AGREEMENT

Establishing the Eurasian Development Bank (Astana, 12 January 2006)

The Contracting Parties, desirous to contribute to the economic development of, and enhance trade and economic ties between, the member states of this Agreement, hereby agree as follows:

Article 1

The Eurasian Development Bank (hereinafter “Bank”) is hereby established to foster the strengthening and development of market economy in the member states of this Agreement and to enhance trade and economic integration among them by engaging in investment activities.

The Bank shall promote international financial and economic co-operation through participation in the activities of other international financial and banking institutions and unions.

Article 2

In carrying out its activities, the Bank shall be governed by the generally adopted principles and standards of international law, applicable international treaties, this Agreement, and the Charter of the Bank.

The Bank shall function in accordance with the generally adopted banking principles.

The Charter of the Bank is approved by, and shall be an integral part of, this Agreement, and is executed as an Annex hereto.

In order to perform its functions, the Bank may enter into agreements with the Governments of the member states of this Agreement setting forth the terms of the Bank’s presence therein, and other agreements with the central (national) banks or other authorised bodies of the member states.

Article 3

After this Agreement comes into effect, it may be joined by other states or international organisations, upon condition that they comply with the requirements and procedures set forth by the Charter of the Bank.

This Agreement shall become binding on a joining state or international organisation on the date that it furnishes the depository with an instrument of accession. Since the date of the initial submission of such an instrument and for as long as this Agreement remains a multilateral agreement, the Ministry of Foreign Affairs of the Russian Federation shall function as the depository.
Article 4

Each party hereto may cease to be a member of the Bank by giving the depositary a written notice to that effect and fulfilling the conditions set forth by the Charter of the Bank.

This Agreement shall cease to be binding on such a party on the date of final settlement between it and the Bank as per the Charter of the Bank.

Article 5

This Agreement may be amended or supplemented by consent of all parties, and any such amendments or supplements must be executed in the form of separate memoranda.

Article 6

Any disputes arising in connection with the application or interpretation of the provisions hereof shall be settled by negotiations and consultations of the parties.

Article 7

This Agreement shall come into effect on the date of receipt, through diplomatic channels, of the final written confirmation to the effect that the Contracting Parties have completed the internal procedures required for giving effect to this Agreement.

The provisions of Article 8.4 of the Charter of the Bank shall apply provisionally since the signing date hereof.

Executed in Astana this 12 January 2006 in two counterparts in the Russian language.

For the Russian Federation: [signature] For the Republic of Kazakhstan: [signature]
CHARTER
OF
THE EURASIAN DEVELOPMENT BANK

The Eurasian Development Bank (hereinafter “Bank”) is established and operates in accordance with the Agreement Establishing the Eurasian Development Bank signed on 12 January 2006 (hereinafter “Agreement”).

This Charter is an integral part of the Agreement.

Section I
Purpose, Functions and Membership of the Bank

Article 1
Purpose of the Bank

The purpose of the Bank is to contribute to the development and growth of market economy in the member states and to promote trade and economic integration among them by engaging in investment activities.

The Bank shall carry out its activities aimed at strengthening international financial and economic co-operation upon the principle that membership of the Bank is open to new states and international organisations.

Article 2
Functions of the Bank

To implement its purpose, the Bank shall have the following functions:

engaging in investment activities for the benefit of socioeconomic development of the member states, by financing projects and programmes, providing guarantees, and holding interest in authorised capital of other organisations, using for that purpose its own capital, funds raised on international or national financial markets, or other available resources;

consulting the member states in matters related to economic development, efficient use of resources, and enhancing trade and economic ties, and collecting and analysing information in the area of national and international finance;

liaising with international organisations, states, national institutions and entities of the member states or other countries interested in financing economic development; and
other activities not contradicting its purpose, as stated in the Agreement, bilateral agreements made between it and the member states or their central (national) banks or other authorised bodies, or international banking practices.

**Article 3**  
**Status and Seat of the Bank**

1. The Bank is an international organisation and subject of international law having international legal capacity, in particular, to enter into international treaties in accordance with the scope of its powers.

2. The Bank may exercise the rights of a legal entity in the member states; in particular, the rights to:
   
   (a) enter into any transactions not contradicting this Charter;
   
   (b) take on lease, acquire, alienate or otherwise dispose of any movable or immovable property;
   
   (c) act in courts or arbitral tribunals. In the member states, the Bank may exercise the same procedural rights in order to protect its interests as are accorded to legal entities by the laws of the respective member states; and
   
   (d) take any other actions aimed at implementing its purpose as per this Charter.

