Issuer Member States, all of which are sovereign states recognised by the United Kingdom.

The Notes and the Agency Agreement are governed by the laws of England and the Issuer has agreed in the Agency Agreement that disputes arising thereunder or in respect of the Notes are subject to arbitration in London, England. The courts of an Issuer Member State will not enforce any judgment obtained in a court established in a country other than that Issuer Member State unless there is in effect a treaty between such country and such Issuer Member State providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between any of the Issuer Member States and the United Kingdom or the United States. Accordingly, should a holder of the Notes be successful in obtaining a judgment against the Issuer in any jurisdiction other than an Issuer Member State, no assurance can be given that such judgment will be enforced against the Issuer in such Issuer Member State. However, each of the Issuer Member States (except for the Republic of Tajikistan), the United States and the United Kingdom is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**Convention**"), and, accordingly, an award by an arbitration tribunal should be recognised and enforceable in an Issuer Member State (except for the Republic of Tajikistan) provided the conditions to enforcement set out in the Convention are met and such Issuer Member State's procedures and laws relating to enforcement of arbitral awards are satisfied. In the circumstances described in the following paragraph, however, the enforcement in the Russian Federation and the Kyrgyz Republic of an arbitral award obtained under the Convention cannot be assured. Provided any new Issuer Member State which accedes to the Establishing Agreement in the future is a party to the Convention, an award by an arbitration tribunal should be recognised and enforced in the new Issuer Member State provided the conditions to enforcement set out in the Convention are met and such new Issuer Member State's procedures and laws relating to enforcement of arbitral awards are satisfied. If an Issuer Member State is not a party to the Convention, an arbitration award may not be enforceable in that new Issuer Member State.

The Establishing Agreement and the charter of the Issuer, as appended to the Establishing Agreement (the "**Charter**"), permit the Issuer to waive any immunity provided therein and the Issuer has in the Agency Agreement and the Terms and Conditions of the Notes waived such immunities to the fullest extent permitted by applicable law. See "*The Issuer-Legal Status, Privileges and Immunities*". However, it is to be noted that the Russian Terms of Stay Agreement and the Kyrgyz Terms of Stay Agreement each contain a provision that may limit the enforcement of claims in the Russian Federation and the Kyrgyz Republic respectively in that the Issuer may not waive immunities as to enforcement procedures in the Russian Federation and the Kyrgyz Republic respectively. There is no comparable limitation in the Establishing Agreement, the Charter, the Kazakhstan Terms of Stay Agreement, the Tajikistan Terms of Stay Agreement, the Armenia Terms of Stay Agreement or the Belarus Terms of Stay Agreement. The Russian Federation is a party to the Establishing Agreement (the Charter being an integral part thereof), which is superior under both international and Russian law to the terms of the Russian Terms of Stay Agreement. Given that the Establishing Agreement and the Charter are superior under both international and Russian law to the Russian Terms of Stay Agreement, the Issuer believes that it has the right to waive immunities as set forth in the Agency Agreement and the Terms and Conditions of the Notes. However, due to the conflicting provisions, there is a risk that, based on the Russian Terms of Stay Agreement provision as to the waiver of immunities, a Russian court may not recognise the effectiveness of the Issuer's waiver of immunities

as to enforcement procedures in the Russian Federation. In these circumstances, no assurance can be given that an arbitral award obtained under the Convention would be enforced in the Russian Federation. In assessing the merits of a purchase of the Notes investors should bear in mind that there is a risk that, based on the Russian Terms of Stay Agreement, the Issuer's assets in the Russian Federation may be treated by a Russian court as immune from enforcement actions and should carefully consider the consequences of this risk in making their investment decision. Similar to the situation in the Russian Federation described above, there is a risk that a Kyrgyz court may not recognise the effectiveness of the Issuer's waiver of immunities as to enforcement procedures in the Kyrgyz Republic, and no assurance can be given that an arbitral award obtained under the Convention would be enforced in the Kyrgyz Republic.

Most of the members of the Council and Executive Board (each as defined herein) are residents of an Issuer Member State. A substantial portion of the assets of the Issuer and most of such persons are located in the Republic of Kazakhstan or the Russian Federation. As a result, it may not be possible to effect service of process upon the Issuer or any such person outside the Republic of Kazakhstan or the Russian Federation, to enforce against any of them, in courts of jurisdictions other than the Republic of Kazakhstan or the Russian Federation, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions or to enforce against any of them, in the courts of the Republic of Kazakhstan or the Russian Federation, judgments obtained in jurisdictions other than the Republic of Kazakhstan or the Russian Federation.

## SUMMARY OF CONDITIONS

The following summary contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the section of this document entitled "**Form of Multicurrency Global Note**".

Issuer:	Eurasian Development Bank
Arrangers:	UBS Limited VTB Capital plc
Dealers:	UBS Limited VTB Capital plc, or such other additional Dealer as may be appointed by the Issuer.
Issue, Principal Paying and Calculation Agent	Citibank, N.A.
Programme Amount:	The aggregate nominal amount of the Notes outstanding at any time will not exceed US\$3,500,000,000 or its equivalent in alternative currencies subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time in accordance with the Dealer Agreement.
Currencies:	The Notes may be denominated in any currency as may be agreed between the Issuer and the relevant Dealer from time to time including, but not limited to, US\$, Euro, Japanese Yen and Sterling, subject to compliance with all applicable legal and regulatory requirements.
Denominations:	The Notes may have any denomination subject to compliance with any applicable legal and regulatory requirements. The initial minimum denominations are US\$500,000, €500,000, ¥50,000,000 and £250,000 or such other conventionally accepted denomination in other currencies as may be agreed between the Issuer and the Arrangers from time to time. The minimum denominations of the Notes denominated in other currencies will be in accordance with legal and regulatory requirements. Minimum denominations may be changed from time to time as may be agreed between the Issuer and the relevant Dealer.
Maturity of the Notes:	The Notes of each issue will have such maturity as shall have been agreed between the Issuer and the Arrangers, subject to a minimum maturity of one day and a maximum maturity of 364 days from (and including) the date of issue, subject in each case to compliance with any applicable legal

or regulatory requirements.

Yield Basis:	The Notes may be issued at a discount or may bear fixed or floating rate interest.
Redemption:	The Notes will be redeemed at par.
Status of the Notes:	The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank pari passu among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, other than obligations preferred by mandatory provisions of law.
Taxation:	All payments under the Notes will be made without deduction or withholding for or on account of any present or future withholding taxes imposed by any jurisdiction from, in or through which any payment under or in respect of the Notes may be made, except as expressly stated in the Notes. See " <i>Form of Multicurrency Global Note</i> ".
Form of the Notes:	The Notes will be in bearer form. The Notes will initially be in global form (" <b>Global Notes</b> "), which may be issued in a new global note (" <b>NGN</b> ") form if so indicated on the face of the applicable Global Note. The Global Notes will be exchangeable for Definitive Notes only in the circumstances specified in the Global Notes. See " <i>Form of Multicurrency Global Note</i> ".
Delivery of the Notes:	<p>Global Notes will be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("<b>Euroclear</b>"), Clearstream Banking, Société anonyme ("<b>Clearstream, Luxembourg</b>") or any other recognised clearing system (together the "<b>Relevant Clearing Systems</b>"). Accountholders of the Relevant Clearing System will, in respect of Global Notes, have the benefit of a deed of covenant dated 16 July 2010 (the "<b>Deed of Covenant</b>") made by the Issuer, copies of which may be inspected during normal business hours at the specified office of the Issue Agent. Definitive Notes, if issued, will be available in London at the specified office of the Principal Paying Agent for collection or for delivery to Euroclear, Clearstream, Luxembourg or any other recognised clearing system.</p> <p>On or before the issue date in respect of any Notes, if the relevant Global Note indicates that it</p>

is to be a NGN, the Global Note will be deposited with a common safekeeper for the Relevant Clearing Systems. If the relevant Global Note indicates that it is not a NGN, the Global Note will be deposited with a common depository for the Relevant Clearing Systems. The interests of individual holders in each Global Note that is a NGN will be represented by the records of the Relevant Clearing Systems.

Ratings:

The Programme has not been rated by any ratings agency. Certain issues of Notes may be agreed between the Issuer and the relevant Dealer(s) to be rated. Any such ratings will not necessarily be the same as any other ratings applicable to the Issuer or any other debt securities of the Issuer.

Listing:

The Notes will not be listed on any stock exchange.

Use of Proceeds:

The Issuer will use the proceeds of each issue of Notes for general corporate purposes and for providing financing in accordance with its investment regulations.

Purchases:

The Issuer may, at any time, purchase the Notes in any manner and at any price.

Selling Restrictions:

The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, the Russian Federation, Switzerland, Hong Kong and Singapore. See "*Selling Restrictions*".

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by and shall be construed in accordance with English law.

Risk Factors:

For a discussion of certain investment considerations relating to the Issuer and the Notes that prospective investors should carefully consider prior to an investment in the Notes, see "*Risk Factors*".

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring or not occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the risks described below actually materialises, the Issuer's business, prospects, financial condition, cash flows or results of operations could be materially adversely affected. If this were to happen, the trading price of the Notes could decline or the Issuer could be unable to pay interest, principal or other amounts on or in connection with any Notes and a Purchaser may lose all or part of its investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes, or otherwise perform its obligations under any Notes, may occur for other reasons that may not be considered significant risks by the Issuer based on information currently available to it or for reasons which it may not currently be able to anticipate. Prospective investors should note that the risks described below are not the only risks the Issuer faces and should reach their own views prior to making any investment decision.*

*The order in which these risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Issuer's business, prospects, financial condition, cash flows or results of operations.*

### **Risk Factors Relating to the Issuer**

***The Issuer is a creature of international law and the Notes are not guaranteed by any sovereign***

The Issuer is an international organisation founded by the Russian Federation and the Republic of Kazakhstan pursuant to the Establishing Agreement. The Establishing Agreement has the status of a treaty under public international law, and the Issuer is a creature of, and subject to, public international law. The Issuer's existence, powers, privileges, immunities, liabilities and operations are subject to and governed by the Establishing Agreement. The Issuer is not subject to regulation by any state. Accordingly, while the Issuer has established policies and procedures to govern its internal operations in accordance with international standards, such as Basel and IFRS standards, the operations of the Issuer are not subject to external regulatory oversight like domestic financial institutions of the Issuer Member States. See "*Legal Personality; Enforcement of Judgments*" and "*The Issuer—Legal Status, Privileges and Immunities*".

