



JUST TRANSITION PLATFORM MEETING - COAL REGIONS IN TRANSITION VIRTUAL WEEK

16 - 19 NOVEMBER 2020



DELIVERING FINANCIAL SUPPORT ON THE GROUND: THE ROLE OF NATIONAL PROMOTIONAL BANKS

17 November 2020



Bank Gospodarstwa Krajowego

Polish State
Development Bank

About BGK

Fitch Rating of

A-/stable

Same as the Republic of Poland

BGK mission: Supporting the social and economic development of Poland and the public sector in fulfilling its tasks

Headquartered in Warsaw,
16 Regions in Poland
4 representative offices (Brussels, Frankfurt, Amsterdam, London)
~ 1700 employees

Total assets of

EUR 31,6 bn

as of 31 December 2019

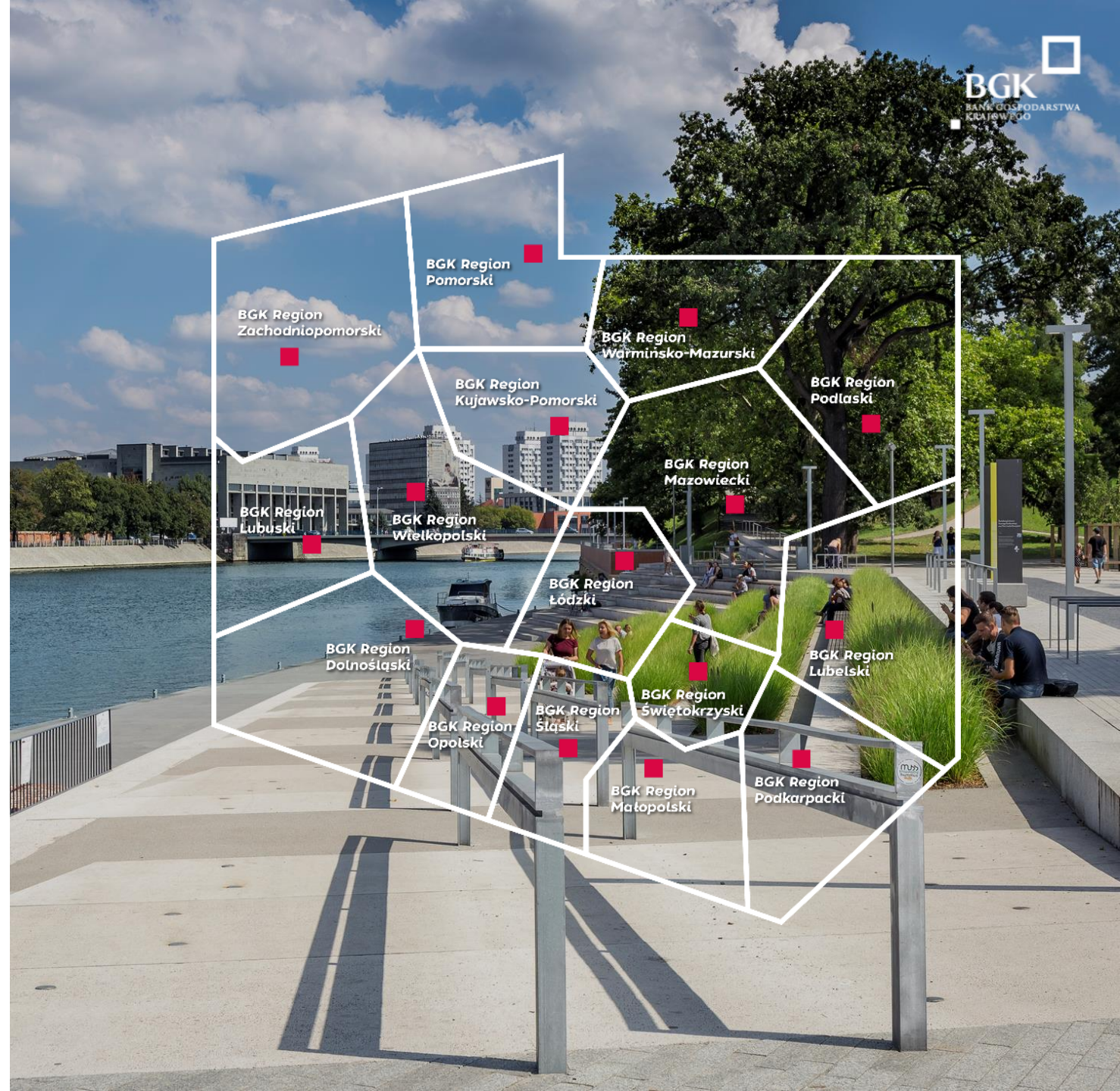
Financial partner actively involved in the support of entrepreneurship and efficient execution of development programs. Initiator and participant of the cooperation between business, the public sector and financial institutions