3. The Bank shall bear no liability for the obligations of its members and the member states of the Bank shall bear no liability for the obligations of the Bank. The members’ risk of losses associated with the Bank’s activities shall be limited to the value of shares held by them.

4. The seat of the Bank shall be Almaty, the Republic of Kazakhstan.

5. The activities of the Bank in the member states shall be governed by applicable international treaties, the Agreement, this Charter, agreements setting forth the terms of the Bank’s presence in the member states made between the Bank and the Governments of the member states, other agreements made with the central (national) banks or other authorised bodies of the member states or, in any matters not covered by the foregoing, the laws of the respective member states.

   The provisions of the laws of the member states regulating the establishment, licensing, regulation and termination of activities of an organisation shall not apply to the Bank.

6. The Bank may establish branches, representative offices and/or subsidiary banks or companies, pursuant to resolutions of its Council and subject to approval by the member states.

**Article 4**  
**Membership of the Bank**

1. The founders of the Bank are the Russian Federation and the Republic of Kazakhstan, in the person of their respective Governments.
2. The founders of the Bank shall become members upon paying up the Bank’s shares in accordance with Article 8.2 hereof.

3. Membership of the Bank is open to other states or international organisations interested in, and sharing the purpose of, the Bank. Newly admitted states or international organisations shall become members of the Bank pursuant to resolutions of the Council adopted as per this Charter, upon joining the Agreement and paying up shares in the Bank in the manner prescribed by the Council.

Section II
Capital of the Bank

Article 5
Authorised Capital

The authorised capital stock of the Bank shall be one billion five hundred million (1,500,000,000) US dollars divided into one million five hundred thousand (1,500,000) shares having a par value of one thousand (1,000) US dollars each. Each paid share shall confer the right to cast one vote.

Article 6
Initial Subscription to the Authorised Capital

1. The founders of the Bank shall initially subscribe to such numbers of shares of the authorised capital stock of the Bank as indicated in the Annex which is an integral part hereof.

2. If any founder of the Bank announces subscription or subscribes to a lesser number of shares than that indicated in the Annex hereto, the Council shall promptly propose to the other founder to exercise the right of subscription to the remaining number of shares. The said right must be exercised within one year of the date of receipt of the respective proposal. In the event the said right is waived, the Council shall decide whether to repeatedly offer such shares for subscription or reduce the size of the authorised capital accordingly.

Article 7
Changing the Size of the Authorised Capital

1. The size of the authorised capital stock of the Bank may be increased, pursuant to resolution of the Council, by issuing additional shares in the manner prescribed by this Charter and the Council.

Any such additional shares must be distributed by way of additional subscription.

The members of the Bank shall have the pre-emptive right to acquire shares by way of additional subscription, pro rata their respective shares in the authorised capital stock immediately prior to increase. However, the members have no obligation to subscribe to such additional shares. In the event any member waives its pre-
emptive right in full or in part, the procedure of subscription to undistributed shares shall be determined by the Council.

2. The size of the authorised capital stock of the Bank may be reduced, pursuant to resolution of the Council, by reducing the number of shares in the manner prescribed by this Charter and the Council.

**Article 8**

**Payment of Subscriptions**

1. Any shares offered for initial subscription shall be paid *par value*.

2. Each founder of the Bank shall pay up at least twenty (20) percent of shares of the authorised capital reserved for such a founder in accordance with the Annex hereto, within thirty (30) days of the date that such a founder commences utilising its annual budget in the year following the effective year hereof.

3. In respect of the remaining portion of shares, each founder shall assume payment obligations payable annually within two (2) years by equal instalments, provided that the first such instalment must be made within twelve (12) months of the payment referred to in paragraph 2 of this Article.

4. The initial contribution to the authorised capital referred to in paragraph 2 of this Article may be made ahead of schedule after the Agreement is signed. Any such contribution towards the authorised capital shall be transferred to a temporary deposit account opened with the National Bank of the Republic of Kazakhstan.

The obligation of a founder to contribute to the authorised capital shall be deemed fulfilled upon transfer of money from the said temporary account to the account of the Bank opened in accordance with paragraph 9 of this Article.

5. Members may pay up shares of the authorised capital ahead of schedule.

6. If any of the founders does not pay up its shares in full by way of initial subscription within two (2) years as indicated in paragraph 3 of this Article, the Council shall determine a procedure of acquiring such unpaid shares by other members. If the right to subscribe is waived by all members, the Council shall decide whether to repeatedly offer such shares for subscription or reduce the size of the authorised capital accordingly.