Although its members constitute sovereign states, the Issuer is a legal entity separate from the governments of the Issuer Member States and the agencies of such governments. The Notes, and interest due or to become due in respect of the Notes, constitute obligations solely of the Issuer and do not constitute the obligation of, nor are they guaranteed or insured by, the Russian Federation, the Republic of Kazakhstan or any other Issuer Member State or sovereign entity or agency thereof.

### ***Withdrawal of a Member State***

The Issuer's Charter provides that any Issuer Member State may withdraw its membership by giving the Issuer written notice to that effect. Upon receipt of such notice, all rights accorded to such Issuer Member State terminate, except the right to withdraw, and such Issuer Member State may not vote on any resolutions being adopted by the Executive Board or the Council. Such Issuer Member State continues to bear all its direct and contingent obligations to the Issuer for as long as any part of loans, investments in the authorised capital or guarantees provided prior to withdrawal remains outstanding. Prior to withdrawal, the Issuer and such Issuer Member State may agree upon the repurchase of shares

held by such Issuer Member State in the authorised capital of the Issuer on mutually beneficial terms, failing which the repurchase price shall be set based on the value of net assets of the Issuer (as of the date that the withdrawal notice was received by the Issuer) and the shares in the authorised capital paid up by such Issuer Member State. As a result, the withdrawal of Issuer Member State may adversely affect the Issuer's share capital and financial condition, as well as its business, prospects and results of operations.

#### ***Adverse global conditions in financial and economic markets***

In response to the global economic and financial crisis, beginning in 2008 legislators and financial regulators in various jurisdictions worldwide, including Kazakhstan and Russia, undertook unprecedented intervention designed to counteract declining levels of economic activity, stabilise the global and local financial sectors, stimulate new lending and support systemically important institutions at risk of failing. As a result, there have been periods where market conditions have generally improved and oil and commodity prices have recovered, benefitting Kazakhstan and Russia, although in Kazakhstan the positive effects of improved oil prices have been partially offset by continuing problems in its banking sector. However, recent developments, particularly in the eurozone, have demonstrated that there continues to be significant uncertainty. In 2011 and 2012 to date, concerns relating to Cyprus, Greece, Italy and Spain have been particularly high, and the ongoing sovereign debt crisis across Europe continues to significantly impact the market.

If the condition of the global and local economic and financial markets does not continue to improve or if conditions deteriorate, it could have an adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

#### ***Soundness of the Issuer's customers, clients and counterparties***

The Issuer's business exposes it to credit risk. The quality of the Issuer's credit exposures will have a significant impact on its earnings. The Issuer estimates and establishes allowances for losses for credit risks and potential credit losses inherent in its credit exposure in accordance with IFRS. This process, which is critical to its financial condition and results of operations, requires difficult, subjective and complex judgments, including forecasts of how economic conditions might impair the ability of its borrowers to repay their loans. As is the case with any such assessment, there is always the possibility that the Issuer will fail to identify the proper factors or that it will fail to accurately estimate the impact of factors that it identifies. The Issuer's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired the recent adverse financial and economic market conditions render the models and techniques used by the Issuer less accurate in their predictions of future behaviour, valuations or estimates. Any such failure could result in increased default rates.

As a result of the current economic uncertainty, the demand for borrowing from creditworthy customers may decline. In addition, there is a greater likelihood that more of the Issuer's customers or counterparties (including other financial institutions) could become delinquent on their loans or other obligations to the Issuer, which, in turn, could result in a higher level of write offs and provisions for credit losses or requirements that the Issuer purchase assets or provide other funding, any of which could adversely affect the Issuer's and its customers' business, prospects, financial condition, cash flows and results of operations.

#### ***Limited operating history***

Although the Issuer began its operations in June 2006, it did not commence lending until the first quarter of 2007. Accordingly, the Issuer has a limited operating history on which an investor can base its evaluation of the Issuer's business, prospects, financial condition, cash flows and results of operations. The Issuer plans to continue to expand and develop significantly its lending business throughout the Issuer Member States. The Issuer's business, prospects, financial condition, cash flows

and results of operations must be considered in light of the inherent risks, uncertainties, expenses and difficulties encountered by an enterprise in the early stages of its development. For example, the Issuer has a limited track record of corporate governance and risk management. There can be no assurance that the Issuer will be successful in implementing its business strategy in the future and any failure to do so could have a material adverse effect on its business, prospects, financial condition, cash flows and results of operations.

### ***Loan portfolio growth and funding risks***

The Issuer started making loans to borrowers in early 2007. Continued growth of the Issuer's customer loan portfolio is contingent upon the Issuer finding sufficient projects to finance while growth of its loan portfolio to banks depends upon banks continuing to seek finance from the Issuer to fund their lending activities. Failure by the Issuer to find additional development projects that satisfy its lending policies and criteria, and/or additional banks seeking finance to fund their lending activities could adversely affect the Issuer's ability to maintain the quality of its assets and result in a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

The Issuer does not accept retail deposits and, but can use its equity capital for lending purposes. However in practice, the Issuer expects that its investments will be financed predominately through external fund raising. The Issuer expects to finance additional development projects through, *inter alia*, borrowing from financial institutions and issuing debt securities in the international and local capital markets. If these are not sufficient for any reason, it might have to increase its capital or to use the callable capital to fund additional projects in the future. The Issuer's ability to repay its borrowings will depend in part on the Issuer's customers repaying loans made by the Issuer. The use of these sources of external financing could also increase the Issuer's funding costs above the costs of competitors that rely on other funding sources such as term deposits of corporate and individual customers. The Issuer's ability to borrow from other financial institutions, to issue securities in the international and local capital markets or otherwise to obtain funding for transactions on favourable terms, or at all, could continue to be adversely affected by the recent adverse financial and economic market conditions, any disruption in international or local capital markets or deteriorating investor sentiment. If the Issuer is unable at any time to raise financing on acceptable terms to comply with its investment strategy, it may not be able to pursue investment opportunities as planned which could adversely affect the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Credit risk management***

The Issuer has implemented specific credit risk management policies. However, the Issuer has a limited history of operations compared to other international development institutions and its loan portfolio consists mostly of medium to long-term loans. Consequently, there is little historical track record regarding the efficacy of these policies. There can be no assurance that the Issuer's credit policies will be sufficient to mitigate credit risks arising from lending for medium and long terms to borrowers located in emerging markets of the Issuer Member States.

The Issuer commenced lending operations in 2007. Consequently, none of the Issuer's loans is more than seven years old. As its loans age, the Issuer may experience a significant increase in losses in its loans a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

The Issuer's ability to assess the creditworthiness of customers and to estimate the losses inherent in its loan portfolio is made more complex by recent adverse financial market and economic conditions. The reoccurrence of the recent adverse financial and economic market conditions, or the failure of the global and local economic and financial markets to continue to improve, could have the following consequences:

- increases in loan delinquencies;
- increases in distressed assets; and
- decreases in the value of the collateral securing the Issuer's loans, which could reduce the borrowing power of the Issuer's customers.

The occurrence of such events could require significant increases in the allowance for losses. If the Issuer's allowance for losses is not adequate to absorb losses in its loan portfolio, it may experience excessive loan losses, which could have an adverse impact on the Issuer's business, prospects, financial condition, cash flows and results of operations.

#### ***Credit risk due to high lending concentration***

The Issuer's loan portfolio includes and is likely to continue to include concentrations in the non-financial sectors of the Issuer Member States' economies. These sectors include: transport and communication, chemical and agriculture sectors, mining and metallurgy and oil and gas. The Issuer's loan portfolio also includes, and is likely to continue to include, concentrations in particular Member States. The Issuer expects that, to fulfil its purposes as set out in the Establishing Agreement, it will continue to have a high lending concentration. This concentration may result in an adverse impact on the business, prospects, financial condition, cash flows and results of operations of the Issuer if short-term economic changes particularly affect its largest customers, or its customers in the countries or business sectors to which its loan portfolio is concentrated and exposed. As a result, the Issuer is potentially subject to high credit risk concentration and earnings volatility.

#### ***Interest rate risks***

The profitability of the Issuer is dependent to a large extent on interest rate differentials, which are the differences between interest income that the Issuer earns on interest bearing assets, such as loans and investment securities, and the interest expense paid by the Issuer on interest bearing liabilities, such as borrowings. These rates are highly sensitive to many factors beyond the Issuer's control, including general economic conditions and policies of various government and regulatory authorities. Fluctuations in interest rates are not predictable or controllable.

The Issuer is exposed to interest rate risks resulting from mismatches between the interest rates on its interest bearing assets and interest bearing liabilities. Any future increase or decrease in interest rates could have an adverse effect on the net interest margin and results of operations of the Issuer. Additionally, absolute changes in market interest rates, changes in the relationships between short-term and long-term market interest rates or changes in the relationships between different interest rate indices may affect the interest received by the Issuer on interest bearing assets differently than the interest paid by the Issuer on interest bearing liabilities. This difference could result in an increase in interest expense relative to interest income and, therefore, reduce the Issuer's net interest income. While the Issuer monitors its interest rate sensitivity by analysing the composition of its assets and liabilities, including off-balance sheet financial instruments, interest rate movements may have a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

#### ***Foreign currency risks***

Although the Issuer in most cases extends loans in the same currency as its principal liabilities, it remains exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position. Pursuant to its internal policies, the Issuer sets limits on its open currency positions and performs certain other measures aimed at reducing exchange rate risk which include, but are not limited to, entering into foreign exchange derivative contracts. Because the Issuer was recently founded there is little historical experience regarding the effectiveness of these policies to mitigate

risk of loss from changes in foreign currency exchange rates. In addition, the Issuer might not be able to obtain hedging for its liabilities or, if it does, its counterparties could default on their obligations to the Issuer. Future changes in currency exchange rates and the volatility of the US Dollar and of other currencies may adversely affect the Issuer's foreign currency position and, accordingly, the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Lack of information for risk assessments***

The systems in place in the Issuer Member States for gathering and publishing economic data, both generally and relating to specific economic sectors or individual enterprises, are not as comprehensive as those of many more developed countries. The Issuer ordinarily estimates the credit capacity of a borrower based on its solvency and the net realisable value of the collateral in determining applicable provisioning and collateralisation requirements. The Issuer has established relationships with certain credit reference organisations in the Republic of Kazakhstan, the Russian Federation and other jurisdictions to receive information about potential borrowers in the countries where the Issuer operates. However, the information that these credit reference organisations provide may not be sufficient in all cases to carry out a comprehensive credit assessment of a potential borrower. This, in turn, may have a negative effect on the Issuer's loan portfolio and, accordingly, the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Shortage of qualified personnel***

Although the Issuer believes it has highly qualified personnel, there is generally a considerable shortage of adequately qualified personnel in the banking sectors of the Kazakhstan and Russia, particularly in such areas as risk management and credit assessment. If the shortage of adequately qualified banking personnel persists, the Issuer's ability to conduct its business may be affected which could, in turn, affect the Issuer's financial results. In addition, the shortage of adequately qualified banking personnel may cause the Issuer to increase expenditures to implement additional financial and other incentives in order to retain its existing personnel and recruit additional personnel.

