

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

**MINUTES OF THE BOARD MEETING OF
14 FEBRUARY 2012**

Meeting of the Board of Directors – 14 February 2012
List of Attendance

Chairman
First Vice President
Secretary General
General Counsel

President
Varel Freeman
Enzo Quattrocioche
Emmanuel Maurice

Directors

Memduh Akçay
Kurt Bayer
Ole Blöndal
Alain de Cointet
Toshiyuki Furui
Werner Gruber
Thomas Hackett
Zbigniew Hockuba
James Hudson
Suzanne Hurtubise
Tapani Kaskeala

Giorgio Leccesi
Vassili Lelakis
Abel Mateus
Bob McMullan
Pedro Moriyón
Denis Morozov
Jonathan Ockenden
Joachim Schwarzer
Jean-Louis Six
Eva Srejber
Paul Vlaanderen

Secretariat

Nigel Carter
Stefano Bertozzi

Staff

Erik Berglöf

Nick Tesseyman

David Klingensmith
Hans Peter Lankes
Pierre Loac

Alternate Directors

Virginia Gheorghiu
Eran Pollak
Eoin Ryan
Jérôme Baconin
Nobuyuki Oyama
Artem Shevlev

Stefka Slavova

Ole Hovland
András Kármán
Gianluca Grandi
Peter Basch
Anthony Bartzokas
In-chang Song
Enrique Bal
Sergey Verkashanskiy

Herbert Junk
Irena Sodin
Kalle Killar

1. Opening of the Meeting and Adoption of the Agenda

- The agenda was approved.
- The Secretary General reported that the following items had been approved by the Board on a no-objection basis:

On 1 February:

- The Report by the Chair of the Financial and Operations Policies Committee on Derogation of PSD Release for Cross Currency Swap Projects

On 13 February:

- A further loan of up to EUR 3.5 million for FYR Macedonia: ESM II: Distribution Grid Efficiency Investment for capital expenditures to further improve operational efficiency through reduction in network losses, increase in collection rates replacement of lines, upgrade of substations and transformers, and improvement of metering. The loan will be made in parallel with an identical facility provided by the IFC.
- An operation change to Russian Federation: United Capital Partners Private Equity Fund II

2. Minutes of the Board Meeting of 13/14 December 2011 Minutes of the Board Meeting of 31 January 2012

- The Board approved the minutes of 13/14 December 2011 and 31 January 2012.

3. Regional: Direct Investment Facility, Regional: Direct Lending Facility and Regional: Medium-Sized Co-Financing Facility – Operational Amendments

- The Board approved the following operational amendments for the Medium-Sized Co-Financing Facility, the Direct Lending Facility and the Direct Investment Facility: (i) amending the limits for the DIF, the DLF, and the MCFF beyond the current expiry date of June 2012 to June 2014; (ii) increasing the limits for the MCFF from EUR 285 million to EUR 385 million and the DIF from EUR 100 million to EUR 120 million; (iii) extension of the successful MCFF to Ukraine; (iv) amendment to the MCFF to allow the Bank to provide up to 100% of the funding required for MCFF sub-loans on a Full Recourse basis to Partner Banks, and (v) amendment to the risk participation in MCFF sub-loans to allow irrevocable and unconditional guarantees consistent with Basle BIS Committee requirements for capital relief.

4. Russian Federation: Bank Saint Petersburg (BSP) Equity Investment

- The Board approved a change in the structure of the equity investment in Bank St Petersburg approved in June 2009, thus allowing Bank St Petersburg (BSP) to retain an existing subordinated loan of EUR 75 million until maturity. The EBRD exposure to BSP would be reduced. The proposed changes will allow BSP to maintain growth and to prepare for raising capital in due course.

5. Ukraine: Izia Equity Investment and Subordinated Loan - Capital Increase

- The Board approved an investment in Ukrsibbank, a commercial bank in Ukraine and member of BNP Paribas Group:
 - Participation in the capital increase of Ukrsibbank of up to UAH 204,000,000 (EUR 22 million equivalent) for the subscription to 4,080,000,000 ordinary shares of the bank, par value UAH 0.05 each, representing up to 15% of the bank's new issue of share capital and voting rights. The aggregate subscription price will not be in excess of UAH 204,000,000.
 - The operation will support additional capitalisation of UkrSibbank and its further turnaround and development in Ukraine in cooperation with BNPP.

6. Kazakhstan: Hambledon Mining

- The Board approved joint debt and equity financing of up to USD 21 million (EUR 16.3 million equivalent), as follows: a loan of up to USD 15 million (EUR 11.7 million equivalent), equity of up to USD 3 million (EUR 2.3 million equivalent) and warrants of up to USD 3 million (EUR 2.3 million equivalent), to Altai Ken-Bayitu LLP and Sekisovskoye LLP, two subsidiaries of Hambledon Mining PLC. The operation will enable the company to develop its underground operations at Sekisovskoye mine in Kazakhstan.

7. Romania: EU Cohesion Funds Water Co-Financing Framework R2CF Mures sub-project

- The Board approved a loan of up to EUR 16.2 million, in two tranches, to S.C. Aquaserve, the water utility operating in Mures county. The first tranche of EUR 11.45 million will co-finance a regional investment programme to improve and expand water supply and wastewater collection and treatment services in Mures county. The second tranche of EUR 4.75 million will refinance the existing EBRD Municipal Environmental Loan Facility.
- The Board also approved an exception to the Bank's Procurement Policies and Rules as well as a consequential derogation from the Bank's Operations Policy for Retroactive Financing.

8. Other business

- No decisions were taken under Other Business.