



European Bank

for Reconstruction and Development

European Bank for Reconstruction and Development

Issue of RSD 2,500,000,000 Floating Rate Bonds due 5 December 2019

The RSD 2,500,000,000 Floating Rate Bonds due 5 December 2019 (the "**Bonds**") will be issued by the European Bank for Reconstruction and Development (the "**Bank**" or the "**EBRD**" or the "**Issuer**") in registered, dematerialised form in specified denominations of RSD 10,000,000 (the "**Specified Denomination**") in an aggregate principal amount of RSD 2,500,000,000 (the "**Aggregate Principal Amount**") and will mature on 5 December 2019 and will be redeemed at their Specified Denomination. Bonds may not be redeemed before such date. Interest on the Bonds is payable quarterly in arrears on the 5th of each March, June, September and December at the rate of Three-Month-BELIBOR + 0.4 per cent. The Bonds are governed by Serbian law.

The Bonds will be issued at 100% of their Specified Denomination, with no transfer restrictions, in dematerialized form and registered in the names of the legal owners as provided in the information system of the Central Securities Depository and Clearing House Trg Nikole Pašića br. 5, 11000 Belgrade, Republic of Serbia ("**CSD Serbia**"), on 5 December 2016 (the "**Issue Date**"). Upon issue, the Bonds will constitute direct and unsecured obligations of the Bank.

This prospectus (the "**Prospectus**") contains the information prescribed by Articles 15, 16 and 17 of the Serbian Law on the Capital Market (Official Gazette of RS, 31/2011 and 112/2015, as amended, the "**Capital Market Law**") and regulations adopted pursuant to the Capital Markets Law. Application will be made for admission of the Bonds to trading on the prime listing market segment of the regulated market (the "**Regulated Market**") of the Belgrade Stock Exchange.

In accordance with Article 27 of the Capital Markets Law, the Prospectus has been approved by the Securities Commission of the Republic of Serbia (the "**Commission**"). By approving this Prospectus, the Commission confirms that the Prospectus contains all data prescribed by the laws and regulations of the Republic of Serbia and that it can be published. The Commission is not responsible for the accuracy and completeness of the information contained in this Prospectus.

Neither this Prospectus nor any other information supplied by the Bank or Raiffeisen Banka ad Beograd (the "**Underwriter**") or Citigroup Global Markets Limited (the "**Marketing Agent**") 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 and, as it considers appropriate, to obtain its own legal, tax, financial and other advice in respect of any decision to invest in the Bonds.

THE BONDS ARE NOT THE OBLIGATIONS OF ANY GOVERNMENT OR MEMBER OF THE BANK.

Underwriter
Raiffeisen Banka ad Beograd

Marketing Agent
Citigroup

IMPORTANT NOTICE

The Bank accepts responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 Prospectus and neither the Bank nor the Underwriter nor the Marketing Agent accepts responsibility for any information not contained herein. Neither the delivery of this Prospectus nor any sale made hereunder shall, in any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof. This Prospectus 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 Prospectus in any jurisdiction where such action is required.

This Prospectus is not a recommendation to buy or an offer to buy or sell Bonds, investment advice, legal or tax advice by or on behalf of the Bank or by or on behalf of other persons that are in any way associated with the Bank.

Neither the Bank nor the Underwriter nor the Marketing Agent makes any representation to any offeree or purchaser under appropriate investment or similar laws. Each prospective investor is required to assess by itself or after consultation with its advisors whether it is appropriate for such investor to invest in the Bonds under the applicable law.

This Prospectus has been prepared in both the English and Serbian languages. In case of any discrepancy, the Serbian version shall prevail.

Reference in this document to "€" or "EUR" means the euro, "\$" refers to US dollars, and "RSD" refers to Serbian dinars.

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PROSPECTUS SUMMARY

The European Bank for Reconstruction and Development (the "**Issuer**" or the "**Bank**") has prepared this prospectus summary (the "**Summary**") pursuant to Article 16 of the Capital Market Law. The most significant data and risks in respect of the Issuer and the bonds issued under this prospectus (the "**Bonds**") are briefly set out in this Summary. Not all of the data required for making the decision on investing in Bonds are provided in this Summary.

This Summary is qualified by, and must be read as an introduction to, the Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole by the investor, including the documents incorporated by reference, together with any supplements thereto.

The Issuer and persons who prepared this Summary shall share responsibility for damages incurred in the event that this Summary is misleading and incorrect and/or inconsistent when read together with the other parts of the Prospectus.

Information about the Issuer

Basic information about the Issuer

The Issuer is an international organisation formed under the Agreement Establishing the European Bank for Reconstruction and Development 29 May 1990 (the "**Agreement**"), signed by 40 countries, together with the European Economic Community and the European Investment Bank. The Agreement entered into force on 28 March 1991 and the Bank commenced operations on 15 April 1991. The Bank currently has 67 members (including Serbia). The Bank's principal office is in London.

The Bank's business address is at One Exchange Square, EC2A 2JN, United Kingdom. Its general telephone number is +44 20 7338 6000. The Bank can also be reached via the general e-mail address: communications@ebrd.com.

Organisation and management

The management of the Bank consists of a board of governors, a board of directors, a president (currently, Sir Suma Chakrabarti), one or more vice-presidents and such other officers and staff as may, from time to time, be considered necessary.

All the powers of the Bank are vested in the board of governors to which each member country appoints a governor. The board of governors delegates most powers to the board of directors, which is responsible for the direction of the Bank's general operations and policies. The board of governors retains full power to exercise authority over any matter it has delegated or assigned to the board of directors under the Agreement.

EBRD's Purpose and Functions

The purpose of the Bank is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in its countries of operations that 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 USSR, the Republic of Turkey, Mongolia and countries in the Southern and Eastern Mediterranean region.

Share Capital

The Bank's authorised share capital is € 30 billion. The Bank's capital is divided into paid-in shares and callable shares. Each share has a par value of € 10,000. As of 31 December 2015, the subscribed capital was € 29.7 billion (€ 6.2 billion paid-in capital and € 23.5 billion callable capital).

Recent events relevant for the evaluation of EBRD's solvency

Since the date of the latest published financial statements of EBRD, there are no events particular to the Bank that to a material extent affect the Bank's solvency.

Selected Financial Information

The following selected financial information shows financial data of the Bank for the fiscal years 2011 until 2015:

EUR million	2015	2014	2013	2012	2011
Realised profit before impairment	949	927	1,169	1,007	866
Net profit/(loss) before transfers of net income approved by the Board of Governors	802	(568)	1,012	1,021	173
Transfers of net income approved by the Board of Governors	(360)	(155)	(90)	(190)	-
Net profit/(loss) after transfers of net income approved by the Board of Governors	442	(723)	922	831	173
Paid-in capital	6,202	6,202	6,202	6,202	6,199
Reserves and retained earnings	8,384	7,947	8,674	7,748	6,974
Total members' equity	14,586	14,149	14,876	13,950	13,173

Use of Proceeds

The net proceeds to be received by the Bank from the issue of Bonds will be included in the ordinary capital resources of the Bank and used in its ordinary operations.

Risks**Risks associated with the Issuer**

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.

Risks associated with the Bonds

- There can be no assurance of markets and liquidity for the Bonds.
- The credit rating of the Bank may not reflect all risks affecting the Bonds.
- Bonds may not be a legally viable investment for certain investors.
- Certain provisions of the Terms and Conditions of the Bonds have not yet been tested by the Serbian courts.
- Interest payments on the Bonds may be subject to RSD exchange rate fluctuations.
- The Bonds are floating rate bonds, where the coupon resets at predetermined intervals in line with changes in the reference index. A holder of floating rate bonds is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of floating rate bonds in advance.
- Registered Holders assume the risk that the credit spread of the Issuer widens resulting in a decrease in the market price of the Bonds.

- Registered Holders may be exposed to the risk that due to future money depreciation (inflation), the real yield of the Bonds may be reduced.

