

S T A T U T E S OF THE INTERNATIONAL INVESTMENT BANK

With the amendments made at the 51st
(Extraordinary) Meeting of the
International Investment Bank Council

Members of the International Investment Bank according to the Agreement on its establishment are: Republic of Bulgaria, Hungarian Republic, Socialist Republic of Vietnam, Republic of Cuba, Mongolian People's Republic, Republic of Poland, Romania, Union of Soviet Socialist Republic, Czech and Slovak Federal Republic.

GENERAL PROVISIONS

Article 1

The International Investment Bank, hereinafter referred to as "the Bank", organizes and conducts credit as well as other banking operations in accordance with "the Agreement" on the establishment of the International Investment Bank (hereinafter referred to as the Agreement) and its Statutes.

Article 2

The Bank shall possess full juridical personality. Its name is "International Investment Bank".

The location of the Bank is the city of Moscow.

The aims and purposes of the Bank, its capacity, including competence and limits of its responsibility, provisions concerning the legal regulations of the Bank's activities, as well as privileges and immunities accorded to the Bank, to the representatives of member countries in the Council and officials of the Bank are determined by the Agreement and the Statutes of the Bank.

The Bank shall have power to:

- a) conclude international and other agreements as well as to sign contracts within its competence;
- b) purchase, rent or alienate property;
- c) appear in legal and arbitration bodies;
- d) open branches and representative offices in the country of its domicile and in the territory of other countries;
- e) issue instructions and regulations on matters within its competence;
- f) take other actions aimed at fulfillment of the functions with which it is entrusted.

Article 3

The Bank shall bear responsibility under its obligations within the limits of the property it possesses.

The Bank shall not hold responsibility under obligations of its members as well as members of the Bank shall not be responsible under obligations of the Bank.

Article 4

The Bank has a seal bearing the inscription "International Investment Bank". Branches and representative offices and subdivisions of the Bank have a seal with the same inscription plus the name of the branch, representative office or corresponding subdivision.

Article 5

The Bank guarantees secrecy of operations, documents, accounts and deposits of its clients and correspondents.

Bank's officials and employees are required to maintain secrecy as regards banking operations, documents, accounts and deposits of the Bank, its clients and correspondents.

MEMBERSHIP

Article 6

The founders of the Bank are the countries which signed and ratified the Agreement.

Membership in the Bank shall be open to other countries, interstate banking, financial and economic organizations. Participation in the Bank's activities can be other banking and financial organizations on the basis of the special status, which is determined for them by the Council of the Bank.

Procedure of becoming a member of the Bank is established by the Article XXI of the Agreement.

Those wishing to join the Bank in accordance with Article 1 of the Agreement may file with the Council of the Bank an official application indicating that they share the aims and principles of the Bank's activities and accept all the obligations arising from the Agreement and Statutes of the Bank.

Acceptance of new member is by decision of the Council of the Bank.

Any member of the Bank may withdraw from the Bank by transmitting a notice at the Council of the Bank not less than six months in advance. During that period the relations between the Bank and its member concerned are to be settled under their mutual obligations.

RESOURCES OF THE BANK

Article 7

The resources of the Bank include contributions of members to its authorized capital, interested members' contributions to their special funds, the attraction of funds in any form from members of the Bank and international money markets, and the transfer of a proportion of profits to the reserve capital of the Bank and its own special funds.

Article 8

The authorized capital stock of the Bank is 1.300 million ECU. It is formed in convertible currencies, as well as in national currencies of the member-countries or in gold. Besides the share of the national currencies in the authorized capital shall not exceed 5%.

The authorized capital shall be used for the purposes set out in the Agreement and the Statutes of the Bank and shall serve as security of the Bank's obligations.

The authorized capital may be increased in accordance with provisions of the Agreement.

Contributions to the authorized capital shall be made in conformity with provisions of the Agreement and decisions of the Council of the Bank.

The member of the Bank which paid its installment into the authorized capital receives a certificate from the Bank which serves as an acknowledgment and evidence of the payment made.

