

## PRICING SUPPLEMENT

19 December 2003

**European Bank for Reconstruction and Development  
USD 18,000,000 BRL Linked Notes due December 2013  
issued pursuant to a Global Medium Term Note Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions. A further explanation of such terms is set out in the Prospectus in the section headed "**Issue Procedures**".

### SUMMARY OF THE NOTES

<b>1</b>	Specified Currency:	United States dollars (" <b>USD</b> ")
<b>2</b>	Nominal Amount:	USD 18,000,000
<b>3</b>	Type of Note:	Fixed Rate BRL Linked Note (see the Schedule hereto)
<b>4</b>	Issue Date:	22 December 2003
<b>5</b>	Issue Price:	100 per cent.
<b>6</b>	Maturity Date:	20 December 2013 subject to amendment as provided in the Schedule hereto
<b>7</b>	Fungible with existing Notes:	No
<b>8</b>	Pricing Supplement to be read in conjunction with Prospectus dated:	29 August 2003

### FORM OF THE NOTES

<b>9</b>	Form of Notes:	Bearer
<b>10</b>	Specified Denomination(s):	USD 1,000,000
<b>11</b>	Exchange of Bearer Notes:	Temporary Global Note exchangeable for permanent Global Note on certification as to non-US beneficial ownership on or after 40 days after the Issue Date and thereafter permanent Global Note exchangeable only upon an Exchange Event
<b>12</b>	(a) Talons for future Coupons to be attached to definitive Bearer Notes:	No
	(b) Date(s) on which the Talons mature:	Not applicable
<b>13</b>	(a) Registered holder of Registered Global Notes:	Not applicable
	(b) Exchange of Registered Global Note:	Not applicable

## PROVISIONS RELATING TO INITIAL PAYMENT

**14** Partly Paid Notes: No

## PROVISIONS RELATING TO INTEREST

**15** Interest Commencement Date: The Issue Date

### Fixed Rate Notes:

- 16** (a) Fixed Rate(s) of Interest: As provided in paragraph 1 of the Schedule hereto
- (b) Fixed Interest Date(s): 22 June and 22 December in each year from and including 22 June 2004 to and including the Maturity Date subject to amendment as provided in the Schedule hereto
- (c) Initial Broken Amount per denomination: Not applicable
- (d) Final Broken Amount per denomination: Not applicable
- (e) Fixed Day Count Fraction: As provided in paragraph 1 of the Schedule hereto.
- (f) Business Day Convention: Preceding Business Day Convention
- (g) Business Day definition if different from that in Condition 4(a)(iii): For the purposes of Condition 4(a)(iii), Business Day means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York.
- (h) Calculation of interest to be adjusted in accordance with Business Day Convention specified above: No

### Zero Coupon Notes:

- 17** (a) Accrual Yield: Not applicable
- (b) Reference Price: Not applicable
- (c) Other formula or basis for determining Amortised Face Amount: Not applicable
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: Not applicable

## Floating Rate Notes and Indexed Notes

- 18** (a) Manner in which Rate of Interest is to be determined: Not applicable
- (b) Margin(s): Not applicable
- (c) Minimum Rate of Interest (if any): Not applicable
- (d) Maximum Rate of Interest (if any): Not applicable
- (e) Floating Day Count Fraction: Not applicable
- 19** If ISDA Determination:
- (a) Floating Rate Option: Not applicable
- (b) Designated Maturity: Not applicable
- (c) Reset Date: Not applicable
- 20** If Screen Rate Determination:
- (a) Reference Rate: Not applicable
- (b) Relevant Screen Page: Not applicable
- (c) Interest Determination Date: Not applicable
- 21** If Indexed: Not applicable
- 22** If Rate of Interest not to be determined by ISDA or Screen Rate Determination or by reference to an Index or Formula: Not applicable
- 23** General Provisions for Floating Rate Notes and Indexed Notes:
- (a) Specified Period (and, in the case of Notes where the Interest Payment Date(s) are fixed, the Interest Payment Date(s)): Not applicable
- (b) Business Day Convention: Not applicable
- (c) Business Day definition if different from that in Condition 4(b)(i): Not applicable
- (d) Calculation of interest to be adjusted in accordance with Business Day Convention specified above: Not applicable
- (e) Terms relating to calculation of Interest Amount: Not applicable
- (f) Party responsible for calculation of the Interest Amount: Not applicable

