

Agreement Establishing the Black Sea Trade and Development Bank

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The Black Sea Economic Cooperation participating states, being the Republic of Albania, the Republic of Armenia, the Republic of Azerbaijan, the Republic of Bulgaria, the Republic of Georgia, the Hellenic Republic, the Republic of Moldova, Romania, the Russian Federation, the Republic of Turkey, and Ukraine, referred to in this Agreement as the "BSEC Participating States", in order to promote private and entrepreneurial initiative and to further the implementation of reforms in the financial sector, have agreed to establish hereby the Black Sea Trade and Development Bank (hereinafter called "the Bank") which shall operate in accordance with the following Articles of Agreement. Those BSEC Participating States who, directly or through designated representatives, become members of the Bank in accordance with the provisions of the Articles of Agreement are hereinafter called "Member States."

CHAPTER I
PURPOSE, FUNCTIONS, POWERS AND MEMBERSHIP

Article 1
PURPOSE

The purpose of the Bank shall be to effectively contribute to the transition process of the Member States towards the economic prosperity of the people of the region and to finance and promote regional projects and provide other banking services to projects of the public and private sectors in the Member States and trade activities among the Member States.

Article 2
FUNCTIONS AND POWERS

To fulfill its purpose, the Bank shall have the following functions and powers:

- a) to assist in the promotion of intra-regional trade, especially of capital goods, among the Member States;
- b) to finance productive projects and enterprises in the Member States;
- c) to cooperate with international development institutions and national finance and development agencies of the Member States;
- d) to establish and operate Special Funds for specific purposes, which are to be decided by the Board of Governors;
- e) to undertake research and surveys for promoting economic development of the region of the Member States or any of the Member States in order to stimulate development and transition;
- f) to further the aim of regional cooperation for development and to cooperate with the Member States to orient their development policies towards better utilization of their resources in a manner consistent with the objective of making their economies more complementary and of fostering the orderly growth of the economies of the Member States and acting as an advisor in designing sound economic policies;
- g) to promote investment in economic and social infrastructure projects in the Member States, by way of guarantees, participations and other financial arrangements in both the public and the private sectors;
- h) to undertake such other activities and provide such other services as may advance its purpose.

Article 3
MEMBERSHIP

1. Membership in the Bank shall be open to:
 - a) the BSEC Participating States, directly or through their designated representatives;
 - b) other multilateral banks and financial institutions.
2. "Members" means those BSEC Participating States that have become members of the Bank and those multi-lateral banks and financial institutions that have become members of the Bank.
3. "Founding Members" means those BSEC Participating States which have become Members of the Bank on or before the Final Date as provided for in Paragraph 2 of Article 59 of this Agreement.

CHAPTER II
FINANCIAL RESOURCES

Article 4
AUTHORIZED CAPITAL¹

1. Subject to subparagraph (m) of Paragraph 2 of Article 23, the unit of account of the Bank shall be Special Drawing Rights (referred to as "SDR"), as defined by the Articles of Agreement of the International Monetary Fund (referred to as "IMF").²
2. The initial authorized capital stock of the Bank shall be one billion SDR (SDR 1,000,000,000), divided into one million (1,000,000) shares having a par value of one thousand SDR (SDR 1,000) each.
3. The authorized capital stock of the Bank may be increased at such time and under such terms as may seem advisable.

Article 5
SUBSCRIPTION AND ALLOCATION OF SHARES³

1. Each BSEC Participating State, either directly or through its designated representative, shall be entitled to subscribe to a portion of the initial authorized capital stock of the Bank as follows:

¹ The authorized capital stock of the Bank has been increased by the Board of Governors in October of 2008. Please see Resolution No. 99 following this Agreement.

² Resolution No.131 of the Board of Governors adopted an amendment to Paragraph 1 of Article 4 that became effective as of 21 June 2013. As of 21 June 2013 and as per said Resolution No. 131, the unit of account of the Bank is the EUR, and the authorized capital stock of the Bank is three billion four hundred and fifty million EUR (EUR 3,450,000,000), divided into three million (3,000,000) shares having a par value of one thousand one hundred and fifty EUR (EUR 1,150) each (inclusive of all subscribed and unallocated shares). Please see Resolution No. 131 following this Agreement.

³ The subscription and allocation of shares has been modified by the Board of Governors in October of 2008 and October of 2011. Please see Resolutions No. 99, No. 100 and No. 137 following this Agreement.

Republic of Albania—20,000 shares (SDR 20,000,000 aggregate par value)—two (2) percent of the initial authorized capital stock of the Bank;

Republic of Armenia—20,000 shares (SDR 20,000,000 aggregate par value)—two (2) percent of the initial authorized capital stock of the Bank;

Republic of Azerbaijan—20,000 shares (SDR 20,000,000 aggregate par value)—two (2) percent of the initial authorized capital stock of the Bank;

Republic of Bulgaria—135,000 shares (SDR 135,000,000 aggregate par value)—thirteen and one half (13.5) percent of the initial authorized capital stock of the Bank;

Republic of Georgia—20,000 shares (SDR 20,000,000 aggregate par value)—two (2) percent of the initial authorized capital stock of the Bank;

Hellenic Republic— 165,000 shares (SDR 165,000,000 aggregate par value)—sixteen and one half (16.5) percent of the initial authorized capital stock of the Bank;

Republic of Moldova—20,000 shares (SDR 20,000,000 aggregate par value)—two (2) percent of the initial authorized capital stock of the Bank;

Romania—135,000 shares (SDR 135,000,000 aggregate par value)—thirteen and one half (13.5) percent of the initial authorized capital stock of the Bank;

Russian Federation—165,000 shares (SDR 165,000,000 aggregate par value)—sixteen and one half (16.5) percent of the initial authorized capital stock of the Bank;

Republic of Turkey—165,000 shares (SDR 165,000,000 aggregate par value)—sixteen and one half (16.5) percent of the initial authorized capital stock of the Bank; and

Ukraine—135,000 shares (SDR 135,000,000 aggregate par value)—thirteen and one half (13.5) percent of the initial authorized capital stock of the Bank.

2. The initially authorized capital stock shall be subscribed by and issued to each Member as follows:
 - (a) ten per cent (10%) shall be fully paid shares,
 - (b) twenty per cent (20%) shall be subscribed shares, payable as described in Paragraph 3 of Article 6, and
 - (c) seventy per cent (70%) shall be unpaid but callable shares as provided in Paragraph 4 of Article 6.
3. The Board of Governors shall, at intervals of not more than five (5) years, review the capital stock of the Bank. In case of an increase in the authorized capital stock, each Member shall, subject to the following sentence, have a reasonable opportunity to subscribe, under such uniform terms and conditions as the Board of Governors shall determine, to a proportion of the increase in stock equivalent to the proportion which its stock subscribed bears to the total subscribed capital stock immediately prior to such increase. Until each Founding Member shall have

subscribed to the same amount of capital stock of the Bank as all other Founding Members, each Founding Member who shall have subscribed to less than other Founding Members shall be given a fair preference to subscribe to a part of any increase until such time as all Founding Members shall have subscribed to an equal percentage of shares. No Member shall be obliged to subscribe to any part of an increase of capital stock.