In case of withdrawal from the Bank the amount paid to the authorized capital shall be taken into account when regulating relations between that member and the Bank under their mutual obligations.

Article 9

The Bank forms reserve capital and can also create its own special funds. The reserve capital and special funds are made out of the bank's profit.

Article 10

Special funds of the Bank can be created from resources of interested countries and organizations.

Purposes, amounts, terms and conditions of making and using those special funds are by corresponding agreements between interested countries, organizations and the Bank.

Article 11

The Bank may attract funds in convertible currencies, national currencies of interested member-countries of the Bank and by obtaining financial and banking credits and loans issuing bond loans and other securities deposits, and also by other means.

CREDIT OPERATIONS OF THE BANK

Article 12

The Bank grants credits to the borrowers indicated in the Agreement out of its own resources and attracted funds in the currencies agreed upon between the Bank and the borrower, takes part with other banking institutions in granting such credits and issues guarantees under obligations of banks, economic organizations and enterprises in the manner established by the Board of the Bank.

Article 13

Long and medium-term credits, whether representing a project's sole source of finance or being complemented by the borrower's own resources, are granted from the Bank's own capital, reserves and borrowings.

Each credit or guarantee granted by the Bank must be the subject of an agreement.

Credit contract provides for economic and financial and banking criteria, characterizing high efficiency of financial projects, financial status of the borrower, terms of granting, using and repayment of a credit and provision of its reimbursement.

Credits are provided primarily for carrying out projects of high efficiency.

Economic, financial and banking criteria are determined by the Board of the Bank depending on the character and purpose of the capital investments.

The Bank at its discretion carry out an appraisal or can send the plan of a project,

technical documentation and estimate for an appraisal to the competent national organizations or international groups of specialist. Data necessary for carrying out an appraisal are provided for with the help of beneficiaries of credits.

When giving credits and guarantees the Bank may require provision with appropriate security.

The manner of granting and repayment of credits, security, terms and conditions which are to be stipulated in credit contracts are determined by the Council of the Bank and the Board within their competence.

The Bank grants credits to the borrowers in particular member-countries by consent of the Central Bank or other authorized bodies in conformity with the national law of the borrower.

Article 14

Credits are granted for up to 15 years, and under the special decision of the Council of the Bank for a longer period.

Article 15

Repayment of credits granted by the Bank is effected by the borrower in accordance with the schedule prescribed in the credit contract. Repayment starts as a rule not later than six months after the date fixed in the contract of putting the project into operation.

Repayment of credits is made in the currencies in which it is granted or in other currencies upon agreement between the Bank and the borrower.

Article 16

1. The Bank shall take necessary measures to ensure that credits and guarantees are used only for the purpose they are granted and that they are used efficiently.

For this purpose the Bank shall be authorized:

a) when carrying out credit, guarantee and other banking operations to permit the borrower to draw on a credit only for the purposes, stipulated in the contract;

b) to exercise constant control over adherence to terms of credit agreements during the whole period of their effect;

c) to send its specialists and specialists of international groups of experts, invited by the Bank, to the places of building projects during preparatory works and the process of construction and repayment of a credit for supervision. In these cases the countries involved will assist the above mentioned specialists to fulfill their duties and may appoint their representatives to participation in supervision.

2. If the borrower violates the terms of a contract the Bank shall have the right:

a) to limit or suspend permanently granting credits to the borrower;

b) to raise interest rate for the use of a credit during violation by the borrower the terms of a contract;

c) to demand reimbursement of corresponding amounts to the Bank by such borrowers and their guarantors, and if borrowers or their guarantors keep their funds with the Bank to effect prior to maturity recovery from their accounts;

d) to take other measures for defending the interests of the Bank in accordance with the principles established by the Council of the Bank.

Limitation and suspension of financing are conducted in accordance with the manner established by the Council of the Bank.

Measures and sanctions which shall be applied by the Bank in case of violation of a

credit contract or terms of a guarantee issued in favor of the Bank are determined in a corresponding contract or guarantee.