Information about the Securities

Type and Class of the Bonds

The Bonds are issued as dematerialized book-entry bonds, registered in electronic form in the relevant securities account, in the name of registered holder of the Bonds (the "**Registered Holders**"), in denominations of RSD 10,000,000 each (the "**Specified Denomination**") and in an aggregate principal amount of RSD 2,500,000,000 (the "**Aggregate Principal Amount**") on 5 December 2016 (the "**Issue Date**"). The Bonds are only repayable at the maturity date and will be redeemed at their Specified Denomination.

The Bonds carry the ISIN: RSEBRDD24803

Currency of the Bonds

The Bonds are issued in Serbian dinar (RSD).

Ranking of the Bonds

The Bonds are direct and, subject to Condition 3 of the Terms and Conditions of the Bonds, 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.

Rights attached to the Bonds

Registered Holders are entitled to receive interest payments during the term of the Bonds and principal at the maturity date.

Upon any default by the Bank in making interest or principal payments when due, the Bank will be obliged to pay to the Registered Holders the statutory rate of default interest for default on interest payments or principal payments.

The Bonds are freely transferable in accordance with applicable laws and the rules of the relevant clearing systems.

Interest

Rate of Interest

The rate of interest of the Bonds consists of a variable and a fixed part. The variable part is Three-Month-BELIBOR (the "**Reference Rate**"), whereas the fixed part of the rate of interest is a margin of 40 basis points (0.4 per cent.). Interest is calculated and paid on a quarterly basis.

If, for any reason, Three-Month-BELIBOR is not available, Condition 4 of the Terms and Conditions of the Bonds makes provision for an alternative method of determining the Reference Rate.

Interest Payment Dates

The Bonds shall bear interest on each Specified Denomination from (and including) the issue date to (but excluding) the maturity date. Interest on the Bonds shall be payable quarterly in arrear on the 5th of each March, June, September and December (each, an "**Interest Payment Date**") with the first interest payment to be made on 5 March, 2017.

Interest Payments

The amount of interest payable on each Bond on each Interest Payment Date (including the maturity date, if applicable) shall be determined by Raiffeisen Banka a.d. Beograd (in this function, the "**Calculation and Paying Agent**") by applying the Reference Rate plus the margin to the Specified Denomination of such Bond. Subject to mandatory provisions of Serbian law, the Bonds will cease to bear interest from (and including) the Maturity Date (as defined in Condition 6 of the Terms and Conditions of the Bonds); provided, however that if

payment of principal is improperly withheld or refused, interest shall not cease to accrue but shall continue to accrue from (but excluding) the Maturity Date to (and including) the actual date of redemption at the higher of (i) the Reference Rate plus the margin, or (ii) the statutory rate of default interest, until the actual date of redemption of the Bonds.

Yield and Calculation Methods

As the Bonds bear a variable interest rate tied to Three-Month-BELIBOR, the yield on the Bonds cannot be calculated in advance as it will vary depending on the movements of Three-Month-BELIBOR.

Governing Law and Jurisdiction

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

Prescription

Subject to mandatory provisions of Serbian law, claims for payment or delivery, as the case may be, of principal in respect of the Bonds shall be prescribed upon the expiry of 5 years, and claims for payment or delivery, as the case may be, of interest (if any) in respect of the Bonds shall be prescribed upon the expiry of 3 years.

Tax liabilities in connection with the Bonds

This section is for information purposes only and should not be construed as tax advice in relation to the Bonds.

All payments of principal and interest on the Bonds will be made by the Bank to the Calculation and Paying Agent (as defined below) as well as by the Calculation and Paying Agent to Registered Holders without withholding or deduction for or on account of tax. For further information on the Bank's tax status please see the section 5.3 "Taxation" in the Issuer Description below.

Each prospective Registered Holder is obliged to keep itself informed of tax liabilities that may arise from such Registered Holder's acquisition, holding or disposal of the Bonds, including the tax laws or regulations of the Republic of Serbia and all relevant agreements on double taxation avoidance, if the Registered Holder is a Serbian non-resident, as well as to keep itself informed of any amendments to such laws and regulations that may result in change in tax liabilities arising from the acquisition, holding or disposal of the Bonds. Neither the Bank nor the Underwriter (as defined below), nor any other person involved in the issuance of the Bonds shall bear any responsibility for any tax liabilities arising for the Registered Holders in respect of the Bonds.

Taxation of interest on bonds

Value Added Tax (VAT) is not calculated and paid on disbursement of interest arising from bonds issued in Serbia.

Interest based income on bonds issued in Serbia by a non-resident, according to applicable laws and regulations, is taxed in Serbia at the following rates:

Domestic legal entities	15 per cent
Domestic private individuals	15 per cent
Non-resident legal entities	-
Non-resident private individuals	15 per cent*

*unless otherwise regulated under an international double taxation avoidance agreement.

Taxation of principal in respect of bonds

According to applicable laws and regulations, repayment of principal in relation to bonds is not subject to tax in Serbia.

Capital gains tax

Capital gains on bonds issued in Serbia by a non-resident, according to applicable laws and regulations, are taxed in Serbia at the following rates:

Domestic legal entities	15 per cent
Domestic private individuals	15 per cent
Non-resident legal entities	20 per cent *
Non-resident private individuals	15 per cent *

* unless otherwise regulated under an international double taxation avoidance agreement.

Terms and Conditions of the Offer

The aggregate principal amount of the Bonds to be issued is RSD 2,500,000,000. The total number of Bonds to be issued is 250 in Specified Denominations of RSD 10,000,000 each.

The Bonds may be subscribed from and including 28 November 2016 to and including 2 December 2016 from 9:00 a.m. CET to 4:00 p.m. CET (the "**Subscription Period**") at the headquarters of the Underwriter, Raiffeisen Banka a.d. Beograd, Đorđa Stanojevića 16, New Belgrade (in this function, the "**Underwriter**"). Bonds are subscribed for by signing a statement on the subscription form (which is available from the Underwriter), in person or through a proxy.

The offer of Bonds is not targeted to specific categories of investors. The minimum subscription amount corresponds to the Specified Denomination of RSD 10,000,000. The maximum subscription amount is the Aggregate Principal Amount of the Bonds. The Bonds may be subscribed at a subscription price of 100 per cent of their Specified Denomination. If the total amount of subscribed Bonds is higher than the Aggregate Principal Amount, the issue amount will be proportionately allocated and distributed on a *pro rata* basis.

Raiffeisen Banka a.d. Beograd, Đorđa Stanojevića 16 will act as underwriter and calculation and paying agent for the Bonds.

The results of the offer of Bonds will be published no later than three Business Days following the end of the Subscription Period, in printed form, free of charge, at the offices of the Bank, in London, as well as at the office of the Bank in Belgrade, Španskih boraca 3, on the website of the Bank (www.ebrd.com), at the offices of the Belgrade Stock Exchange as well as its the website (www.belex.rs) and at the Underwriter's registered office in Belgrade and on its website (www.raiffeisenbank.rs).

Admission to trading

Application will be made by the Underwriter (acting in its capacity as listing agent) on behalf of the Issuer for the Bonds to be admitted to trading on the prime listing market segment of the Belgrade Stock Exchange.

Issuer Credit Rating

As of the date of this Prospectus, the Bank and/or its debt obligations have been assigned an AAA credit rating by Standard & Poor's Credit Market Services Europe Limited, an Aaa credit rating by Moody's Investors Service Limited and an AAA credit rating by Fitch France S.A..

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the Bonds. Prospective investors should note that the risks described below are not the only risks the Bank faces. Each of the risks highlighted below could have a material adverse effect on the Issuer'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.

The Bank has described only those risks relating to its business, operations, financial condition or prospects 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.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and should consult with their own professional advisers (including their financial, accounting, legal and tax advisers) and reach their own views prior to making any investment decision.

Risk Factors Relating to the Bonds

There can be no assurance of markets and liquidity for the Bonds.

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 or, if it does develop, that it will continue. In an illiquid market, a holder of the Bonds (the "**Registered Holder**") may not be able to sell the Bonds at fair market prices. 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 market price 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.

Bonds may not be a legally viable investment for certain investors.

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.

Certain provisions of the Terms and Conditions of the Bonds have not yet been tested by the Serbian courts.

Certain provisions of the Terms and Conditions of the Bonds have not yet been tested by the Serbian courts.