100%

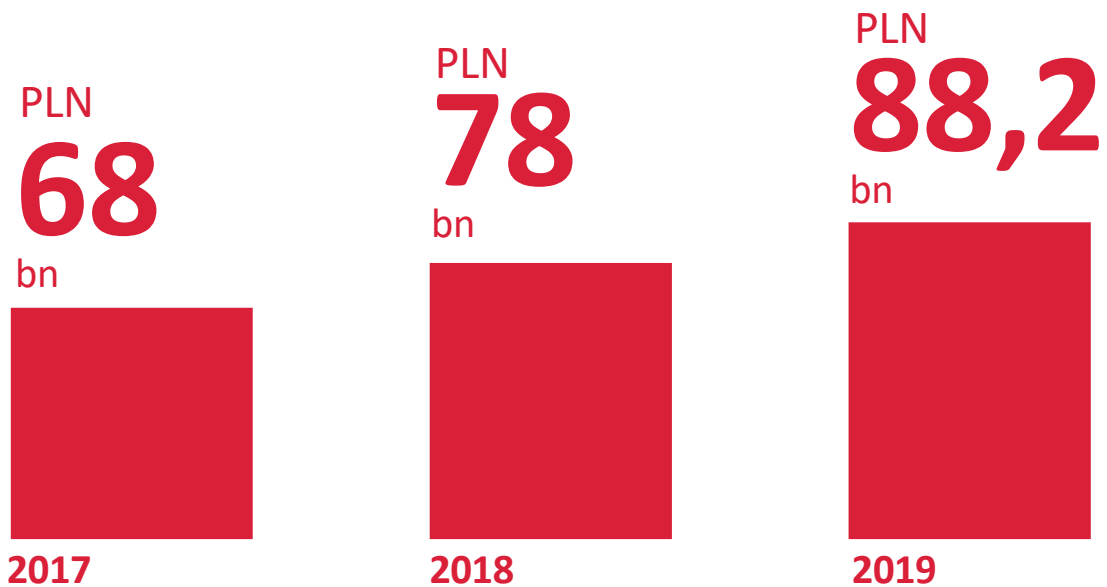
state-owned bank

16 BGK Regions

- BGK regions are the centres for competence, experience and knowledge about the development objectives of a given region. They also act as business support centres
- Every entrepreneur interested in developing its business may receive professional and comprehensive information regarding the benefit from the government support programmes
- BGK cooperates closely with regional partners: co-operative banks, commercial banks, local economic chambers and development agencies



Total Funding Value*



*The value of the BGK credit and guarantee activity including de minimis guarantees supporting lending activity of commercial banks

Key areas of BGK activities – sustainability as a core value of our activities



Infrastructure, construction, strategic projects



Financing of investments, export and enterprise development



Consolidation of public finance



European programmes



Investments of local governments



BGK involvement in financing just transition in Poland

Examples of investments financed by BGK:

1. Lower Silesia – photovoltaic farm in the Zgorzelec/Bogatynia region
 - Energy for 25.000 habitants in the region
 - 40.000 tons of CO2 cut
2. Upper Silesia – modernization and construction of the Upper Silesian light rail network
 - 41 km of new and modernized light rail network
 - Investment in environment friendly public transport in highly densed region
3. Energa S.A investments in renewables
 - First credit line in Poland with ESG conditions
 - Renewable invesmtents in Northern part of Poland
 - High ticket with potential extension
4. Modernization of aluminium factory in Konin
 - Environmnet investments in Energy intensive industry



BGK position towards the Just Transition Mechanism

1. Just Transition Fund

- Financial instruments not excluded
- Rules of the cohesion policy apply
- BGK experienced in financial instruments from cohesion policy (total value of financing in 2014-2020 – 12 bln PLN)