In the event of essential violation of the terms of a credit contract by a borrower or terms of a guarantee by a guarantor the Bank shall inform competent bodies of the country of the borrower or guarantor, and in case of necessity – the government of the country concerned.

OTHER OPERATIONS

Article 17

The Bank can conduct all operations, adopted in the international banking practice corresponding to the purpose of the Bank.

INTEREST AND CHARGES

Article 18

The Bank will charge interest on the credit it grants.

The Bank will pay interest on attracted funds, receive commission for providing guarantees and carrying out instructions from its clients and correspondents.

The basic principles of the Bank's policy with regard to interest rates, commission and other charges will be established by the Council of the Bank.

Interest rates will vary according to the length of credit being provided and the currency in which it is made.

ORGANIZATION AND MANAGEMENT COUNCIL OF THE BANK

Article 19

1. The highest authority of the Bank responsible for the general management of its activities is the Council of the Bank.

The Council of the Bank consists of representative of all member of the Bank.

Each member irrespective of the amount of its quota in the authorized capital has one vote in the Council of the Bank.

2. The Council of the Bank shall hold meetings as frequently as it may be required but not less than twice a year.

3. Meeting shall be presided over in succession by representatives of each member.

The Council of the Bank establishes procedure for the work.

Article 20

1. The Council of the Bank:

a) determines the general trend of the Bank's activities on financing, attraction of funds and interest rate policy of the Bank, commission and other charges under Bank's operations;

b) on the basis of suggestions of the Bank, approves a list of projects to be financed by the Bank with indication of amount of credits for each project, within the limits of which the Board has right to give credits;

c) approves the main principles of the Bank's credit policy, annual report, balance

sheet and allocation of profits of the Bank, its structure, staff schedule and estimate of administrative expenses;

d) appoints the Chairman and members of the Board;

e) appoints the Chairman and members of the Auditing Committee, hears its reports and passes resolutions;

f) takes decisions on opening branches and representative offices of the Bank in member countries and in other countries or suspension of their activities;

g) approves Employment Regulations;

h) takes decisions on purposes, size, terms and conditions of creation and use of reserve capital and special funds;

i) passes recommendations on:

– increase in the authorized capital of the Bank;

– amendments of the Statutes of the Bank;

ii) takes decisions on:

– admission of new members;

– method and timing of contributions into the authorized capital of the Bank;

– terms and procedure for permanent suspension of the Bank's activities;

iii) carries out other functions from the present Agreement and Statutes of the Bank necessary for fulfillment of the functions with which it is entrusted.

2. The Council of the Bank must take decisions unanimously on the following matters:

– approval of the annual report, balance-sheet and allocation of profits of the Bank;

– recommendations regarding increase in the authorized capital of the Bank;

– method and dates of contributions into the authorized capital;

– opening or closing down branches and representative offices;

– appointment of the Chairman, members of the Board, Chairman and members of the Auditing Committee;

– admission of new members to the Bank;

– recommendations on amendments of the Bank's Statutes;

– method and timing of permanent suspension of the Bank's activities in accordance with Article XXII of the Agreement.

For other questions a majority of at least three-quarters is sufficient.

The Council of the Bank has the right to handle over to the Board some of the matters which, according to the Statutes of the Bank, are in the competence of the Council.

THE BOARD

Article 21

The executive body of the Bank is the Board. The Board is accountable to the Council of the Bank.

The Board consists of the Chairman and Deputies appointed by the Council of the Bank as a rule from citizens of member countries for a term of five years.

The basic task of Board is the supervision over the Bank's activities in accordance with the Agreement, Statutes and decisions of the Council of the Bank.

The Chairman administers the current affairs of the Bank and of the Board within his competence and power determined by the Statutes and decisions of the Council of the Bank.