Exchange rate risk - Interest payments on the Bonds may be subject to RSD exchange rate fluctuations.

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

The Bonds are floating rate bonds. Floating rate bonds tend to be volatile investments. A holder of floating rate bonds is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of floating rate bonds in advance.

The interest on Bonds will be linked to the benchmark index BELIBOR. Benchmarks in general have been the subject of recent national, international and other regulatory guidance and proposals for reform, including key international proposals for reform of benchmarks such as: (i) IOSCO's Principles for Oil Price Reporting Agencies (October 2012) and Principles for Financial Benchmarks (July 2013); (ii) ESMA-EBA's Principles for the benchmark-setting process (June 2013); and (iii) the European Council's proposal for a regulation on indices used as benchmarks in financial instruments and financial contracts (December 2015) which has been politically agreed and is subject only to final legal and translation review. In addition to the aforementioned proposals, there are numerous other proposals, initiatives and investigations which may impact benchmarks.

If such similar reforms are also implemented in Serbia, BELIBOR may perform differently than in the past, or there may be other consequences which cannot be predicted. Although it is uncertain whether or to what extent any such changes and/or any further changes in the administration or method for determining BELIBOR could have on the market price of the Bonds whose interest is linked to BELIBOR, investors should be aware that:

- (i) any change to BELIBOR could affect the level of the published rate, including to cause it to be lower or higher and/or more volatile than it would otherwise be;
- (ii) the methodology or other terms of BELIBOR could be changed, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of BELIBOR; and
- (iii) the administrator of BELIBOR will not have any involvement in the Bonds and may take any actions in respect of BELIBOR without regard to the effect of such actions on the Bonds.

Furthermore, BELIBOR quotes are based on supply and demand of money in the interbank market of the Republic of Serbia, and therefore external factors might have significant effects on BELIBOR quotes. In addition to the fact that monetary policy is controlled by the National Bank of Serbia, market disruptions caused by political and economical instability, country risk, crisis in the banking sector, as well as natural disasters or terrorist threats could affect the Three-Month-BELIBOR rate. Investors thus face the risk that any changes to BELIBOR may have a material adverse effect on the market price of and the amount payable under the Bonds whose rate of interest is linked to BELIBOR.

Registered Holders assume the risk that the credit spread of the Issuer widens resulting in a decrease in the market price of the Bonds.

A credit spread is the margin payable by the Issuer to the Registered Holders as a premium for the assumed credit risk. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and rating of the Issuer, probability of default, recovery rate, remaining term to maturity of the Bonds, and obligations under any collateralisation or guarantee and declarations as to any preferred payment or subordination. The liquidity situation of the market, the general level of interest rates, overall economic developments, and the currency in which the relevant obligation is denominated may also have a negative effect.

Holders are exposed to the risk that the credit spread of the Issuer widens resulting in a decrease in the market price of the Bonds.

Registered Holders may be exposed to the risk that due to future money depreciation (inflation), the real yield of the Bonds may be reduced.

Inflation risk describes the possibility that the market price of assets such as the Bonds or income therefrom will decrease as inflation reduces the purchasing power of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on the Bonds the yield on the Bonds will become negative.

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.

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, over the past year, the economic outlook in EBRD's transition region has been shaped by a significant decline in the price of oil, persistent geopolitical uncertainty, quantitative easing programme in the eurozone and the ongoing crisis in Greece. Although economic growth in many commodity-importing countries has picked up, average growth in the region has been weighed down by the negative shocks faced by Russia, other commodity exporters and countries with strong economic ties to Russia. As a result, the annual growth rate of the transition region as a whole, which declined for a fourth consecutive year in 2015, is projected to grow only modestly this year.

The economic outlook for Russia, the Eastern Europe and the Caucasus ("EEC") region and Central Asia has also been negatively affected by the increased geopolitical uncertainty in the region. The conflict in Ukraine escalated repeatedly, and while the signing of the Minsk II accord in February 2015 has helped to contain the risks on the ground in Ukraine, the situation in eastern Ukraine remains highly volatile.

The sanctions imposed on Russia by the United States and the European Union remain in place, as do the Russian counter-sanctions (bans on selected food imports from sanctioning countries). These sanctions, combined with uncertainty about their possible escalation in the future, have limited the ability of banks and firms to access international debt markets, contributed to an increase in net private capital outflows and negatively affected business confidence. If sanctions remain in place for a prolonged period of time, they may negatively affect innovation and technological modernisation in Russia, with a negative impact on productivity in the long term.

Geopolitical tensions are also affecting Turkey and the Southern and Eastern Mediterranean ("SEMED") region, with the global and regional terrorist threat posed by Islamic State increasing in both Iraq (Turkey's second largest export partner) and Syria. The weaker export environment and deteriorating market sentiment that have resulted from these tensions have all but offset the benefits of declining oil prices for Turkey's economy. Pressure on the value of the country's currency and equities has been compounded by political tensions, and terrorist attacks, which have hit the tourist industries of a number of countries in the region. The SEMED countries that have been worst affected by this regional and domestic instability are Jordan and Tunisia. In Jordan, conflict in neighbouring Iraq and Syria has disrupted exports, including those to Turkey and Lebanon. Furthermore, Syrian refugees now account for nearly one-fifth of Jordan's population. This massive influx of refugees has strained public services, government finances and labour markets. In Tunisia, on the other hand, the recent worsening of the domestic security environment is expected to weigh heavily on tourism and investment.

Weaker inflows of remittances and declines in exports have led to downward pressure on the currencies of countries in the EEC region and Central Asia, including Belarus, Georgia and Moldova. Credit growth in the Central Europe and the Balkans ("CEB") and Southeast Europe ("SEE") regions has remained subdued, and the recovery of credit remains constrained by high non-performing loan (NPL) ratios.

A high degree of uncertainty surrounds the outlook for growth. Geopolitical risks relating to the situation in Ukraine remain elevated and an escalation of that conflict would have significant negative spillover effects for the region as a whole. The conflict in Syria and the threat posed by Islamic State and other groups are also important sources of risk for the region – particularly the economies of the SEMED region and Turkey – through their impact on trade, investment, tourism and migration flows. In addition, if monetary policy in the United States is tightened more strongly than expected, it could result in sharp increases in external financing costs and large capital outflows from emerging markets, including the transition region. The Institute of International Finance estimate net capital flows to emerging markets in 2015 to be at the lowest level since 2008. The persistent uncertainty surrounding the situation in Greece is another major source of risk and a deterioration in the economic outlook for the eurozone could increase the withdrawal of funds by European parent banks operating in the region and exacerbate the contraction of credit, constraining growth in investment and consumption. Furthermore, a potential further decline in oil prices would increase pressure on the Russian economy, with negative spillovers for the economies of Central Asia and the EEC region.

While 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 (including the Bonds), 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.

DOCUMENTS INCOPORATED BY REFERENCE

The following documents shall be incorporated into this Prospectus:

Document/Heading	Page reference in the relevant English version of the financial report
Financial Information for the Year 2015 and Auditor's Report according to IFRS (the "Financial Report 2015")	
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Any information, not included in the cross reference list above, but included in the documents incorporated by reference, is either not relevant for an investor (and only additional information and not an integral part of this Prospectus) or covered in another part of the Prospectus.

Copies of documents incorporated by reference (i.e. EBRD's Financial Reports 2015 and 2014, as specified in the tables above under "Documents Incorporated by Reference") into this Prospectus may be obtained (without charge) from the principal office of the Bank (at the address set out at the end of this Prospectus) and the website of the Bank (www.ebrd.com).

SECURITIES NOTE

1 Responsible persons

Please see the section "Responsibility Statement" on page 38 of this Prospectus.

2 Risk factors

Please see the section "Risk Factors", starting on page 9 of this Prospectus.

3 Key information

3.1 Interests of natural and legal persons involved in the offer of Bonds

Besides the interests of the Bank for the purpose described under section "Use of Proceeds" on page 29 of this Prospectus and besides the underwriting commission received by the Underwriter and the commission to be received by the Marketing Agent, there is no interest of natural and legal persons involved in the offer of Bonds.

