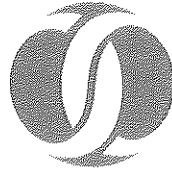


**OFFERING CIRCULAR**



**European Bank  
for Reconstruction and Development**

**Issue of GEL 107,000,000 FRN Bonds due 11 June, 2021**

The GEL Floating Rate Notes (the "Bonds") will be issued by the European Bank for Reconstruction and Development (the "Bank") in registered form in denominations of GEL 1,000,000 on 17 June, 2016 ("Issue Date") and will mature on 11 June, 2021 ("Maturity Date") and will be redeemed at their principal amount. Bonds may not be redeemed before such date. Interest on the Bonds is payable quarterly in arrears at the rate of 3-months (91-days) National Bank of Georgia ("NBG") Certificate of Deposit (as defined below), as reported by NBG on the following link: <http://www.nbg.ge/index.php?m=619&lng=eng>  
The Bonds are expected to be listed and admitted to trading on the market of the Georgian Stock Exchange.

The Bonds will be direct and unsecured obligations of the Bank.

*Manager*



**GALT & TAGGART**  
CREATING OPPORTUNITIES

*17 June, 2016*

## Execution Copy

The Bank accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Bank, (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Offering Circular and the offer of the Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes are required by the Bank and the Manager (as defined under "Underwriting and Sale") to inform themselves about, and to observe, any such restrictions.

This offer comprises a public offering of the Bonds (the "Public Offering") within the meaning of Article 3.1 of the Law of Georgia on the Securities Market (the "Securities Market Law") only inside Georgia, Caucasus region. Notwithstanding the above, this Offering Circular comprises neither a preliminary prospectus nor a final or approved prospectus for the purposes of Article 4 of the Securities Market Law. The purpose of this Offering Circular is to give information with regard to the Bank and the Bonds which, according to the particular nature of the Bank and the Bonds, may assist investors to make an informed assessment of the financial position and prospects of the Bank and any investment decision with respect to the Bonds.

This Offering Circular has not been approved by any regulatory authority, including NBG, by virtue of the exemption provided for by Article 4.6 of the Securities Market Law and available to issuers whose securities are listed on one of the recognised foreign stock exchanges within the meaning of Article 2.62 of the Securities Market Law. NBG has been notified of the Public Offering in advance, as required under Article 4.6 of the Securities Market Law.

The Offering Circular is available for viewing and copies may be obtained from the Manager at the Manager's address.

In connection with the issue and sale of the Bonds, no person is authorised to give any information or to make any representation not contained in this Offering Circular, and neither the Bank nor the Manager accepts responsibility for any information not contained herein. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof.

This Offering Circular does not constitute and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation, and no action is being taken to permit an offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where such action is required.

**Neither this Offering Circular nor any other information supplied by the Bank or the Manager in connection with the Bonds is intended to provide an evaluation of the risks involved in investing in the Bonds. Each investor is advised to make its own evaluation of the potential risks involved. Neither the Bank nor the Manager make any representation to any offeree or purchaser of the Bonds regarding the legality of an investment in the Bonds by such offeree or purchaser under appropriate investment or similar laws.**

This Offering Circular has been prepared in both the English and the Georgian languages. In case of any discrepancy, the English version should prevail.

In this Offering Circular, references to Georgian Lari and references to "GEL" are to the lawful currency of the Country of Georgia.

The most recently published annual Financial Statements of the Bank shall be deemed to be incorporated in, and form part of, this Offering Circular that is available on the Bank's website: <http://www.ebrd.com/work-with-us/capital-markets/investor-information.html>. Copies of such Financial Statements will also be available for inspection at the Bank's Resident Office in Georgia, 31a Griboedov Street, 0108, Tbilisi, Georgia during usual business hours.

The Manager does not accept liability for the accuracy of any information included in this Offering Circular and prospective investors are advised to use such information with caution.