- (g) Party responsible for making any determinations ancillary to or in connection with the calculation of the Interest Amount, including Rate of Interest (if applicable): Not applicable
- (h) Any amendment to the definition in Condition 4(b)(iii) of Euro-zone: Not applicable

#### PROVISIONS REGARDING PAYMENTS/DELIVERIES

- 24** Definition of “**Payment Day**” for the purpose of Condition 6(e) if different to that set out in Condition 6: For the purposes of Condition 6(e), Payment Day means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, New York and in the relevant place of presentation of such Note for payment
- 25** Dual Currency Notes: Not applicable
- 26** Physically Settled Notes: Not applicable

#### PROVISIONS REGARDING REDEMPTION/MATURITY

- 27** (a) Redemption at Issuer’s option: No
- (b) Redemption at Noteholder’s option: No
- 28** (a) Final Redemption Amount for each Note (other than an Indexed or Formula Note where the index or formula applies to the redemption amount): The Redemption Amount – See the Schedule hereto
- (b) Final Redemption Amount for each Indexed Note where the Index or Formula applies to the Final Redemption Amount: Not applicable
- 29** Instalment Note: Not applicable
- 30** Early Redemption Amount for each Note payable on an event of default: If the Notes are redeemed pursuant to Condition 9 the redemption amount payable in respect of each Specified Denomination (the “**Early Redemption Amount**”) will be the Redemption Amount as calculated in accordance with paragraph 2 of the Schedule, save that the FX Maturity Valuation Date, as set out in the definitions of the Schedule, for the purpose of determining the  $FX_{FINAL}$  will be the date falling five BRL Reset Business Days prior

to the date fixed for such redemption, together with the interest accrued to (but excluding) the date fixed for redemption, such interest amount will be the Interest Amount as calculated in accordance with paragraph 1 of the Schedule, save that the FX Coupon Valuation Date, as set out in the definitions of the Schedule, for the purpose of determining the  $FX_{INTERIM}$  will be the date falling five BRL Reset Business Days prior to the date fixed for such redemption.

**DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS**

- 31** Method of distribution: Non-syndicated
- 32** If syndicated, names of Managers or, if non-syndicated names of Purchasers: Merrill Lynch International
- 33** Stabilising Agent: Not applicable
- 34** Additional sales restrictions: These Notes may not be offered or sold to the public in Brazil. Accordingly, the offering of the Notes has not been submitted to the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*, the CVM) for approval. Documents relating to such offering, as well as the information contained herein and therein may not be supplied to the public, as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil
- 35** Details of additional/alternative clearing system approved by the Issuer and the Agent: Not applicable
- 36** Common Code: 17981269  
 ISIN Code: XS0179812697  
 CUSIP Number: Not applicable
- 37** Listing: Official List of the UK Listing Authority and trading on the London Stock Exchange
- 38** In the case of Notes denominated in the currency of a country that subsequently adopts the euro in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, whether the Notes will include a redenomination clause providing

for the redenomination of the Specified Currency in euro (a "**Redenomination Clause**"), and, if so specified, the wording of the Redenomination Clause in full and any wording in respect of redenominalisation and/or consolidation (provided they are fungible) with other Notes denominated in euro: Not applicable

**39** Additional Information: See the Schedule hereto

For and on behalf of

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: .....

Authorised signatory

Application is hereby made to list this issue of Notes pursuant to the listing of the Euro 20,000,000,000 Global Medium Term Note Programme of European Bank for Reconstruction and Development (as from 19 December 2003).

.....