### ***Competition***

The market in providing financing to development projects is relatively competitive. The Issuer's principal competitors are national, regional and other international development banks as well as large local commercial banks operating within the region, although the Issuer attempts to avoid direct competition with commercial banks where possible. In addition to local commercial and development banks, foreign commercial banks, especially in the Russian Federation, play an important role in providing financing to corporate customers. Foreign entries into the Issuer Member States' banking markets may further increase competition in the banking industry in the Issuer Member States. Certain of these competitors could be more established, and have greater financial resources, than the Issuer.

In recent years, sovereign wealth funds, private equity funds and hedge funds have risen in prominence as alternative sources of financing. Consolidation in the financial services industry worldwide is increasingly concentrating activity in larger institutions, with globalisation exposing the Issuer to competition at global and local levels, both for funding in the capital markets and for access to the most creditworthy borrowers. In addition, the recent economic and financial crisis reduced the number of suitable investment projects in the Issuer Member States. Also, certain financial institution competitors have received government assistance and may be brought into full or partial public ownership in response to the ongoing difficulties in the financial markets. In many cases, the government assistance received by these financial institutions provided them with a lower cost source for funding their loans and an opportunity to refinance or restructure their borrowings and reduce their interest expense. The Issuer's profitability depends principally on its ability to compete. No assurance can be given that the Issuer will be able to compete effectively as it continues to implement its strategy which may adversely affect the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Operational risk***

The Issuer is exposed to operational risk. Operational risk is the risk of loss resulting from inadequacy or failure of internal processes or systems (including IT systems) or from external events. The Issuer also is susceptible to fraud by employees or outsiders, unauthorised transactions by employees and operational errors, clerical or record keeping errors and errors resulting from faulty IT or telecommunications systems.

The Issuer relies upon communication systems furnished by third party service providers to conduct its business. Although, the Issuer utilises several communication providers simultaneously to mitigate the risks of communication failures, a failure or interruption or breach in security of a vendor's communication systems could occur, causing a failure or interruption in the Issuer's communication systems. Any of such events could have a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

The Issuer maintains a system of controls designed to monitor and control operational risk. However, a control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system will be satisfied. Inherent limitations in any system of controls include the possibility that judgments in decision making could be faulty and that breakdowns could occur because of simple human error or mistake. The design of the Issuer's control system is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that the Issuer will not suffer losses from any failure of these controls to detect or contain operational risk (including the risk of IT system failure) in the future. Consequently, the potential inadequacy of the Issuer's internal processes or systems may result in unauthorised transactions and errors not being detected, or the Issuer's insurance may not cover the Issuer's losses from such transactions or errors, which may have a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Conflicts of interest between Issuer Member States and Noteholders***

Under its Charter, the Issuer Member States are required to refrain from attempts to influence any employee or governing body of the Issuer. However, the Council is the primary governing body of the Issuer and its members are all government officials appointed by each of the Issuer Member States. Although the Issuer has not experienced any pressure from the Issuer Member States to deviate from its credit and lending policies and procedures, there is no guarantee that the Issuer may not experience this type of pressure in the future. Any deviation from its credit and lending policies and procedures as a result of such pressure could have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, if any political disagreement arises between the governments of any Issuer Member State this could also adversely effect the development of the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Legal risks***

Despite being an international organisation, the Issuer is exposed to legal risks arising from a variety of sources to the extent that, where applicable, the Issuer has waived immunity with respect to such exposure. See "*The Issuer—Legal Status, Privileges and Immunities*". The Issuer also may be affected by actions of governments that affect access to the worldwide financial infrastructure. These issues require the Issuer to deal appropriately with potential conflicts of interest, legal requirements, ethical issues, anti-money laundering laws and similar laws and regulations, including sanctions regulations administered by the US Department of Treasury Office of Foreign Assets Control ("**OFAC**") and equivalent sanctions or measures imposed by the EU, privacy laws and confidentiality issues, information security policies and conduct by companies with which the Issuer does business. For example, OFAC subjects US persons who do business with certain persons or entities named in the "specially designated nationals" or "blocked persons" lists or any other lists related to country-specific sanctions, promulgated by OFAC to potential sanctions, and these lists currently include, and from

time to time in the future may include, officials of one or more of the Issuer Member States or prospective Issuer Member States. The Issuer has implemented policies and procedures designed to identify whether persons with whom the Issuer does business, including potential Council and Executive Board members and potential borrowers and their affiliated parties, are included on such list. The compliance procedures applied by the Issuer are and the best practices of international institutions regarding counteraction of money laundering and the financing of terrorism, including the ones recommended by the Financial Action Task Force and the Wolfsberg Group. As a part of these procedures, the Issuer uses the OFAC card-index database, the Consolidated List of Financial Sanctions Targets in the United Kingdom, the World-Check database and World Compliance databases and other information resources. As at the date of this Information Memorandum, no person designated to serve on any management body of the Issuer is subject to the sanctions administered by OFAC or sanctions or measures imposed by the EU. While the Issuer believes its procedures are effective, procedures can only provide reasonable, not absolute, assurance that their objectives will be obtained. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Issuer, result in litigation and other action against the Issuer, or subject the Issuer to fines, penalties or reputational damage, which may have a material adverse effect the Issuer's business, prospects, financial condition, cash flows and results of operations. In addition, investment in the Notes by certain investors may subject such investors to legal risks, including fines or penalties, relating to such economic sanctions regulations if the Issuer's business or investments relate to or benefit officials or entities targeted thereby.

#### ***Acts of terrorism, war and other catastrophic events***

The threat of terrorism and war remains a concern in both developed and emerging economies. In conducting its business, the Issuer relies on telecommunication and other financial infrastructure worldwide. The Issuer is unable to predict the effect that any potential future terrorist or other attack on the elements of the global financial infrastructure may have on the Issuer, regardless of where any such attack may occur. A terrorist or other attack on elements of the global financial infrastructure affecting the Issuer, or a similar attack or natural disaster damaging the collateral for loans made by the Issuer, may have a material adverse affect on the Issuer's business, prospects, financial condition, cash flows or results of operations.

#### **Risk Factors Relating to the Issuer Member States**

##### ***General***

Investors in emerging markets, such as the Republic of Kazakhstan or the Russian Federation, being the respective jurisdictions of the Issuer's founding Member States in which a significant part of its business is undertaken and its customers and assets are located, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should be aware that these risks may be applicable to the Issuer notwithstanding that its status as an international organisation affords it certain privileges, immunities and political protection. Investors should also note that emerging markets such as the Republic of Kazakhstan, the Russian Federation and the other Issuer Member States are subject to rapid change and that the information set out in this Information Memorandum may become outdated relatively quickly.

##### ***Liquidity problems in the economies of the Member States***

The disruptions experienced globally in the inter-bank and capital markets over the last six years have led, generally, to reduced liquidity and increased costs of funding, both for banks and for other participants in and users of these markets. If the availability of international wholesale debt financing continues to be limited or available at significantly higher costs this could materially and adversely affect the Issuer's business, prospects, financial condition, cash flows and results of operations or the value of the Notes.

Although the authorities in the Issuer Member States have taken action to provide liquidity to their banking sectors, these measures may not prove to be successful and may, in fact, result in reduced lending, which in turn may exacerbate recessionary influences. If such recessionary influences continue, the Issuer Member States' economies, as well as the Issuer's customers, may suffer, which in turn could have a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations and the value of the Notes.

### ***Commodity risk***

Certain of the Issuer Member States whose economies and state budgets rely materially on the export of hydrocarbon products and other commodities and the import of capital equipment and significant foreign investments in infrastructure projects, could be adversely affected by any resulting volatility in oil and other commodity prices and by any sustained fall in such prices or by the frustration or delay of any infrastructure projects caused by political or economic instability in countries involved in such projects.

Given the Issuer's customer base, the operations and earnings of its customers may be indirectly affected by volatility of oil, gas and petrochemical prices. If a number of the Issuer's borrowers were to experience poor financial performance due to a downturn in the Issuer Member States' economies generally, or in the sectors in which such borrowers operate specifically, or volatility in certain sectors thereof, this could potentially have a material adverse effect on the Issuer's business, prospects, financial condition, cash flows and results of operations.

### ***Political, regional and economic considerations***

The Issuer Member States became independent sovereign states as a result of the dissolution of the former Soviet Union in the early 1990s. Since then, these countries have experienced significant changes as they moved from single party political systems and centrally controlled command economies to market oriented economies. These transitions were marked in the earlier years by political uncertainty and economic recession (together with high inflation and an unstable local currency) and rapid changes in the legal environment. The Issuer Member States' political systems remain in a relatively nascent stage.

Although the Issuer Member States' have pursued programmes of economic reform designed to establish a free market economy, as with any economies in transition, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims. Additionally, state authorities within the Issuer Member States have a high degree of discretion and their actions have, at times, been perceived as arbitrary and shifts in government policy and regulation may be less predictable than in many Western democracies and could disrupt or reverse such reforms.

The Issuer's legal status, its business, prospects, financial condition, cash flows and results of operations, including the value of the Notes, could be materially adversely affected and the value of investments of the Issuer in the Member States could be reduced, if governmental instability occurs, arbitrary actions by state authorities are taken, or if reforms are reversed.

Geopolitical uncertainty in the states in which the Issuer conducts its business or the Issuer Member States could have a material adverse impact on the Issuer's business, prospects, financial condition, cash flows and results of operations, including the value of the Notes and the value of investments of the Issuer. Events in Ukraine in 2014 and 2015 destabilised political and economic situation and also triggered US and EU economic sanctions. In general, such confrontations and tensions, in particular between Russian Federation and the U.S. and/or the EU, could have a prolonged adverse impact on the economies of the Issuer Member States, particularly on the ability of financial and other entities, including the borrowers of the Issuer, to sustain required liquidity levels, and comply with their financial obligations.

No assurance can be given that some form of the respective economic sanctions may not directly affect the Issuer in the future if Issuer Member States or states where it conducts its business are involved in such events.