7. Shares shall be paid up in US dollars.

8. Each member may pay up shares of the authorised capital partially in a non-monetary form (property), on such terms as the Council may determine, provided that the total value of property so contributed does not exceed 10 percent of the share of such a member in the authorised capital.

Any property handed over to the Bank as contribution to its authorised capital must be free of any encumbrances.

The value of such contributed property shall be established by an independent appraiser selected by the Council, and the value so established shall be approved by the Council.
9. The proceeds of subscription to shares by the founders shall be transferred to the account of the Bank opened with the National Bank of the Republic of Kazakhstan.

Section III
Resources, Business and Transactions of the Bank

Article 9
Resources of the Bank

1. The Bank shall operate using its own or borrowed funds.

2. The resources and services of the Bank shall be provided exclusively for implementing its purpose and performing its functions herein indicated, in accordance with the rules, procedures and provisions approved by the Council.

The Bank shall ensure that the terms of provision of its resources and services to member states comply with the national laws of the respective member states and are protected so as to exclude any obstacles to its operation, repayment of any debt to it, or satisfying any its justifiable claims.

3. The Bank may establish special funds for the purposes of its particular functions.

The Bank shall establish and manage reserves and other special-purpose funds out of its profit, in accordance with the procedures approved by the Council.

4. The Bank may, pursuant to resolutions of the Council, assume contractual obligations to manage special funds established by members, groups of members or other organisations for any purposes which are in line with the purpose and functions of the Bank. Any costs of managing such special funds shall be paid out of the respective funds.

Article 10
Investment Activities

1. Within the framework of its investment activities, the Bank shall finance projects and programmes, provided always that priority shall be given to those envisaged by international and inter-governmental agreements of the member states; provide guarantees, including bank guarantees, and letters of comfort; and hold interest in authorised capital of other organisations.

2. The Bank shall provide loans in hard currencies and the national currencies of the member states. The terms of provision and repayment of such loans shall be determined by respective agreements with the borrowers.

The Bank may provide loans jointly with international financial institutions, commercial banks, or other interested institutions.

3. The Bank shall carry out its investment activities in accordance with the Regulation on Investment Activities approved by the Council.
When engaging in investment activities, the Bank shall secure its own interests; in particular, it shall organise and participate in appraisal of proposed investment projects and assess the solvency of respective beneficiaries.

4. The amount of the Bank’s investments in the authorised capital of other organisations may not exceed the total of its own paid-up authorised capital, profit and reserves.

5. The Bank shall also provide other services associated with project financing to member states and other states wishing to avail themselves of such services.

Article 11
Collection and Analysis of Information

1. The Bank shall collect, systematise and analyse information on the condition of economy and financial markets; investment opportunities; monetary and currency relations; and banking and currency control laws in member states. The results shall be used to prepare information and analytical materials for member states and other users.

2. The Bank may enter into agreements on exchange of information with other organisations.

Article 12
Borrowing and other Business of the Bank

1. In implementing its purpose and functions as stated herein, the Bank may engage in the following activities:

(a) issue, placement, circulation, redemption and retirement of its own securities on such terms as may be determined by the Council;

(b) placement or participation in placement of securities issued by other organisations;

(c) raising funds on international and national financial markets;

(d) investment or depositing of money (including the resources of its special funds) which are currently not in use;

(e) consulting services;

(f) leasing;

(g) sale and purchase of currency or rights/claims in foreign currency;

(h) transactions in precious metals, gemstones or other currency valuables;

and

(i) other transactions as may be necessary for implementing the purpose of the Bank, which are not prohibited by this Charter.

2. The Bank may not accept retail deposits.
Section IV
Management of the Bank

The management of the Bank is the function of the Council, the Executive Board, and the Chairman of the Executive Board of the Bank.

Article 13
Council of the Bank

1. The Council is the supreme managing body in charge of the overall management of the Bank.

2. Each member of the Bank shall appoint one plenipotentiary representative and his/her deputy to the Council, which persons shall be members of the Council, and officially notify the Bank of such appointment.

   Each plenipotentiary representative may cast as many votes as the respective member of the Bank represented by him/her has. If a plenipotentiary representative is absent from any meeting of the Council, his/her deputy shall act, e.g. vote, in his/her stead.

3. The Council shall annually elect one of the plenipotentiary representatives as Chairman of the Council, who shall act in this capacity until a new Chairman is elected.

   The Council may also elect other members of the Council as Deputy Chairmen of the Council.

4. The Chairman and Deputy Chairmen of the Council, and plenipotentiary representatives and alternates shall not be remunerated for their duties.

