

EBRD Russian Ruble 5,000,000,000 Floating Rate Bond Issue

Terms and Conditions

Issuer:	The European Bank for Reconstruction and Development (EBRD)
Ratings:	AAA / Aaa
Status:	Senior, unsubordinated
Form:	Bearer coupon bond with mandatory centralised depository keeping
Principal Amount of Notes:	RUB 5,000,000,000
Pricing Date:	18 May 2005
Settlement Date:	18 May 2005
Maturity Date:	12 May 2010
Issue Price:	100%
Coupon Rate:	Equal to 3-month MosPrime Offer Rate ¹ as fixed on the last business day in London and Moscow preceding the first day of the corresponding coupon period. ²
Coupon Payment Dates:	Interest will be payable every 91 days on an Act/365 Following Business Day basis
Redemption:	100% of the principal amount of the relevant Note
Listing:	MICEX
Depository and Payment Agent:	NDC
Lead Managers:	Citigroup, Raiffeisenbank Austria
1st coupon rate:	4.04%

¹ For details on MosPrime Rate please see below.

² If after the date of the Decision to Issue either MosPrime Rate ceases to exist or (i) any change in the composition of the panel of contributing participants to the MosPrime Rate occurs, and/ or (ii) the mechanism for obtaining quotes from the contributing participants or for the calculation of the MosPrime Rate is altered, and/ or (iii) the quotes provided by each contributing participant cease to be published, the Issuer may determine in its sole discretion that MosPrime Rate shall be replaced by EBRD Offer Rate and shall notify the Calculation Agent accordingly. The Issuer's determination shall become effective one month after such notice has been given to the Calculation Agent, and the interest rate in respect of all Coupon Periods commencing after such notice has become effective shall be the EBRD Offer Rate. For details on EBRD Offer Rate please see below.

3-MONTHS MOSPRIME RATE³

Description:	The 3-Months MOSPRIME RATE is defined for the 3-month time deposit as offered by leading Russian banks to prime financial institutions and is a reference rate calculated according to the National Foreign Exchange Association (NFEA) rules and procedures.
Fixing Date:	The Rate will be determined and published on a daily basis at 12:30 Moscow Time.
Contributors to the Index:	ABN Amro Citibank Gazprombank International Moscow Bank Raiffeisenbank Austria Sberbank Vneshtorgbank WestLB
Coupon Fixing Date:	One Moscow and London business day prior to the first day of every coupon period. the Bond coupon rate for the coupon period followed is set as the Rate published on coupon fixing date. If no 3 month MosPrime rate has been published, the Coupon rate is set equal to the EBRD Offer Rate.
Rate Confirmation Agreement:	The agreement(s) between EBRD and Contributors to the Index, under which Contributors have an obligation to (i) either lend to EBRD up to RUB 150 million for a period of 91 days at the rate quoted by this bank for MosPrime Rate calculation on Coupon Fixing Date or (ii) borrow from EBRD up to RUB 150 million for a period of 91 days at the rate quoted by this bank for MosPrime Rate calculation on Coupon Fixing Date minus 50 b.p. ⁴
Quotation Currency:	Russian Ruble ("RUB")
Information sources:	REUTERS: MOSPRIME1 and MOSPRIME2 INTERNET: www.nva.ru

³ Please see also MosPrime Rate NFEA Rules attached

⁴ In the circumstances where the bid rate is equal to or above 1.1 times CBR refinancing rate, the maximum bid/offer spread will be 100 bps.

RULES

on calculation of rouble loan (deposit) reference rate in the Moscow money market: MosPrime Rate — Moscow Prime Offered Rate

1. MosPrime Rate is the National Foreign Exchange Association (NFEA) fixing of the reference rate based on the offer rates of Russian Rouble deposits as quoted by the leading participants of the Russian money market to first class financial institutions.

MosPrime Rate is an independent indicative rate.

2. The list of banks contributing reference rates (hereinafter—Contributor Panel) is determined by the NFEA Board. Contributor Panels shall comprise at least 6 Contributor Banks are selected on the basis of reputation, credit standing, scale of activity and experience in Russian money market. NFEA Board shall review Contributor Panel at least once a year. There is no restriction on recurring inclusion of a bank in Contributor Panel.

If a Contributor Bank ceases to satisfy NFEA Board requirements, NFEA Board has the right to exclude it from Contributor Panel.

