

AGREEMENT
BETWEEN
THE INTERNATIONAL INVESTMENT BANK
AND
THE GOVERNMENT OF HUNGARY
REGARDING THE HEADQUARTERS
OF THE INTERNATIONAL INVESTMENT BANK
IN HUNGARY

CONTENTS

Clause	Page
1. Definitions	3
2. Legal Status	4
3. The Headquarters Seat of the Bank	4
4. Premises and Facilities	4
5. Functions and Freedom of Action of the Bank.....	5
6. Immunities of the Bank	6
7. Protection of the Premises	7
8. Public Services in the Premises	7
9. Communications Facilities	7
10. Exemption From Taxation, Custom Duties, Prohibitions or Restrictions on Imports and Exports.....	7
11. Financial Transactions	8
12. Employment and Social Security.....	8
13. Access and Residence.....	9
14. Immunities and Privileges of Governors of the Bank.....	9
15. Immunities and Privileges of Directors of the Bank.....	10
16. Immunities and Privileges of Chairperson and Staff of the Bank	10
17. Employment of Dependents	11
18. Licence Plates	11
19. Settlement of Disputes	11
20. Interpretation	11
21. Final Provisions	12
Signatories	13

The International Investment Bank and the Government of Hungary;

Taking into account the provisions of the Agreement Establishing the International Investment Bank (including its Charter);

Noting that the resolution of the Board of Governors dated 4th December 2018 provides that the principal office of the International Investment Bank shall be located in Budapest;

Bearing in mind that the International Investment Bank has international legal personality and should be enabled to function effectively;

Desiring to conclude an agreement regarding the establishment of the headquarters of the International Investment Bank in the territory of Hungary and to provide for the status, immunities, privileges and facilities to be accorded to the International Investment Bank as well as related matters;

HAVE AGREED as follows:

1. DEFINITIONS

The following words, unless otherwise specifically provided, shall mean:

Agreement Establishing the Bank means the Agreement Establishing the International Investment Bank (including the Charter of the International Investment Bank) of 10th July 1970, as amended and restated from time to time;

Archives of the Bank means records, correspondence, documents, manuscripts, still and moving pictures, films, sound recordings, electronic records including email, computer programs, written materials, video tapes or discs, discs or tapes containing data, and any information contained therein stored in electronic form or any other form whatsoever, belonging to, or held by the Bank;

Bank means the International Investment Bank and its subsidiary bodies;

Chairperson means the Chairperson of the Management Board of the Bank and, during his absence or incapacity, the person authorised to act as Chairperson;

Dependents means spouses or domestic partners, parents and children of a person entitled to benefits under this Agreement who are primarily dependent on such person for financial support;

Directors means representatives of the Members in the Board of Directors of the Bank and unless otherwise specified, their deputies (alternates) and temporary deputies (alternates);

Experts and Consultants means persons who, not being staff of the Bank, have been contracted by the Bank for the purpose of providing expertise and performing certain tasks of the Bank;

Government means the Government of Hungary;

Governors means representatives of the Members in the Board of Governors of the Bank and unless otherwise specified, their deputies and temporary deputies;

Hungary means Hungary and its territory;

Member means a member of the Bank as defined in the Agreement Establishing the Bank;

Other Representatives of Members means all accredited officials of delegations of Members;

Premises means the land, buildings and parts of buildings, including access facilities, used for the official activities of the Bank and the official residence of the Chairperson;

Staff of the Bank or **Staff** means members of the Management Board, officers and persons employed by the Bank.

2. LEGAL STATUS

- 2.1 The Government recognises the international legal personality and full juridical personality of the Bank within Hungary.
- 2.2 The Government shall guarantee to the Bank the autonomy and freedom of action to which it is entitled as an international organisation.
- 2.3 The Bank shall have the right to use and display its flag, emblem and trademarks on its Premises and the means of transport and on the official residence of the Chairperson.
- 2.4 The Bank shall have the capacity to contract, acquire and dispose of immovable and movable property and institute legal proceedings.

3. THE HEADQUARTERS SEAT OF THE BANK

The principal office of the Bank shall be located in Budapest, Hungary.

4. PREMISES AND FACILITIES

- 4.1 The Government shall provide a suitable office building to serve as the Premises of the Bank. The office building housing the Bank shall be suitable for the requirements of the Bank, the details of which are to be determined by the Bank and the Government.
- 4.2 Where the Premises are the Government property, the Government shall not dispose of all or any part of the Premises without the consent of the Bank.