### ***Emergence and evolution of legislative and regulatory framework***

Although a large volume of legislation has come into force in the Republic of Kazakhstan, the Russian Federation and other Issuer Member States since their independence, including laws relating to investments, additional regulation of the banking sector and other legislation covering matters such as securities exchanges, economic partnerships and companies, state enterprise reform and privatisation, the legal framework in these countries is at a relatively early stage of development compared to countries with established market economies. In addition, the judicial systems in the Republic of Kazakhstan, the Russian Federation and other Issuer Member States may not be regarded as fully independent of outside social, economic and political forces, and court decisions can be difficult to predict. The governments of the Issuer Member States have indicated a commitment to continued reform of corporate governance processes and a desire to improve discipline and transparency in the corporate sector to promote growth and stability. However, there can be no assurance that the governments of these countries will continue such policy, or that such policy, if continued, will ultimately prove to be successful. Therefore, it is not possible to predict the effect of future legislative developments on the Issuer's business, prospects, financial condition, cash flows or results of operations.

### ***Crime and corruption could disrupt the Issuer's ability to conduct its business effectively***

The press in Russia, Kazakhstan, other Member States and internationally have reported high levels of corruption in the Issuer Member States, including the bribing of officials for the purpose of initiating investigations by government agencies. Additionally, published reports indicate that a significant number of Russian and Kazakhstani media regularly publish biased articles in exchange for payment. Illegal activities, corruption or claims implicating the Issuer in illegal activities could have a material adverse effect on the Issuer's business, financial condition, cash flows and results of operation.

## **Risks related to the Notes generally**

### ***No annual update of Information Memorandum***

The Issuer is not under any obligation to update the Information Memorandum and any offer or sale made on the basis of the information in the Information Memorandum shall not create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or that there has been no change in business, financial condition or affairs of the Issuer since the date thereof.

### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. Each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Information Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its own particular financial situation, an investment in the relevant Notes and the effect such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including the Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- thoroughly understand the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes to be issued pursuant to this Information Memorandum will be complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield by an understood, measured, appropriate addition of risk to an investor's overall portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effect on the value of such Notes and the effect this investment will have on the potential investor's overall investment portfolio.

***The Notes do not limit incurrence of additional indebtedness***

The Terms and Conditions of the Notes do not restrict the ability of the Issuer to incur additional indebtedness or require the Issuer to maintain financial ratios or specified levels of net worth or liquidity. If the Issuer incurs additional indebtedness in the future, these higher levels of indebtedness may adversely affect the Issuer's creditworthiness generally and its ability to pay principal of and interest on the Notes.

***Notes where denominations involve integral multiples: Definitive Notes***

In relation to any issue of Notes which have denominations consisting of a minimum denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum denomination. In such a case a holder who, as a result of trading such amount of Notes, holds an amount which is less than the minimum denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a minimum denomination.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade.

**Risks Related to the Structure of a Particular Issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of those features.

***Index Linked Notes and Dual Currency Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors. In addition, the Issuer may issue Notes with principal or interest payable in one or more

currencies that may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a relevant factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a relevant factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the relevant factor on principal or interest payable likely will be magnified; and
- the timing of changes in a relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant factor, the greater the effect on the yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

#### ***Partly paid Notes***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing its investment.

#### ***Fixed or Floating Rate Notes***

Fixed or floating rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when doing so is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the fixed or floating rate Notes may be less favourable than spreads then prevailing on comparable floating rate notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest bearing securities with comparable maturities.

## **Risks Related to the Market For Notes Generally**

Set out below is a brief description of market risks which will be applicable to holders of the Notes, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

### ***The secondary market generally***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Contractual Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Contractual Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Contractual Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Contractual Currency would decrease the Investor's Currency equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Notes.

### ***Credit ratings do not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings do not reflect the potential effect of all risks related to the structure, the market, other additional risk factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as security for indebtedness and other restrictions apply to its purchase or holding of any Notes. Financial institutions should consult their advisers or regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules.



## THE ISSUER

### General

The Issuer, an international development bank established by the Russian Federation and the Republic of Kazakhstan on 12 January 2006 under the Establishing Agreement, commenced operations on 16 June 2006. On 27 November 2014, Establishing Agreement and the Charter of the Issuer were registered by the United Nations Secretariat (certificate of registration No. 64617). Although its obligations, including those arising in connection with the Notes, are not guaranteed by any Issuer Member State, the Issuer believes that its constitutive status affords it strong political support from the governments of the Issuer Member States in which it seeks to conduct its business. As at the date of this Information Memorandum, the Issuer has six members: the Russian Federation, the Republic of Kazakhstan, the Republic of Tajikistan, the Republic of Armenia, the Republic of Belarus and the Kyrgyz Republic.

The Issuer was established with the strategic goal of promoting the development of a market economy in the Issuer Member States, facilitating regional economic development, and promoting cooperation and economic integration among the Issuer Member States. Any interested states and international organisations sharing the Issuer's objectives may apply to become a member of the Issuer.

One of the Issuer's primary functions is to provide financing for large infrastructure projects in the Issuer Member States, which it implements through the provision of loans and debt financing to private and public entities, investing in the equity of customers, participating in, or establishing, private equity funds, providing investment consulting, and providing other financial instruments. The Issuer seeks to ensure that all projects that it finances are financially viable..

The Issuer cooperates with various international organisations, including as an observer at the General Assembly of the United Nations, the United Nations Conference on Trade and Development Board and the Eurasian Group, which status allows the Issuer to participate in plenary meetings without having the right to vote, and as a member of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). The Issuer has entered into various memoranda expressing an intention to cooperate with the Interbank Consortium of the Shanghai Cooperation Organisation, the International Bank for Reconstruction and Development, the Islamic Development Bank and the United Nations Food and Agriculture Organisation, and the World Bank.

The Bank is appointed to administer Anti-Crisis Fund, which was established in 2009 by the same six Issuer Member Counties.

On 25 January 2013, the OECD approved a decision to recognise the Issuer as a multilateral financial institution and assigned to it Risk Category 3 and Buyer Risk Category SOV/CC0. The decision was initially proposed by Euler Hermes Deutschland AG, the authorised export credit agency of the Government of the Federal Republic of Germany. The Issuer is a non-political organisation and its Charter provides that the Issuer should neither intervene in political events within the Issuer Member States nor make decisions based upon recommendations of the Issuer Member States.

The Issuer has full legal personality as an international organisation, is subject to international law and has the capacity to contract, acquire and dispose of property and to institute judicial and arbitral proceedings. The Issuer Member States are not responsible for its liabilities, including those under the Agency Agreement and the Notes. The Issuer's establishing/statutory documents contain provisions that accord the Issuer legal status and certain immunities and privileges in the territories of the Issuer Member States. See "*Legal Personality; Enforceability of Judgments*" and "*Legal Status, Privileges and Immunities*".

The Issuer's headquarters are located at 220 Dostyk Avenue, 050051, Almaty, Republic of Kazakhstan.

## **Legal Status, Privileges and Immunities**

The property and assets of the Issuer that are located in the respective territories of the Issuer Member States are immune from all forms of seizure, attachment, execution, search, requisition, arrest, confiscation or expropriation before the delivery of a final judgment against the Issuer. The archives, property and information belonging to the Issuer are inviolable in the territories of the Issuer Member States. The members of the Council, the Chairman of the Executive Board, all Deputy Chairmen of the Executive Board, members of the Executive Board and all employees of the Issuer are granted immunity from most judicial or administrative prosecutions against actions carried out by them whilst performing their official duties to the Issuer.

To the extent required by the Issuer in order to achieve its objectives or perform its duties, all of the Issuer's property and assets are free from all restrictions, injunctions and moratoria. However, the Charter allows the Council to waive any immunity, privilege or benefit granted by the Charter (either with or without conditions attached to such waiver) if it is in the interests of the Issuer to do so. The Chairman of the Executive Board is obliged to waive any immunity or privilege concerning any employee of the Issuer (except members of the Executive Board) when, in his or her opinion, such immunity or privilege would be detrimental to justice, and when such a waiver would not cause any harm to the Issuer. In similar circumstances and under the same conditions, the Council is obliged to waive any immunity or privilege concerning the members of the Executive Board.

The Issuer, its income, property and other assets, as well as all of the operations and transactions carried out by it in accordance with the Charter within the territory of the Issuer Member States are exempt from all taxes, levies, duties and other payments except for certain fees for services rendered. All obligations under securities issued by the Issuer together with all interest or dividends payable thereon are paid by the Issuer free of tax in the Issuer Member States.

The Issuer is exempt from licensing, supervision and regulation, including by the central banking authorities of the Issuer Member States.

Disputes between the Issuer and the government of any Issuer Member State under agreements between the Issuer and its members are to be resolved first by negotiation and second, if those negotiations fail, by arbitration.

## **Purpose**

The Issuer was established by the governments of the Russian Federation and the Republic of Kazakhstan to promote the development of a market economy in the Issuer Member States and economic cooperation between the Issuer Member States by financing investment projects in strategic sectors mainly infrastructure, and energy efficiency. In particular, the Issuer plans to attract long-term financing to implement development projects (with a particular focus on infrastructure projects) in the industries that are of a high priority to the Issuer Member States.

The Council of the Issuer has established the following strategic objectives for its investment activities for the current operating period (up to 2017 with the recurrent review each five years):

- Financing projects to develop power generation, transport, and municipal infrastructure in its member states;
- Promoting better energy efficiency of economies through financing projects to reduce energy intensity of enterprises and improve resource saving indicators; and
- Further financing of projects facilitating the development of trade and economic ties and attraction of mutual investment to deepen the economic integration between the member states.

In its activity, the Issuer defines the priorities for each member country reflecting the needs of its economy and development of its competitiveness, as well as the Issuer's resources. This approach facilitates formulation of such goals, which are topical for each country, and provides instruments available for their implementation. In addition to investing in significant regional development projects, the Issuer is also required by its Charter to advise the Issuer Member States on issues of economic development, the effective use of resources and the expansion of trade and economic relations and to collect and analyse data on public and international finance. The Issuer also seeks to cooperate with other international organisations and foreign states interested in financing economic development and may carry out other activities that do not conflict with its objectives.

### **Forms of Investments**

The Issuer's internal investment guidelines provide that investments made by the Issuer may take a number of forms, including, lending, equity participations, private equity funds and certain other financial arrangements and instruments.

### **Management and Consulting Services**

The Issuer is a fund resources manager of the Anti-Crisis Fund (the "ACF") which is a multilateral investment fund that provides two types of funding, comprising (i) sovereign loans and stabilisation credits provided to ACF members; and (ii) investment loans provided to ACF members or companies implementing interstate investment projects in ACF member states. The Issuer may also act as an investment consultant when implementing investment projects that correspond to the primary sectors of the Issuer's investment activity, including the structuring of financing. The Issuer may receive commissions based on the results of investment activity.