TABLE OF CONTENTS

	<i>Page</i>
Forward-Looking Statements .....	4
Terms and Conditions of the Bonds .....	5
Use of Proceeds.....	10
Information relating to the European Bank for Reconstruction and Development .....	11
Information relating to Clearance and Settlement.....	15
Underwriting and Sale.....	16
Risk Factors.....	17

## FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning the Bank's plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, capital expenditures, financing needs, future operations, development, business strategy and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "target", "potential", "expect", "intend", "predict", "project", "could", "should", "may", "will", "plan", "aim", "seek" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "Risk Factors", as well as those included elsewhere in this Offering Circular. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

Accordingly, investors should not place undue reliance on forward-looking statements and, when looking at forward-looking statements, should carefully consider the foregoing factors and other uncertainties and events. The forward-looking statements in this Offering Circular speak only as of the date of this Offering Circular. The Bank does not undertake any obligation to update or revise any of them (whether as a result of new information, future events or otherwise), other than as required by applicable laws. The Bank does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios, and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Bank or persons acting on the Bank's behalf and any projections made by third parties included in this Offering Circular.

## TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the Terms and Conditions of the Bonds*

GEL 107,000,000 floating rate notes due 11 June, 2021 (the "Bonds") are issued under the 2016 Borrowing Programme of the European Bank for Reconstruction and Development (the "Bank"), which was approved by the Bank's Board of Directors on 15 December 2015.

Payments of principal and interest in respect of the Bonds will be made in accordance with a Calculation and Paying Agency Agreement dated 17 June, 2016 between the Bank and JSC Galt & Taggart as calculation and paying agent (the "Calculation and Paying Agent", which expression shall, wherever the context so admits, include any substitute calculation and paying agent). The Calculation and Paying Agency Agreement has attached to it the Terms and Conditions of the Bonds. The holders of the Bonds which include those registered owners or nominee holders of a security registered in the Register, as defined in Condition 4, (the "Registered Holders") are entitled to inspect a copy of the Calculation and Paying Agency Agreement which will be available at the specified office of the Calculation and Paying Agent and are deemed to have notice of, and be bound by, all the provisions of the Calculation and Paying Agency Agreement applicable to them.

### 1. Form and Denominations

The Bonds are issued as dematerialised book-entry bonds in registered form, in denominations of GEL 1,000,000 each, at the date of issue, 17 June, 2016 (the "Issue Date").

### 2. Status

The Bonds are direct and, subject to Condition 3, unsecured obligations of the Bank ranking *pari passu* without any preference among themselves and, subject as aforesaid, with all its other obligations which are unsecured and not subordinated. The Bonds are not the obligations of any government or member of the Bank.

### 3. Negative Pledge

As long as any of the Bonds shall be outstanding, the Bank will not create on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness quoted, listed or ordinarily dealt in on any stock exchange or other organised securities market, heretofore or hereafter issued or assumed by the Bank or for any guarantee thereof by the Bank, unless all payments in respect of the Bonds shall be secured by such mortgage, pledge, lien or charge equally and rateably with such bonds, notes, evidences of indebtedness or guarantees; provided, however, that the foregoing shall not apply to: (i) any lien created as security for the payment of any such indebtedness or guarantee incurred for the purpose of financing or refinancing the purchase of any property; (ii) any lien arising in the ordinary course of business and securing a debt maturing not more than one year after the date on which it is originally incurred; or (iii) any extension or renewal of the foregoing.

### 4. Interest

#### (a) Interest Payment Dates

The Bonds shall bear interest payable quarterly in arrears on 16 September 2016; 16 December 2016; 17 March 2017; 16 June 2017; 15 September 2017; 15 December 2017; 16 March 2018; 15 June 2018; 14 September 2018; 14 December 2018; 15 March 2019; 14 June 2019; 13 September 2019; 13 December 2019; 13 March 2020; 12 June 2020; 11 September 2020; 11 December 2020; 12 March 2021 and 11 June 2021, with the first interest payment to be made on 16 September 2016. Each date set for payment of interest in this Condition 4 is hereinafter referred to as an "Interest Payment Date", with 11 June 2021 also referred to as the "Maturity Date".