If the Bank acquires the suitable office building from a third party, the Government shall reimburse the Bank for the associated costs and expenses in the form and manner agreed between the Government and the Bank.

If the Bank holds on lease the suitable office building from a third party, the Government shall reimburse the Bank for the associated costs and expenses accordingly, in the form and manner agreed between the Government and the Bank. Any changes in the conditions of occupancy of the Premises resulting in the material changes of the sum covered by the Government, shall be approved by the minister responsible for international financial relations.

Starting from the date of moving into the Premises the Bank shall be responsible, at its own costs, for maintenance and other related services of the Premises.

- 4.3 Until the permanent building is ready for permanent use and occupancy of the Bank, the Government shall provide the Bank with suitable temporary office accommodation and facilities to enable the Bank to carry out its purpose and functions.

If the Bank is to lease the temporary office accommodation and facilities, the Government shall reimburse the Bank for the associated costs and expenses in the form and manner agreed between the Government and the Bank. Any changes in the conditions of occupancy of the Premises resulting in the material changes of the sum covered by the Government shall be approved by the minister responsible for international financial relations.

- 4.4 The Government shall give appropriate assistance in finding the official residence of the Chairperson and such other facilities as required for the Bank's operations.

5. FUNCTIONS AND FREEDOM OF ACTION OF THE BANK

- 5.1 The Bank shall have powers (without any limitation) to:

- (a) arrange and provide financing (or co-financing) for the investment projects and programmes of the Bank's members and organisations operating in the territory of the Bank's member states, as well as other projects consistent with the Bank's lending policy, including in the form of providing loans to, or acquiring equity interests in, organisations, using its own funds and funds raised in international and national financial markets, as well as other available resources;
- (b) engage in securities and derivatives transactions, conclude financial contracts, issue bonds and other financial instruments, receive, purchase, hold and dispose of any funds, currencies, financial instruments, securities and precious metals and other commodities, operate accounts in any currency;
- (c) provide investment and banking services;
- (d) provide financial leasing services;
- (e) finance, and provide guarantees for, export and import operations between organisations operating in the territory of member states, between member states of the Bank and other states, and between organisations operating in the territory of member states and organisations of other states;
- (f) act as a trustee of special purpose and investment funds established by the Bank's members, organisations of the Bank's member states and other organisations;
- (g) provide consulting, information and analytical services;
- (h) provide advisory assistance to organisations and government agencies of the Bank's member states regarding arranging and providing financing for investment projects and programmes, as well as foreign trade operations within the framework of the Bank's development strategy;
- (i) cooperate with government authorities and agencies, international organisations and other establishments, procure cooperation between organisations of the Bank's member states and organisations in other states; and

- (j) conclude any other deals and transactions that are consistent with the aims and objectives provided for in the Agreement Establishing the Bank.
- 5.2 The Bank shall have power to make rules and regulations operative within the Bank for the full and independent exercise of its activities and performance of its functions in Hungary.
- 5.3 The Bank and any of its operations shall not:
- (a) be subject to any form of financial or regulatory supervision or control (either in the form of disclosure or reporting requirements, capital control or adequacy requirements or otherwise);
 - (b) be obliged to implement any form of accounting standard; or
 - (c) comply with any form of licensing or registration requirement.
- 5.4 If the types of activities or operations and transactions carried out by the Bank in accordance with the Agreement Establishing the Bank require the existence of a specific licence or permit or a regulatory status (e.g. of a credit institution, professional market participant, insurance company), with respect to such activities or operations and transactions the Bank shall be deemed to have the required licence or permit or regulatory status and any third party shall not be restricted from dealing with the Bank or its assets (including financial instruments issued by the Bank) on the ground that the Bank does not have the required licence or permit or regulatory status.

6. IMMUNITIES OF THE BANK

- 6.1 The Bank, its property and assets, the Archives of the Bank, wherever located and whoever possessed by, as well as the Bank's operations, shall be immune from any form of legal process, administrative or court proceedings, with the exception of those cases where the Bank has waived immunity.
- 6.2 The Premises shall be inviolable and shall be under the exclusive control and authority of the Bank which may establish any regulations necessary for the exercise of its functions therein.
- 6.3 The Archives of the Bank shall be inviolable, wherever located and by whomsoever held within Hungary, and may be freely transferred to and from Hungary.
- 6.4 The property and assets of the Bank shall, wherever located and by whomever held, be immune from all forms of seizure, search, requisition, confiscation, expropriation or any other form of taking or foreclosure or interference, whether by executive, administrative, judicial or legislative action. To the extent necessary to carry out the purpose and functions of the Bank and subject to the provisions of this Agreement, all property and other assets of the Bank shall be exempt from restrictions, regulations, controls and moratoria of any nature.
- 6.5 The authorities of Hungary or person exercising any public authority shall not enter the Premises to perform any official duties therein or execute any legal process or perform any ancillary act such as the seizure of private property without the consent of, and under conditions agreed to by the Bank. The Bank and the Government may agree on the circumstances under which and the manner in which the authorities of Hungary may enter the Premises without prior consent of the Bank in connection with fire prevention, sanitary regulations or emergencies or for service by post.