4. (a) If, by the Final Date established as provided in Paragraph 2 of Article 59, any BSEC Participating State shall not have subscribed to all shares of the initial capital stock of the Bank to which it is entitled as provided in Paragraph 1 of this Article 5, the Board of Governors may offer such unsubscribed shares of the initial capital stock of the Bank to the other Member States for subscription as provided in Paragraph 3 of this Article 5 as if such shares were to have become available as a result of an increase in the authorized capital stock of the Bank.
 - (b) If any shares shall be offered for subscription pursuant to Paragraph 3 of this Article 5 and a Member shall not have subscribed to all shares to which it is entitled within one year following the opening date of the subscription, the shares not subscribed shall be offered for subscription to the other Members in accordance with the procedure described in Paragraph 3 hereof.
5. Shares of the initial capital stock of the Bank shall be issued at par. Other shares shall be issued at par unless the Board of Governors decides to issue them in special circumstances on other terms.
 6. The admission of new Members and the allocation of their participation quotas shall be subject to condition that total holding of the Founding Members shall always form a majority share holding.

Article 6 **PAYMENT OF SUBSCRIPTION**

1. Each BSEC Participating State shall subscribe to a percentage of shares, representing a part less than or equal to the quota of such BSEC Participating State set forth in Paragraph 1 of Article 5 of the initial authorized capital stock of the Bank as set forth in Paragraph 2 of Article 4, which shares shall be allocated among the categories described in subparagraphs (a), (b), and (c) of Paragraph 2 of Article 5 in the same percentages as set forth in those subparagraphs.
2. Payment for the portion of the shares referred to in subparagraph (a) of Paragraph 2 of Article 5 shall be made by each Member within sixty (60) days after the date on which it becomes a member of the Bank as provided in Paragraph 3 of Article 59.
3. Payment for the portion of the shares referred to in subparagraph (b) of Paragraph 2 of Article 5 shall be made by each Member by promissory notes or other obligations issued by such Member. Such notes or obligations shall be non-negotiable and non-interest bearing, shall be denominated in SDR, and shall be payable to the Bank in eight (8) equal successive annual installments at par value commencing on that date which is one year after the date of entry into force of this Agreement as provided in Article 61.

4. Payment for the portion of the authorized capital stock of the Bank pursuant to subparagraph (c) of Paragraph 2 of Article 5 shall be subject to call only when required to meet obligations of the Bank created under subparagraph (a) of Paragraph 1 of Article 18 or otherwise required for the operations of the Bank.
5. To each particular payment installment the following rules shall apply:
 - (a) Each payment shall be made in the currencies of the SDR composition and in the currency of the respective Member State.
 - (b) Each Member shall be free to select the currency or currencies and the proportion thereof in which the payment will be made. The portion of the national currency of the respective Member State in each payment shall not exceed fifty (50) percent of the amount due for such payment.
 - (c) The value of each national currency will be determined by the Bank by taking into account the exchange rate prevailing in the market at the time of such payment. For this purpose, the Bank may consult the respective authorities of the country concerned and the IMF.
6. Except as provided in Article 19, the Bank shall determine the place for any payment under this Article not later than one (1) month after the inaugural meeting of its Board of Governors, provided that before such determination, such payments shall be made to the EBRD as trustee for the Bank.

Article 7
CONDITIONS RELATING TO CAPITAL STOCK

1. Shares of stock shall not be pledged or encumbered in any manner whatsoever and they shall not be transferable except to the Bank in accordance with Chapter VII of this Agreement.
2. The liability of a Member on shares shall be limited to the unpaid portion of its capital subscription.
3. No Member, by reason only of its membership, shall be liable for the obligations of the Bank.

Article 8
ORDINARY CAPITAL RESOURCES

As used in this Agreement, the term "Ordinary Capital Resources" of the Bank shall include the following:

- (a) Authorized capital stock of the Bank, including paid-in, payable, and callable shares, subscribed pursuant to Article 5 of this Agreement;
- (b) Funds raised by the borrowing of the Bank by virtue of powers conferred by subparagraph (a) of Paragraph 1 of Article 18 of this Agreement to which the commitment to calls provided for in Paragraph 4 of Article 6 of this Agreement is applicable;

- (c) Funds received in repayment of loans or guarantees and proceeds from the disposal of equity investments made with the resources indicated in subparagraphs (a) and (b) of this Article;
- (d) Income derived from loans and equity investment made from the resources indicated in subparagraphs (a) and (b) of this Article, and income derived from guarantees and underwriting not forming part of the Special Operations of the Bank; and
- (e) any other funds or income received by the Bank which do not form part of its Special Funds Resources referred to in Article 17 of this Agreement.

CHAPTER III OPERATIONS

Article 9 USE OF RESOURCES

The resources and facilities of the Bank shall be used exclusively to implement the purpose and carry out the functions set forth, respectively, in Articles 1 and 2 of this Agreement.

Article 10 ORDINARY AND SPECIAL OPERATIONS

The operations of the Bank shall consist of ordinary operations financed from the Ordinary Capital Resources of the Bank referred to in Article 8 of this Agreement and special operations financed by the Special Funds Resources referred to in Article 17 of this Agreement. The two types of operations may be combined.

Article 11 SEPARATION OF OPERATIONS

1. The Ordinary Capital Resources and the Special Funds Resources of the Bank shall, at all times and in all respects, be held, used, committed, invested or otherwise disposed of entirely separately from each other. Financial statements of the Bank shall show the reserves of the Bank together with its ordinary operations and the special operations, separately.
2. The Ordinary Capital Resources of the Bank shall under no circumstances be charged with, or used to discharge, losses or liabilities arising out of special operations or activities for which Special Fund Resources were originally used or committed.
3. Expenses appertaining directly to ordinary operations shall be charged to Ordinary Capital Resources of the Bank. Expenses appertaining directly to special operations shall be charged to Special Fund Resources. Any other expenses shall, subject to Paragraph 1 of Article 16 of this Agreement, be charged as the Bank shall determine.

Article 12
METHODS OF OPERATION

The Bank shall carry out its operations in furtherance of its purpose and functions as set out in Articles 1 and 2 of this Agreement in any or all of the following ways:

- (a) by supporting trade activities;
- (b) by making or co-financing with multilateral institutions, commercial banks or other interested sources, or participating in, loans;
- (c) by investing in equity capital;
- (d) by raising funds in the international financial markets;
- (e) by underwriting, where other means of financing are not appropriate;
- (f) by deploying Special Funds Resources in accordance with the agreements determining their use;
- (g) by making or participating in loans and providing technical assistance for the reconstruction or development of infrastructure, including environmental programs;
- (h) by entering into other appropriate banking operations not explicitly excluded by this Agreement or a decision of the Board of Governors.

Article 13
CONSIDERATIONS RELEVANT TO FINANCING

1. In conducting its operations, the Bank shall pay due regard to:
 - (a) safeguarding its interests in respect of its financing;
 - (b) the prospect that the recipient and its guarantor, if any, will be in a position to meet their obligations under the contract;
 - (c) the objective of promoting complementarities in the economies of the Member States;
 - (d) the promotion of the well-being of the people in the Member States through economic and social development and the enlargement of opportunities for gainful employment; and
 - (e) the promotion of the economic development of the region of the Member States by giving priority and preference to procurement from the Member States, taking into account the relevant Member State's legislation;
 - (f) the law of the respective country of operation and its due process through cooperation with the country's respective authorities.
2. The Bank will give special emphasis to regional projects as well as to projects which promote and strengthen economic cooperation among the Member States.

3. The Bank may provide financing for projects and commercial activities within and among the Member States, based on rules and regulations to be approved by the Board of Governors.

Article 14

APPLICATION OF LOCAL RULES AND REGULATIONS

In view of the regional character of the Bank, and the existence of different laws and regulations and legal procedures in the Member States, the Bank shall ensure that all financial facilities granted in any of these countries in any form shall be covered and protected by the provisions of domestic laws so that repayments and collections of the Bank's claims shall be unhindered. However, all financial facilities shall be based on the rules and regulations approved by the Bank.