All payments will be made on the stated Interest Payment Dates or the Maturity Date, as the case may be, as per the list of the Registered Holders registered by the United Securities Registrar of Georgia (the "Registrar") in the bondholders register (the "Register") at the close of business two (2) Business Days preceding the Interest Payment Date or the Maturity Date (the "Record Date"), unless the Interest Payment Date or the Maturity Date is not a Business Day in Georgia, in which case payment will be made on the first Business Day following the relevant Interest Payment Date or the Maturity Date.

Interest will be calculated on the basis of the actual number of calendar days in the relevant Interest Period based on a 365-day year.

Interest will accrue from and including the previous Interest Payment Date or the Issue Date as the case may be, to but excluding the next Interest Payment Date or the Maturity Date as the case may be. For the avoidance of doubt, where the Interest Payment Date has been adjusted to the next Business Day, interest will accrue to (but excluding) such postponed date, and the actual number of days in such period will therefore be more than 91 days. As the immediately subsequent period will be from and including the postponed Interest Payment Date to but excluding the next Interest Payment Date, the actual number of days in such period will be less than 91 days if the next Interest Payment Date is a Business Day.

If an amount of interest payable in respect of any Bond, as calculated in accordance with these Conditions does not constitute an integral multiple of 0.01 GEL, such amount shall be rounded to the nearest integral multiple of 0.01 GEL (with 0.005 – 0.009 GEL being rounded up).

*(b) Interest Payments*

Bonds will cease to bear interest from the due date of redemption unless, upon due presentation of evidence of any Bond, payment of principal is improperly withheld or refused, in which event interest shall not cease to accrue, but shall continue to accrue until the actual redemption of the Bonds or until the date on which notice has been given to the Registered Holders to the effect that the necessary funds for redemption have been provided to the Calculation and Paying Agent.

*(c) Rate of Interest*

The rate of interest shall be calculated by reference to 3-month-GEL-CD-NBG, with no premium/spread.

"3-month-GEL-CD-NBG" means the most recent rate per annum for a period of 3 months ("91 days") which appears on the CD-NBG Screen Page (as defined below), in the column "91-days", as of 12:00 pm Tbilisi time on the Interest Determination Date, provided that such rate is not published more than 30 days prior to the Interest Determination Date. If the rate is not available, the Calculation and Paying Agent will determine the relevant rate in accordance with the Reference Rate Fallback Provisions.

CD-NBG Screen Page means the display page designated <http://www.nbg.ge/index.php?m=619&lng=eng> on the website of the National Bank of Georgia (the "NBG") or such other page on such service designated for the purpose of displaying the relevant rate, or if such service ceases to be available or the relevant rate ceases to be available on such service, the page that displays the relevant rates on another service as specified by the Calculation and Paying Agent;

"Certificates of Deposit" means short-term discounted debt securities issued by NBG with maturities of 3 months ("91 days").

"Interest Determination Date" means for any Interest Period, the day one Business Day before the first day of such Interest Period.

"Reference Rate Fallback Provisions" means reference rate fallback provisions described below:

In case the 3-month-GEL-CD-NBG is not available for any reason on the CD-NBG Screen Page on an Interest Determination Date and before 10:00 am Tbilisi Time on the succeeding Business Day in respect of an Interest Period, the rate for such Interest Period shall be:

- (i) the percentage rate per annum that is the arithmetic mean (rounded upwards to two decimal places) of the bid rates per annum quoted by at least two Reference Banks at the request of the Calculation and Paying Agent, (calculated on an Actual/365 basis) in relation to the purchase of the Certificates of Deposit, and in an amount equal to a Representative Amount, at which each Reference Bank is willing to enter into transactions between 11:00am and 12:00pm, Tbilisi time on the succeeding Business Day following immediately the relevant Interest Determination Date, provided that, if five or more such quotations are provided, the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) will be disregarded in calculating the arithmetic mean, provided, however, that if fewer than five (but at least two) Reference Banks provide such quotations then the average of the quotations actually obtained shall apply. The Calculation and Paying Agent will inform the Bank of bid rates per annum quoted by the Reference Banks and will publish these rates on the website of the Georgian Stock Exchange; or
- (ii) if it is not possible to determine the rate of interest in accordance with the above paragraph (i), the rate for the next Interest Period shall be determined by the Calculation and Paying Agent in its sole discretion, acting in good faith and in a commercially reasonable manner.