7. PROTECTION OF THE PREMISES

The Government shall exercise due diligence to ensure the safety and tranquillity of the Premises. The Government shall accord to it the same protection and provide security to it on the same basis as is provided to other international organisations and diplomatic missions operating in Hungary in accordance with the Vienna Convention on Diplomatic Relations, 1961. If so requested by the Bank, the Government shall provide a sufficient number of police for the safety and tranquillity of the Premises, for the preservation of law and order in the Premises and for the removal from there of persons as requested, under the authority of the Bank.

8. PUBLIC SERVICES IN THE PREMISES

- 8.1 The appropriate authorities of Hungary shall, upon the request of the Bank, ensure that to the extent possible the Bank shall be provided, on terms not less favourable than those accorded to the key Government departments and resident diplomatic missions, with the necessary public services, including but not limited to electricity, water, sewerage, gas, post, telephone, internet broadband services, mobile connections, telegraph, local public transportation, drainage, collection of refuse and fire protection. In case of any disruption or threatened disruption of any of the said services such authorities shall consider the needs of the Bank of equal importance to those of key departments of the Government and shall take corresponding measures to ensure that the operations of the Bank are not prejudiced.

9. COMMUNICATIONS FACILITIES

- 9.1 The Bank shall enjoy, in respect of its official communications, treatment not less favourable than that accorded by the Government to any other government including its diplomatic missions or to other intergovernmental, international organisations in the matter of priorities, tariffs and charges on mail, cablegrams, telephotos, telephone, telegraph, telex and all other communications including electronic forms of communications (such as communications via internet). The Government shall secure the inviolability of the official communications and correspondence (including electronic communications and correspondence) to and from the Bank and shall not apply any oversight to such communications and correspondence. Such inviolability, without limitation by reason of this enumeration, shall extend to publications, still and moving pictures, videos and films and sound recordings, regardless of their size and number.
- 9.2 The Bank shall have the right to use codes and to dispatch and receive correspondence and other official materials by courier or in sealed bags which shall have the same privileges and immunities as diplomatic couriers and bags.

10. EXEMPTION FROM TAXATION, CUSTOM DUTIES, PROHIBITIONS OR RESTRICTIONS ON IMPORTS AND EXPORTS

- 10.1 With respect to all official activities, operations and transactions, the Bank, its assets, income and property in Hungary shall:
- (a) be immune from any and all taxes or charges, whether national or local, except for specific service fees;
 - (b) be free from any obligations to pay, withhold, or collect any taxes;

- (c) be immune from any customs duties, taxes or charges or any import or export restrictions in relation to goods intended for official use; and
 - (d) enjoy all benefits with regard to priority ranking, tariffs and rates of postal, telegraphic, and telephone communications offered to other international organisations and diplomatic missions in Hungary.
- 10.2 Goods acquired or imported and exempted from charges, taxes, and customs duties under this Clause shall not be sold, hired out, lent or given away against payment or free of charge in Hungary except under conditions laid down in the relevant legislation applicable in Hungary.
- 10.3 While the Bank will not, as a general rule, claim exemption from excise duties and from taxes on the sale of movable and immovable property which form part of the price to be paid, when the Bank makes important purchases for official use of property on which such duties and taxes have been charged or are chargeable, the Government will make appropriate administrative arrangements for the remission or return of the amount of duty or tax.
- 10.4 Documentation signed by or on behalf of the Chairperson shall be conclusive evidence as to the necessity of any such reasonable imports or exports for the official activities of the Bank.

11. FINANCIAL TRANSACTIONS

- 11.1 Notwithstanding financial controls, regulations or moratoria of any kind, the Bank may freely:
- (a) receive, purchase, hold and dispose of any funds, currencies, financial instruments, securities and gold, operate accounts in any currency, engage in financial transactions and conclude financial contracts;
 - (b) transfer its funds, currencies, financial instruments, securities and gold, to or from the Bank or within the Bank and convert any currency held by it into any other currency; and
 - (c) carry out any other banking or investment activities.