### **Information and Research Activity**

The Issuer collects, and analyses data on the condition of the economies and financial markets of the Issuer Member States, their investment opportunities, monetary and credit policies and legal matters concerning banking and currency related regulations. The Issuer focuses its research and analysis on cross border cooperation and projects within the Russian Federation, the Republic of Kazakhstan and adjacent states. The Issuer also closely works with the Eurasian Economic Commission as a consultant, and engaged into the joint research and public initiatives with the governmental bodies of the Issuer Member States and intergovernmental commissions, business entities and research institutes in the fields of its expertise.

The Issuer established the Technical Assistance Fund which provides financial support in pre-investment and innovation research on interstate, state and industry levels. Such support is aimed at boosting integration in the region of the Issuer's operations, strengthening the market infrastructure and ensuring stable economic growth of the Issuer Member States. The industry distribution of the projects financed through Technical Assistance Fund includes the chemical industry, the aircraft industry, the water transport industry and the agriculture machinery industry.

### **Capital Adequacy**

In July 2014 the Council has resolved on the increase of the Issuer's share capital to 7 000 million U.S. Dollars by issuing additional shares, payable on call (callable capital), to be subscribed for by the Issuer Member States.

Due to its status as an international organisation, the Issuer is not subject to any external formal minimum capital adequacy requirement. However, the Issuer's Executive Board has adopted the Internal Guidelines Regulation which stipulates, among other things, that the Issuer should maintain its minimum capital adequacy ratio calculated on the basis of Basel II principles at 16.00 per cent.

Currently the Issuer's capital adequacy ratio is substantially above that level. The Issuer expects the ratio to decrease over time as the Issuer continues to expand its lending activities.

## **Management**

The Charter provides that the Issuer is governed by the following bodies:

- the Council, which is the supreme management body of the Issuer and carries out the strategic and general management of the Issuer's activities;
- the Executive Board, which is regulated by, and accountable to, the Council and oversees the day-to-day administration of the Issuer; and
- the Chairman of the Executive Board, who manages the Issuer and the Executive Board with powers vested in him by the Charter and the Council.

The business address of the Council and each of Member of the Executive Board is 220 Dostyk Avenue, 050051, Almaty, Republic of Kazakhstan.

## **Auditors**

The auditors of the Issuer are

KPMG Audit LLC (Kazakhstan), independent auditors (acting as an auditor under licence No. 0000021, dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan and regulated by the Ministry of Finance of the Republic of Kazakhstan). The business address of KPMG Audit LLC (Kazakhstan) is Koktem Business Center, 180 Dostyk Avenue, Almaty, 050051 Republic of Kazakhstan.

## **Financial Year**

The Issuer's financial year begins on January 1 and ends on 31 December. The Issuer prepares and publishes annual audited financial statements. The latest audited financial statements of the Issuer are those related to the year ended 31 December 2014.

## TAXATION

*Prospective investors in the Notes are advised to consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident of a purchase of Notes, including, but not limited to, the consequences of the receipt of interest and the sale or redemption of the Notes. The following is a general description of certain tax laws relating to the Notes, as in effect on the date hereof, and does not purport to be a comprehensive discussion of the tax treatment of the Notes.*

### **Kazakhstan Taxation**

The following is a general summary of Kazakhstan tax consequences as at the date hereof in relation to payments made under the Notes and in relation to the sale or transfer of the Notes. It is not exhaustive and prospective investors are urged to consult their professional advisers as to the tax consequences to them of holding or transferring the Notes.

Under Kazakhstan law as presently in effect and in particular on the basis of the international agreements that Kazakhstan has executed in relation to the Issuer, payments of principal and interest on the Notes to an individual who is a non-resident of the Republic of Kazakhstan for tax purposes or to a legal entity that is neither established in accordance with the legislation of the Republic of Kazakhstan, nor has its actual governing body (place of actual management) in, nor maintains a permanent establishment in, the Republic of Kazakhstan or otherwise has no taxable presence in the Republic of Kazakhstan (together, "**Non-Kazakhstan Holders**") will not be subject to taxation in the Republic of Kazakhstan, and no withholding of any Kazakhstan tax will be required on any such payments. In addition, gains realised by Non-Kazakhstan Holders derived from the disposal, sale, exchange or transfer of the Notes will not be subject to Kazakhstan income or profits tax.

### **EU Directive on the Taxation of Savings Income**

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted the EU Savings Tax Directive. EU member states are required from 1 July 2005 to provide to the tax authorities of another EU member state details of payments of interest (or other similar income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other EU member state; however, Austria and Luxembourg will instead apply a withholding tax system for a transitional period in relation to such payments.

On 24 April 2009, the European Parliament approved an amended version of certain changes to the EU Savings Tax Directive proposed by the European Commission (in COM(2008) 727) which could, if implemented, extend the scope of the EU Savings Tax Directive to a wider range of circumstances and make certain other amendments (including to the transitional period provisions).

## SELLING RESTRICTIONS

UBS Limited and VTB Capital plc have, pursuant to the Dealer Agreement, agreed with the Issuer a basis upon which they or any dealer appointed from time to time under the Programme pursuant to the Dealer Agreement may from time to time agree to purchase the Notes. No action has been or will be taken in any jurisdiction that would permit a public offering of any Notes, or possession or distribution of this Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Dealer has represented, warranted and agreed that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver the Notes, and that it will not directly or indirectly offer, sell, resell, reoffer or deliver any Notes or distribute this Information Memorandum or any document, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

### United States of America

The Notes have not been and will not be registered under the Securities Act (as defined above) and may not be offered or sold within the United States. Each Dealer has represented and agreed that it has offered and sold, and will offer and sell, the Notes only outside the United States to non-US persons in accordance with Rule 903 of Regulation S under the Securities Act.

Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

### United Kingdom

In relation to each issue of Notes, each Dealer has represented, warranted and undertaken that and each Dealer appointed under the Programme will represent warrant and undertake that:

- a)
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any such Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Issuer has agreed that it will issue such Notes only if the following conditions apply (or the Notes can otherwise be issued without contravention of section 19 of the FSMA):

- I) each Dealer has represented, warranted and agreed in the terms set out in (a) above; and
- II) the redemption value of each such Note is not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than Sterling), and no part of any Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount in such other currency).

### **The Russian Federation**

Each of the Dealers have severally, but not jointly, represented, warranted and agreed that the Notes will not be offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

### **Switzerland**

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Information Memorandum nor any other marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Information Memorandum nor any other marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### **Hong Kong**

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Singapore**

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore

(the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

**FORM OF MULTICURRENCY GLOBAL NOTE**

**MULTICURRENCY GLOBAL NOTE**

**(INTEREST BEARING/DISCOUNTED)\***

THIS GLOBAL NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, ("THE SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THIS GLOBAL NOTE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS GLOBAL NOTE IS BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATION S UNDER THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S.

**EURASIAN DEVELOPMENT BANK**

**US\$3,500,000,000 Euro-Commercial Paper Programme**

No: \_\_\_\_\_ Series No.: \_\_\_\_\_  
Issue Date: \_\_\_\_\_ Maturity Date<sup>1</sup>: \_\_\_\_\_  
Contractual Currency: \_\_\_\_\_ Denomination: \_\_\_\_\_  
Nominal Amount<sup>2</sup>: \_\_\_\_\_ *(not less than the permitted minimum denomination and in the case of Notes denominated in Sterling, not less than £100,000)*  
*(words and figures if a Sterling Note)*  
Fixed Interest Rate<sup>3</sup>: \_\_\_\_\_ % per annum Interest Basis: Floating Rate  
Discounted/Fixed Rate: \_\_\_\_\_  
Calculation Agent<sup>4</sup>: \_\_\_\_\_ Margin<sup>5</sup>: \_\_\_\_\_ %  
Interest Payment Dates<sup>6</sup>: \_\_\_\_\_ Reference Banks<sup>7</sup>: \_\_\_\_\_  
Interest Commencement Date<sup>8</sup>: \_\_\_\_\_ Reference Rate<sup>9</sup>: LIBOR/EURIBOR

\_\_\_\_\_  
\*Delete as applicable.

<sup>1</sup> Not to be more than 364 days from (and including) the Issue Date.

<sup>2</sup> Complete for all Global Notes.

<sup>3</sup> Complete for fixed rate interest bearing Notes only.

<sup>4</sup> Complete for floating rate interest bearing and index-linked Notes only.

<sup>5</sup> Complete for floating rate interest bearing Notes only.

<sup>6</sup> Complete for interest bearing Notes if interest is payable before Maturity Date.

<sup>7</sup> Complete for floating rate interest bearing Global Notes only.

<sup>8</sup> Complete for interest bearing Global Notes only.

[NGN form: [Yes/No]

Intended to be held in manner which would allow Eurosystem eligibility: [Yes/No]

*[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if "yes" selected in which case the Notes must be issued in NGN form]]<sup>10</sup>*

1. For value received, EURASIAN DEVELOPMENT BANK (the "**Issuer**") promises to pay to the bearer of this Global Note (the "**Noteholder**") on the above-mentioned Maturity Date:

(a) the above-mentioned Nominal Amount or, if this Global Note is in NGN form, the amount entered in the records of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**ICSDs**"); or

(b) if this Global Note is index-linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent named above, in accordance with the redemption or interest calculation, a copy of which is attached to this Global Note and/or is available for inspection at the office of the Principal Paying Agent referred to below; and

(c) in each case, interest at the rate and at the time (if any) specified therein.

As used herein, the records of the ICSDs means the records that the ICSDs holds for its customers which reflect the amount of such customers' interests in the Notes.

This Global Note shall be redeemed on the above-mentioned Maturity Date. All payments in relation hereto shall be made in accordance with an issue and paying agency agreement dated 16 July 2010 between, inter alios, the Issuer, the issue agent and the paying agent(s) referred to therein (the "**Agency Agreement**"), a copy of which is available for inspection at the offices of Citibank, N.A. (in its capacity as issue agent, the "**Issue Agent**" and, in its capacity as principal paying agent, the "**Principal Paying Agent**") at Citigroup Centre, 25 Canada Square, London E14 5LB and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and either surrender or endorsement of this Global Note at the offices of the Principal Paying Agent by wire transfer to an account denominated in the above-mentioned Contractual Currency maintained by the bearer: (i) if the Contractual Currency is other than euro or U.S. dollars, in the principal financial centre in the country of the Contractual Currency; or (ii) if the Contractual Currency is euro; in any principal financial centre of a country which operates a clearing system in euro; or (iii) if the Contractual Currency is U.S. dollars, in London.