3.2 Reasons for the offer and purpose of funds

The estimated costs of this bond issuance which are borne by the Issuer amount to RSD 10,000,000 and the estimated net amount of the proceeds amount to RSD 2,490,000,000. As regards the purpose of the funds, please see the section "Use of Proceeds" on page 29 of this Prospectus.

4 Information on the Bonds

4.1 Type and Class of the Bonds

The senior unsecured Bonds will be issued in registered, dematerialised form in Specified Denominations of RSD 10,000,000, each, in an Aggregate Principal Amount of RSD 2,500,000,000, will mature on 5 December 2019 and will be redeemed at their Specified Denomination.

The Bonds carry the ISIN: RSEBRDD24803

The code for the classification of financial instruments (CFI) of the Bonds is as follows:

D	debt instrument
B	bonds
V	variable interest rate
U	unsecured / unguaranteed (settlement of obligations of the Bank depends only on its liquidity and continuing operations)
F	fixed maturity – principal will be fully repaid on the day of fixed maturity
R	registered in the Central Registry of Securities (Bonds are registered in the owner's name in the book of CSD Serbia and may be transferred only when the owner gives the order)

4.2 Currency of the Bonds

The Bonds are issued in Serbian dinar (RSD).

4.3 Ranking of the Bonds

The Bonds are direct and, subject to Condition 3 of the Terms and Conditions, 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.

Please note that the Bonds are not a deposit, therefore they are not secured by any deposit insurance institution.

4.4 Rights attached to the Bonds

Please see the section "Terms and Conditions", commencing on page 22 of this Prospectus.

4.5 Interest

The rate of interest of the Bonds consists of a variable and a fixed part. The variable part is Three-Month-BELIBOR, whereas the fixed part of the rate of interest is a margin of 40 basis points (0.4 per cent.). Interest is calculated and paid on a quarterly basis. For information regarding market disruptions that may affect BELIBOR, please see the section "Risk Factors" commencing on page 9 of this Prospectus.

BELIBOR (BELgradeInterBankOfferedRate) is a reference interest rate for Dinar funds offered by banks participating in the panel to other BELIBOR panel banks. BELIBOR is quoted on the same value date when the Real Time Gross Settlement (R.T.G.S.) system is open for payment, based on the actual number of days on the basis of a year of 360 days and displayed to two decimal places.

The panel of banks (the "Panel Banks") for the calculation of BELIBOR presently includes: (i) Banca Intesa ad Beograd; (ii) Komercijalna banka ad Beograd; (iii) Unicredit Bank Srbija ad Beograd; (iv) Raiffeisen Banka ad Beograd; (v) Eurobank ad Beograd; (vi) Vojvodanska banka ad Novi Sad; (vii) Addiko Bank ad Beograd; (viii) Alpha Bank Srbija ad Beograd; and (ix) OTP Banka Srbija ad Novi Sad

On each day (other than a Saturday or Sunday) on which commercial banks and securities market participants settle transactions and are open for general business in Belgrade, Serbia, each Panel Bank delivers to the Reuters system the quotations for interest rates at which it is willing to offer dinar funds for the following periods: t/n (tom-next), s/n (spot-next), 1 week, 2 weeks, 1 month, 3 months and 6 months. BELIBOR rates are fixed at 11 a.m., (Belgrade time) by calculating an arithmetic average of quotations remaining after elimination of the highest and lowest rate. BELIBOR is published on the Reuters system every business day shortly after the fixing.

BELIBOR rates are also published on every business day on the website of the National Bank of Serbia: http://www.nbs.rs/internet/cirilica/33/33_5/kamatne_stope/index.html

For further information with regard to the calculation method and payment of interest and principal per Specified Denomination, to the date from which interest and principal becomes payable as well as to the prescription period, please see the section "Terms and Conditions", commencing on page 22 of this Prospectus.

If, for any reason, Three-Month-BELIBOR is not available, Condition 4 of the Terms and Conditions makes provision for an alternative method of determining the Reference Rate. For further information please see Condition 4 "Interest" in the section "Terms and Conditions of the Bonds" below.

4.6 Amortization and Repayment Schedule

There is no amortization plan and the total amount of principal is repayable at maturity.

4.7 Yield and Calculation Methods

As the Bonds bear a variable interest rate tied to Three-Month-BELIBOR, the yield on the Bonds cannot be calculated in advance as it will vary depending on the movements of Three-Month-BELIBOR.

4.8 Representation of Registered Holders

The Terms and Conditions of the Bonds neither provide for meetings of Registered Holders nor include a condition with regard to a joint representation of Registered Holders.

4.9 Resolutions and Approvals (in relation to Further Issues)

For further information please see Condition 11 "Further Issues" in the section "Terms and Conditions of the Bonds" below.

4.10 Issue Date (in relation to Further Issues)

For further information please see Condition 11 "Further Issues" in the section "Terms and Conditions of the Bonds" below.

4.11 Transferability of the Bonds

The Bonds are freely transferable in accordance with applicable law and the rules of the relevant clearing systems.

4.12 Tax liabilities in connection with the Bonds

This section is for information purposes only and should not be construed as tax advice in relation to the Bonds.

All payments of principal and interest on the Bonds will be made by the Bank to the Calculation and Paying Agent (as defined below) as well as by the Calculation and Paying Agent to Registered Holders without withholding or deduction for or on account of tax. For further information on the Bank's tax status please see the section 5.3 "Taxation" in the Issuer Description below.

Each prospective Registered Holder is obliged to keep itself informed of tax liabilities that may arise from such Registered Holder's acquisition, holding or disposal of the Bonds, including the tax laws or regulations of the Republic of Serbia and all relevant agreements on double taxation avoidance, if the Registered Holder is a Serbian non-resident, as well as to keep itself informed of any amendments to such laws and regulations that may result in change in tax liabilities arising from the acquisition, holding or disposal of the Bonds. Neither the Bank nor the Underwriter, nor any other person involved in the issuance of the Bonds shall bear any responsibility for any tax liabilities arising for the Registered Holders in respect of the Bonds.

Taxation of interest on bonds

Value Added Tax (VAT) is not calculated and paid on disbursement of interest arising from bonds issued in Serbia.

Interest based income on bonds issued in Serbia by a non-resident, according to applicable laws and regulations, is taxed in Serbia at the following rates:

Domestic legal entities	15 per cent
Domestic private individuals	15 per cent
Non-resident legal entities	-
Non-resident private individuals	15 per cent*

*unless otherwise regulated under an international double taxation avoidance agreement.

Taxation of principal in respect of bonds

According to applicable laws and regulations, repayment of principal in relation to bonds is not subject to tax in Serbia.

Capital gains tax

Capital gains on bonds issued in Serbia by a non-resident, according to applicable laws and regulations, are taxed in Serbia at the following rates:

Domestic legal entities	15 per cent
Domestic private individuals	15 per cent
Non-resident legal entities	20 per cent*
Non-resident private individuals	15 per cent*

* unless otherwise regulated under an international double taxation avoidance agreement.

5 Terms and Conditions of the Offer

5.1 Conditions, offer statistics, expected timetable and action required to apply for the offer

5.1.1 Conditions to which the offer is subject and terms of the offer

The offer to investors to subscribe for the Bonds is not subject to any conditions.

The Issuer intends to sell this Aggregate Principal Amount of Bonds which is being underwritten by Raiffeisen Banka a.d. Beograd on a firm commitment basis. The Underwriter has committed to purchase from the Bank any Bonds that remain unsold by close of business in Belgrade on the final day of the Subscription Period (as defined below).

For further information on the publication of the report on the result of the public offer please see the section 5.1.7 "Publication of the offer results" below.

5.1.2 Total Amount of the Issue

The Aggregate Principal Amount of the Bonds to be issued is RSD 2,500,000,000. The total number of Bonds to be issued is 250 in Specified Denominations of RSD 10,000,000 each.

5.1.3 Subscription Period and Process

The Bonds may be subscribed from and including 28 November 2016 to and including 2 December 2016 from 9:00 a.m. CET to 4:00 p.m. CET (the "**Subscription Period**").