Article 15

LIMITATION ON ORDINARY OPERATIONS

1. The total amount of outstanding loans, equity investments and guarantees made by the Bank in its ordinary operations shall not be increased at any time if by such increase the total amount of such items shall exceed one hundred fifty percent (150%) of the total amount of the Bank's unimpaired subscribed capital, reserves and surpluses included in its Ordinary Capital Resources.
2. The total amount of any equity investment shall not normally exceed such percentage of the equity capital of the enterprise concerned as shall be determined, by a general rule, to be appropriate by the Board of Directors. The Bank shall not seek to obtain by such an investment a controlling interest in the enterprise concerned and shall not exercise such control or assume direct responsibility for managing any enterprise in which it has an investment, except in the event of actual or threatened default on any of its investments, actual or threatened insolvency of the enterprise in which such investment shall have been made, or other situations which, in the opinion of the Bank, threaten to jeopardize such investment, in which case the Bank may take such action and exercise such rights as it may deem necessary for the protection of its interests.
3. The amount of the Bank's disbursed equity investments shall not at any time exceed an amount corresponding to its total unimpaired paid-in subscribed capital, surpluses and general reserve.

Article 16

SPECIAL FUNDS

1. The Bank may accept the administration of Special Funds provided by a Member State, a group of Member States, or a third party donor which are designed to serve the purpose and come within the functions of the Bank. The full cost of administering any such Special Fund shall be charged to that Special Fund.
2. Special Funds accepted by the Bank may be used in any manner and on any terms and conditions consistent with the purpose and the functions of the Bank, with the other applicable provisions of this Agreement, and with the agreement or agreements relating to such Funds.

3. Each Special Fund shall be governed by specific rules and regulations adopted for such Fund by the Board of Directors. Such rules and regulations shall be consistent with the provisions of this Agreement and the law of the countries of operations of the Special Fund.

Article 17
SPECIAL FUNDS RESOURCES

The term "Special Funds Resources" shall refer to the resources of any Special Fund and shall include:

- (a) Funds accepted by the Bank for inclusion in any Special Fund;
- (b) Funds repaid in respect of loans or guarantees, and the proceeds of equity investments, financed from the resources of any Special Fund which, under the rules and regulations governing that Special Fund, are received by such Special Fund; and
- (c) Income derived from the investment of Special Funds Resources.

CHAPTER IV
BORROWING AND OTHER MISCELLANEOUS POWERS

Article 18
GENERAL POWERS

1. The Bank shall have, in addition to the powers specified elsewhere in this Agreement, the power to:
 - (a) Borrow funds in Member States or elsewhere, provided always that:
 - (i) before making a sale of its obligations in the territory of a Member State, the Bank shall have obtained the approval of such Member State; and
 - (ii) where the obligations of the Bank are to be denominated in the currency of a Member State, the Bank shall have obtained the approval of such Member State.
 - (b) Invest or deposit funds not needed in its operations;
 - (c) Buy and sell securities, in the secondary market, which the Bank has issued or guaranteed or in which it has invested;
 - (d) Guarantee securities in which it has invested in order to facilitate their sale;
 - (e) Underwrite, or participate in the underwriting of securities issued by any enterprise for purposes consistent with the purpose and functions of the Bank;
 - (f) Provide technical advice and assistance which serve its purpose and come within its functions;

- (g) Exercise such other powers and adopt such Rules and Regulations as may be necessary or appropriate for its purpose and functions, consistent with the provisions of this Agreement.
2. Every security issued or guaranteed by the Bank shall bear on its face a conspicuous statement to the effect that it is not an obligation of any Government or Member.

CHAPTER V CURRENCIES

Article 19 USE AND CONVERSION OF CURRENCIES

1. Pursuant to Paragraph 5 subparagraph (b) of Article 6, national currencies of Member States shall be eligible for payment of a portion of the capital subscription of each Member State under following rules:
- (a) The par value of the national currency of a Member State shall be calculated by the Bank using representative exchange rates prevailing on the market. For this purpose, the Bank may consult the respective authorities of the country concerned and the IMF.
 - (b) A Capital Deposit Account of the Bank shall be opened with the central bank of the respective Member State which shall bear interest equal to the annual SDR interest rate. All payments pursuant to capital subscription to be made in the national currency of such Member State shall be made to such Capital Deposit Account.
 - (c) The balance of the Capital Deposit Account, after accumulation of due interest, shall be subject to annual revaluation to reflect the change of the exchange rate of the national currency of the respective Member State towards the SDR for the annual period. If such revaluation reveals a deficit in the balance in such Account in SDR terms, the Member State shall deposit into such Account an additional amount of its national currency to bring such Account into balance in SDR terms. If such revaluation reveals a surplus in the balance of such Account, the Bank shall make a disbursement from such Account to such Member State to bring such Account into balance in SDR terms. The Board of Directors shall adopt appropriate rules and regulations establishing time schedules and other procedures for implementing the provisions of this subparagraph on a uniform basis as to all Member States.
 - (d) Each Member State shall accept its national currency as a means of payment for the purpose of each payment due by the Bank to such Member State.
2. Except where a Member State deposits with its instruments of ratification or acceptance, a declaration that such Member State retains for itself the right to restrict the operations of the Bank carried on in the national currency and within the territory of such Member State, the Bank shall be entitled to enter into any operation within the territory of each Member State of a commercial and, in particular, of a financial nature denominated in either the national currency of such Member State or in foreign exchange and no further restrictions shall be levied

except as applicable to the national financial institutions or any third party institution, whichever is more favorable. For the purpose of its operation, the Bank shall enjoy an unrestricted access to the domestic foreign exchange markets and other facilities to convert the national currency of a Member State into a freely convertible currency on terms not less favorable than those available to any domestic or foreign financial institution operating in such Member State.

3. The Bank shall have consultations with the respective authorities of each Member State with respect to the Bank's operations in the national currency such Member State to resolve in good faith all issues arising in order to facilitate the Bank's operations.
4. If, pursuant to Paragraph 2 hereof, a Member State has imposed excessive restrictions on the operations of the Bank in its national currency, the Board of Directors shall have the right to refuse to accept payments in such national currency pursuant to Article 6 and all such payments shall be made in a currency of the SDR composition during the time such restrictions are in effect.

Article 20 **DENOMINATION OF TRANSACTIONS**

The Bank's foreign currency facilities shall be denominated and payable in the currencies of which the SDR is composed. All foreign currency obligations to the Bank shall be discharged in freely convertible currency acceptable to the Bank. The Bank's national currency facilities shall be denominated in the local currency of the Member State concerned. The rate of return of these transactions shall not be less than those of similar transactions in international financial markets.

CHAPTER VI **ORGANIZATION AND MANAGEMENT**

Article 21 **STRUCTURE**

The Bank shall be managed by a Board of Governors, a Board of Directors, a President, one or more Vice Presidents, and such other officers and staff as may be considered necessary.

Article 22 **BOARD OF GOVERNORS: COMPOSITION**

1. Each Member State shall be represented on the Board of Governors and shall appoint one Governor and one Alternate Governor. Representation of all other Members shall be decided by the Board of Governors upon admission to membership. Each Governor and each Alternate Governor shall serve at the pleasure of the appointing Member. No Alternate Governor may vote except in the absence of the Governor appointed by the same Member. At its annual meeting, the Board shall elect one of the Governors as Chairman, who shall hold office until the election of the next Chairman at the next annual meeting of the Board.
2. Governors and Alternate Governors shall serve as such without remuneration from the Bank.