The Chairman of the Board is authorized to:

a) manage the property and assets of the Bank in accordance with the Statutes of

the Bank and decisions of the Council;

b) represent the Bank in its dealings with third parties, lodge claims and institute proceedings in court and arbitration in the name of the Bank;

c) issue orders and take decisions on current questions of the Bank's activities;

d) sign contracts, obligations and procurations in the name of the Bank;

e) approve rules and regulations of the Bank on conducting credit and banking operations in accordance with the principles determined by the Council of the Bank;

f) appoint and dismiss officers and staff of the Bank except member of the Board, approve office regulations, fix salary in accordance with the staff schedule and administrative expenses confirmed by the Council of the Bank, and rewards for distinguished services;

g) determine the number of employees, salary for service staff and technicians within the limits of salary fund approved by the Council, assign employees to department and sections;

h) authorize officials of the Bank in its dealings with third parties, sign contracts, obligations and procurations in the name of the Bank.

The Board of the Bank is authorized to:

a) implement the main principles of the credit policy, approved by the Council of the Bank;

b) organize the work for attracting and placing of surplus funds;

c) submit to the Council of the Bank proposals for the project crediting with the corresponding substantiation;

d) take decisions on granting credits for investment projects within the competence given to it by the Council of the Bank;

e) take decisions on issuing guarantees and bond loans;

f) fix interest rates and terms for granting credits and guarantees according to the principles and conditions determined by the Council of the Bank;

g) prepare necessary material and suggestions for consideration by the Council of the Bank;

h) organize and exercise business and correspondent relations of the Bank with other banks and organizations.

The results of discussions at Board meeting shall be registered in minutes.

If some members of the Board disagree with the decision taken by the Chairman they may require that opinion be recorded in the minute and if they find it necessary they may inform thereof the Council of the Bank.

Members of the Board supervise the department assigned to them and are responsible to the Chairman.

Article 22

The Chairman, members of the Board and other officials when performing their duties are international officials. They submit to the Bank and are independent of authorities or officials of the country citizens of which they are.

BANK'S AUDITING

Article 23

Auditing of the Bank's activities including checking of implementation of the Council's decisions, annual reports, cash and property, record, accounts and bookkeeping of the Bank, its branches and agencies shall be made by the Auditing Committee appointed

by the Council of the Bank for a period of five years. The Auditing Committee will be composed of the Chairman and its members.

The Chairman and members of the Auditing Committee cannot hold any positions with the Bank.

The procedure of auditing shall be fixed by the Council of the Bank.

The Chairman of the Board shall furnish the Auditing Committee with necessary documents.

Audit reports shall be submitted to the Council of the Bank.

STRUCTURE OF THE BANK

Article 24

The Bank has departments, sections, and may have representative offices.

The structure of the Bank is approved by the Council of the Bank.

The staff of the Bank is appointed from the citizens of member countries of the Bank in conformity with the Employment Regulations of the Bank.

SETTLEMENT OF DISPUTES

Article 25

Claims against the bank can be lodged within two years after the date of origin of the right to sue.

Article 26

Disputes between the Bank and its clients shall be submitted to arbitration being either an existing institution or established anew, subject to agreement of both parties.

In the absence of an agreement the dispute shall be referred to the Arbitration Court at the Chamber of Commerce in the country of Bank's domicile.

ACCOUNTING

Article 27

The financial year of the Bank is from January 1 to December 31 inclusive.

Annual balance sheets shall be published in the manner established by the Council of the Bank.

ALLOCATION OF PROFITS

Article 28

The Bank's activities must be economically viable.

After approval of an annual report net profits shall be distributed by the Council of the Bank and may be allocated to the reserve capital, own special funds, distributed among members or used for other purpose.

AMENDMENTS OF THE STATUTES

Article 29

In accordance with Article XXII of the Agreement any modifications may be introduced into the Statutes of the Bank with the consent of the members of the Bank upon recommendation of the Council of the Bank.

Article 30

Amendments to the Statutes of the Bank may be proposed to the Council of the Bank for consideration by each member of the Bank as well as by the Board.

SUSPENSION OF OPERATIONS

Article 31

The Bank may suspend permanently its operations in conformity with Article XXIV of the Agreement.

The timing and procedure of Cessation of the Bank's activities and liquidation of business shall be determined by the Council of the Bank.