Article 14
Powers of the Council

1. The powers of the Council shall cover the following matters:
   (a) determination of the main areas of activities of the Bank, including credit policy, in accordance with the Bank’s purpose and tasks;
   (b) admittance of new members and determination of the terms of such admittance;
   (c) admittance of new members by way of assignment of shares to such new members;
   (d) making decisions on increasing or reducing the authorises capital of the Bank;
   (e) making decisions on redistribution of shares of the authorised capital among members;
   (f) appointment and retirement of the Chairman of the Executive Board on the founders’ proposal;
   (g) determination of the remuneration of the Chairman of the Executive Board;
(h) approval of nominees for Deputy Chairmen of the Executive Board on proposals by the Chairman of the Executive Board;

(i) approval of the organisational structure of the Bank;

(j) approval of annual reports of the Executive Board, annual balance sheets, and profit and loss statements of the Bank, based on audit reports;

(k) approval of annual budgets of the Bank for each forthcoming financial year;

(l) approval of the procedure of selecting external auditors; external auditors; and the procedures of the Internal Audit Service and the Revision Committee of the Bank;

(m) making decisions on establishing internal funds; the size of reserves and other funds; and distribution of profit of the Bank;

(n) selection of the Bank’s priorities in international co-operation and making decisions on entering into agreements on co-operation with international organisations;

(o) making decisions on establishing branches and subsidiary banks/companies;

(p) suspension of operation of members of the Bank;

(q) making decisions on suspension of operations or initiation of winding-up of the Bank, including the timeframe and terms of distribution of its net assets among members;

(r) making decisions on amending this Charter;

(s) approval of the Regulation on Investment Activities of the Bank;

(t) consideration and approval of the Bank’s investment projects covered by the scope of powers of the Council in accordance with the Regulation on Investment Activities of the Bank;

(u) determination of the procedure of winding up the Bank;

(v) approval of the rules of the Council; and

(w) any other matters covered by the scope of powers of the Council in accordance with this Charter.

2. The Council may delegate to the Executive Board its powers in respect of certain matters, except matters which require the respective powers and/or decisions of the Governments of the member states.

3. For voting on matters referred to in paragraphs (b), (d), (e), (f), (o), (p), (q) and (r) of clause 1 of this Article, members of the Council must have the respective powers and/or decisions of the Governments of member states.

4. A contract with the Chairman of the Executive Board shall be signed by the Chairman of the Council or a member of the Council on written instruction by the latter.
Article 15

Voting in the Council

1. Each member of the Bank shall have one vote per paid share of the authorised capital of the Bank.

2. The Council shall meet as necessary, however, at least twice a year.

   Extraordinary meetings of the Council may be convened by the Executive Board, the Chairman of the Executive Board, or members of the Bank holding at least one-fourth of votes in the paid-up authorised capital of the Bank.

3. A meeting of the Council shall be capable if it is attended by plenipotentiary representatives of members holding at least three-fourths of all votes.

4. Decisions on matters referred to in paragraphs (a), (b), (d), (e), (o), (p), (q), (r) and (u) of clause 1 of Article 14 hereof may be adopted only by the majority of three-fourths of votes. If the Council is to adopt a decision on suspending any member, objection by such a member shall not be taken into account in vote count.

5. If the authorised capital of the Bank comprises not more than two members, decisions on matters referred to in paragraph (k) of clause 1 of Article 14 hereof may be adopted by unanimous vote only.

6. Decisions on any other matters related to the Bank’s operation may be adopted by simple majority of votes of the Council.

7. Members of the Council may vote by correspondence. Any decision put to the vote by correspondence must be documented in the form of minutes of the Council, which minutes must be circulated to all members of the Council.

8. For the purposes of its operation, the Council may establish auxiliary bodies which shall not be managing bodies of the Bank.

Article 16

Executive Board of the Bank

1. The Executive Board is a permanent collegial executive body of the Bank.

   The functioning of the Executive Board shall be regulated by the Council. The Executive Board shall act in accordance with this Charter and resolutions of the Council.

   The Executive Board shall be accountable to the Council.