Article 23
BOARD OF GOVERNORS: POWERS

1. All the powers of the Bank shall be vested in the Board of Governors.
2. The Board of Governors may delegate to the Board of Directors any or all of its powers, except the power to:
 - (a) Amend this Agreement;
 - (b) Increase or decrease the authorized capital stock of the Bank;
 - (c) Decide appeals from interpretations or applications of this Agreement as may be requested by the Board of Directors;
 - (d) Authorize the conclusion of general agreements for cooperation with other international organizations;
 - (e) Appoint the President of the Bank;
 - (f) Determine the remuneration of the Directors and Alternate Directors and the salary and other terms of the contract of services of the President;
 - (g) Approve, after reviewing the auditors' report, the general balance sheet and the statement of profit and loss of the Bank;
 - (h) Admit new Members and determine conditions of their admission;
 - (i) Suspend a Member;
 - (j) Determine the reserve and distribution of the net income and surplus of the Bank;
 - (k) Decide to terminate the operations of the Bank and to distribute its assets;
 - (l) Exercise such other special powers as are expressly assigned to the Board of Governors in this Agreement or any other matter referred to it by the Board of Directors;
 - (m) Change the unit of account of the Bank, re-denominate all capital stock of the Bank, and determine the number and the par value of the shares into which it is divided, as may be advisable.⁴
4. The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Directors under Paragraph 2 of this Article, or elsewhere in this Agreement.

⁴ Resolution No.131 of the Board of Governors adopted an amendment inserting subparagraph (m) in Paragraph 2 of Article 23 that became effective as of 21 June 2013, see also footnote 2.

Article 24
BOARD OF GOVERNORS: PROCEDURE

1. The Board of Governors shall hold an annual meeting and such other meetings as may be provided for by the Board of Governors or called by the Board of Directors. Meetings of the Board of Governors shall be called by the Board of Directors whenever requested by not less than four (4) Members or by Members holding at least one fourth (1/4) of the voting power of the Members.
2. Two-thirds (2/3) of the Governors shall constitute a quorum for any meeting of the Board of Governors, provided such majority represents not less than two-thirds (2/3) of the total voting power of the Members.
3. The decision on issues indicated under Paragraph 2 subparagraphs (a), (h), (i), (k) and (m) of Article 23 shall be made by the Board of Governors by a mechanism (referred to as "Consensus") which shall be understood as the absence of any objection expressed by a Governor and considered by such Governor as constituting an obstacle to the decision in question, except that a decision to suspend a Member shall be effective notwithstanding such an objection by a Governor appointed by such Member.⁵
4. The Board of Governors shall, by regulations, establish a procedure whereby the Board of Directors may, when the latter deems such an action advisable, obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.
5. The Board of Governors, and the Board of Directors, to the extent authorized, may establish such subsidiary bodies as may be necessary or appropriate to conduct the business of the Bank.

Article 25
BOARD OF DIRECTORS: COMPOSITION

1. The Board of Governors shall determine the number of Directors, provided that each Member State shall be entitled to appoint one (1) Director.
2. Directors shall not be members of the Board of Governors and shall be of high competence in economic and financial matters.
3. The Board of Governors shall increase or decrease the number of the Directors or revise the composition of the Board of Directors as may be necessary in order to take into account changes in the number of Members of the Bank.
4. Each Member State shall appoint an Alternate Director with full powers to act for the Director when the Director is not present. Alternate Directors may participate in the meetings of the Board of Directors but may vote only when they are acting in place of their principals.

⁵ Paragraph 3 of Article 24 was amended by Resolution No.131 of the Board of Governors that became effective as of 21 June 2013, see also footnote 2.

5. Directors shall hold office for a term of three (3) years and may be reappointed. They shall continue in office until their successors are appointed. If the office of a Director becomes vacant more than ninety (90) days before the end of his term, a successor shall be appointed or elected for the remainder of the term by the Member who appointed the former Director. While the office remains vacant, the Alternate of the former Director shall exercise the powers of the latter.
6. Directors and Alternate Directors shall not necessarily reside permanently at the location of the headquarters of the Bank and shall not be considered full time employees of the Bank, but they shall be remunerated by the Bank for each meeting of the Board of Directors which they attend.

Article 26
BOARD OF DIRECTORS: POWERS

Subject to the provisions of Article 23, the Board of Directors shall be responsible for the direction of the general operations of the Bank and for this purpose, shall, in addition to the powers assigned to it expressly by this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- (a) Prepare the work of the Board of Governors;
- (b) Take decisions concerning the business of the Bank and its operations in conformity with the general directions of the Board of Governors;
- (c) Submit the accounts for each financial year for the approval of the Board of Governors at each annual meeting;
- (d) Approve the budget of the Bank.

Article 27
BOARD OF DIRECTORS: PROCEDURE

1. The Board of Directors shall meet as often as the business of the Bank may require. All usual travel and accommodation expense as well as the remuneration of the Directors shall be provided by the Bank.
2. A majority of the Directors shall constitute a quorum for any meeting of the Board of Directors, provided such majority represents not less than two-thirds (2/3) of the total voting power of the Members.
3. The rules and procedures for the Board of Directors shall be approved by the Board of Governors.

Article 28
VOTING

1. Subject to the provisions of the next sentence, the voting power of each Member, including the voting power of each Governor (or Alternate Governor acting in his place) and each Director (or Alternate Director acting in his place) shall be equal to the total number of its subscribed shares of the capital stock of the Bank. In the event of any Member failing to pay any part of the amount theretofore due in respect of its obligation in relation to the subscribed shares as required under

Article 6 of this Agreement, such Member shall be unable, so long as such failure continues, to exercise that percentage of its voting power which corresponds to the percentage which the amount due but unpaid bears to the total amount theretofore due to be paid by such Member in respect of its obligation in relation to the subscribed shares as required under Article 6 of this Agreement.

2. In voting in the Board of Governors or Board of Directors, each Governor or Director shall be entitled to cast the votes of the Member he or she represents. Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power of the Members voting.
3. Except as otherwise expressly provided in this Agreement, and except for general policy decisions in which cases such policy decisions shall be taken by a majority of not less than two-thirds (2/3) of the total voting power of the Members voting, all matters before the Board of Directors shall be decided by a majority of the voting power of the Members voting.

Article 29
MANAGEMENT: THE PRESIDENT

1. The Board of Governors, by a vote of simple majority of the total number of Governors, representing not less than a majority of the total voting power of the Members, shall appoint a President of the Bank. He/she shall be a citizen of a Member State. The President, while holding office, shall not be a Governor or a Director or an Alternate for either.
2. The term of office of the President shall be four (4) years. He/she shall, however, cease to hold office when the Board of Governors so decides, in which case the Board of Governors in accordance with Paragraph 1 of this Article 29 shall appoint a successor for up to four (4) years. Unless the Board of Governors shall otherwise direct, the President shall continue to hold the office until his/her successor is appointed.
3. The President shall be the Chairman of the Board of Directors. He/she shall not exercise any voting power, except casting vote in case of a split decision in the Board of Directors. The President may participate in the meetings of the Board of Governors but shall not vote.
4. The President as chief executive of the Bank, shall be its legal representative and shall conduct, under the direction of the Board of Directors, the current business of the Bank. The President shall, subject to the provisions of Article 30 of this Agreement, be responsible for the organization, appointment, and dismissal of the officers and staff in accordance with rules and regulations adopted by the Board of Directors.
5. In appointing the officers and the staff, the President shall ensure the highest standards of efficiency and technical competence and shall pay due regard to the recruitment of personnel on a broad geographical basis, preference being given to the citizens of the Member States.