“Business Day” means any day (other than a Saturday or Sunday) on which commercial banks and securities market participants settle transactions and are open for general business in Tbilisi, Georgia and London, United Kingdom.

“Reference Banks” means five leading banks of good credit standing that are active in the Georgian Government bond market (including the Certificates of Deposit) selected by the Calculation and Paying Agent in its sole discretion, acting in good faith and in a commercially reasonable manner.

“Representative Amount” means an amount that is representative for a single transaction in the Georgian Government bond (including the Certificates of Deposit) market at the relevant time.

“Interest Period” means each period of 3 months (“91 days”) from and including the Interest Payment Date to but excluding the next following Interest Payment Date, except in the case of the first period when it means the period beginning on the Issue Date and ending on but excluding the next following Interest Payment Date and except in the case of the last period when it means the period beginning on the penultimate Interest Payment Date and ending on but excluding the Maturity Date.

## 5. Payments

Payments of principal and interest will be made in GEL by credit or transfer to a GEL bank account specified by the payee in the Register and kept with a commercial bank operating in the country of Georgia and appearing in the list of licensed banks on the following page: <http://www.nbg.ge/index.php?m=403>. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 9. Each Registered Holder is responsible to keep up to date GEL bank account details with the Registrar, otherwise the Registered Holder may experience delays in receiving interest and/or principal payments. The Calculation and Paying Agent assumes no liability for any delay in payments to a Registered Holder caused by the unavailability of full and precise GEL bank account details of such Registered Holder with the Registrar.

The Bank reserves the right at any time to vary or terminate the appointment of the Calculation and Paying Agent and to appoint another Calculation and Paying Agent provided that it will at all times whilst any Bond is outstanding maintain a Calculation and Paying Agent (which shall be a reputable bank licensed to carry out banking activities in Georgia or a reputable broker licensed to carry out brokerage activities in Georgia). Notice of any such termination or appointment and of any changes in the specified office of the Calculation and Paying Agent will be given to the Registered Holders in accordance with Condition 11.

**6. Closed Periods**

No Registered Holder may require the transfer of a Bond to be registered during the period starting at the close of business on any Record Date and ending on (and including) any Interest Payment Date. Violation of this clause may cause distribution of payments to the wrong recipients. The Calculation and Paying Agent assumes no liability for such distributions.

“close of business” means, in relation to the Record Date, 18:00 pm Tbilisi time.

**7. Redemption and Purchase**

Unless previously purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. The Bonds will not be redeemable prior to maturity. The Bank may at any time purchase Bonds in the open market or otherwise, in each case at any price. Bonds purchased by the Bank may be cancelled.

**8. Title**

While title to the Bonds shall pass upon registration of the title on the Register at the Registrar or through registration of a change in records maintained by the nominee holder, as applicable, the Bank and the Calculation and Paying Agent may deem and treat only Registered Holders as the absolute owners thereof for the purpose of making payments and, for all other purposes (notwithstanding any notice of ownership) whether or not such Bond or, in the case of a payment of interest, such payment shall be overdue, and all payments to such Registered Holders shall be valid and effectual to discharge the liability of the Bank and the Calculation and Paying Agent in respect of such Bond to the extent of the sum or sums so paid.

The Bonds may be transferred in accordance with relevant Georgian law requirements.

**9. Taxation**

Payments of principal and interest on the Bonds will be made by the Bank to the Calculation and Paying Agent without withholding or deduction for or on account of tax.