12. EMPLOYMENT AND SOCIAL SECURITY

- 12.1 The terms and conditions of the Chairperson and the Staff of the Bank and all matters relating to employment relations between such persons and the Bank, shall be governed exclusively by the Bank's own employment rules, policies and procedures and shall not be subject to the labour laws of Hungary.
- 12.2 In case of a dispute between the Bank and a member of the Staff relating to an employment claim, the Bank shall ensure that there is an effective procedure available for the resolution of the dispute with the Staff concerned. In the absence of such procedure, such dispute shall be resolved in accordance with the applicable Hungarian laws and regulations.
- 12.3 From the time the Bank establishes its social security program, the Chairperson and Staff of the Bank shall be exempt from the obligatory social security scheme established by Hungary and contribution and tax payment obligation related to that scheme, with respect to services rendered for the Bank. In the case of individuals who are nationals or permanent residents of Hungary and voluntarily participate in such a scheme, the Bank shall be exempt from any obligation for the payment, withholding or collection of any social security contributions or benefits.

13. ACCESS AND RESIDENCE

13.1 The Government shall take measures to facilitate as promptly as possible the entry into, residence and freedom of movement in, and departure from Hungary of the following persons irrespective of nationality:

- (a) Governors and Other Representatives of Members;
- (b) Chairperson;
- (c) Directors;
- (d) Staff of the Bank;
- (e) Dependents;
- (f) Experts and Consultants performing missions for the Bank; and
- (g) Other persons invited by the Bank and in possession of written evidence and including evidence in digital form of such invitation.

14. IMMUNITIES AND PRIVILEGES OF GOVERNORS OF THE BANK

14.1 In performing their official duties while in Hungary, the Governors shall enjoy the following privileges and immunities:

- (a) immunity from any court or administrative proceedings with respect to any actions taken by them in their official capacity. This immunity shall not apply to civil liability in cases of damage arising from road traffic accidents;
- (b) privileges in respect of traveling facilities and personal baggage customs privileges equal to those attributable to the corresponding rank of diplomatic officials in Hungary;
- (c) exemption from direct taxes or charges with respect to any amounts paid to the representatives or their deputies by the relevant Member that appointed them;
- (d) exemption from immigration restrictions and national service obligations equal to those attributable to the corresponding rank of diplomatic officials in Hungary;
- (e) inviolability for all their official papers, documents and records; and
- (f) privileges in respect of the repatriation facilities in times of international crises equal to those attributable to the corresponding rank of diplomatic officials in Hungary.

14.2 A Member shall be obliged to waive any privileges or immunities granted to its Governors where it considers those privileges or immunities would obstruct justice and can be waived with no detriment to the Bank's interests, to the extent and on the terms and conditions that it considers would satisfy the Bank's interests.

14.3 Nationals of Hungary shall not enjoy immunities and privileges as provided for in Clause 14.1.

15. IMMUNITIES AND PRIVILEGES OF DIRECTORS OF THE BANK

- 15.1 In performing their official duties while in Hungary, the Directors of the Bank shall enjoy the privileges and immunities in accordance with the Agreement Establishing the Bank, including but not limited to the following:
- (a) immunity from any court or administrative proceedings with respect to any action taken by them in their official capacity. This immunity shall not apply to civil liability in cases of damage arising from road traffic accidents;
 - (b) exemption from any customs duties, taxes, or charges payable in relation to any imported goods intended for personal use; and
 - (c) exemption from paying any taxes on their salary or other remuneration paid to them by the Bank, as well as from social security payments.
- 15.2 A Member shall be obliged to waive any privileges or immunities granted to its representatives in the Board of Directors where it considers those privileges or immunities would obstruct justice and can be waived with no detriment to the Bank's interests, to the extent and on the terms and conditions that it considers would satisfy the Bank's interests.
- 15.3 Nationals of Hungary shall not enjoy immunities and privileges as provided for in Clause 16.1, other than the immunities and privileges set out in Subclauses (a) and (c).