2. The powers of the Executive Board shall cover the following matters:

   (a) development of programmes of activities of the Bank, including investment activities, and proposals on solving the strategic tasks of the Bank;

   (b) preparations for meetings of the Council, and submission of annual financial reports and draft annual budgets of the Bank to the Council for approval;

   (c) organisation of assessment of the Bank’s investment portfolio; assessment of the Bank’s resource potential; preparation of proposals on the order of priority of projects to be financed; making decisions on financing projects covered by the scope of its powers, as determined by the Council; and preparation of opinions on projects
with investment exceeding the limits set by the Council, for consideration by the Council;

(d) assessment of proposals on investing or raising funds; determination of an efficient structure of assets and liabilities of the Bank for maintaining liquidity and generating profit; and control of risks and liquidity;

(e) approval of rates of the Bank’s services;

(f) approval of the rules and procedures of the Bank;

(g) maintenance of the register of members of the Bank; and

(h) other matters not covered by the scope of powers of the Council.

3. The number of members of the Executive Board shall be determined by the Council. Members of the Executive Board shall be appointed and relieved from office by the Council. No member of the Executive Board may at the same time be a member of the Council.

The Council may appoint heads of the structural departments of the Bank to the Executive Board on proposal by the Chairman of the Executive Board. The Chairman of the Executive Board shall distribute duties among members of the Executive Board. If necessary, the Council may revise the composition or number of members of the Executive Board.

4. The Executive Board shall meet as necessary, however, at least bimonthly. A meeting of the Executive Board shall be capable if it is attended by at least two-thirds of all members of the Executive Board.

Resolutions at meetings of the Executive Board shall be adopted by a majority of vote. Each member of the Executive Board shall have one vote. In the event of equality of votes, the Chairman of the Executive Board shall have a casting vote. Resolutions adopted by the Executive Board shall be compulsory.

Members of the Executive Board may record their comments or proposals in the minutes of meetings of the Executive Board. Minutes of meetings of the Executive Board shall be signed by the Chairman of the Executive Board.

Article 17

Chairman of the Executive Board

1. The Chairman of the Executive Board shall manage the activities of the Bank and the Executive Board in accordance with the scope of his rights and powers as indicated in this Charter and resolutions of the Council.

2. The Chairman of the Executive Board shall be elected for a term of four years and may be re-elected. The Chairman of the Executive Board may be relieved from office by a vote of not less than three-fourths of the total number of members of the Council.

The Chairman of the Executive Board shall attend meetings of the Council and have a deliberative vote.

The Chairman of the Executive Board may not at the same time be an plenipotentiary representative of a member in the Council or his/her deputy.
3. The Chairman of the Executive Board shall be the official representative of the Bank and have the powers to:

(a) manage the day-to-day business of the Bank in accordance with resolutions of the Council and Executive Board;

(b) enter into transactions on behalf of the Bank without a power of attorney, and represent the interests of the Bank in relationships with states and international financial institutions and other organisations;

(c) approve the staffing table of Bank; employ and dismiss employees of the Bank, and determine their duties and remuneration within the limits of a budget approved by the Council;

(d) propose candidates for the Internal Audit Service; and

(e) issue orders and instructions binding on all employees of the Bank.

4. The Chairman of the Executive Board shall be responsible to the Council for implementing resolutions of the Council, organising the operation of the Bank, and the Bank’s performance.

5. The Council shall appoint Deputy Chairmen of the Executive Board on proposals by the Chairman of the Executive Board, and the Chairman of the Council shall determine the duties and powers of such Deputies. Deputy Chairmen of the Executive Board shall be members of the Executive Board. In the absence of the Chairman of the Executive Board, his/her duties and powers shall be exercised by a Deputy appointed by him/her. If the Chairman of the Executive Board is unable to perform his/her duties, one of his/her Deputies selected by the Chairman of the Council shall act in his/her stead and exercise his/her powers.

Section V

Certain Aspects of Business of the Bank

Article 18

International Character of the Bank. Prohibition of Political Activity

1. When making any decisions, the Bank, the Chairman of the Executive Board, Deputy Chairmen of the Executive Board, members of the Executive Board and employees of the Bank shall be governed solely by the interests, purpose and functions of the Bank as herein stated.

2. When performing their duties, the Chairman, Deputy Chairmen and members of the Executive Board and employees of the Bank shall act solely in the interests of the Bank.

Each member of the Bank shall respect the international character of his duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

3. The Bank shall not accept loans or assistance that may in any way prejudice or otherwise alter its purpose or functions.
4. The Bank, the Chairman of the Executive Board of the Bank, Deputy Chairman of the Executive Board, members of the Executive Board and employees of the Bank shall avoid involvement in any political events taking place in the member states of the Bank. Decisions adopted by the bodies of the Bank must be free from political pressure from the members of the Bank.

When making any decisions, the bodies of the Bank shall be governed exclusively by the considerations of achieving the objectives set forth in this Charter.