Investors may subscribe to the Bonds at the Headquarters of the Underwriter, Đorđa Stanojevića 16, New Belgrade.

For further information on the subscription process please see the information in section 5.1.6 "Payment and Delivery" below.

5.1.4 Procedure in case of oversubscription

If the total amount of subscribed Bonds is higher than the Aggregate Principal Amount, the issue amount will be proportionately allocated and distributed on a *pro rata* basis.

The Underwriter will return oversubscribed amounts of funds to the relevant investor's bank account one Business Day after the end of the Subscription Period.

5.1.5 Minimum and/or Maximum Subscription Amount

The minimum subscription amount corresponds to the Specified Denomination of RSD 10,000,000. The maximum subscription amount is the Aggregate Principal Amount of the Bonds.

5.1.6 Payment and Delivery

Potential investors interested in investing in the Bonds may subscribe (and pay) for the Bonds with the Underwriter during the Subscription Period at the Head Office of the Underwriter, Đorđa Stanojevića 16, Novi Beograd. Bonds are subscribed for by signing a statement on the subscription form (which is available from the Underwriter), in person or through a proxy.

Private individual investors must provide:

- A personal identification document;
- evidence of an open financial instruments account (client data); and
- evidence of an open dinar account with a bank in the Republic of Serbia.

Legal entity investors must provide:

- An authorisation for subscription of the Bonds signed by an authorized person;
- personal identification document of a person who is authorized;
- evidence of an open financial instruments account (client data); and
- evidence of an open dinar account with a bank in the Republic of Serbia.

Investment companies and/or custody banks subscribing in the name of the client must provide:

- An authorisation for subscription of the Bonds signed by the authorised person of the investment company and/or custody bank;
- personal identification document of a person who is authorized;
- instruction of the client for the subscription of the Bonds;
- evidence of an open financial instruments account (client data); and
- evidence of an open dinar account with a bank in the Republic of Serbia.

Payment for subscribed Bonds is to be made in accordance with the instruction for payment of subscribed Bonds, which forms an integral part of the subscription form (which is available from the Underwriter). Once potential investors deposit funds in the special-purpose money account opened by the Underwriter in the name of the Issuer and maintained by the Underwriter for the purposes of this issuance, they shall acquire the right to purchase Bonds. After registration of the issue, Bonds that have been subscribed and paid for shall be transferred from the Issuer's emission account with the CSD Serbia to the accounts for financial instruments of the investor with the CSD Serbia, in accordance with the information specified by the investor in the subscription form.

5.1.7 Publication of the offer results

The results of the offer of Bonds will be published no later than three Business Days following the end of the Subscription Period, in printed form, free of charge, at the offices of the Bank, in London, as well as at the office of the Bank in Belgrade, Španskih boraca 3, on the website of the Bank (www.ebrd.com), at the offices of the Belgrade Stock Exchange as well as on its website (www.belex.rs/) and at the Underwriter's registered office in Belgrade and on its website (www.raiffeisenbank.rs).

5.1.8 Pre-emption rights, negotiability of subscription rights

There are no pre-emption rights nor a negotiability of subscription rights.

5.2 Distribution and allotment

5.2.1 Categories of Investors

The offer of Bonds is not targeted to specific categories of investors.

5.2.2 Process of informing investors about the allotted Bonds and when trading may begin

The investors will be informed by the Underwriter about the amount of Bonds allotted by book-entry on their respective securities account.

Before such allotment trading in the Bonds is not possible. Bonds can be traded on the Belgrade Stock Exchange after their admission thereon.

5.3 Pricing

5.3.1 Subscription Price

The Bonds may be subscribed at a subscription price of 100 per cent of their Specified Denomination (the "**Subscription Price**").

Neither the Bank nor the Underwriter will charge any fees to investors for the subscription of Bonds.

5.4 Placing and Underwriting

5.4.1 Underwriting by the Underwriter

According to a subscription agreement between the Bank and the Underwriter, the Underwriter has agreed to underwrite the Bonds on a firm commitment basis. The Underwriter has committed to purchase from the Bank any Bonds that remain unsold by close of business in Belgrade on the final day of the Subscription Period (as defined above), at the issue price equal to the Specified Denomination of the Bonds (the "**Issue Price**").

For its services, the Underwriter will receive an underwriting commission amounting up to 0.225 per cent.

In addition to its commitment to purchase any unsold Bonds as described above, the Underwriter will also subscribe for the Bonds as an investor during the Subscription Period.

5.4.2 Calculation and Paying Agent

Raiffeisen Banka a.d. Beograd, Đorđa Stanojevića 16 will act as calculation and paying agent for the Bonds (the "**Calculation and Paying Agent**").

5.4.3 Date of signing of the Subscription Agreement

7 November 2016

6 Admission to trading

6.1 Trading Application

Application will be made by the Underwriter (acting in its capacity as listing agent) on behalf of the Issuer for the Bonds to be admitted to trading on the Belgrade Stock Exchange.

On behalf of the Issuer, the Underwriter shall, within three Business Days of receipt of the notification by the CSD Serbia confirming registration of the Bonds, submit an application to the Belgrade Stock Exchange for listing and admission of the Bonds to trading on the prime listing market segment of the Belgrade Stock Exchange.

As at the date of this Prospectus, the Issuer fulfils all requirements set out in the current Rules on Listing of the Belgrade Stock Exchange, for admission of the Bonds to listing and trading on the prime listing market segment of the Belgrade Stock Exchange.

After admission to trading, the Bonds will be traded at a total price, which includes accrued interest from the first day of the current interest period until (but excluding) the settlement day (also referred to as the "dirty price").

Immediately after admission of the Bonds to trading, the Belgrade Stock Exchange shall publish a notice confirming such admission on its website and a copy thereof will be electronically submitted to the Commission and the Issuer.

Once the listing application has been approved by the Belgrade Stock Exchange, the Bonds will be admitted to trading on the prime listing market segment.

Admission of the Bonds to trading on the prime listing market segment is subject to the approval of the Belgrade Stock Exchange.

6.2 Admission of other securities of the Bank

The issuance of the Bonds will be the first issuance of securities in Serbia by the Bank and, therefore, currently, there are no securities of the Bank admitted to trading on the Belgrade Stock Exchange.

6.3 Market Making

There will be no market making activity in connection with the issuance and sale of the Bonds.

7 Additional Information

7.1 Advisers Mentioned in the Securities Note

No advisers are mentioned in the Securities Note.

7.2 Other information in the Securities Note

There is no additional information provided in the Securities Note.

7.3 Opinions or reports of third parties in the Securities Note

No opinions or reports of third parties are provided in the Securities Note.

7.4 Issuer Credit Rating

As of the date of this Prospectus, the Bank and/or its debt obligations have been assigned an AAA credit rating by Standard&Poor's Credit Market Services Europe Limited ("**S&P**"), an Aaa credit rating by Moody's Investors Service Limited ("**Moody's**") and an AAA credit rating by Fitch France S.A. ("**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 at the date of this Prospectus.

OFFICIAL USE

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.

TERMS AND CONDITIONS OF THE BONDS

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

The RSD 2,500,000,000 floating rate bonds due 5 December 2019 (the "**Bonds**") are issued by the European Bank for Reconstruction and Development (the "**Bank**" or the "**EBRD**" or the "**Issuer**") under its 2016 Borrowing Programme 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 7 November 2016 between the Bank and Raiffeisen Banka a.d. Beograd, as calculation and paying agent (the "**Calculation and Paying Agent**", which expression shall, wherever the context so admits, include any substitute or successor calculation and/or paying agent, as applicable). The Calculation and Paying Agency Agreement has attached to it the Terms and Conditions of the Bonds (the "**Conditions**"). Holders of the Bonds means persons who are registered as owners of such Bonds in the Register (as defined in Condition 1) (the "**Registered Holders**").

1. Form and Denomination

The Bonds are issued as dematerialized book-entry bonds, registered in electronic form in the relevant securities account, in the name of Registered Holders, in denominations of RSD 10,000,000 each (the "**Specified Denomination**") and in an aggregate principal amount of RSD 2,500,000,000 (the "**Aggregate Principal Amount**") on 5 December 2016 (the "**Issue Date**").