16. IMMUNITIES AND PRIVILEGES OF THE CHAIRPERSON AND STAFF OF THE BANK

- 16.1 In performing their official duties while in Hungary, the Chairperson and the Staff of the Bank shall:
- (a) be immune from any court or administrative proceedings with respect to any action taken by them in their official capacity. This immunity shall not apply to civil liability in cases of damage arising from road traffic accidents;
 - (b) enjoy, together with their families, repatriation benefits equal to those granted to the staff of diplomatic missions in Hungary;
 - (c) be exempt from any customs duties, taxes, or charges payable in relation to any imported goods intended for personal or family use;
 - (d) be exempt from paying any taxes on their salary or other remuneration paid to them by the Bank, as well as from social security payments; and
 - (e) be exempt from any national service obligations.
- 16.2 The Bank shall take all measures to secure that all the persons enjoying such privileges and immunities respect the laws and regulations applicable in Hungary.
- 16.3 The Board of Governors shall be obliged to waive any privileges or immunities granted to members of the Management Board, where it considers those privileges or immunities would obstruct justice and can be waived with no detriment to the Bank's interests, to the extent and on the terms and conditions that it considers would satisfy the Bank's interests. Under similar circumstances, and on similar terms and conditions, the Chairperson shall be obliged to waive any privileges or immunities granted to members of the Staff, except members of the Management Board.

- 16.4 The Bank shall communicate to the competent authorities of Hungary the names of persons entitled to the privileges and immunities provided for in Clause 14.1, Clause 15.1 and Clause 16.1 as soon as they take up their posts, for the purposes of enabling those persons to benefit from the respective privileges and immunities (for the avoidance of doubt, a failure to provide such information shall not affect the privileges and immunities accorded to the respective persons under this Agreement). Upon receipt of this communication, the competent authorities shall issue appropriate identity cards to the persons concerned which shall serve to identify the holder in relation to authorities of Hungary as the international officer and to duly certify that the holder enjoys all the privileges and immunities specified in this Agreement and in the Agreement Establishing the Bank. The Bank shall inform without delay the competent authorities of any changes in the names of persons referred to in this clause.
- 16.5 Nationals of Hungary shall not enjoy immunities and privileges as provided for in Clause 16.1, other than the immunities and privileges set out in Subclauses (a) and (d).

17. EMPLOYMENT OF DEPENDENTS

Dependents of the Staff shall enjoy access to the labour market of Hungary, while in Hungary and for the duration of the employment of the relevant Staff. Employment of the dependents of the Staff shall not require any work permit.

18. LICENCE PLATES

The official vehicles of the Bank can bear the appropriate licence plate. These official means of transport are exempted from being searched, expropriated, seized or mandatorily disposed. The Government shall accelerate and simplify the registration of these official means of transport of the Bank.

19. SETTLEMENT OF DISPUTES

- 19.1 Disputes and disagreements arising in the course of the Bank's operations between the Bank and Hungary shall be, to the extent possible, resolved by the parties via negotiations and consultations.

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

- 19.2 Disputes between the Bank and any party with which the Bank has entered into an agreement (other than a Member), shall be resolved according to the terms of said agreement to be concluded in accordance with paragraph 1, Article 29 of the Charter of the Bank.

20. INTERPRETATION

This Agreement shall be interpreted in accordance with the rules of interpretation provided for in the 1969 Vienna Convention on the Law of Treaties. This Agreement shall not modify or derogate from the provisions of the Agreement Establishing the Bank.

21. FINAL PROVISIONS

- 21.1 This Agreement may be amended by mutual consent of the Parties. Amendments shall take form of a written agreement which shall enter into force in the same manner as this Agreement.
- 21.2 The Government and the Bank may enter into such supplementary agreements as may be necessary within the scope of this Agreement.
- 21.3 In case of conflict between this Agreement and the Agreement Establishing the Bank, the Agreement Establishing the Bank shall prevail.
- 21.4 The Government shall notify the Bank of the completion of its internal legal procedure required by its laws for the entry into force of this Agreement. This Agreement shall enter into force thirty (30) days after the date of such notification.
- 21.5 This Agreement may be terminated by agreement between the Government and the Bank upon the decision of the Board of Governors on relocation of the Bank's principal office. In such event, unless otherwise provided for in the termination agreement, this Agreement shall cease to be in force after the period reasonably required for transfer or disposal of the property of the Bank and settlement of the affairs of the Bank.

IN WITNESS WHEREOF, the respective representatives, duly authorized thereto, have signed this Agreement in duplicate, in both English and Russian languages, both texts being equally authentic.

SIGNATORIES

DONE at Budapest, Hungary on 5th February 2019.

**FOR
THE INTERNATIONAL INVESTMENT BANK**



.....
Chairperson of the Management Board

Nikolay Nikolaevich Kosov

**FOR
THE GOVERNMENT OF HUNGARY**



.....
Deputy Prime Minister for Economic Policy
Minister of Finance

Mihály Varga