Article 19
Communication Channels
Each member shall designate an appropriate official entity with which the Bank may communicate in connection with any matter arising under this Charter.

Article 20
Bank Secrets
The Bank shall ensure that the laws of the member states governing bank secrets are complied with at all times.

Article 21
Working and Official Language of the Bank
The working and official language of the Bank shall be Russian.

Article 22
Financial Year of the Bank
A financial year of the Bank shall begin on 1 January and end on 31 December.

Article 23
Distribution of Profit
1. Subject to resolution of the Council, profit may be distributed among members of the Bank only if its reserves become equal to at least fifteen (15) percent of its authorised capital. Profit may be distributed by resolution of the Council after approval of an annual report certified by an external auditor, and shall be allocated, \textit{inter alia}, towards replenishment of reserves or other funds of the Bank.

2. Profit shall be distributed among members of the Bank \textit{pro rata} the number of shares paid up by them at the end of the financial year in which such profit was generated.
Article 24

Audit and Publication of Reports of the Bank

1. In order to control its finance and business, the Bank shall establish an Internal Audit Service within its structure; the composition of such a service shall be approved by the Council of the Bank for a term of one year which may be then extended. The Internal Audit Service shall be accountable to the Council.

2. Independent external audit of the Bank shall be carried out in order to check and verify the reliability of its annual reports on an annual basis.

   The procedure of selecting an independent international professional auditor licensed to provide audit services and having no proprietary interest in the Bank or any of its members shall be determined by the Council.

   The Council of the Bank shall annually appoint an independent international audit firm named as the best in a selection procedure, and authorise the Chairman of the Executive Board to make a contract with it.

3. The Bank shall circulate to members annual reports and respective auditor’s reports not later than the first quarter of the year following the reporting year.

   The Bank shall publish its financial reports and any other reports as it may deem necessary for implementing its purpose and functions, with due regard for the generally adopted banking principles.

Article 25

Revision of Operations of the Bank

1. Revision of the Bank’s operations shall be carried out by the Revision Committee appointed by the Council for a term of four years. The Revision Committee shall comprise a Chairman and members of the Revision Committee.

2. The Chairman and members of the Revision Committee may not hold any posts in the Bank.

3. The organisation and procedures of revisions shall be determined by the Council.

4. The Chairman of the Executive Board shall furnish the Revision Committee with any and all materials necessary for revision.

5. Reports by the Revision Committee shall be submitted to the Council at least annually.
Section VI
Withdrawal, Suspension of Operations and Winding-Up

Article 26
Withdrawal

1. Any member of the Bank may withdraw by giving the Council a written notice to that effect.

Since the date of receipt by the Bank of such a notice:

(a) all rights accorded to such a member in accordance with the Agreement and this Charter shall terminate, except the right to withdraw from the Bank;

(b) a withdrawing member may not vote on any resolutions being adopted by the Executive Board or the Council. However, a withdrawing member shall continue to bear all its direct and contingent obligations to the Bank for as long as any part of loans, investments in the authorised capital or guarantees provided to it prior to withdrawal remains outstanding; and

(c) a withdrawing member shall bear no obligations in respect of any loans, investments in the authorised capital or guarantees provided after its withdrawal notice has been received by the Bank, nor shall it take part in the distribution of profit and losses of the Bank.

2. An agreement setting a timeframe and procedure of settlement between a withdrawing member and the Bank shall be executed within six months of the date that a withdrawal notice from such a member was received by the Bank.

3. A withdrawing member may cancel its withdrawal notice by notifying the Bank in writing to that effect within six months of the date that a withdrawal notice from such a member was received by the Bank, or prior to the date of the agreement setting a timeframe and procedure of settlement between such a withdrawing member and the Bank.

4. A member which has given the Bank a withdrawal notice shall cease participation in the operations of the Bank since the date of the agreement setting a timeframe and procedure of settlement between such a withdrawing member and the Bank, however, not later than in six months of receipt of a withdrawal notice by the Bank.