CITIBANK, N.A.  
(as Agent)

## SCHEDULE

### Risk Warning

There are significant risks associated with the Notes including, but not limited to exchange rate risk including price risk, liquidity risk and credit risk. Investors should consult their own financial, legal, accounting and tax advisors about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

### Specific Risk Factors

(a) **European Bank for Reconstruction and Development ("EBRD") Credit Risk**

The Notes are issued by EBRD and are therefore subject to the credit risk of EBRD. The value of the Notes may fall if the actual or perceived creditworthiness of EBRD declines, even if the Brazilian Real currency and Brazilian interest rates do not move compared to the purchase date of the Notes. Investors are unsecured creditors of EBRD.

(b) **Risks Associated with the Brazilian Real Currency ("BRL") and Interest Rates**

Payments on the Note are directly linked to the performance of the Brazilian Real and Brazilian Interest Rates. Both the currency and the interest rates have a history of high volatility. If there is an increase in the Brazilian interest rates, the value of the Notes may depreciate. Investors should be prepared to assume the risks of holding a deposit in Brazilian Real.

*As a general matter, exposure to the currency and interest rates of a developing country such as Brazil involves a high degree of risk.*

### 1 Interest Amount

- (a) Conditions 4(a)(i) and 4(a)(ii) shall be deleted and the following substituted therefor:

"Each Note accrues interest in respect of each Fixed Interest Period (as defined below). The amount of interest payable per Specified Denomination in relation to each Fixed Interest Period shall be the "**Interest Amount**", such amount to be payable on the relevant Fixed Interest Date. The Interest Amount payable in respect of each Fixed Interest Period shall not be affected and no additional amounts shall be payable if the Fixed Interest Date is adjusted in accordance with these Conditions."

- (b) The Interest Amount in respect of the relevant Fixed Interest Period will be an amount (rounded down to the nearest two decimal places, with 0.005 being rounded upwards) in USD calculated by the Calculation Agent in accordance with the following formula:

BRL interest amount per Specified Denomination /  $FX_{\text{INTERIM}}$

Where:

"**BRL interest amount per Specified Denomination**" is the fixed interest amount in BRL set out against the corresponding relevant FX Coupon Valuation Date in the table below:

<b>FX Coupon Valuation Date</b>	<b>BRL interest amount per Specified Denomination</b>
15 June 2004	BRL 209,577.26
15 December 2004	BRL 214,832.94
15 June 2005	BRL 211,328.16
15 December 2005	BRL 214,832.94
15 June 2006	BRL 209,577.26
15 December 2006	BRL 213,080.05
15 June 2007	BRL 207,827.36
15 December 2007	BRL 213,080.05
15 June 2008	BRL 204,330.54
15 December 2008	BRL 220,097.59
15 June 2009	BRL 206,078.45
15 December 2009	BRL 216,586.82
15 June 2010	BRL 207,827.36
15 December 2010	BRL 214,832.94
15 June 2011	BRL 211,328.16
15 December 2011	BRL 213,080.05
15 June 2012	BRL 213,080.05
15 December 2012	BRL 213,080.05
15 June 2013	BRL 206,078.45
15 December 2013	BRL 216,586.82

For the avoidance of doubt such BRL interest amount per Specified Denomination was determined by the Calculation Agent in accordance with the following formula:

$$\text{BRL } 2,870,000 \times [(1 + 15.40 \text{ per cent. per annum})^{(z/252)} - 1]$$

*where:*

"z" means the number of BRL Reset Business Days in the relevant Fixed Interest Period.

"**FX<sub>INTERIM</sub>**" is the BRL/USD exchange rate calculated using the PTAX-800 Option 5 Offered Side as specified in ISDA 1998 FX and Currency Options Definitions – Settlement Rate Options: "**BRL PTAX (BRL 09)**" on the relevant FX Coupon Valuation Date.



## 2 Redemption Amount

The Redemption Amount (the “**Redemption Amount**”) per Specified Denomination in respect of the Notes will be an amount in USD (rounded down to the nearest two decimal places, with 0.005 being rounded upwards) calculated by the Calculation Agent in accordance with the following formula:

$$\text{USD } 1,000,000 \times (2.87/\text{FX}_{\text{FINAL}})$$

Where:

“**FX<sub>FINAL</sub>**” is the BRL /USD exchange rate calculated using the PTAX-800 Option 5 Offered Side as specified in ISDA 1998 FX and Currency Options Definitions – Settlement Rate Options: “**BRL PTAX(BRL 09)**” on the FX Maturity Valuation Date.