Each person acquiring the Bonds will be recorded in the bondholders register (the "**Register**") to be kept on the information system of the Central Securities Depository and Clearing House, Serbia (the "**CSD Serbia**"). The Bonds are not issuable in bearer form.

The Bonds are freely transferable in accordance with Serbian law and the Rules of the CSD Serbia, whereby each Registered Holder has the right to dispose of Bonds, registered in its name, in any way, including creating a lien on such Bonds, in accordance with the applicable law.

2. Status

The Bonds constitute 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 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 on each Specified Denomination from and including the Issue Date to but excluding the Maturity Date (as defined in Condition 6). Interest on the Bonds shall be payable quarterly in arrear on the 5th of each March, June, September and December (each, an "Interest Payment Date") with the first interest payment to be made on 5 March 2017.

All payments will be made on the stated Interest Payment Dates or the Maturity Date, as applicable, to Registered Holders who are registered in the Register at the close of business on the day that is one (1) Business Day (as defined in Condition 4 (c) below) immediately preceding the relevant Interest Payment Date or the Maturity Date (the "Record Date"), unless an Interest Payment Date or the Maturity Date, as applicable, is not a Business Day, in which case payment will be made on the first Business Day following the relevant Interest Payment Date or the Maturity Date, as applicable.

Interest will be calculated by the Calculation and Paying Agent on the basis of the actual number of calendar days in the relevant Interest Period based on a 360-day year.

Interest payable on each Interest Payment Date or the Maturity Date, as applicable, will accrue from and including the immediately preceding Interest Payment Date (in the case of the first Interest Payment Date, the Issuance Date), to, but excluding, the next following Interest Payment Date, or the Maturity Date, as applicable. For the avoidance of doubt, where the Interest Payment Date, or the Maturity Date, as applicable, have been adjusted to the next Business Day, interest will accrue to (but excluding) such adjusted date. As the immediately subsequent period will be from and including such adjusted Interest Payment Date to but excluding the next Interest Payment Date, the actual number of days in such period may be shorter 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 RSD 0.01, such amount shall be rounded to the nearest integral multiple of 0.01 RSD (with 0.005 – 0.009 RSD being rounded up).

(b) *Interest Payments*

The amount of interest payable on each Bond on each Interest Payment Date (including the Maturity Date, if applicable) shall be determined by the Calculation and Paying Agent by applying the Reference Rate plus the Margin (each as defined below) to the Specified Denomination of such Bond. Subject to mandatory provisions of Serbian law, Bonds will cease to bear interest from (and including) the Maturity Date; provided, however that if payment of principal is improperly withheld or refused, interest shall not cease to accrue but shall continue to accrue from (but excluding) the Maturity Date to (and including) the actual date of redemption at the higher of (i) the Reference Rate plus the Margin, or (ii) the statutory rate of default interest until the actual redemption of the Bonds.

"the statutory rate of default interest" means the interest rate calculated by the Calculation and Paying Agent from (but excluding) the Maturity Date until (but including) the actual redemption of the Bonds in the manner prescribed by the Serbian Law on Default Interest. The statutory rate of default interest will be paid to the Registered Holders through CSD Serbia, and calculated in RSD by applying the following formula:

$$k = \frac{G * p * d}{100 * Gd}$$

whereby:

k – statutory rate of default interest in RSD;

G – the amount of unpaid principal on the Bond;

p – the default interest rate published on the website of the National Bank of Serbia;

d – number of days of delay;

G_d – number of days in the respective calendar year.

(c) *Rate of Interest*

The rate of interest shall be the sum of Three-Month-BELIBOR (the "**Reference Rate**") plus a margin of 40 basis points (0.4 per cent) (the "**Margin**"), subject to the provisions below.

"**Three-Month-BELIBOR**" means, in respect of each Interest Determination Date (as defined below), the reference interest rate, which appears on Reuters Page BELIBOR= to the right of the caption "3M" at approximately 11.15 a.m. (Belgrade time) on that Interest Determination Date. If the Three-Month-BELIBOR rate is not available on an Interest Determination Date, the Calculation and Paying Agent will determine the relevant rate of interest in accordance with the Reference Rate Fallback Provisions below.

"**Interest Determination Date**" means, in respect of each Interest Period, the first day of such Interest Period.

"**Interest Period**" means each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, except that: (i) in the case of the first Interest Period which shall be from (and including) the Issue Date to (but excluding) the next following Interest Payment Date; and (ii) in the case of the last Interest Period which shall be from (and including) the penultimate Interest Payment Date to (but excluding) the Maturity Date.

"**Reference Rate Fallback Provisions**" means the following reference rate fallback provisions:

If Three-Month-BELIBOR is not available for any reason on Reuters Page BELIBOR= (or on any successor page) and it is not available on the webpage of the National Bank of Serbia, http://www.nbs.rs/internet/english/33/33_5/kamatne_stope/index.html (or any successor page) (the "**NBS BELIBOR Page**") on an Interest Determination Date, the Reference Rate shall be the most recently published Three-Month-BELIBOR rate available that is published on either (i) Reuters Page BELIBOR= (or any successor page) or (ii) on the NBS BELIBOR Page; provided, however that if Three-Month-BELIBOR as published on either (i) Reuters Page BELIBOR= or (ii) the NBS BELIBOR Page has not been updated for at least ten (10) consecutive Business Days immediately preceding the relevant Interest Determination Date, the Reference Rate shall be the most recently published BEONIA rate (as defined below), unless such BEONIA rate has not been updated for at least ten (10) consecutive Business Days immediately preceding the relevant Interest Determination Date. If BEONIA is either not available (for whatever reason) or has not been updated for at least ten (10) consecutive Business Days preceding the relevant Interest Determination Date, the Reference Rate shall be determined as follows: the Calculation Agent will obtain the NBS Key Policy Rate (as defined below) as at 11.30 a.m. (Belgrade time) on that Interest Determination Date, and the Reference Rate shall be such NBS Key Policy Rate. If, however, the NBS Key Policy Rate is not available on the relevant Interest Determination Date, the Reference Rate for the relevant Interest Period shall be the Reference Rate applicable to the immediately preceding Interest Period.

For the purposes of these Reference Rate Fallback Provisions, if there is any discrepancy between a rate for Three-Month-BELIBOR as published on Reuters Page BELIBOR= or on the NBS BELIBOR Page, the rate on the Reuters Page BELIBOR= will prevail.

"**BEONIA**" is an effective overnight rate computed as a weighted average of all overnight lending transactions in the Serbian interbank market as contributed by all banks. The BEONIA rate and the total volume of lending transactions are calculated and published by National Bank of Serbia on every business day in Belgrade, Serbia

at 19:15 CET and is accessed through the following link:
http://www.nbs.rs/internet/latinica/33/33_5/beonia/index.html

"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 the business centre so specified or, if not so specified, Belgrade, Serbia and London, United Kingdom.

"NBS Key Policy Rate" means, with respect to an Interest Determination Date, the key policy rate of the National Bank of Serbia ("NBS") that is available on the relevant NBS webpage, http://www.nbs.rs/internet/english/30/30_4/30_4_5/ (or any successor page established for the purpose of displaying such NBS key policy rate).

5. Payments

Payments of principal and interest will be made in RSD (as described in Condition 4(a) above), by transfer to the relevant RSD bank account which is specified by the Registered Holder in the Register (the "**Registered Account**"), through CSD Serbia. Upon transfer of the relevant amount to the Registered Account, the Issuer shall be discharged of the related payment obligation. Neither the Bank nor the Calculation and Paying Agent assumes any liability for any delay in payments to a Registered Holder caused by the unavailability of full and accurate details of such Registered Account with the CSD Serbia. Payments in respect of the Bonds will be subject in all cases to any fiscal or other laws and regulations applicable thereto at the place of payment.

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 with an office in Belgrade, Serbia (which shall be a reputable bank licensed to carry out banking activities in Serbia). 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 10.