---

<sup>9</sup> Delete as appropriate. The Reference Rate should always be LIBOR unless the Global Note is denominated in euro and the Issuer and the relevant Dealer agree EURIBOR should be used instead.

<sup>10</sup> Complete only if Notes are to be in NGN form.

The Issuer will ensure that it maintains a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

If this Global Note is in NGN form, the Issuer shall procure that details of each payment in relation hereto shall be entered pro rata in the records of the ICSDs and in the case of any payment of principal and upon any such entry being made, the nominal amount of the Notes recorded in the records of the ICSDs and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed.

Each of the persons shown in the records (as described below) of the ICSDs as being entitled to a particular principal amount of Notes will be entitled to receive any payment so made in respect of those Notes in accordance with the rules and procedures of Euroclear and/or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as they are represented by this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant dated 16 July 2010, entered into by the Issuer.)

Payments in respect of this Global Note will be made only at the specified office of the Principal Paying Agent outside the United States. No payments in respect of this Global Note will be made to an account maintained by the Noteholder in the United States.

In the event that any additional or further Paying Agents are appointed, the Issuer shall procure that a notice specifying such additional or further Paying Agent be given as soon as practicable after such appointment in accordance with paragraph 14 hereof.

2. This Global Note is issued in representation of an issue of Notes in the aggregate nominal amount: (i) if this Global Note is not in NGN form, specified above; or (ii) if this Global Note is in NGN form, the amount from time to time entered in the records of the ICSDs. The records of the ICSDs shall be conclusive evidence of the principal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a ICSDs (which statement shall be made available to the bearer of this Global Note upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the ICSDs at that time.
3. All payments by or on behalf of the Issuer in respect of this Global Note shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or within any Issuer Member State or any political subdivision or any authority thereof or therein having the power to tax (collectively "**Issuer Member State Taxes**"), unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts to the Noteholder as will result in receipt by such Noteholder of such amounts as would have been received by it had no such withholding or deduction on account of any such Issuer Member State Taxes been required, except that no additional amounts shall be payable with respect to this Global Note:
  - a) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such Issuer Member State Taxes in respect of such Global Note by reason of his having some connection with the relevant Issuer Member State other than the mere holding of this Global Note or the receipt of payment thereunder; or
  - b) **Presentation more than 30 days after the Relevant Date:** if it is presented (for payment more than 30 days after the Relevant Date except to the extent that the

holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

- c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/ EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in this Global Note: (i) "**Relevant Date**" means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholder that, upon further presentation of the Note being made in accordance with the Global Note, such payment will be made, provided that payment is in fact made upon such presentation; and (ii) "**Issuer Member States**" means the Russian Federation, the Republic of Kazakhstan, the Republic of Tajikistan, the Republic of Armenia and the Republic of Belarus.

4. The payment obligation of the Issuer represented by this Global Note: (i) is not the obligation of any government; and (ii) shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and at all times rank *pari passu* among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, other than obligations preferred by mandatory provisions of law.
5. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

"**Payment Business Day**" means any day other than a Saturday or Sunday which is (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, (B) a day on which both Euroclear and Clearstream, Luxembourg (or any other relevant clearing system acting as a clearing system for the Notes represented by this Global Note, as determined by the Issue Agent (a "**Relevant Clearing System**")) are operating and (C) either: (i) if the above-mentioned Contractual Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the relevant Contractual Currency (which, if the Contractual Currency is Australian Dollars, shall be Sydney or, if the Contractual Currency is New Zealand Dollars, Auckland) or (ii) if the above-mentioned Contractual Currency is euro, a day which is a TARGET2 Business Day, provided that if the Issuer determines with the agreement of the Principal Paying Agent that the market practice in respect of euro denominated internationally offered securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall procure that a notice of such amendment is published not less than 15 days prior to the date on which any payment in euro falls to be due to be made in accordance with paragraph 14; and

"**TARGET2 Business Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

6. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof, free and clear of any equity, set-off or counterclaim on the part of the Issuer against any previous bearer hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
7. This Global Note is issued in respect of an issue of Notes by the Issuer and is exchangeable free of charge in whole (but not in part) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
  - a) if Euroclear, Clearstream, Luxembourg or any other Relevant Clearing System) is closed for a continuous period of 14 days or more (other than by reason of weekends or public holidays statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
  - b) if an Event of Default (as defined below) has occurred and is continuing

Upon presentation and surrender of this Global Note during normal business hours to the above offices of the Principal Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issue Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the above-mentioned Contractual Currency in an aggregate nominal amount equal to the principal amount of Notes represented by this Global Note as provided for above, or if this Global Note is in NGN form, the amount entered in the records of the ICSDs, such delivery to take place on a date not later than 5.00 p.m. (London time) on the thirtieth day after surrender of this Global Note.

8. If upon any such Event of Default and/or closure and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a deed of covenant dated 16 July 2010, entered into, inter alios, by the Issuer; copies of which are available for inspection during normal business hours at the offices of the Issue Agent referred to above).
9. If this is an interest bearing Global Note, then:
  - a) if it is not in NGN form, upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Schedule hereto shall be duly completed by the Principal Paying Agent to reflect such payment; or
  - b) if it is in NGN form, details of such payment shall be entered in the records of the ICSDs.
10. If this is a fixed rate interest bearing Global Note, interest shall be calculated and payable as follows:
  - a) (i) interest shall be calculated on the Nominal Amount in respect of each successive Interest Period (as defined below), from the Interest Commencement Date to the Maturity Date only, on the basis of the 30/360 Day Count Fraction (as defined below) or, if the Contractual Currency is Sterling, on the basis of the Actual/365 Day Count Fraction (as defined below), at the Fixed Interest Rate with the resulting figure being rounded to the nearest amount of the Contractual Currency which is available as legal

tender in the country or countries (in the case of the euro) of the Contractual Currency (with halves being rounded upwards); and

- (ii) interest in respect of each successive Interest Period shall be payable in arrear on the relevant Interest Payment Date(s).

b) In this paragraph 10:

**"30/360 Day Count Fraction"** means the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360;

**"Actual/365 Day Count Fraction"** means the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; and

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

11. If this is a floating rate interest bearing Global Note, interest shall be calculated and payable as follows:

- a) (i) if this Global Note specifies LIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of LIBOR and the Margin (if any) above or below LIBOR; interest shall be calculated on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Interest Commencement Date to the Maturity Date only, on the basis of the 30/360 Day Count Fraction (as defined below) or, if the Contractual Currency is Sterling or market practice dictates (as determined by the Calculation Agent), the Actual/365 Day Count Fraction (as defined below); or
- (ii) if this Global Note specifies EURIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of EURIBOR and the Margin (if any) above or below EURIBOR; interest shall be calculated on the Nominal Amount in respect of each successive Interest Period from the Interest Commencement Date to the Maturity Date only, on the basis of the 30/360 Day Count Fraction (as defined below); and
- (iii) interest in respect of each successive Interest Period shall be payable in arrear on the relevant Interest Payment Date(s).

b) In this paragraph 11:

**"30/360 Day Count Fraction"** means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or the last day of the Interest Period unless, in the case of the final

Interest Period, the Maturity Date is the last day of the month in February, in which case the month of February shall not be considered to be lengthened to a 30-day month;

**"Actual/365 Day Count Fraction"** means the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; and

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

As used in this Global Note, "**LIBOR**" shall be equal to the rate defined as "**LIBOR-BBA**" in respect of the abovementioned Contractual Currency (as defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Global Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this Global Note in relation to the Reference Rate and "**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

As used in this Global Note, "**EURIBOR**" shall be equal to EUR-EURIBOR-Telerate (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this Global Note in relation to the Reference Rate;

- c) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date, or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b), and (B) in any other case, the rate which is determined in accordance with the provisions of paragraph 11(a). The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the applicable Day Count Fraction and rounding the resulting figure to the nearest amount of the above-mentioned Contractual Currency which is available as legal tender in the country or countries (in the case of the euro) of the Contractual Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- d) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
  - e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (and excluding) the next succeeding Interest Payment Date is called an Interest Period for the purposes of this paragraph; and (1) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be given in accordance with paragraph 14 hereof.
12. Instructions for payment must be received at the offices of the Principal Paying Agent together with this Global Note as follows:
- a) if this Global Note is denominated in Australian Dollars, New Zealand Dollars, Hong Kong Dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
  - b) if this Global Note is denominated in United States Dollars, Canadian Dollars or Sterling, on or prior to the relevant payment date; and
  - c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

- i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Almaty; and
  - ii) in the case of payments in euro, a TARGET2 Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the above-mentioned Contractual Currency.
13. If any of the following (each an "**Event of Default**") shall occur and be continuing:
- a) the Issuer fails to pay any amounts payable on this Global Note when due and, in the case of payment of interest, such failure continues for a period of 14 business days; or
  - b) the Issuer or any of its Subsidiaries fails to pay any amount in excess of U.S.\$50,000,000 (or the equivalent thereof in any other currency or currencies) in respect of principal of or interest on or premium in respect of any Indebtedness as and when such amount becomes due and payable and such failure continues beyond the expiration of any applicable grace period; or
  - c) any Indebtedness of the Issuer or any of its Subsidiaries with an aggregate principal amount in excess of U.S.\$50,000,000 (or the equivalent thereof in any other currency or currencies) becomes due and payable prior to the due date for payment thereof by reason of default by the Issuer or the relevant Subsidiary;

then the Noteholder may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare this Global Note to be forthwith due and payable whereupon the same shall become

forthwith due and payable at the principal amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

In this paragraph 13, the following terms shall have the following meanings:

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility or the issue of bonds, notes, debentures, loan stock or similar instruments;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of all or any part of the purchase price for any Property or services the payment of which is deferred for a period in excess of 60 days;
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the commercial effect of a borrowing; and
- (vi) any Indebtedness Guarantee in relation to Indebtedness of any Person of the type referred to in any of (i) to (vi) of this definition.

**"Indebtedness Guarantee"** means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation) (i) any obligation to purchase such Indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (iii) any indemnity against the consequences of a default in the payment of such Indebtedness and (iv) any other agreement to be responsible for repayment of such Indebtedness.

**"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity.

**"Property"** of any Person means all types of real, personal, tangible, intangible or mixed property (including any related contractual rights) owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under International Financial Reporting Standards.