**10. Events of Default**

If the Bank shall default:

- (a) For a period of 90 days in the payment of the principal of, or interest on, the Bonds; or
- (b) In the performance of any other covenant or agreement contained in the Bonds and any such default shall continue for a period of 90 days after written notice thereof shall have been given to the Bank at its principal office in London by any Registered Holder; or
- (c) In the payment of the principal of, or interest on, any bonds, notes or similar obligations which have been issued, assumed or guaranteed by the Bank and such default shall continue for a period of 90 days;

then at any time thereafter and during the continuance of such default any Registered Holder may deliver or cause to be delivered to the Bank at its principal office in London, written notice that such Registered Holder elects to declare the principal of all Bonds held by it to be due and payable, and 30 days after the date on which such notice shall be so delivered to the Bank the principal of such Bonds shall become due and payable, together with all accrued interest thereon unless prior to that time such default shall have been cured.

In the event of the failure to perform or improper performance by the Bank of its obligations under the Bonds, the Registered Holders may file a law suit with the court against the Bank and demand redemption of the Bonds and payment of the accrued interest, including, the interest accrued due to the late redemption of the Bonds.



In accordance with the Agreement Establishing the European Bank for Reconstruction and Development of 29 May 1990, the Bank, within the scope of its official activities, enjoys immunity from jurisdiction, subject to waiver of immunity. Actions may be brought against the Bank only in a court of competent jurisdiction in the territory of a country in which it has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action against the Bank may be brought by its members or persons acting for or deriving claims from its members.

The property and assets of the Bank are immune from all forms of seizure, attachment or execution before the delivery of final judgment against it. Such property and assets are also immune from search, requisition, confiscation, expropriation and any other form of taking or foreclosure by executive or legislative action. The archives of the Bank are inviolable. Nothing herein contained shall constitute a waiver in respect of any immunities or privileges specified in this paragraph.

The Governors, Alternate Governors, Directors, Alternate Directors, officers and employees of the Bank, including experts performing missions for it, are immune from legal proceedings for acts performed by them in their official capacities, except when the Bank waives such immunity. Nothing herein contained shall constitute a waiver in respect of any immunities or privileges specified in this Condition.

**11. Notices**

All notices regarding the Bonds will be valid if placed on the Bank's website.

**12. Further Issues**

The Bank may from time to time without the consent of the Registered Holders create and issue further securities having the same terms and conditions as the Bonds in all respects (except for the Issue Date) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Bank may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

**13. Governing Law and Jurisdiction**

- (a) The Bonds are governed by, and shall be construed in accordance with, the laws of the Country of Georgia.
- (b) The Bank irrevocably agrees, for the benefit of the Registered Holders that the competent courts of the Country of Georgia are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds.

**USE OF PROCEEDS**

The net proceeds of the issue will be included in the ordinary capital resources of the Bank and used in its ordinary operations.

## INFORMATION RELATING TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

### Introduction

The Bank is an international organisation formed under the Agreement Establishing the Bank dated 29th May, 1990 (the "Agreement"), signed by 40 countries, together with the European Economic Community and the European Investment Bank. The Agreement came into force on 28th March, 1991 and the Bank commenced operations on 15th April, 1991. The Bank has currently 67 members including Georgia, which became a member on 4 September 1992. The Bank's principal office is in London.

### The Agreement

The Agreement is the Bank's governing constitution. It sets forth the Bank's purpose and functions, its capital structure and organisation, authorises the operations in which it may engage, prescribes limitations on the carrying-out of those operations and establishes the status, immunities, exemptions and privileges of the Bank. The Agreement also contains provisions with respect to the admission, withdrawal and suspension of members, increases of the Bank's authorised capital stock, the terms and conditions under which the Bank may make or guarantee loans or make equity investments, the use of currencies held by it, amendments to and interpretations of the Agreement and the suspension and termination of the Bank's operations.