## 3 Disruption Events and Fallback Provisions

If a Price Source Disruption Event occurs on any relevant FX Coupon Valuation Date or the FX Maturity Valuation Date, the Calculation Agent will determine such FX rate as specified in ISDA 1998 FX and Currency Options Definitions – Settlement Rate Options: “**BRL Industry Survey Rate (BRL11)**”, meaning that the spot rate for a valuation date will be the Brazilian Real/U.S. Dollar offered rate for U.S. Dollars, expressed as the amount of Brazilian Reals per one U.S. Dollar, for settlement in two Business Days, which is calculated by the Chicago Mercantile Exchange pursuant to the BRL Methodology, and which appears on the Reuters Screen EMTA Page at approximately 12:30 PM São Paulo time, or as soon thereafter as practicable, on the BRL Reset Business Day following the relevant valuation date, provided such date is prior to the relevant Fixed Interest Date or the Maturity Date (as the case may be). “**BRL Methodology**” as used herein means the methodology dated 8 November 1999 establishing a centralized industry-wide survey of financial institutions in Brazil that are active participants in the Brazilian Real/U.S. Dollar spot market for the purpose of determining the BRL Industry Survey Rate (BRL11).

If BRL Industry Survey Rate (BRL11) is unavailable prior to the relevant Fixed Interest Date or the Maturity Date (as the case may be), then the Calculation Agent shall determine the FX rate as specified in ISDA 1998 FX and Currency Options Definitions – Settlement Rate Options, taking into consideration all available information that in good faith and a commercially reasonable manner it deems relevant. If the Calculation Agent is unable to determine the FX rate as described above in good faith and in a commercially reasonable manner after a period of 30 days, commencing from and including the FX Coupon Valuation Date or the FX Maturity Valuation Date, as the case maybe, the Calculation Agent will determine the  $\text{FX}_{\text{INTERIM}}$  or  $\text{FX}_{\text{FINAL}}$ , in its sole discretion, acting in good faith and in an impartial and commercially reasonable manner (the “**Calculation Agent Determination**”). The amount payable on the Fixed Interest Date or the Maturity Date (as the case may be) shall not be affected and no additional amounts shall be payable if the Fixed Interest Date or the Maturity Date (as the case may be) is adjusted in accordance with these Conditions.

**Investors should be aware that such methodology for determining the FX rates may result in the Interest Amount and/or the Redemption Amount of the Notes being significantly less than anticipated or even zero.**

#### 4 Definitions

**“Business Day”** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York.

**“BRL Reset Business Day”** means any day on which commercial banks and foreign exchange markets settle payments in Brasilia, Rio de Janeiro and Sao Paulo.

**“Calculation Agent”** means Merrill Lynch Capital Services, Inc appointed pursuant to a Calculation Agency Agreement dated 19 December 2003, as amended or supplemented from time to time, (the **“Calculation Agency Agreement”**) and all references to the Calculation Agent shall include any successor as Calculation Agent in respect of the Notes.

**“Fixed Interest Period”** means from (and including) the Interest Commencement Date to (but excluding) 22 June 2004 and thereafter each period from (and including) 22 June in a year to (but excluding) 22 December in the same year and from (and including) 22 December in a year to (but excluding) 22 June in the following year up to (but excluding) the Maturity Date.

**“Following Business Day Convention”** means that date shall be postponed to the first following day that is a Business Day.

**“FX Coupon Valuation Date”** means the date on which the Calculation Agent determines the  $FX_{INTERIM}$  in respect of a Fixed Interest Period such date being (i) the 15 June and 15 December immediately preceding the Fixed Interest Date for such Fixed Interest Period subject to adjustment in accordance with the Preceding Business Day Convention, however, in the event of an Unscheduled Holiday such date shall be adjusted in accordance with the Following Business Day Convention and in such case the Fixed Interest Date shall be five Business Days thereafter.