5. A withdrawing member and the Bank shall remain liable for their obligations of a bank and a client.

Article 27
Settlement of Accounts with Former Members of the Bank

1. Prior to the date that a withdrawing member ceases participation in the operations the Bank, the Bank and such a withdrawing member may agree upon repurchase of shares held by such a member in the authorised capital of the Bank on mutually beneficial terms.
2. If no agreement on repurchase of shares held by a withdrawing member in the authorised capital of the Bank is reached within six months of the date that a withdrawal notice from such a member was received by the Bank, the Bank shall repurchase the shares of such a member on the following terms:

   (a) the repurchase price shall be set based on the value of the net assets of the Bank as of the date that a withdrawal notice from such a member was received by the Bank and shares in the authorised capital paid up by such a member;

   (b) payment for shares may be made from time to time, upon their surrender to the Bank by the former member concerned, in such an amount, such a time and such a currency(ies) as the Council may determine taking into account the financial position of the Bank;

   (c) payment may be made from time to time to the extent that the sums due as the repurchase price exceed the total liabilities to the Bank referred to in Article 26.1(b) hereof;

   (d) any sum due to a member for its shares shall be withheld for as long as such a member or any of its structures owes the Bank any sum, and the Bank may, at its option, set off any such sum at the time when it becomes due against any sum due to the Bank;

   (e) if net losses are sustained by the Bank on any transactions which were outstanding on the date of cessation of membership, which transactions have been entered into as per this Charter, and the amount of such losses exceeds the amount of the reserve provided against losses on such transactions, the withdrawing member concerned shall repay, upon demand, the amount by which the repurchase price of its shares would have been reduced if the losses had been taken into account when the repurchase price was determined; and

   (f) no sums due to a withdrawing member for its shares may be paid earlier than six months from the date that a withdrawal notice from such a member was received by the Bank. If, within six months of the date of withdrawal from the Bank, the Council adopts the resolution to wind up the Bank as per Article 14.1(q) hereof, all rights of such a member and any matters with respect to relationships between it and the Bank shall be governed by the provisions of Article 30(4) hereof.

3. Depending on the results of settlement of accounts with a withdrawing member, its shares in the authorised capital repurchased by the Bank may, at the discretion of the Council, be offered to other members of the Bank.

Article 28
Suspension of Membership

1. If a member fails to fulfil any of its obligations to the Bank, the Bank may suspend such a member. Suspension of membership requires a resolution of the Council adopted as per Article 15.4 hereof.

2. During the period of suspension the activities of a member referred to in paragraph 1 above shall be subject to the provisions of Article 26.1 hereof.

3. If the Council does not resolve to restore a suspended member to good standing within a year, such a member shall be deemed expelled from the Bank.
Further relationships between such a member and the Bank shall be subject to Articles 26 and 27 hereof.

**Article 29**

**Temporary Suspension of Operations**

In an emergency, the Executive Board may, by a vote of not less than three-fourths of the total number of all votes, temporarily suspend operations in respect of new loans and guarantees, placement of securities, technical assistance or investments in authorised capital, pending an opportunity for further consideration and action by the Council.

**Article 30**

**Termination of Operations and Winding-Up**

1. The resolution to initiate winding-up of the Bank shall be the power of the Council. The resolution to wind up the Bank shall be the power of members of the Bank.

2. After the Council adopts the resolution to initiate winding-up, the Bank shall forthwith cease all activities, except those incident to the orderly realisation, conservation and preservation of its assets and settlement of its obligations.

Until the final settlement of obligations and distribution of assets, all the mutual rights and obligations of the Bank and its members shall remain in effect.

3. Creditors’ claims shall be satisfied out of the assets of the Bank. Prior to payment of any claim, the Executive Board shall take measures to ensure proportionate distribution of payments among all the holders of claims.

4. The assets of the Bank shall be distributed in the following manner:

   (a) assets may be distributed among members of the Bank after all the obligations of the Bank to creditors are settled or a reserve for such settlement is created;

   (b) any distribution of the assets of the Bank shall be pro rata the portion of the authorised capital paid up by each member of the Bank, and subject to the timeframe and terms approved by the Council. The assets distributed among members of the Bank may be of different types. No member of the Bank shall be entitled to receiving its share in the assets to be distributed unless and until it discharges all its obligations to the Bank; and

   (c) a member of the Bank receiving any distributed assets as per this Article shall have the same rights in respect of such assets as the Bank has had in respect of them prior to distribution.

**Section VII**

**Immunities, Exemptions and Privileges of the Bank**

To enable the Bank effectively to fulfil its purpose and carry out the functions entrusted to it, the immunities, exemptions and privileges set forth in this Section and
fixed in the agreements between the Bank and its members shall be accorded to the Bank in the territory of each member.

Article 31

Immunities and Privileges of the Bank

1. The Bank shall enjoy immunity from every form of legal process, except in cases not arising out of or in connection with the exercise of its powers. Actions may be brought against the Bank only in a court of competent jurisdiction in the territory of a state in which the Bank has its principal or a branch office, a subsidiary bank or a representative office, or has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.