### Rating

The Bank and/or its debt obligations have been assigned an AAA credit rating from Standard & Poor's Credit Market Services Europe Limited ("S&P"), an Aaa credit rating from Moody's Investors Service Limited ("Moody's") and an AAA credit rating from Fitch France S.A.S. ("Fitch"). As defined by S&P, an "AAA" rating means that the ability of the Bank to meet its financial commitment on its obligations is extremely strong. As defined by Moody's, an "Aaa" rating means that the Bank's ability to meet its financial obligations is judged to be of the highest quality, with minimal credit risk. As defined by Fitch, an "AAA" rating denotes the lowest expectation of credit risk and means that the Bank has an exceptionally strong capacity for timely payment of its financial commitments.

The ratings mentioned above are accurate as of the date of this Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

### Purpose and Functions of the Bank

The purpose of the Bank is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in its member countries in Central and Eastern Europe which are committed to applying the principles of multiparty democracy, pluralism and market economics. The Bank's "countries of operations" currently include the countries of Central and Eastern Europe and the former Soviet Union, countries of the Southern and Eastern Mediterranean region, the Republic of Turkey and Mongolia.

To fulfil its purpose on a long-term basis, the Bank is to assist its countries of operations to implement structural and sectoral economic reforms, including de-monopolisation, decentralisation and privatisation, to help their economies become fully integrated into the international economy by measures:-

- To promote, through private and other interested investors, the establishment, improvement and expansion of productive, competitive and private sector activity, in particular small and medium sized enterprises;
- To mobilise domestic and foreign capital and experienced management to the end described above;

- To foster productive investment, including in the service and financial sectors, and in related infrastructure where that is necessary to support private and entrepreneurial initiative, thereby assisting in creating a competitive environment and raising productivity, the standard of living and conditions of labour;
- To provide technical assistance for the preparation, financing and implementation of relevant projects, whether individual or in the context of specific investment programmes;
- To stimulate and encourage the development of capital markets;
- To give support to sound and economically viable projects involving more than one recipient member country;
- To promote in the full range of its activities environmentally sound and sustainable development; and
- To undertake such other activities and provide such other services as may further these functions.

The Bank's founders considered the successful transition of the countries of operations to market-oriented economies to be closely linked to parallel progress towards multiparty democracy, pluralism and the rule of law. Consequently, these political aspects of the Bank's mandate are monitored and encouraged by the Bank as part of the process of assisting the transition of the countries of operations to market economies. The Bank assesses the economic and political progress made by the countries of operations as part of the regular review of its operations strategy for each country.

### **Legal Status, Privileges and Immunities**

The Agreement contains provisions which accord to the Bank legal status and certain immunities and privileges in the territories of each of its members. Certain of these provisions are summarised below.

The Bank has full legal personality with capacity to contract, to acquire and dispose of immovable and movable property and to institute legal proceedings. Under the Headquarters Agreement between the United Kingdom and the Bank, dated 15th April, 1991, the Bank, within the scope of its official activities, enjoys immunity from jurisdiction, subject to certain limited exceptions, including civil actions arising out of its powers to borrow money, to guarantee obligations and to buy or sell or underwrite securities. Outside the United Kingdom, actions may be brought against the Bank only in a court of competent jurisdiction in the territory of a country in which it has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action against the Bank may be brought by its members or persons acting for or deriving claims from its members.

The property and assets of the Bank are immune from all forms of seizure, attachment or execution before the delivery of final judgment against it. Such property and assets are also immune from search, requisition, confiscation, expropriation and any other form of taking or foreclosure by executive or legislative action. The archives of the Bank are inviolable.

The Governors, Alternate Governors, Directors, Alternate Directors, officers and employees of the Bank, including experts performing missions for it, are immune from legal process for acts performed by them in their official capacities, except when the Bank waives such immunity.

