

Available financing

PGE's existing financing model takes into account the use of funds from its core activities, debt financing in the form of commercial bank credit facilities and bond programmes, credit facilities from Bank Gospodarstwa Krajowego ("BGK"), credit facilities from multilateral institutions such as the European Investment Bank ("EIB") or the European Bank for Reconstruction and Development ("EBRD") as well as in the form of preferential financing. In order to effectively manage liquidity, within the Group we have introduced a cash-pooling system, with participation of 31 Group companies.

An ambitious investment programme of approx. PLN 34 billion scheduled for 2016-2020 requires long-term planning and external financing.

The most important available external financing sources for PGE Group areas follows::

- Domestic bond programme of PLN 5 billion.
- Euro Medium Term Note (EMTN) bond programme of up to EUR 2 billion.
- 2 credit facilities from BGK as part of the "Inwestycje polskie" ("Polish investments") programme, amounting to PLN 1.5 billion in total.
- Syndicated loan - term facility of PLN 3.6 billion.
- PLN 1.99 billion credit facilities from the EIB - PLN 1.50 billion will be used for projects related to distribution network modernisation and expansion, while PLN 0.49 billion will be used to finance and re-finance the construction of cogeneration units.
- Green facility loan of PLN 272.5 million from EIB for financing of "green projects".
- PLN 500 million credit facility from the EBRD to support implementation of a long-term programme for distribution network development and modernisation.
- Syndicated revolving loan of PLN 4.1 billion intended for financing of the ongoing operations, financing of the investment and capital expenses and refinancing of the financial liabilities.
- Current-account overdraft facilities.

PGE Group's financing policy features diverse maturities for specific financial instruments, which along with the diversification of financing sources, helps the Group to optimise its financing costs. The Group aspires to implement a responsible financial policy, which entails maintaining its net debt to EBITDA ratios at a level that makes it possible to retain investment-grade ratings.