In the event of an Unscheduled Holiday, if the FX Coupon Valuation Date has not occurred on or before the thirtieth calendar day after the originally scheduled FX Coupon Valuation Date (such period being a **“Deferral Period”**), then the next day after the Deferral Period that would have been a BRL Reset Business Day but for the Unscheduled Holiday, shall deemed to be the relevant FX Coupon Valuation Date and the Calculation Agent shall determine the FX rate using the BRL Methodology or the Calculation Agent Determination. The amount payable on the Fixed Interest Date shall not be affected and no additional amounts shall be payable if the Fixed Interest Date is adjusted in accordance with these Conditions.

**“FX Maturity Valuation Date”** means the 15 December 2013 subject to adjustment in accordance with the Preceding Business Day Convention, however, in the event of an Unscheduled Holiday such date shall be adjusted in accordance with the Following Business Day Convention and in such case the Maturity Date shall be five Business Days thereafter.

In the event of an Unscheduled Holiday, if the FX Maturity Valuation Date has not occurred on or before the thirtieth calendar day after the originally scheduled FX Maturity Valuation Date (such period being a **“Deferral Period”**), then the next day after the Deferral Period that would have been a BRL Reset Business Day but for the Unscheduled Holiday, shall deemed to be the relevant FX Maturity Valuation Date and the Calculation Agent shall determine the FX rate using the BRL Methodology or the Calculation Agent Determination.

The amount payable on the Maturity Date shall not be affected and no additional amounts shall be payable if the Maturity Date is adjusted in accordance with these Conditions.

**“Preceding Business Day Convention”** means that date shall be brought forward to the first preceding day that is a Business Day.

**“Price Source Disruption Event”** means an event, other than an Unscheduled Holiday, where it becomes impossible to obtain the FX rate on the relevant valuation date (or, if different, the day on which the relevant FX rate for that valuation date, would, in the ordinary course, be published or announced by the relevant price source) as further specified in ISDA 1998 FX and Currency Options Definitions – Article 5 “Disruption Events”.

**“Unscheduled Holiday”** is a day that is not a BRL Reset Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in San Paulo, Rio de Janeiro and Brasilia two BRL Reset Business Days prior to the scheduled FX Coupon Valuation Date or FX Maturity Valuation Date (as the case may be).

## **5 1998 FX and Currency Options Definitions**

For the purpose of these Conditions should the definitions and provisions contained in the 1998 ISDA FX and Currency Option Definitions be amended, supplemented or superseded, such amended, supplemented or restated definitions and provisions shall apply.

## **6 Calculation Agent**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under the Notes and pursuant to the Calculation Agency Agreement shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders and shall be made in its sole discretion in good faith and in a commercially reasonable manner in accordance with the Calculation Agency Agreement. If the Calculation Agent is unable to provide notification of the relevant  $FX_{INTERIM}$  in respect of a Fixed Interest Period or  $FX_{FINAL}$  in respect of the Redemption Amount on the relevant valuation date then notification shall be provided as soon as practicable thereafter. In performing its duties under the Notes, the Calculation Agent shall act in accordance with the Calculation Agency Agreement. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes or the Calculation Agency Agreement including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

## **7 Notices to the Issuer and Calculation Agent**

Any notice from a Noteholder to the Issuer or Calculation Agent regarding the Notes will be validly given if delivered in writing to:

- (a) the Issuer at:

European Bank for Reconstruction and Development  
One Exchange Square  
London EC2A 2JN

Fax: +44 20 738 6100  
Attention the Treasurer;

(b) the Calculation Agent at:

Merrill Lynch Capital Services, Inc  
2 King Edward Street  
London EC1A 1HQ

Telephone: +44 20 7995 3995  
Fax: +44 20 7995 4327  
Attention: EMTN Trading and Distribution Desk

Any such notice shall be deemed to have been given on the day when delivered or if delivered after 5.00 p.m. (London time) on any day or on any day on which commercial banks were not open for business in London, the first day thereafter on which commercial banks are open for business in London.