2. Notwithstanding the provisions of paragraph 1 of this Article, no action shall be brought against the Bank by any member, or by any agency of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member. Members shall have recourse to such special procedures for the settlement of disputes between the Bank and its members as may be provided for in this Charter, rules and regulations of the Bank, or contracts entered into between the Bank and its members or international organisations.

3. Property and assets of the Bank located in member states shall be immune from search, requisition, attachment, confiscation, expropriation or any other form of taking or foreclosure unless and until a final judgment is delivered against the Bank.

4. To the extent necessary to carry out the purpose and functions of the Bank effectively and subject to the provisions of this Charter, the property and assets of the Bank shall be free from any restrictions, regulations or moratoria of any kind.

5. The archives of the Bank and, in general, all documents, belonging to it, or held by it, shall be inviolable in the territory of its members.

6. Official communications of the Bank shall be accorded by each member treatment not less favourable than that it accords to the official communications of any other government, including diplomatic missions, with respect to priority, tariffs, rates or prices of postal messages, cablegrams, telegrams, radiograms, telephone or other means of communications, as well as with respect to the application of reduced rates for the purpose of transfer of information to the mass media. The costs of such services shall be paid out of the Bank’s funds.

7. The plenipotentiary representatives of the Bank and their deputies, Chairman, Deputy Chairmen and members of the Executive Board, and all employees of the Bank shall be immune from legal process with respect to legal prosecution performed by them in their official capacity. Such immunities shall not extend to civil liability for damage done in car accidents.

Article 32

Tax Exemptions

1. The Bank, its income, property, assets, and its operations and transactions carried out as per this Charter in the territory of member states shall be exempt from all taxes, duties, levies or fees, except charges for particular services.
2. No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to the Chairman, Deputy Chairmen and members of the Executive Board, and employees of the Bank.

   Each member reserves the right not to apply the above exemption to their own citizens or nationals or persons permanently resident in the territories of such members.

3. No tax of any kind shall be levied on any obligation or security issued by the Bank in member states, including any dividend or interest thereon, by whomsoever held:

   (a) which discriminates against such obligation or security solely because it is issued by the Bank; or

   (b) if the sole legal basis for such taxation is the place or the currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

Article 33
Waiver of Immunities and Privileges

The Council may waive to such extent and upon such conditions as it may determine, the immunities, exemptions and privileges provided in this Chapter, in cases where such action would, in its opinion, be appropriate in the best interests of the Bank.

The Chairman of the Executive Board shall have the duty to waive any immunity, exemption or privilege in respect of any employee of the Bank except the Chairman, Deputy Chairmen and members of the Executive Board, where, in his opinion, the immunity, exemption or privilege would impede the course of justice and can be waived without prejudice to the interests of the Bank. In similar circumstances and under the same conditions, the Council shall have the duty to waive any immunity, exemption or privilege respecting the Chairman, Deputy Chairmen and members of the Executive Board.

Section VIII
Final Provisions

Article 34
Amendments

Any proposal to amend this Charter emanating from the plenipotentiary representative of a member shall be communicated to the Chairman of the Council who shall submit the proposal to the Council for consideration.

This Charter may be amended or supplemented by consent of members, and any such amendments or supplements must be executed in the form of separate memoranda and shall be given effect in a manner therein prescribed.
Article 35

Settlement of Disputes over Interpretation or Application of this Charter

Any dispute over interpretation or application of this Charter arising between members, or between members and the Bank shall be settled by means of consultations and negotiations of the parties concerned.

Article 36

Settlement of Disputes Arising Out of Operations of the Bank

1. Any dispute arising out of operations of the Bank between the Bank and members, or between the Bank and a party which ceases to be a member, or between the Bank and any member after adoption of a resolution to suspend or terminate the operations of the Bank, such dispute shall, wherever possible, be settled by means of consultations and negotiations of the parties concerned.

2. If such a dispute is not settled by means of consultations and negotiations, each party may submit the dispute, in the due manner, to the Council for decision.

3. Each party may contest the decision made by the Council by submitting the dispute to arbitration by a tribunal of three arbitrators, one appointed by the Bank, one by the member of the Bank concerned, and the third by consent of the first two arbitrators or, failing that, by the Chairman of the United Nations International Court of Justice. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties.
Annex

to the Charter of the Eurasian Development Bank

SUBSCRIPTION

to Authorised Capital by the Founders of the Bank

The Russian Federation: one million (1,000,000) shares, two-thirds of the authorised capital

The Republic of Kazakhstan: five hundred thousand (500,000) shares, one-third of the authorised capital