Each Contributor Bank has the right to cease contributing the rates by sending preliminary notification in 3 months before the date of cessation.

In case of such cessation NFEA Board have right to replace the leaving Contributor Bank. The information on such a replacement shall be made public at least 2 months before such replacement becomes effective. Information on any change in Contributor Banks list shall be disclosed in media (in particular at NFEA internet site and relevant Reuters page).

3. The rates provided by the Contributor Banks are regarded to be exemplary rates. While the disclosure of such rates does not impose any interbank deal making obligations on the Banks, the rates of the Contributor Banks are intended to accurately reflect the rates at which these banks are prepared to place a deposit to a prime financial institution according to Russian law.

The Banks shall disclose their rates without any references either to the rates of the other Banks, or to the rates of Central Bank of the Russian Federation.

4. MosPrime Rate is calculated for the tenors of 1,2 and 3 months deposit rates provided by 8 Contributor Banks. The starting day of the contract period is “tomorrow” (TOM).

5. MosPrime Rate is calculated every business day on the basis of the Contributor Banks’ rates at which they may place a deposit to a prime financial institution for periods equal to the relevant MosPrime Rate Calculation Period. Banks submit their rates to Reuters not later 11.45 Moscow time. Business day is a day in accordance with the legislation of the Russian Federation. The rates shall be provided in per cent p.a. to two decimal places.

MosPrime Rate is calculated as an arithmetic average of the rates provided by Contributor Banks after disregarding the highest and the lowest. If only 4 or less rates have been provided, no quotes to be excluded from the averaging. MosPrime Rate shall be rounded, if necessary, to two decimal places.

6. The Contributor Banks shall dispatch MosPrime Rate indicative rates together with MosIBOR rates in Reuters.

Reuters shall publish MosPrime Rate rate and the rates of the Contributor Banks every business day on special pages together MOSPRIME1 and MOSPRIME2 respectively .

7. NFEA undertakes to daily disclose MosPrime Rate rate, individual rate of the Contributor Banks and information on changes in Contributor Panel on its website www.nva.ru, relevant Reuters page and in media (on condition of "copyright" from Reuters).

EBRD OFFER RATE

Description:

The **EBRD OFFER RATE** is defined for the 3-month time deposit and is a reference rate calculated according to the standard calculating procedure.

The Rate is devised to be a fall back rate which can be only used for one coupon period as a Bond coupon rate if no 3-month MosPrime Rate is quoted on a Coupon Fixing Date or on a permanent basis if Special Conditions apply. The Rate, as well as the rates quoted by the Contributing Banks, is presented in the form valid for the Russian monetary market and accurate to the second decimal place.

Special Conditions:

If after the date of the Decision to Issue MosPrime Rate ceases to exist for two weeks or (i) any change in the composition of the panel of contributing participants to the MosPrime Rate occurs, and/or (ii) the mechanism for obtaining quotes from the contributing participants or for the calculation of the MosPrime Rate is altered and/or (iii) the quotes provided by each contributing participant cease to be published, the Issuer may determine in its sole discretion that MosPrime shall be replaced by EBRD Offer Rate and shall notify the Calculation Agent accordingly. The interest rate for all subsequent coupons shall be equal to the EBRD Offer Rate.

The Issuer's determination shall become effective one month after such notice has been given to the Calculation Agent, and the interest rate in respect of all Coupon Periods commencing after such notice has become effective shall be the EBRD Offer Rate.

Contributing Banks:

ABN Amro
Citibank
Commerzbank
Deutshce Bank
Gazprombank
HSBC
ING
International Moscow Bank
JP Morgan
Raiffeisenbank Austria
Vneshtorgbank
WestLB

Calculation Agent:

ING

**Contributing Bank
Obligations:**

Contributing banks are obliged:

- To enter into a money-market agreement with EBRD to allow EBRD to make deposits and draw loans at an interest rate based on the quotation by the relevant Contributor Bank in an amount up to the Standard Quotation Amount;
- to open a credit limit which allows them to make deposits with EBRD for the volume not exceeding the Standard Quotation Amount;
- to provide the Calculation Agent with the Quotation upon receipt of the respective request no later than Collection Closing Time;
- to enter into Transaction with EBRD on terms and conditions set forth in the Quotation upon receipt of an EBRD's notification anytime before the Quotation Availability Time.