

The date of this Pricing Supplement is 17 February 2006

**PRICING SUPPLEMENT**

Series No.: 359

Tranche No.: 1

**Council of Europe Development Bank**

**EUR15,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

Issue of

***HUF 10,000,000,000***

***6.00 per cent. Notes due 27 March 2009***

***Public offering in Belgium***

***Subscription period: from 17 February 2006 to 21 March 2006 inclusive, save in case of early termination due to oversubscription or to material changes in market conditions***

In case of early closing of the subscription period due to an oversubscription, the allocation of the Notes will be made on the basis of objective allocation criteria as follows: subscriptions will be treated in the chronological order of their receipt and, if necessary, the amount of the last subscription received shall be reduced proportionally to correspond to the total amount of the Notes that will be issued. Each payment made in relation to the subscription of the Notes which is not allocated shall be reimbursed within 7 TARGET Settlement days after the payment date and the holders cannot claim any interest on these payments.

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 19 October 2005. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

**Risk Warning:**

**Investors should be aware that the Notes are issued in HUF and are as such subject to exchange rate risk. Investors should be aware that as a result of such risk they may receive at maturity an amount in HUF that, if converted into Euro by the investor, has a lower value than the initially invested amount.**

1. Issuer: Council of Europe Development Bank
2. (i) Series Number: 359

(ii)	Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).	1
3.	Specified Currency or Currencies:	Hungarian Forints (" <b>HUF</b> ")
4.	Aggregate Nominal Amount:	
(i)	Series:	HUF 10,000,000,000
(ii)	Tranche:	HUF 10,000,000,000
5.	(iii) Issue Price:	101.11 per cent. of the Aggregate Nominal Amount
(iv)	Net proceeds:	HUF 9,963,500,000
6.	Specified Denominations:	HUF 500,000 HUF 1,000,000
7.	(i) Issue Date:	27 March 2006
(ii)	Interest Commencement Date:	27 March 2006
8.	Maturity Date:	27 March 2009
9.	Interest Basis:	6.00 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Optional Early Redemption (Put/Call Options):	Not Applicable
13.	Status of the Notes:	Senior
14.	Listing:	Luxembourg
15.	Method of distribution:	Syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16.	<b>Fixed Rate Note Provisions</b>	Applicable
(i)	Rate of Interest:	6.00 per cent. per annum payable annually in arrear
(ii)	Interest Payment Date(s):	27 March in each year adjusted in accordance with the Following Business

	Day Convention, beginning on 27 March 2007 and ending on the Maturity Date
(iii) Fixed Coupon Amount(s):	HUF 30,000 per Note of HUF 500,000 in Nominal Amount
	HUF 60,000 per Note of HUF 1,000,000 in Nominal Amount
(iv) Day Count Fraction:	Actual/Actual (ICMA)
(v) Broken Amount(s):	Not Applicable
(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17. <b>Floating Rate Note Provisions</b>	Not Applicable
18. <b>Non-Interest Bearing Note Provisions</b>	Not Applicable
<b>PROVISIONS RELATING TO REDEMPTION</b>	
19. <b>Call Option</b>	Not Applicable
20. <b>Put Option</b>	Not Applicable
21. <b>Maturity Redemption Amount of each Note</b>	Par
22. <b>Early Termination Amount</b>	
Early Amount(s) of each Note payable on redemption on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	Not Applicable
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>	
23. Form of Notes:	<b>Bearer Notes:</b>  Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
24. Relevant Financial Centre(s) or other special provisions relating to Payment Dates:	Budapest and TARGET

25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No.
26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
27. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable
28. Redenomination, renominatisation and reconventioning provisions: The Issuer may, on any Specified Interest Payment Date, without the consent of the Noteholders, by giving at least 30 days' notice in accordance with Condition 13, and on or after the date on which Hungary has become a participating Member State in the third stage of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "EC"), as amended from time to time (the "Treaty")) or events have occurred which have substantially the same effects, redenominate all, but not some only, of the Notes into Euro and adjust the aggregate principal amount and the Denomination(s) set out hereon accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".

The redenomination of the Notes shall be made by converting the principal amount of each Note from HUF into Euro using the fixed HUF Euro conversion rate established by the Council of the European Union pursuant to Article 123 (4) of the Treaty and rounding the resultant figure to the

nearest 0.01 Euro (with 0.005 Euro being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 13. Any balance remaining from the redenomination with a denomination higher than 0.01 Euro shall be paid by way of cash adjustment rounded to the nearest 0.01 Euro (with 0.005 Euro being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to Noteholders by the Issuer.

Upon redenomination of the Notes, any reference hereon to HUF shall be construed as a reference to Euro.

The Issuer may, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the Noteholders, make any changes or additions to these Conditions which it reasonably believes to be necessary or desirable to give effect to the provisions of this Condition or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Relevant Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of the Noteholders. Any such changes or additions shall, in the absence of

manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 13 as soon as practicable thereafter.

Neither the Issuer nor any Paying Agent shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

29. Consolidation provisions: Not Applicable
30. Other terms or special conditions: Not Applicable

#### **DISTRIBUTION**

31. (i) If syndicated, names of Managers: Fortis Bank nv-sa  
KBC Bank NV  
Dexia Banque Internationale à Luxembourg, société anonyme acting under the name of Dexia Capital Markets  
ING Wholesale Banking
- (ii) Stabilising Manager (if any): Fortis Bank nv-sa
32. If non-syndicated, name of Dealer: Not Applicable
33. Additional selling restrictions: **Republic of Hungary**

The Offering Circular has not been and will not be submitted to the Hungarian Financial Supervisory Authority for approval and the Notes will not be offered in the Republic of Hungary in a public offer or private placement as defined in the Act No. CXX of 2001 on the Capital Markets. Each Manager has confirmed its awareness of the above and has represented that it has not offered or sold and undertakes that it will not offer or sell the Notes in the Republic of Hungary in a public offer or private placement and will not offer the

Notes for sale to the general public in the Republic of Hungary.

**OPERATIONAL INFORMATION**

- 34. ISIN Code: XS0244662564
- 35. Common Code: 024466256
- 36. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, Société Anonyme and the relevant identification number(s): Not Applicable
- 37. Delivery: Delivery against payment
- 38. Additional Paying Agent(s) (if any): Not Applicable
- 39. Specialist broker: Not Applicable

**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the EUR 15,000,000,000 Euro Medium Term Note Programme of Council of Europe Development Bank.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Date: 17 February 2006