Article 30
MANAGEMENT: VICE-PRESIDENT(S)

1. One or more Vice President(s) shall be appointed by the Board of Directors on the recommendations of the President. They shall hold office for such term, exercise such authority and perform such functions in the administration of the Bank, as may from time to time be determined by the Board of Directors. In the absence or incapacity of the President, one of the Vice Presidents nominated by the President shall exercise the authority and perform the functions of the President. A Vice President, while holding office, shall not be a Governor or Director (or an alternate of either).
2. A Vice President may participate in meetings of the Board of Directors but shall have no vote at such meetings.

Article 31
**INTERNATIONAL CHARACTER OF THE BANK
AND PROHIBITION OF POLITICAL ACTIVITY**

1. The Bank shall not accept loans or assistance that may in any way prejudice, limit, deflect or otherwise alter its purpose or functions.
2. The Bank, its President, Vice President(s), Directors, officers, and staff shall, in their decisions, take into account only considerations relevant to the Bank's purpose, functions, and operation as set out in this Agreement. Such considerations shall be weighed impartially in order to achieve and carry out the purpose and functions of the Bank.
3. The President, Vice President(s), officers, and staff of the Bank, in the discharge of their offices, shall owe their duty entirely to the Bank and to no other authority. Each Member of the Bank shall respect the international and non-political character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

Article 32
OFFICE OF THE BANK

1. The Headquarters of the Bank shall be located in the city of Thessaloniki, Hellenic Republic.
2. The Bank, upon the approval of the Board of Governors, may establish representative offices elsewhere with the objective of collecting information, assisting communication with the Bank and the Member States and in order to facilitate project and trade related transactions.
3. The Bank may enter into arrangements with other organizations with respect to the exchange of information or for other purposes consistent with this Agreement and with the approval of the Board of Governors.

Article 33
FINANCIAL YEAR

The Bank's financial year shall be the calendar year.

Article 34
CHANNEL OF COMMUNICATION, DEPOSITORIES

1. Each Member shall designate an appropriate official authority with which the Bank may communicate in connection with any matter arising under this Agreement.
2. Each Member State shall designate its Central Bank or such other agency as may be agreed upon with the Bank, as a depository with which the Bank may keep its holding of currency of such Member State as well as other assets of the Bank.

Article 35
AUDITORS AND REPORTS

1. Upon the recommendations of the Board of Directors and approval of the Board of Governors, qualified outside auditors of international reputation shall be appointed for a term of one year, renewable further on such terms and conditions as approved by the Board of Directors, to audit the affairs of the Bank and to report to the Board of Directors on a periodic basis, as may be decided by the Board of Directors.
2. The Bank shall transmit to its Members, to the Governments of the Member States and to the BSEC International Secretariat, an annual report containing an audited statement of its accounts including a separate statement for the operation of Special Funds and shall publish such reports. It shall also transmit quarterly to its Members and the BSEC International Secretariat a summary statement of its financial position and a profit and loss statement showing the results of its operations.
3. The Bank may also publish such other reports as it may deem necessary in carrying out its purposes and functions. Such reports shall be transmitted to the Members, to the Governments of the Member States and to the BSEC International Secretariat.

Article 36
ALLOCATION OF NET INCOME

The Board of Governors shall determine annually what part of the net income or surplus of the Bank from ordinary capital operations shall be allocated to reserves, provided that no part of the net income or surplus of the Bank shall be distributed pro rata based on paid-in shares to Members by way of profit until the general reserves of the Bank shall have attained the level of ten (10) percent of the subscribed capital including all paid, unpaid but payable, and unpaid but callable capital.

**CHAPTER VII
WITHDRAWAL AND TERMINATION OF OPERATIONS OF THE BANK**

**Article 37
WITHDRAWAL**

1. Any Member may withdraw from the Bank at any time by transmitting a notice in writing to the Bank at its Headquarters.
2. Withdrawal by a Member shall become effective and its Membership shall cease on the date specified in its notice, but in no event less than six (6) months after such notice is received by the Bank. However, at any time before the withdrawal becomes finally effective, the Member may notify the Bank in writing of the cancellation of its notice of intention to withdraw.

**Article 38
SUSPENSION OF MEMBERSHIP**

1. If a Member fails to fulfill any of its obligations to the Bank, the Bank may suspend its membership. The suspension of membership will be made by a decision of the Board of Governors. Within one year after the membership was suspended, the Board of Governors shall reconsider its decision and either restore the membership to good standing or cancel the membership of such a member in the Bank.
2. A Member, while under suspension, shall not be entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall continue to be liable on all of its obligations.

**Article 39
SETTLEMENT OF ACCOUNTS ON CESSATION OF MEMBERSHIP**

1. After the date on which a Member ceases membership, it shall remain liable for its direct obligations to the Bank incurred as of that date. It shall also remain responsible for its contingent liabilities to the Bank so long as any part of the loans, equity investments and guarantees contracted before it ceases to be a Member is outstanding, but it shall not incur liabilities with respect to loans and guarantees entered into thereafter by the Bank nor share in the income or the expenses of the Bank.
2. At the time a Member ceases membership, the Bank shall arrange for the repurchase of such Member's shares by the Bank as a part of the settlement of accounts with such Member in accordance with the provisions of Paragraphs 3 and 4 of this Article. For this purpose, the repurchase price of the shares shall be the value shown by the books of the Bank on the date the Member ceases membership.
3. The payment for shares repurchased by the Bank under this Article shall be governed by the following conditions:
 - (a) Any amount due to the Member for its shares shall be withheld so long as the Member, including its Central Bank or any of its agencies, instrumentalities or political subdivisions, has outstanding obligations to the Bank. Any amount

due to such Member may, at the option of the Bank, be applied to any such liability as it matures.

- (b) The net amount, equal to the excess of the repurchase price for shares (in accordance with Paragraph 2 of this Article) over the aggregate amount of liabilities of the Member concerned to the Bank, shall be payable within a period not exceeding five (5) years, as may be determined by the Bank, upon surrender of the corresponding stock certificates.
 - (c) Payments shall be made by the Bank in the currencies of the SDR composition and in the respective currencies of the Member States as the Bank may determine in accordance with its financial position.
 - (d) If losses are sustained by the Bank on any guarantees or loans which were outstanding on the date when a Member ceased membership and the amount of such losses exceeds the amount of the reserve provided against losses on the date, the 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.
4. If the Bank terminates its operations pursuant to Article 41 of this Agreement within six (6) months of the date upon which any Member ceases membership, all rights of the Member concerned shall be determined in accordance with the provisions of Articles 41 to 43. Such Member shall be considered as still a Member for purposes of such Articles, but shall have no voting rights.

Article 40
TEMPORARY SUSPENSIONS OF OPERATIONS

In an emergency, the Board of Directors, by decision of a majority of not less than two-thirds (2/3) of the total voting power of the Members, may temporarily suspend operations in respect of new commitments pending an opportunity of further consideration and action by the Board of Governors.

Article 41
TERMINATION OF OPERATIONS

- 1. In the event that the Board of Governors decides to terminate the operations of the Bank, the Bank shall forthwith cease all activities except those incidental to the orderly realization, conservation and preservation of its assets and settlement of its obligations.
- 2. Until final settlement of such obligations and distribution of assets, the Bank shall remain in existence and all mutual rights and obligations of the Bank and its Members shall continue unimpaired.

Article 42
LIABILITY OF MEMBERS AND PAYMENTS OF CLAIMS

- 1. In the event of termination of the operations of the Bank, the liability of Members for the unpaid portion of the subscribed capital of the Bank shall continue until all claims of creditors, including all contingent claims, shall have been discharged.