### **Taxation**

Within the scope of its official activities, the Bank, its assets, property and income are exempt from all direct taxes imposed by any member. An exemption from indirect taxes applies when purchases or services of substantial value, which are necessary for the exercise of the official activities of the Bank, are made or used by the Bank. The Bank is also exempt from all import and export duties

## Execution Copy

and taxes as well as from import and export prohibitions and restrictions with respect to goods necessary for the exercise of its official activities.

No tax of any kind is to be levied on any obligation or security issued by the Bank, including any dividend or interest thereon, which discriminates against such obligation or security solely because it is issued by the Bank, or 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.

Consistent with accepted international practice to accord certain immunities and privileges to international organisations, the Bank is exempt from the obligation to withhold tax from interest and certain other types of payments in the United Kingdom. Accordingly, payments of interest may be made by the Bank or a paying agent without any withholding or deduction for or on account of United Kingdom income tax.

Following changes approved by the Parliament of Georgia on 26 December 2013 to the Georgian tax code, coupon income and sale proceeds from debt securities issued by international financial institutions ("IFIs") are exempt from profit tax. The list of such prescribed IFIs as at the Issue Date was published on 21 February 2014 on the following link:  
<https://matsne.gov.ge/ka/document/view/2257126>

Board of Directors

Set forth below are the members of the Board of Directors of the Bank, their Alternates, and the member countries which they represent as of the date of this Offering Circular. For the purpose of the business of the Bank the address of each Director is the principal office of the Bank.

DIRECTORS	ALTERNATES	CONSTITUENCIES
Allen, Scott	Tran, Luyen	United States of America
Barresi, Phillip	Park, Soomin	Australia/Korea/New Zealand/Egypt
Barton, Tamsyn	Grilli, Michel	EIB
Bartzokas, Anthony	Mateus, Abel	Greece/Portugal
Bello, Raphaël	Gauquelin, Gustave	France
Brandt, Anna	Björnermark, Anna	Sweden/Iceland/Estonia
Dansereau, Claire	Houlahan, Greg	Canada/Morocco/Jordan/Tunisia
Dilekli, Evren	Andrei Dragoş	Turkey/Romania/Azerbaijan/Kyrgyz Republic
Di Maro, Raffaella	Brandi, Dante	Italy
Freeman, Harold	Wren, Claire	United Kingdom
Hockuba, Zbigniew	Mitrev, Kalin	Poland/Bulgaria/Albania
Jensen, Ove	Vitkauskas, Aloyzas	Denmark/Lithuania/Ireland/Kosovo
Kaufmann, Heinz	Shevalev, Artem	Switzerland/Ukraine/Liechtenstein/Turkmenistan/Serbia/Montenegro/Moldova
Kawakami, Yosuke	Honda, Makoto	Japan
Koskinen, Johannes	Hovland, Ole	Finland/Norway/Latvia
Król, Klára	Havas, László	Czech Republic/Hungary/Slovak Republic/Croatia/Georgia
Morozov, Denis	Verkashanskiy, Sergey	Russian Federation/Belarus/Tajikistan
Oporto, Antonio	Bal, Enrique	Spain/Mexico
Reichenbach, Horst	Basch, Peter	European Union
Seiringer, Johannes	Azoulay, Eddie	Austria/Israel/Cyprus/Malta/Kazakhstan/Bosnia & Herzegovina
Six, Jean-Louis	Marques, Miguel	Belgium/Luxembourg/Slovenia
Stein, Klaus	Ernst, Johann-Hinrich	Germany
Weekers, Frans	Elkhuizen, Ronald	Netherlands/Mongolia/FYR Macedonia/Armenia/China
Not currently assigned	Not currently assigned	Uzbekistan

**INFORMATION RELATING TO CLEARANCE AND SETTLEMENT**

The clearance and settlement process of the issue shall take place in accordance with the terms and conditions of an underwriting agreement dated 17 June, 2016 entered into by and between the Bank and the Manager (the "Underwriting Agreement"). The Bank will issue and deliver the Bonds to the Manager on the Issue Date after the receipt by the Bank of the Bonds issue proceeds.