6. Redemption (Payment of Principal) and Purchase of the Bonds

Unless previously repurchased and cancelled, the Bonds will be redeemed by the Bank at their Specified Denomination on 5 December 2019 (the "**Maturity Date**"). The Bonds will not be redeemable prior to the Maturity Date. The Bank may at any time repurchase Bonds in the open market or otherwise, in each case in accordance with the market conditions. Subject to Serbian law and regulation, Bonds purchased by the Bank may be cancelled.

7. Title

The Bank and the Calculation and Paying Agent shall treat Registered Holders as the absolute owners of the Bonds for the purpose of making payments and, for all other purposes (notwithstanding any notice of ownership) regardless of whether such Bond or, in the case of a payment of interest, such payment shall be overdue. 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.

In accordance with relevant Serbian law requirements, the Bonds may be transferred and the title to the Bonds shall pass from the previous Registered Holder to the new Registered Holder upon registration of title change on the Register at the CSD Serbia, in the manner and procedure prescribed by the relevant rules of the CSD Serbia, which are applicable at the time of the Bond transfer. The Bonds may be transferred from the account of a previous Registered Holder to the account of a new Registered Holder on the basis of the transfer order issued by a member of the CSD Serbia, either on a free of payment basis or on a delivery against payment basis. The CSD Serbia may transfer Bonds from one account to another account free of payment (FoP), pursuant to a

transfer order received through a CSD Serbia's member by the deadline set in such order, as envisaged under the CSD Serbia Term Schedule Rulebook. In that case, along with the transfer order, the Registered Holder shall provide proof of the legal basis for the transfer of the Bonds on the Register. The CSD Serbia may transfer the Bonds from one account to another at the same time that payment is made, i.e. on a delivery versus payment basis, pursuant to the Bonds transfer orders and cash payment orders received through the CSD Serbia's members by the deadline stipulated in the orders and as envisaged in the CSD Serbia Term Schedule Rulebook.

8. Taxation

All 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.

9. 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 the specified office of the Calculation and Paying Agent 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 (the ISIN number and denominations of which shall be set forth in such notice) 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.

Subject to mandatory Serbian law, upon the Bank's default on interest payments as described herein, the Bank will be obliged to pay to the Registered Holders the statutory rate of default interest for default on interest payments.

"statutory rate of default interest for default on interest payments" means the penalty interest calculated from (and including) the day of submitting a claim to court by the Registered Holder until (and excluding) the date of actual payment of accrued interest. The statutory rate of interest for default on interest payments will be paid to the Registered Holders through CSD Serbia, and calculated in RSD by applying the following formula:

$$k = \frac{G * p * d}{100 * G_d}$$

whereby:

k – statutory rate of default interest in RSD;

G – the amount of accrued unpaid interest on the Bond;

p – the default interest rate published on the website of the National Bank of Serbia;

d – number of days of delay;

G_d – number of days in the respective calendar year.

If the payment of principal on the Bonds, upon Maturity Date, is improperly withheld or refused, the interest rate will accrue in the manner described in Condition 4(b) above.

10. Notices

All notices regarding the Bonds will be valid if published on the Bank's website, and the website of the CSD Serbia according to the Capital Market Law and when the Bonds are admitted to trading on the regulated market of the Belgrade Stock Exchange all notices must also be filed with the Belgrade Stock Exchange and published on the website of Belgrade Stock Exchange. Any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the date of the first such publication.

11. Further Issues

Subject to mandatory provisions of Serbian law, 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 yield) 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.

12. Governing Law and Jurisdiction

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

13. Prescription

Subject to mandatory provisions of Serbian law, claims for payment or delivery, as the case may be, of principal in respect of the Bonds shall be prescribed upon the expiry of 5 years, and claims for payment or delivery, as the case may be, of interest (if any) in respect of the Bonds shall be prescribed upon the expiry of 3 years, in each case from the day following the Payment Date (as defined below) thereof, subject to the provisions of Condition 5.

For the purposes of these Conditions, Payment Date means the date on which the payment or delivery of principal or interest in respect of the Bonds, becomes due and payable or deliverable, respectively subject to the provisions of Condition 9 and Condition 4 (a) herein (the "**Payment Date**").

14. Agents

In acting under the Calculation and Paying Agency Agreement, the Calculation and Paying Agent will act solely as agent of EBRD and does not assume any obligations or relationships of agency or trust to or with the Registered Holders, except (without affecting the obligations of EBRD to the Registered Holders, to redeem the Bonds and pay interest thereon) funds received by the Calculation and Paying Agent for the payment of the principal of or interest on the Bonds shall be held by it in trust for the Registered Holders until the expiration of the relevant period of prescription under Condition 13. EBRD will agree to perform and observe the obligations imposed upon it under the Calculation and Paying Agency Agreement. The Calculation and Paying Agency Agreement contains provisions for the indemnification of the Calculation and Paying Agent and for relief from

responsibility in certain circumstances, and entitles it to enter into business transactions with EBRD and any of its subsidiaries without being liable to account to the Registered Holder for any resulting profit. Any reference herein to the Calculation and Paying Agent shall include any successor thereto.

USE OF PROCEEDS

The net proceeds to be received by the Bank from the issue of Bonds will be included in the ordinary capital resources of the Bank and used in its ordinary operations.

ISSUER DESCRIPTION

1 Persons Responsible

Please see the "Responsibility Statement" on page 38 of this Prospectus.

2 Risk factors

Please see the section "Risk Factors", starting on page 9 of this Prospectus.

3 Information about the Bank

3.1 Name, description and legal status

The Bank is an international organisation formed under the Agreement Establishing the European Bank for Reconstruction and Development 29 May 1990 (the "**Agreement**"), signed by 40 countries, together with the European Economic Community and the European Investment Bank. The Agreement entered into force on 28 March 1991 and the Bank commenced operations on 15 April 1991. The Bank has currently 67 members (including Serbia). The Bank's principal office is in London.

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 can be summarised as follows: 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 15 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.

3.2 Address, telephone number and e mail address

The Bank's business address is at One Exchange Square, EC2A 2JN, United Kingdom. Its general telephone number is +44 20 7338 6000. The Bank can also be reached via the general e-mail address: communications@ebrd.com.

3.3 Managing body and Agreement governing such Management

The Agreement Establishing the European Bank for Reconstruction and Development

The Agreement is the Bank's governing constitution setting 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.

Organisation and management

The EBRD is comprised of 65 member countries, together with the European Union and the European Investment Bank. The Bank consists of a Board of Governors, a Board of Directors, a President (currently, Sir Suma Chakrabarti), one or more Vice-Presidents and such other officers and staff as may, from time to time, be considered necessary.

All the powers of the Bank are vested in the Board of Governors to which each member appoints a governor. The Board of Governors delegates most powers to the Board of Directors, which is responsible for the direction of the Bank's general operations and policies. The Board of Governors retains full power to exercise authority over any matter it has delegated or assigned to the Board of Directors under the Agreement.

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 14 November 2016.

DIRECTORS	ALTERNATES	CONSTITUENCIES
Vilks, Andris	Grilli, Michel	EIB
Bartzokas, Anthony	Abel, Mateus	Greece/Portugal
Bello, Raphaël	Gauquelin, Gustave	France
Frotzler, Jörgen	Másson, Arnar	Sweden/Iceland/Estonia
Barresi, Phillip	Park, Soomin	Korea/Australia/New Zealand/Egypt
Nevison, Douglas	Houlahan, Greg	Canada/Morocco/Jordan/Tunisia
Dilekli, Evren	Dragoş, Andrei	Turkey/Romania/Azerbaijan/Kyrgyz Republic
Di Maro, Raffaella	Brandi, Dante	Italy
Jensen, Ove	Vitkauskas, Aloyzas	Ireland/Denmark/Lithuania/Kosovo
Kawakami, Yosuke	Honda, Makoto	Japan
Koskinen, Johannes	Holler, Dag	Norway/Finland/Latvia
Kaufmann, Heinz	Shevalev, Artem	Switzerland/Ukraine/Liechtenstein/Turkmenistan/Serbia/Montenegro/Moldova
Allen, Scott	Vacant	USA
Hockuba, Zbigniew	Mitrev, Kalin	Bulgaria/Poland/Albania

Morozov, Denis	Verkashanskiy, Sergey	Russian Federation/Belarus/Tajikistan
Król, Klára	Havas, László	Hungary/Czech Republic/Slovak Republic/Croatia/Georgia
Freeman, Harold	Wren, Claire	UK
Oporto, Antonio	Gasós, Pablo	Spain/Mexico
Stein, Klaus	Ernst, Johann-Hinrich	Germany
Seiringer, Johannes	Azoulay, Eddie	Austria/Israel/Cyprus/Malta/Kazakhstan/Bosnia& Herzegovina
Six, Jean-Louis	Marques, Miguel	Belgium/Luxembourg/Slovenia
Reichenbach, Horst	Basch, Peter	EU
Weekers, Frans	Rooimans, Jaap	Netherland/Mongolia/FRY Macedonia/Armenia/China
Not currently assigned	Not currently assigned	Uzbekistan

For the purpose of the business of the Bank the address of each Director is the principal office of the Bank.