2. All creditors holding direct claims shall first be paid out of the assets of the Bank and then out of payments to the Bank on unpaid subscriptions. Before making any payments to the creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary in its judgment to ensure a pro rata distribution among holders of direct and contingent claims.

Article 43
DISTRIBUTION OF ASSETS

1. No distribution of assets shall be made to Members on account of their subscriptions to the capital stock of the Bank until all liabilities to creditors shall have been discharged or provided for. Such distribution must be approved by the Board of Governors.
2. Any distribution of the assets of the Bank to Members shall be in proportion to the capital stock held by each Member and shall be effected at such times and under such conditions as the Bank shall deem fair and equitable, giving priority to depositors. The share of assets distributed need not be uniform as to type of asset. No Member shall be entitled to receive its share in such a distribution of assets until it has settled all of its obligations to the Bank.
3. Any Member receiving assets distributed pursuant to this Article shall enjoy the same rights with respect to such assets as the Bank enjoyed prior to the distribution.

CHAPTER VIII
STATUS, IMMUNITIES, EXEMPTIONS AND PRIVILEGES

Article 44
LEGAL STATUS

The Bank shall be an independent international institution possessing full juridical personality and, in particular, full capacity:

- a. to contract,
- b. to acquire and dispose of immovable and movable property, and
- c. to institute legal proceedings.

Article 45
IMMUNITY FROM JUDICIAL PROCEEDINGS

1. The Bank shall enjoy immunity from every legal process except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of securities, in which cases actions may be brought against the Bank in a court of competent jurisdiction in the territory of the BSEC Participating State in which the Bank has its Headquarters or in any country where the Bank 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 or instrumentality of a

Member, or any entity or person directly or indirectly acting for or deriving claims from a Member, or from any agency or instrumentality of the Member. Members shall have recourse to such special procedures for the settlement of controversies between the Bank and its Members as may be prescribed in this Agreement, in the by-laws and regulations of the Bank, or in contracts entered into with the Bank.

3. Property and assets of the Bank shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank.

Article 46
IMMUNITY OF ASSETS

1. Property and assets of the Bank, wheresoever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or from closure by administrative or legislative action.
2. The Bank shall prevent its premises from becoming refuge for fugitives from justice, or for persons subject to extradition, or persons avoiding service of legal process or judicial proceedings.

Article 47
IMMUNITY OF ARCHIVES

The archives of the Bank and, in general, any kind of information, documents, or equipment belonging to it, or held by it, shall be inviolable wherever located.

Article 48
FREEDOM OF ASSETS FROM RESTRICTION

To the extent necessary to carry out the purpose and functions of the Bank effectively and subject to the provisions of this Agreement, all property and assets of the Bank shall be free from any restrictions, regulations, controls and moratoria of any nature.

Article 49
PRIVILEGES FOR COMMUNICATION

The official communications of the Bank shall be accorded by each Member State treatment which is not less favorable than that accorded by it to any other international organization.

Article 50
IMMUNITIES AND PRIVILEGES OF BANK PERSONNEL

All Governors, Directors, Alternates, officers and employees of the Bank and experts performing missions for the Bank shall be immune from legal process with respect to acts performed by them in their official capacity, except when the Bank waives this immunity, and shall enjoy inviolability of all their official papers and documents. This immunity shall not apply, however, to civil liability in the case of damage arising from a road traffic accident caused by any such Governor, Director, Alternate, officer, employee or expert.

Article 51
PRIVILEGES OF OFFICERS AND EMPLOYEES

1. All Governors, Directors, Alternates, officers and employees of the Bank and experts performing missions for the Bank,
 - (i) not being local nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by Member States to the representatives, officials and employees of comparable rank of other Member States; and
 - (ii) shall be granted the same treatment in respect of traveling facilities as is accorded by Member States to representatives, officials and employees of comparable rank of other Member States.
2. The spouses and immediate dependents of those officers, employees and experts of the Bank who are resident in the country in which the principal office of the Bank is located shall be accorded opportunity to take employment in that country. The spouses and immediate dependents of those officials, employees and experts of the Bank who are resident in a country in which any agency or branch office of the Bank is located shall, wherever possible, in accordance with the national law of the country, be accorded similar opportunity in that country. The Bank shall negotiate specific agreements implementing the provisions of this Paragraph with the country in which the principal office of the Bank is located and as appropriate with the other countries concerned.

Article 52
EXEMPTION FROM TAXATION

1. The Bank, its assets, property, income and its operations and transactions shall be exempt from all taxation and from all customs duties. The Bank shall also be exempt from any obligation for the payment, withholding or collection of any tax or duty.
2. No tax shall be levied on or in respect of salaries and emoluments paid by the Bank to Directors, Alternate Directors, officers or employees of the Bank, including experts performing missions for the Bank, except where a Member State deposits with its instruments of ratification or acceptance a declaration that such Member State retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to citizens or residents of such Member State.
3. No tax of any kind shall be levied on any obligation or security issued by the Bank, 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 jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Bank.

4. No tax of any kind shall be levied on any obligation or security guaranteed by the Bank, including any dividend or interest thereon by whomsoever held:
 - (a) which discriminates against such obligation or security solely, because it is guaranteed by the Bank; or
 - (b) if the sole jurisdictional basis for such taxation is the place or business maintained by the Bank.

Article 53

WAIVER OF IMMUNITIES, EXEMPTIONS AND PRIVILEGES

The immunities, privileges and exemptions conferred under this Chapter are granted in the interest of the Bank. The Board of Directors may waive to such extent and upon such conditions as it may determine, any of the immunities, privileges and exemptions conferred under this Chapter in cases where such action would, in its opinion, be appropriate in the best interest of the Bank. The President shall have the right and the duty to waive any immunity, privilege or exemption in respect of any officer, employee or expert of the Bank, other than the President or a Vice President, where, in his or her opinion, the immunity, privilege or exemption would impede the course of justice and can be waived without prejudice to the interest of the Bank. In similar circumstances and under the same conditions, the Board of Directors shall have the right and duty to waive any immunity, privilege or exemption in respect of the President and each Vice President.

CHAPTER IX

AMENDMENTS, INTERPRETATION AND ARBITRATION

Article 54

AMENDMENTS

Any proposal to amend this Agreement, whether emanating from a Member, a Governor or the Board of Directors shall be communicated to the chairman of the Board of Governors, who shall bring the proposal before the Board of Governors. When an amendment has been adopted, in accordance with the provisions of Paragraph 3 of Article 24, the Bank shall so certify in an official communication addressed to all Members. Amendments shall enter into force for all Members three (3) months after the date of the official communication unless the Board of Governors specifies therein a different period.

Article 55

LANGUAGE, INTERPRETATION, AND APPLICATION

1. The official language for communication in the Bank shall be English. The English text of this Agreement shall be regarded as the authentic text for both interpretation and application.
2. Any question of interpretation or application of the provisions of this Agreement arising between Members of the Bank and the Bank or between two or more Members of the Bank concerning the Bank shall be submitted to the Board of Directors and decided upon following rules established by the Board of Governors.

Article 56
ARBITRATION

If a disagreement arises between the Bank and a Member which has ceased to be a Member, or between the Bank and any of the Members after adoption of a decision to terminate the operations of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the Bank, another by the Member or former Member concerned, and the third, unless the parties otherwise agree, by the President of the International Court of Justice or such other authority as prescribed under the regulations adopted by the Board of Governors. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties. The third arbitrator shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

Article 57
APPROVAL DEEMED GIVEN

Whenever the approval of any Member is required before any act may be done by the Bank, except an act under Articles 14, 19, 54 and 59, approval shall be deemed to have been given unless the Member presents an objection within such reasonable period as the Bank may fix in notifying the Member of the proposed act.