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at a given time, any other Person (the **"second Person"**)

- (i) whose affairs and policies the first Person directly or indirectly controls or
- (ii) as to whom the first Person owns directly or indirectly more than 50 per cent. of the capital, voting stock or other right of ownership. **"Control"**, as used in this definition, means the power by the first Person to direct the management and the policies of the second Person, whether through the ownership of share capital, by contract or otherwise.

14. All notices regarding the Notes will be deemed to be validly given if published in a leading newspaper of general circulation in the United Kingdom. It is expected that such publication

will be made in the Financial Times. Any such notice will be deemed to have been given on the date of the first publication.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper a delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

15. This Global Note shall not be validly issued unless manually authenticated by Citibank, N.A. as issue agent and, if this Global Note is intended to be held in a manner which would allow Eurosystem eligibility as specified hereon, effectuated by the entity appointed as common safekeeper in respect of the Notes.
16. If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or analogous process of the Issuer or for any other reason, any payment under or in connection with this Global Note is made or fails to be satisfied in a currency (the "**other currency**") other than that in which the relevant payment is expressed to be due (the "**required currency**") under this Global Note, then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for a Noteholder to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the Noteholder falls short of the amount due under the terms of this Global Note, the Issuer undertakes that it shall, as a separate and independent obligation, indemnify and hold harmless the Noteholder against the amount of such shortfall. For the purpose of this clause "**rate of exchange**" means the rate at which the Noteholder is able on the London foreign exchange market on the relevant date to purchase the required currency with the other currency and shall take into account any premium and other reasonable costs of exchange.
17. The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the date on which the first payment becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with paragraph 14.
18. The Issuer may at any time purchase Notes in any manner and at any price.
19. No person shall have any right to enforce any term of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

20. a) Subject to paragraph 20(c), the Issuer has agreed that any dispute or difference of whatever nature howsoever arising out of or in connection with this Global Note (including a dispute or difference as to the breach, existence, termination or validity of this Global Note) (each a "**Dispute**"), shall (regardless of the nature of the Dispute) be referred to and finally settled by arbitration in accordance with the Rules of the London Court of International Arbitration (the "**Rules**") as at present in force (which rules are deemed to be incorporated by reference into this paragraph 19(a) by a panel of three arbitrators appointed in accordance with the Rules.
- b) The seat of arbitration shall be London, England. The procedural law of any reference to arbitration shall be English law. The language of the arbitration shall be English. The appointing authority for the purposes set forth in the Rules shall be the London Court of International Arbitration.
- c) The Issuer has irrevocably agreed for the benefit of each Noteholder that before any request for arbitration is received by the Registrar of the London Court of International Arbitration in accordance with paragraph 20(a) and the Rules, any Noteholder may elect, by notice in writing to the Issuer that the Dispute be resolved by litigation and not by arbitration.
- d) This Global Note (including, for the avoidance of doubt, paragraphs 20(a) - (d) hereof) and any non-contractual obligations arising out of it are governed by, and shall be construed in accordance with, English law.
- e) Subject to paragraphs 20(a) - (d) above, the courts of England are to have jurisdiction to settle any Disputes and accordingly any legal action or proceedings arising out of or in connection with this Global Note ("**Proceedings**") may be brought in such courts. The Issuer has irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) and to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.
- f) The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to The Law Debenture Corporate Services Limited at its registered office for the time being at Fifth Floor, 100 Wood Street, London EC2V 7EX or such other address as notified to the Noteholders in accordance with paragraph 14. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Noteholders shall be entitled to appoint such a person by written notice addressed to the Issuer. Nothing in this paragraph shall affect the right of the Noteholders to serve process in any other manner permitted by law.

Signed on behalf of:

**EURASIAN DEVELOPMENT BANK**

By: \_\_\_\_\_ By: \_\_\_\_\_

(Authorised Signatory)

(Authorised Signatory)

**AUTHENTICATED** by

**CITIBANK, N.A.** without recourse,

warranty or liability and for authentication

purposes only

By: \_\_\_\_\_

(Authorised Signatory)

If this Global Note is a NGN, it is **EFFECTUATED**

without recourse,

warranty or liability by

.....

as common safekeeper

By:

(Authorised Signatory)

**SCHEDULE**

**Payments of Interest**

The following payments of interest in respect of this Global Note have been made:

**Notion on behalf  
of the Principal  
Paying Agent:**

<b>Date made:</b>	<b>Payment from:</b>	<b>Payment to:</b>	<b>Amount paid:</b>	
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**FORM OF MULTICURRENCY DEFINITIVE NOTE**

**MULTICURRENCY DEFINITIVE NOTE**

**(INTEREST BEARING/DISCOUNTED)\***

THIS DEFINITIVE NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, ("THE SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THIS DEFINITIVE NOTE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS DEFINITIVE NOTE IS BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATIONS UNDER THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM IN REGULATIONS.

**EURASIAN DEVELOPMENT BANK**

**US\$3,500,000,000 Euro-Commercial Paper Programme**

No: \_\_\_\_\_ Series No.: \_\_\_\_\_

Issue Date: \_\_\_\_\_ Maturity Date<sup>1</sup>: \_\_\_\_\_

Contractual Currency: \_\_\_\_\_ Denomination: \_\_\_\_\_

Nominal Amount<sup>2</sup>: \_\_\_\_\_ *(not less than the permitted minimum denomination and in the case of Notes denominated in Sterling, not less than £100,000)*  
*(words and figures if a Sterling Note)*

Fixed Interest Rate<sup>3</sup>: \_\_\_\_\_ % per annum Interest Basis: Floating Rate

Discounted/Fixed Rate: \_\_\_\_\_

Calculation Agent<sup>4</sup>: \_\_\_\_\_ Margin<sup>5</sup>: \_\_\_\_\_ %

Interest Payment Dates<sup>6</sup>: \_\_\_\_\_ Reference Banks<sup>7</sup>: \_\_\_\_\_

Interest Commencement Date<sup>8</sup>: \_\_\_\_\_ Reference Rate<sup>9</sup>: LIBOR/EURIBOR

\*Delete as applicable.

<sup>1</sup> Not to be more than 364 days from (and including) the Issue Date.

<sup>2</sup> Complete for all Definitive Notes.

<sup>3</sup> Complete for fixed rate interest bearing Notes only.

<sup>4</sup> Complete for floating rate interest bearing and index-linked Notes only.

<sup>5</sup> Complete for floating rate interest bearing Notes only.

<sup>6</sup> Complete for interest bearing Notes if interest is payable before Maturity Date.

<sup>7</sup> Complete for floating rate interest bearing Definitive Notes only.

1. For value received, EURASIAN DEVELOPMENT BANK. (the "**Issuer**") promises to pay to the bearer of this Definitive Note (the "**Noteholder**") on the above-mentioned Maturity Date:
  - a) the above-mentioned Nominal Amount; or
  - b) if this Note is index-linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent named above, in accordance with the redemption or interest calculation, a copy of which is attached to this Definitive Note and/or is available for inspection at the office of the Principal Paying Agent referred to below; and
  - c) in each case, interest at the rate and at the times (if any) specified herein.

This Definitive Note shall be redeemed on the above-mentioned Maturity Date. All payments in relation hereto shall be made in accordance with an issue and paying agency agreement dated 16 July 2010 between, inter alios, the Issuer, the issue agent and the paying agent(s) referred to therein (the "**Agency Agreement**"), a copy of which is available for inspection at the offices of Citibank, N.A. (in its capacity as issue agent, the "**Issue Agent**" and, in its capacity as principal paying agent, the "**Principal Paying Agent**" and, together with any additional or further Paying Agents who may be appointed hereunder, "**Paying Agents**" and each a "**Paying Agent**") at Citigroup Centre, 25 Canada Square, London E14 5LB and subject to and in accordance with and the terms and conditions set forth below. All such payments shall be made upon presentation and either surrender or endorsement of this Definitive Note at the offices of a Paying Agent by wire transfer to an account denominated in the above-mentioned Contractual Currency maintained by the bearer: (i) if the Contractual Currency is other than euro or U.S. dollars, in the principal financial centre in the country of the Contractual Currency; or (ii) if the Contractual Currency is euro; in any principal financial centre of a country which operates a clearing system in euro; or (iii) if the Contractual Currency is U.S. dollars, in London.

The Issuer will ensure that it maintains a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Payments in respect of this Definitive Note will be made only at the specified office of a Paying Agent outside the United States. No payments in respect of this Definitive Note will be made to an account maintained by the Noteholder in the United States.

In the event that any additional or further Paying Agents are appointed, the Issuer shall procure that a notice specifying such additional or further Paying Agent be given as soon as practicable after such appointment in accordance with paragraph 11 hereof.

2. All payments by or on behalf of the Issuer in respect of this Definitive Note shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or within any Issuer Member State or any political subdivision or any authority thereof or therein having the power to tax (collectively "**Issuer Member State Taxes**"), unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional

---

<sup>8</sup> Complete for interest bearing Definitive Notes only.

<sup>9</sup> Delete as appropriate. The Reference Rate should always be LIBOR unless the Definitive Note is denominated in euro and the Issuer and the relevant Dealer agree EURIBOR should be used instead.

amounts to the Noteholder as will result in receipt by such Noteholder of such amounts as would have been received by it had no such withholding or deduction on account of any such Issuer Member State Taxes been required, except that no additional amounts shall be payable with respect to this Definitive Note:

- a) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such Taxes in respect of such Definitive Note by reason of his having some connection with the relevant Issuer Member State other than the mere holding of the Definitive Note or the receipt of payment thereunder; or
- b) **Presentation more than 30 days after the Relevant Date:** presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/ EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in this Definitive Note: (i) "**Relevant Date**" means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholder that, upon further presentation of the Note being made in accordance with the Definitive Note, such payment will be made, provided that payment is in fact made upon such presentation; and (ii) "**Issuer Member States**" means the Russian Federation, the Republic of Kazakhstan, the Republic of Tajikistan, the Republic of Armenia and the Republic of Belarus.

