

CEZ'S COOPERATION WITH EBRD DATES BACK TO 2010



- 2010, USD 325m, 10 years, renewed in 2016, Partial drawing in TRY, 50/50 guarantee by CEZ and Akkok
- A/B Loan jointly by IFC and EBRD



- 2011, EUR 100m, 10 years, guaranteed by CEZ, prepaid in 2013
- Jointly by IFC and EBRD



- 2015, RON 675m (EUR 150m), 7 years, no recourse to CEZ
- A/B Loan, 3 commercial banks



- 2016, EUR 166m, 7 years, no recourse to CEZ
- A/B Loan, 3 commercial banks

LOAN FOR CEZ RAZPREDELENIE (POWER DISTRIBUTION, CEZ'S BULGARIAN SUBSIDIARY,)



- Executed in the context of CEZ's effort to minimize its financing of foreign subsidiaries
- Followed after completed financing in Poland (no EBRD participation) and Romania

- Bulgaria and its energy sector were not always perceived positively by financial markets
- In teasing a potential loan to international and Bulgarian banks in 2014 we recorded extremely limited interest
- Situation changed in 2015 as post 2014 elections much more attention was paid to bringing energy sector back to order
- Discussions with EBRD started in 2015
- Mandate letter signed in March 2016
- RfP distributed to 9 commercial banks in June 2016, 5 responses, margins 1,6% - 0,5% above CEZ's credit spread then

TIMELINE TO FIRST DISBURSEMENT



<i>Achieved in time</i> <i>Delayed</i> <i>Outstanding</i>	Q1-2016	Q2-2016	Q3-2016	Q4-2016
CEZ Bulgaria Group				
CEZ RAZPREDELNIE				
FINANCING				
▪ Mandate Agreement (MA) & Term Sheet (TS)	[Progress bar from Q1 to Q2]			
▪ EBRD Negotiation (Model + Investment Memorandum (IM))	[Progress bar from Q1 to Q2]			
▪ Signing of IM and TS	[Progress bar from Q1 to Q2]			
▪ RFP to Banks	[Progress bar from Q1 to Q2]			
▪ Negotiations with Banks and TS tuning	[Progress bar from Q1 to Q2]			
▪ Banks Shortlist	[Progress bar from Q1 to Q2]			
▪ Final Commitment from banks	[Progress bar from Q1 to Q2]			
▪ Regulator Approval	[Progress bar from Q1 to Q2]			
▪ Shareholders meeting	[Progress bar from Q1 to Q2]			
▪ DD Environment and Technical	[Progress bar from Q1 to Q2]			
▪ Loan Documentation	[Progress bar from Q1 to Q2]			
▪ Loan Disbursement – Realistic Expectation	[Progress bar from Q1 to Q2]			

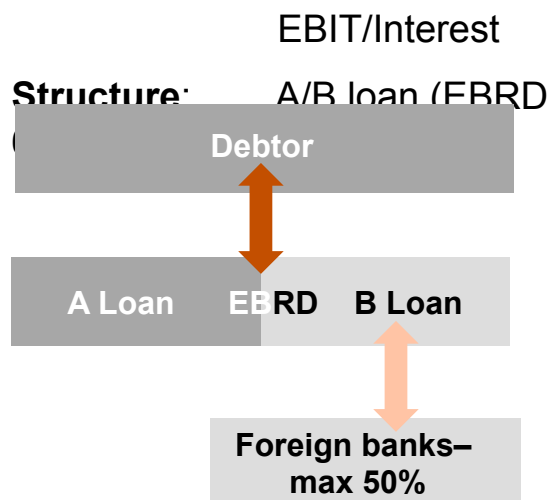


LOAN DETAILS

Terms

Size: 166m EUR (98+18)
Maturity: 7 years
Purpose: CAPEX, general corporate purposes
Security : none
Covenants : among others

DEBT/EBITDA



Pros:

- ✓ EBRD's credibility, preferred creditor status
- ✓ Negotiating terms with one entity (EBRD) and only limited modifications by commercial banks
- ✓ Pricing by commercial banks
- ✓ EBRD's focus on sustainability

Cons

- More time demanding (also impact of region in question)
- Banks participating in B Loan must be domiciled outside of debtor's state