CHAPTER X
FINAL PROVISIONS

Article 58
SIGNATURE AND DEPOSIT

1. The original of this Agreement in a single copy in the English language deposited with the Government of the Hellenic Republic (herein called "the Depository") shall remain open for signature until 1 January 1995 by the Governments of the BSEC Participating States.
2. The Depository shall send certified copies of this Agreement to all the Signatories and to the BSEC International Secretariat.

Article 59
RATIFICATION AND ACCEPTANCE

1. Any BSEC Participating State may become a party to this Agreement by signing it. Any other party shall sign this Agreement upon approval of its membership by the Board of Governors.
2. This Agreement shall be subject to ratification, acceptance or approval by the Signatories. Instruments of ratification, acceptance or approval shall be deposited with the Depository until a date, herein called the "Final Date," which shall be that date which is one year after the earlier of (a) the date of signature of this Agreement by all of the BSEC Participating States, or (b) the date on which this Agreement shall no longer remain open for signature as set forth in Paragraph 1 of Article 58, except that at any time after the entry into force of this Agreement, the Board of Governors may decide, by a vote representing a majority of the voting power of all of the then Members of the Bank, to extend the Final Date.

Instruments of ratification, acceptance, or approval, when deposited as provided herein, shall specify the number of shares of the initial capital stock of the Bank to which such Signatory subscribes as provided in Paragraph 1 of Article 6 of this Agreement. The Depository shall duly notify all Signatories of each deposit, the date thereof, and the number of shares subscribed.

3. A Signatory whose instrument of ratification, acceptance or approval is deposited before the date on which this Agreement enters into force shall become a Member of the Bank on the date on which this Agreement enters into force. Any other Signatory which complies with the provisions of the preceding Paragraph shall become a Member of the Bank on the date on which its instrument of ratification, acceptance, or approval is deposited.

Article 60 **IMPLEMENTATION**

Each Member State, in accordance with its juridical system, shall promptly take such action as it is necessary to make effective in its own territory, the provisions set forth in this Agreement and shall inform the Bank of the action which it has taken on the matter.

Article 61 **ENTRY INTO FORCE**

This Agreement shall come into force when instruments of ratification, acceptance, or approval shall have been deposited by at least six (6) BSEC Participating States whose initial subscriptions in the aggregate comprise not less than fifty-one (51) percent of the initial authorized capital stock of the Bank. The Depository shall inform the Members of the date of entry into force of this Agreement.

Article 62 **COMMENCEMENT OF OPERATIONS**

1. As soon as this Agreement comes into force, each BSEC Participating State which deposited an instrument of ratification, acceptance, or approval shall appoint a Governor and an Alternate Governor.
2. At its inaugural meeting, the Board of Governors shall:
 - (a) appoint the President of the Bank;
 - (b) make arrangements for the appointment of the Directors of the Bank; and
 - (c) make arrangements for the determination of the date on which the Bank shall commence its operations.
3. The Bank shall notify its Members and the BSEC International Secretariat of the date of the commencement of its operations.

Done at Tbilisi, on June 30, 1994.

Annex 1: Resolution No. 99

BOARD OF GOVERNORS RESOLUTION

Resolution No. 99

Subject: Subscription to the Increase in the Authorized Capital of BSTDB

THE BOARD OF GOVERNORS,

Takes note of the "Report on the Subscription to Unallocated Shares and to the Increase in the Capital of BSTDB.

THE BOARD OF GOVERNORS RESOLVES THAT,

A. From the increase in the Authorized Capital of BSTDB of two billion SDR (SDR 2,000,000,000), the amount offered for subscription is set at one billion SDR (SDR 1,000,000,000), divided into one million (1,000,000) shares having a par value of one thousand SDR (SDR 1,000) each.

The capital increase of SDR 1 billion is divided into SDR 300 million paid-in capital and SDR 700 million callable capital, as follows:

- o The SDR 300 million paid-in portion (30%) of the subscribed and allocated increase in capital is divided as follows:
 - (i) ten percent (10%) fully paid shares; and
 - (ii) twenty percent (20%) payable shares, payment of which shall be made by non-negotiable and non-interest bearing promissory notes or other similar obligation issued by the Member States and denominated in SDR.
 - o The SDR 700 million callable portion (70%) of the subscribed and allocated increase in capital is payable when and if called in conformity with Paragraph 4 of Article 6 of the Agreement Establishing BSTDB.
- B. Considering that Georgia did not subscribe to the increase in capital, the BoG authorizes the allocation of 10,000 shares equivalent to one (1) percent of the increase in capital offered for subscription to Romania, and closes the Phase 1 of the subscription.
- C. Considering subscriptions submitted by the Member States in their Letters of Commitment and received by BSTDB before the 15th of September 2008, the BoG decides to allocate to the Member States the following number of shares from the increase in the capital stock of BSTDB, and closes the Phase 2 of the subscription:
- Republic of Albania – subscribed to and is allocated 20,000 shares, representing 2 percent;
 - Republic of Armenia – subscribed to and is allocated 10,000 shares, representing 1 percent;
 - Republic of Azerbaijan – subscribed to and is allocated 50,000 shares, representing 5 percent;
 - Republic of Bulgaria – subscribed to and is allocated 135,000 shares, representing 13.5 percent;

- Georgia – did not subscribe;
- Hellenic Republic – subscribed to and is allocated 165,000 shares, representing 16.5 percent;
- Republic of Moldova – subscribed to and is allocated 10,000 shares, representing 1 percent;
- Romania – subscribed to 195,000 shares from the increase in the capital of BSTDB, and is allocated 145,000 shares, equal to 135,000 shares – the proportion its stock subscribed bears to the total subscribed capital stock immediately prior to the increase in capital– plus 10,000 shares remained unsubscribed and declared available for allocation, representing 14.5 percent;
- Russian Federation – subscribed to and is allocated 165,000 shares, representing 16.5 percent;
- Republic of Turkey – subscribed to and is allocated 165,000 shares from the increase in the capital of BSTDB, representing 16.5 percent;
- Ukraine – subscribed to and is allocated 135,000 shares from the increase in the capital of BSTDB, representing 13.5 percent.

D. Member States would pay to the Bank the payable portion of the allocated increase in the capital of BSTDB as follows:

- first payment of 10% (fully paid shares) of the allocated shares in 2010; and
- the remaining 20% of the allocated shares (payable shares) in eight equal successive annual installments, first in 2011 and last in 2018.

The value of each actual payment shall be the amount denominated in USD or EUR, equivalent of the SDR amount due for each payment, converted by the paying Member State(s) using the official SDR exchange rate as communicated by the International Monetary Fund the day immediately preceding the payment date; the payment date is the Value Date and also the date of transfer of the due amount in the BSTDB account.