3.4 EBRD's Purpose and Functions

The purpose of the Bank is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in its Countries of Operations, that is, the 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 USSR, the Republic of Turkey, Mongolia and the countries of the Southern and Eastern Mediterranean region (the "Countries of Operations").

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 making 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 will be 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 annual review of its operations strategy for each country.

3.5 Sources of funding, guarantees and other obligations that members of the EBRD have towards the Bank

Share Capital

The Bank's authorised share capital is € 30 billion. The Bank's capital is divided into paid-in shares and callable shares. Each share has a par value of € 10.000. As of 31 December 2015, the subscribed capital was € 29.7 billion (€ 6.2 billion paid-in capital and € 23.5 billion callable capital).

3.6 Recent events relevant for the evaluation of EBRD's solvency

Since the date of the latest published financial statements of EBRD, there are no events particular to the Bank that are to a material extent relevant to the evaluation of the Bank's solvency.

3.7 Members of the EBRD

As of 14 November 2016, the members of EBRD are:

Albania	Armenia	Australia
Austria	Azerbaijan	Belarus
Belgium	Bosnia and Herzegovina	Bulgaria
Canada	China	Croatia
Cyprus	Czech Republic	Denmark
Egypt	Estonia	European Investment Bank
European Union	Finland	Former Yugoslav Republic of Macedonia
France	Georgia	Germany
Greece	Hungary	Iceland
Ireland	Israel	Italy
Japan	Jordan	Kazakhstan
Korea, Republic of	Kosovo	Kyrgyz Republic
Latvia	Liechtenstein	Lithuania
Luxembourg	Malta	Mexico
Moldova	Mongolia	Montenegro
Morocco	Netherlands	New Zealand
Norway	Poland	Portugal
Romania	Russia	Serbia
Slovak Republic	Slovenia	Spain
Sweden	Switzerland	Tajikistan
Tunisia	Turkey	Turkmenistan
Ukraine	United Kingdom	United States of America
Uzbekistan		

4 Financial information

The audited consolidated financial statements of the Bank for the financial years ended 31 December 2015 and 31 December 2014 which have been prepared in conformity with the International Financial Reporting Standards ("IFRS") are incorporated in this Prospectus by reference (as further specified under "Documents incorporated by reference" on page 13) and are available on the website of the Bank (www.cbrd.com).

4.1 Summary of the Bank's financial results

EUR million	2015	2014	2013	2012	2011
Realised profit before impairment	949	927	1,169	1,007	866
Net profit/(loss) before transfers of net income approved by the Board of Governors	802	(568)	1,012	1,021	173
Transfers of net income approved by the Board of Governors	(360)	(155)	(90)	(190)	-
Net profit/(loss) after transfers of net income approved by the Board of Governors	442	(723)	922	831	173
Paid-in capital	6,202	6,202	6,202	6,202	6,199
Reserves and retained earnings	8,384	7,947	8,674	7,748	6,974
Total members' equity	14,586	14,149	14,876	13,950	13,173

Accounting principles of the Bank

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts. In addition, financial assets and liabilities subject to amortised cost measurement which form part of a qualifying hedge relationship have been accounted for in accordance with hedge accounting rules. The financial statements have been prepared on a going concern basis. The going concern assessment was made by the Bank's Board of Directors when approving the Bank's "Strategy Implementation Plan 2016 – 2018" in December 2015, which analysed the Bank's liquidity position. The assessment was re-confirmed by the President and Vice President and CFO on 24 February 2016, the date on which they signed the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's policies.

New and amended IFRS mandatorily effective for the current reporting period

There are no new or amended standards effective for the reporting period which ended on 31 December 2015.

IFRS not yet mandatorily effective but adopted early

IFRS 9: "Financial Instruments" is the IASB's replacement project for IAS 39. This standard has developed in phases and was completed in July 2014 with a mandatory application date for annual reporting periods beginning on or after 1 January 2018. The Bank adopted the first phase "recognition

and measurement of financial assets" (November 2009) in its financial statements as of 31 December 2010.

5 Court, administrative and arbitration proceedings

5.1 Proceedings

Assuming the materiality threshold of USD 250 million, there has been no significant administrative, court or arbitration proceedings against the Bank in the last 12 months which would have a significant effect on the financial standing or profitability of the Bank.

5.2 Immunity

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.

5.3 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 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 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 Issuer.

Consistent with accepted international practice to accord certain immunities and privileges to international organisations, the Government of the United Kingdom has enacted legislation providing an exemption from the obligation to withhold tax from interest and certain other types of payments made by designated international organisations. The Bank has been designated an international organisation to

which this exemption is granted. 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.

6 Statements from experts

Save for the information on the Bank's ratings which are derived from the international recognised rating agencies entities (i) Standard & Poor's Credit Market Services Europe Limited, with its business address at Bockenheimer Landstraße 2, 60306 Frankfurt, Germany; (ii) Moody's Investors Service Limited, with its business address at One Canada Square, Canary Wharf, London, E14 5FA, United Kingdom; and (iii) Fitch France S.A., with its business address at 60 Rue de Monceau, 75008 Paris, France, this Prospectus does not contain any statements opinions or a report attributed to a third person, acknowledged as an expert in an area.

7 Documents on display

For the life of this Prospectus, the Bank's financial statements and audit reports for the last two financial years, may be inspected electronically on the Banks website (currently: <http://www.ebrd.com/news/publications.html>).

SUBSCRIPTION AND SALE

The Underwriter has in a subscription agreement dated 7 November 2016 (the "**Subscription Agreement**") agreed with the Bank a basis upon which the Underwriter agrees to purchase Bonds. Any such agreement will extend to those matters stated under "Terms and Conditions of the Bonds" above. In the Subscription Agreement the Bank has agreed to reimburse the Underwriter for certain of its expenses in connection with the issue of the Bonds.

The following is a description of the contractual and certain other restrictions applicable to the Bonds:

General

The Underwriter has agreed and each other investor will be required to agree that it will comply with all relevant laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Bonds under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Bank shall not have any responsibility therefor.

In accordance with the terms of a Marketing Agency Agreement between the Bank and the Marketing Agent dated 7 November 2016, the Marketing Agent shall procure institutional investors from the following countries only:

- Germany;
- Austria;
- United Kingdom;
- Croatia;
- Hungary; and
- Slovenia.

The Marketing Agent has agreed that it will comply, at its own expense, with all relevant laws, regulations and directives in force in any of the above mentioned jurisdictions in which it markets the Bonds or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the marketing by it of the Bonds under the laws, regulations and directives in force in such jurisdictions and the Bank shall not have any responsibility therefor.

RESPONSIBILITY STATEMENT

Pursuant to Article 19 of the Capital Market Law (Off. Gazette of RS no. 31/2011 and 112/2015), the European Bank for Reconstruction and Development accepts responsibility for the content of this Prospectus.

The European Bank for Reconstruction and Development declares that, having taken all reasonable care, to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and contains no omission likely to affect the authenticity and completeness of the Prospectus.

European Bank for Reconstruction and Development
as issuer



Isabelle Laurent

Deputy Treasurer and Head of Funding

On behalf of the European Bank for
Reconstruction and Development

OFFICIAL USE

**PRINCIPAL OFFICE
OF THE
EUROPEAN BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

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*To the EBRD
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