3. The payment obligation of the Issuer represented by this Definitive Note: (i) is not the obligation of any government; and (ii) shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and at all times rank *pari passu* among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, other than obligations preferred by mandatory provisions of law.
4. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Definitive Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Definitive Note:

"**Payment Business Day**" means any day other than a Saturday or Sunday which is (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (B) either: (i) if the above-mentioned Contractual Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the relevant Contractual Currency (which, if the Contractual Currency is Australian Dollars, shall be Sydney or, if the Contractual Currency is New Zealand Dollars, Auckland) or (ii) if the above-mentioned Contractual Currency is euro, a day which is a TARGET2 Business Day provided that if the Issuer determines with the agreement of the Principal Paying Agent that the market practice in respect of euro denominated internationally

offered securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall procure that a notice of such amendment is published not less than 15 days prior to the date on which any payment in euro falls to be due to be made in accordance with paragraph 11; and

**"TARGET2 Business Day"** means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

5. This Definitive Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof, free and clear of any equity, set-off or counterclaim on the part of the Issuer against any previous bearer hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
6. If this is an interest bearing Definitive Note, then upon each payment of interest (if any) prior to the Maturity Date in respect of this Definitive Note, the Schedule hereto shall be duly completed by the relevant Paying Agent to reflect such payment.
7. If this is a fixed rate interest bearing Definitive Note, interest shall be calculated and payable as follows:
  - a)
    - (i) interest shall be calculated on the Nominal Amount in respect of each successive Interest Period (as defined below), from the Interest Commencement Date to the Maturity Date only, on the basis of the 30/360 Day Count Fraction (as defined below) or, if the Contractual Currency is Sterling, on the basis of the Actual/365 Day Count Fraction (as defined below), at the Fixed Interest Rate with the resulting figure being rounded to the nearest amount of the Contractual Currency which is available as legal tender in the country or countries (in the case of the euro) of the Contractual Currency (with halves being rounded upwards); and
    - (ii) interest in respect of each successive Interest Period shall be payable in arrear on the relevant Interest Payment Date(s).

b) In this paragraph 7:

**"30/360 Day Count Fraction"** means the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360;

**"Actual/365 Day Count Fraction"** means the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; and

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

8. If this is a floating rate interest bearing Definitive Note, interest shall be calculated and payable as follows:

- a) (i) if this Definitive Note specifies LIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of LIBOR and the Margin (if any) above or below LIBOR; interest shall be calculated on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Interest Commencement Date to the Maturity Date only, on the basis of the 30/360 Day Count Fraction (as defined below) or, if the Contractual Currency is Sterling or market practice dictates (as determined by the Calculation Agent), the Actual/365 Day Count Fraction (as defined below); or
- (ii) if this Definitive Note specifies EURIBOR as the Reference Rate on its face, the Rate of Interest will be the aggregate of EURIBOR and the Margin (if any) above or below EURIBOR; interest shall be calculated on the Nominal Amount in respect of each successive Interest Period from the Interest Commencement Date to the Maturity Date only, on the basis of the 30/360 Day Count Fraction (as defined below); and
- (iii) interest in respect of each successive Interest Period shall be payable in arrear on the relevant Interest Payment Date(s).

b) In this paragraph 8:

**"30/360 Day Count Fraction"** means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or the last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month in February, in which case the month of February shall not be considered to be lengthened to a 30-day month;

**"Actual/365 Day Count Fraction"** means the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; and

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

As used in this Definitive Note, "**LIBOR**" shall be equal to the rate defined as "**LIBOR-BBA**" in respect of the abovementioned Contractual Currency (as defined in the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Definitive Note (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Definitive Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified

on the face of this Definitive Note in relation to the Reference Rate and "**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

As used in this Definitive Note, "**EURIBOR**" shall be equal to EUR-EURIBOR-Telerate (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified on the face of this Definitive Note in relation to the Reference Rate;

- c) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "Amount of Interest") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 8(b), and (B) in any other case, the rate which is determined in accordance with the provisions of paragraph 8(a). The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the applicable Day Count Fraction and rounding the resulting figure to the nearest amount of the abovementioned Contractual Currency which is available as legal tender in the country or countries (in the case of the euro) of the Contractual Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;
  - d) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
  - e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (and excluding) the next succeeding Interest Payment Date is called an Interest Period for the purposes of this paragraph; and
  - f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be given in accordance with paragraph 11.
9. Instructions for payment must be received at the offices of the relevant Paying Agent together with this Definitive Note as follows:
- a) if this Definitive Note is denominated in Australian Dollars, New Zealand Dollars, Hong Kong Dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
  - b) if this Definitive Note is denominated in United States Dollars, Canadian Dollars or Sterling, on or prior to the relevant payment date; and

- c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Almaty; and
- (ii) in the case of payments in euro, a TARGET2 Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the above-mentioned Contractual Currency.

10. If any of the following (each an "**Event of Default**") shall occur and be continuing:

- a) the Issuer fails to pay any amounts payable on any of the Notes when due and, in the case of payment of interest, such failure continues for a period of 14 business days; or
- b) the Issuer or any of its Subsidiaries fails to pay any amount in excess of U.S.\$50,000,000 (or the equivalent thereof in any other currency or currencies) in respect of principal of or interest on or premium in respect of any Indebtedness as and when such amount becomes due and payable and such failure continues beyond the expiration of any applicable grace period; or
- c) any Indebtedness of the Issuer or any of its Subsidiaries with an aggregate principal amount in excess of U.S.\$50,000,000 (or the equivalent thereof in any other currency or currencies) becomes due and payable prior to the due date for payment thereof by reason of default by the Issuer or the relevant Subsidiary;

then any Noteholder may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare this Definitive Note to be forthwith due and payable whereupon the same shall become forthwith due and payable at the principal amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

In this paragraph 10, the following terms shall have the following meanings:

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility or the issue of bonds, notes, debentures, loan stock or similar instruments;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of all or any part of the purchase price for any Property or services the payment of which is deferred for a period in excess of 60 days;

- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the commercial effect of a borrowing; and
- (vi) any Indebtedness Guarantee in relation to Indebtedness of any Person of the type referred to in any of (i) to (vi) of this definition.

**"Indebtedness Guarantee"** means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation) (i) any obligation to purchase such Indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (iii) any indemnity against the consequences of a default in the payment of such Indebtedness and (iv) any other agreement to be responsible for repayment of such Indebtedness.

**"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity.

**"Property"** of any Person means all types of real, personal, tangible, intangible or mixed property (including any related contractual rights) owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under International Financial Reporting Standards.

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at a given time, any other Person (the **"second Person"**)

- (i) whose affairs and policies the first Person directly or indirectly controls or
- (ii) as to whom the first Person owns directly or indirectly more than 50 per cent. of the capital, voting stock or other right of ownership. **"Control"**, as used in this definition, means the power by the first Person to direct the management and the policies of the second Person, whether through the ownership of share capital, by contract or otherwise.

11. All notices regarding this Definitive Note will be deemed to be validly given if published in a leading newspaper of general circulation in the United Kingdom. It is expected that such publication will be made in the Financial Times. Any such notice will be deemed to have been given on the date of the first publication.
12. This Definitive Note shall not be validly issued unless manually authenticated by Citibank, N.A. as issue agent.
13. If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or analogous process of the Issuer or for any other reason, any payment under or in connection with this Definitive Note is made or fails to be satisfied in a currency (the **"other currency"**) other than that in which the relevant payment is expressed to be due (the **"required currency"**) under this Definitive Note, then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for a Noteholder to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the Noteholder falls short of the amount due under the terms of this Definitive

Note, the Issuer undertakes that it shall, as a separate and independent obligation, indemnify and hold harmless the Noteholder against the amount of such shortfall. For the purpose of this clause "**rate of exchange**" means the rate at which the Noteholder is able on the London foreign exchange market on the relevant date to purchase the required currency with the other currency and shall take into account any premium and other reasonable costs of exchange.

14. The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the date on which the first payment becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with paragraph 11.
15. No person shall have any right to enforce any term of this Definitive Note under the Contracts (Rights of Third Parties) Act 1999.
16. The Issuer, may at any time purchase Notes in any manner and at any price.
17.
  - a) Subject to paragraph 17(c), the Issuer has agreed that: any dispute or difference of whatever nature howsoever arising out of or in connection with this Definitive Note (including a dispute or difference as to the breach, existence, termination or validity of this Definitive Note) (each a "**Dispute**"), shall (regardless of the nature of the Dispute) be referred to and finally settled by arbitration in accordance with the Rules of the London Court of International Arbitration (the "**Rules**") as at present in force (which rules are deemed to be incorporated by reference into this paragraph 17 (a) by a panel of three arbitrators appointed in accordance with the Rules.
  - b) The seat of arbitration shall be London, England. The procedural law of any reference to arbitration shall be English law. The language of the arbitration shall be English. The appointing authority for the purposes set forth in the Rules shall be the London Court of International Arbitration.
  - c) The Issuer has irrevocably agreed for the benefit of each of the Noteholder that before any request for arbitration is received by the Registrar of the London Court of International Arbitration in accordance with paragraph 17(a) and the Rules, any Noteholder may elect, by notice in writing to the Issuer, that the Dispute be resolved by litigation and not by arbitration.
  - d) This Definitive Note (including, for the avoidance of doubt, paragraphs 17(a)-(d) hereof) and any non-contractual obligations arising out of or in connection with the Definitive Note is governed by, and shall be construed in accordance with, English law.
  - e) Subject to paragraphs 17(a)-(d) above, the courts of England are to have jurisdiction to settle any Disputes and accordingly any legal action or proceedings arising out of or in connection with this Definitive Note ("**Proceedings**") may be brought in such courts. The Issuer has irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) and to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit,

execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

- f) The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to The Law Debenture Corporate Services Limited at its registered office for the time being at Fifth Floor, 100 Wood Street, London EC2V 7EX or such other address as notified to the Noteholders in accordance with paragraph 11. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Noteholders shall be entitled to appoint such a person by written notice addressed to the Issuer. Nothing in this paragraph shall affect the right of the Noteholders to serve process in any other manner permitted by law.

Signed on behalf of:

**EURASIAN DEVELOPMENT BANK**

By: \_\_\_\_\_ By: \_\_\_\_\_

(Authorised Signatory)

(Authorised Signatory)

**AUTHENTICATED** by

**CITIBANK, N.A.** without recourse,

warranty or liability and for authentication

purposes only

By: \_\_\_\_\_

(Authorised Signatory)

**SCHEDULE**

**Payments of Interest**

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Paying Agent
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

## **PROGRAMME PARTICIPANTS**

### **THE ISSUER**

#### **EURASIAN DEVELOPMENT BANK**

220 Dostyk Avenue  
050051 Almaty  
Republic of Kazakhstan

### **THE ARRANGERS AND THE DEALERS**

#### **UBS Limited**

100 Liverpool Street  
London EC2M 2RH  
United Kingdom

#### **VTB Capital plc**

14 Cornhill  
London EC3V 3ND  
United Kingdom

### **ISSUE, PRINCIPAL PAYING AND CALCULATION AGENT**

#### **Citibank, N.A.**

Citigroup Centre  
25 Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **LEGAL ADVISERS TO THE ARRANGERS**

*as to English law*

[•]

*as to Kazakh law*

[•]