The Bonds will then be delivered from the Manager's securities account to the securities accounts of the investors, after receipt of payment for the relevant Bonds.

**UNDERWRITING AND SALE**

*The following is a summary of the underwriting and sale arrangements relating to the Bonds.*

JSC Galt & Taggart (the "Manager") has, pursuant to the Underwriting Agreement, agreed with the Bank to fully underwrite the Bonds.

The Manager has agreed that it will not offer or sell directly or indirectly, or distribute the Offering Circular, except in accordance with Georgian law.

The Manager has agreed that the Bonds shall not be offered or sold in any jurisdiction other than Georgia.



## RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Offering Circular prior to making any investment decision with respect to the Bonds. Each of the risks highlighted below could have a material adverse effect on the Bank's business, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Bonds.

Prospective investors should note that the risks described below are not the only risks the Bank faces. The Bank has described only those risks relating to its operations that it considers to be material. There may be additional risks that the Bank currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.

### Risk Factors Relating to the Bonds

#### *Market, liquidity and yield considerations*

The Bonds may not have an established trading market when issued. There can be no assurance of a secondary market for any Bonds or the liquidity of such market if one develops. Consequently, investors may not be able to sell their Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

#### *The credit rating of the Bank may not reflect all risks affecting the Bonds*

The credit ratings assigned to the Bank may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

#### *Legal Investment Considerations*

Investors should consult their own legal advisers in determining whether and to what extent the Bonds constitute legal investments for such investors and whether and to what extent the Bonds can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisers or regulators in determining the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Investors whose investment activities are subject to investment laws and regulations, or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities, which may include the Bonds. Investors should review and consider such restrictions prior to investing in any Bonds.

### Risk Factors relating to the Bank

The Bank extends loans, makes equity and debt investments and issues guarantees primarily to the private sector in its countries of operation. Changes in the macroeconomic environment, political climate and financial markets in these countries may affect the creditworthiness of the Bank's clients. Even severe changes in the macroeconomic, political and financial climate should, however, not affect the Bank's ability to repay its borrowings, which is assured above all through the Bank's prudent provisioning policy, ample liquidity, and limitations in the Agreement on its outstanding loans, equity investments and guarantees to the total amount of its subscribed capital, reserves and surpluses. Since the second half of 2008, disruption to the global financial markets, the re-pricing of credit risk and increased volatility have created challenging global market conditions and adversely affected the economies of many countries. Furthermore, since 2014, tensions between two of the Bank's largest countries of operations - Russia and Ukraine - have escalated into armed conflict in Eastern Ukraine, which is severely affecting the economies of both countries. It is difficult to predict how long these conditions will continue to exist and the effectiveness of measures taken to remedy the situation. The operations and financial position of the Bank may be affected by any lengthy continuation of such conditions.

**Risk Factors Relating to Exchange Rate**

Investors should consider that the bonds will be denominated in GEL, and the exchange rate of GEL to other currencies might change significantly, which also might affect the return investors are expecting to receive.

**Risk Factors Relating to Recognition and Enforcement of Judgement**

It may be difficult to enforce judgments of the Georgian courts rendered against the Bank due to a number of factors, including without limitation, absence of treaties between Georgia and most western jurisdictions (including the United Kingdom) for reciprocal enforcement of foreign court judgements as well as factors related to the legal status, privileges and immunities of the Bank, all of which could introduce delay and unpredictability into the process of enforcing any Georgian court judgment against the Bank.

PRINCIPAL OFFICE OF THE EUROPEAN BANK FOR RECONSTRUCTION AND  
DEVELOPMENT

One Exchange Square,  
London EC2A 2JN,  
United Kingdom

MANAGER

JSC Galt & Taggart

79 Agmashenebeli Ave.  
0101 Tbilisi, Georgia

**Signed and confirmed on behalf of EBRD**

This 17 day of June 2016

By **Isabelle Laurent**  
Deputy Treasurer & Head of Funding

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: 