E. Following the increase in the capital stock of BSTDB:

1. the total authorized capital stock of the Bank is three billion SDR (SDR 3,000,000,000), divided into three million (3,000,000) shares having a par value of one thousand SDR (SDR 1,000) each,
2. the total amount of subscribed capital of the Bank is two billion SDR (SDR 2,000,000,000), divided into two million (2,000,000) shares having a par value of one thousand SDR (SDR 1,000) each,
3. the number of shares subscribed by each Member, and the percentage of the total subscribed and authorized capital stock of the Bank held by each Member is the following:

Republic of Albania—40,000 shares (SDR 40,000,000 aggregate par value)—two (2) percent of the subscribed capital of the Bank, and one percent and one third of a percent (1.34) of the authorized capital stock of the Bank;

Republic of Armenia—20,000 shares (SDR 20,000,000 aggregate par value)—one (1) percent of the subscribed capital of the Bank, and two thirds (0.67) of a percent of the authorized capital stock of the Bank;

Republic of Azerbaijan—100,000 shares (SDR 100,000,000 aggregate par value)—five (5) percent of the subscribed capital of the Bank and three percent and one third of a percent (3.34) of the authorized capital stock of the Bank;

Republic of Bulgaria—270,000 shares (SDR 270,000,000 aggregate par value)—thirteen and one half (13.5) percent of the subscribed capital of the Bank, and nine (9) percent of the authorized capital stock of the Bank;

Republic of Georgia—10,000 shares (SDR 10,000,000 aggregate par value)—one half (0.5) of a percent of the subscribed capital of the Bank, and one third (0.34) of a percent of the authorized capital stock of the Bank;

Hellenic Republic— 330,000 shares (SDR 330,000,000 aggregate par value)—sixteen and one half (16.5) percent of the subscribed capital of the Bank, and eleven (11) percent of the authorized capital stock of the Bank;

Republic of Moldova—20,000 shares (SDR 20,000,000 aggregate par value)—one (1) percent of the subscribed capital of the Bank, and two thirds (0.67) of a percent of the authorized capital stock of the Bank;

Romania—280,000 shares (SDR 280,000,000 aggregate par value)—fourteen (14) percent of the of the subscribed capital of the Bank, and nine percent and one thirds of a percent (9.34) of the authorized capital stock of the Bank;

Russian Federation—330,000 shares (SDR 330,000,000 aggregate par value)—sixteen and one half (16.5) percent of the subscribed capital of the Bank, and eleven (11) percent of the authorized capital stock of the Bank;

Republic of Turkey—330,000 shares (SDR 330,000,000 aggregate par value)—sixteen and one half (16.5) percent of the subscribed capital of the Bank, and eleven (11) percent of the authorized capital stock of the Bank; and

Ukraine—270,000 shares (SDR 270,000,000 aggregate par value)—thirteen and one half (13.5) percent of the subscribed capital of the Bank, and nine (9) percent of the authorized capital stock of the Bank.

- F. The BoG authorizes the President of BSTDB to communicate to the relevant authorities of the Member States, the results of the increase in the authorized and the subscribed capital of BSTDB, and the new shareholding structure. Pursuant to this Resolution, the Member States are invited to take all necessary actions to ensure that payment of allocated shares is made according to the schedule approved under D above.

Adopted on October 5, 2008 at the 6th Special Meeting of the Board of Governors

Annex 2: Resolution No. 100

BOARD OF GOVERNORS RESOLUTION

Resolution No. 100

Subject: Subscription and Allocation of the Three Percent Unallocated Shares from the Initial Authorized Capital Stock of BSTDB

THE BOARD OF GOVERNORS RESOLVES THAT,

The Republic of Azerbaijan has subscribed to 30,000 (SDR 30,000,000 aggregate par value) unallocated shares equivalent to three (3) percent of the initial authorized capital stock of the Bank, the Board allocates these 30,000 shares to the Republic of Azerbaijan.

This portion of the newly allocated capital is divided into:

- (i) 30% paid-in capital, with a value of SDR 9 million; and
- (ii) 70% callable capital, with a value of SDR 21 million.

The Republic of Azerbaijan shall pay to the Bank SDR 9 million representing the par value of the paid-in capital. The payment shall be made by the Republic of Azerbaijan in one or more installments in any currency of the SDR composition at any date before 31st of December 2009. Payment of the subscribed shares shall be made directly to the Bank.

The value of the payment in the selected currency of the SDR composition shall be the equivalent of the SDR amount due for each payment, converted by the Republic of Azerbaijan using the official SDR exchange rate as communicated by the International Monetary Fund the day immediately preceding the payment date; the payment date is the Value Date and also the date of transfer of the due amount in the BSTDB account.

Adopted on October 5 2008 at the 6th Special Meeting of the Board of Governors

Annex 3: Resolution No. 131

BOARD OF GOVERNORS RESOLUTION

Resolution No. 131

Subject: Adoption of a draft resolution to the Board of Governors in respect of the proposed amendments in the Establishment Agreement (EUR)

The Governors, having considered the proposals submitted to the Board pursuant to Resolution No. **126, adopted at the 8th Special Meeting of the Board of Governors on December 5, 2010**, and pursuant to Articles 23.2(a), 24.3 and 54 of the Agreement

RESOLVED BY CONSENSUS,

To **adopt the following amendments to the Agreement** (collectively, the "**Amendment**"):

- Paragraph 1 of Article 4 of the Agreement is hereby amended to substitute lower case 't' for the upper case 'T' in the article at the beginning of the Paragraph, and to insert the following words immediately before it: "**Subject to sub-paragraph (m) of Paragraph 2 of Article 23,**".
- Paragraph 2 of Article 23 of the Agreement is hereby amended to change the period (.) to a semi-colon (;) at the end of subparagraph (l) thereof, and insert the following new sub-paragraph (m) immediately below it: "**Change the unit of account of the Bank, re-denominate all capital stock of the Bank, and determine the number and the par value of the shares into which it is divided, as may be advisable.**".
- Paragraph 3 of Article 24 of the Agreement is hereby amended to delete the word "and" before "(k)" inserting a comma (,) in its stead, and adding the words "**and (m)**" before the words "of Article 23"

To **instruct the Management of the Bank to send immediately the official communication prescribed by Article 54 of the Agreement to all Members, certifying** the adoption of the Amendment in accordance with Paragraph 3 of Article 24 of the Agreement, and **stating** that the Board of Governors hereby specifies that the Amendment shall enter into force for all Members of the Bank on the date (the "**Effective Date**") that the Bank shall have received official confirmation from each Governor to the effect that the Member s/he represents has completed all actions considered necessary in accordance with its juridical system with regard to the Amendment.

That from and including the Effective Date, **(i) the unit of account** of the Bank shall be the **EUR** **(ii) all capital stock** of the Bank shall **be denominated in EUR**; **(iii) the authorized capital stock** of the Bank shall be a sum that is equal to three billion multiplied by the SDR/EUR exchange rate on the Effective Date, as determined by the IMF (the "**Conversion Rate**"), divided into three million (3,000,000) shares, having a par value equal to the sum of the authorized capital divided by three million (3,000,000); and **(iv) all outstanding SDR capital commitments** of Members in respect of payable and callable shares shall be converted and **fixed into EUR** at the **Conversion Rate**.

Adopted on June 19, 2011 at the 13th Annual Meeting of the Board of Governors in Tirana, Albania

Annex 4: Resolution No. 137

BOARD OF GOVERNORS RESOLUTION

Resolution No. 137

Subject: Acceptance of the Request by the Republic of Moldova Respecting a Decrease in its Capital Participation

THE BOARD OF GOVERNORS RESOLVES THAT,

The Republic of Moldova's request for its capital participation in the Bank to be reduced from 20,000 shares to 10,000 shares, representing 0.5% of the Capital of the Bank, is hereby accepted.

The 10,000 shares so released shall remain unallocated until the next periodic review of the capital stock of the Bank by the Board, which according to Article 5.3 of the Agreement Establishing the Bank must be initiated no later than the end of 2012, at which point a Resolution for the method of their reallocation shall be adopted.

*Adopted on Thursday, October 20, 2011
through a voting without a meeting of the Board of Governors*