2. InvestEU and Just Transition

- Interesting tool for promoting private investments in the JT regions
- Devil lies in the details – NPBIs need to know what are exact conditions of the JT in InvestEU

2. Public Loan Facility

- Attractive tool for financing investments of public sector
- NPBIs active in this area – BGK engagement in public sector est. 16 bln PLN as of 2019

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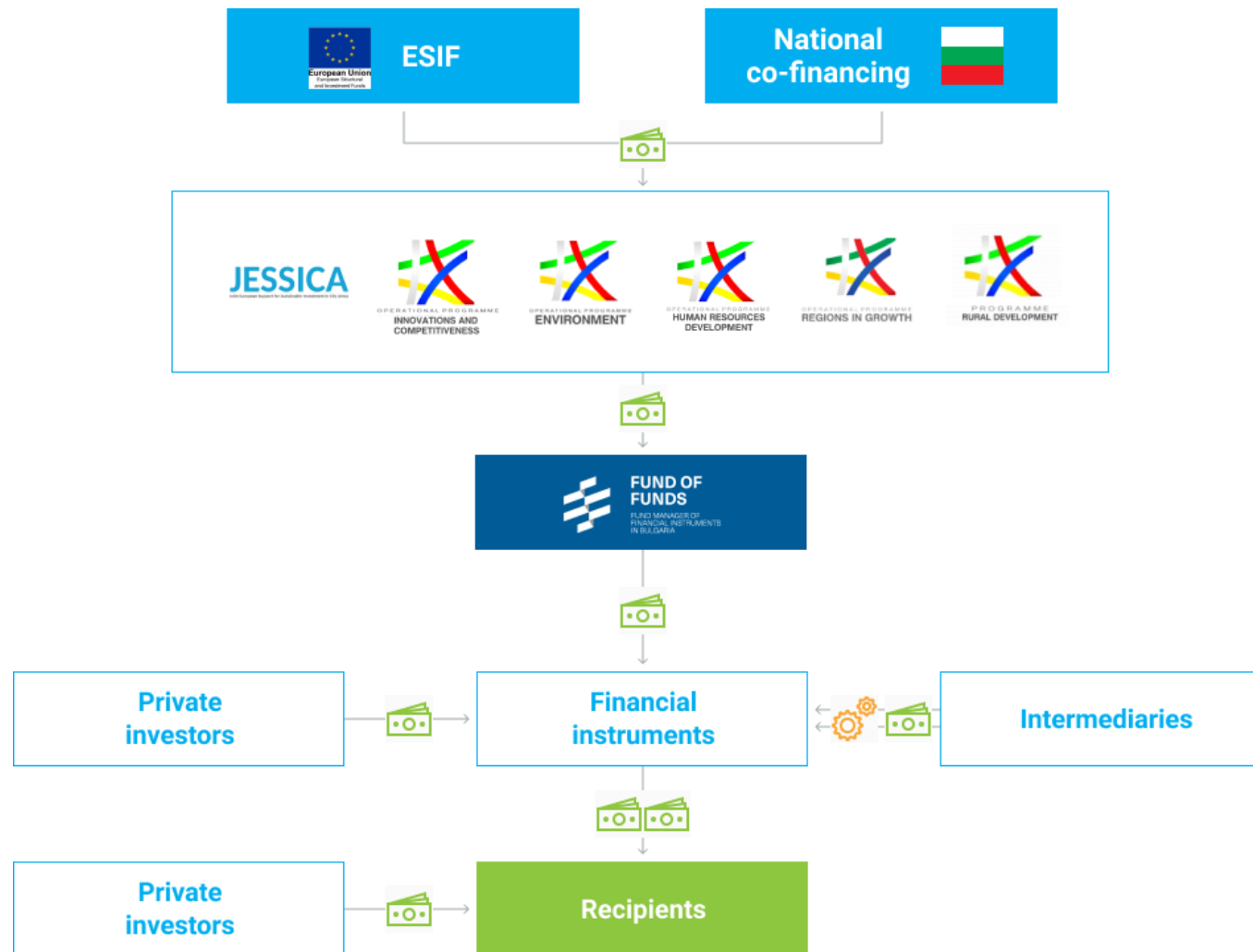


DELIVERING FINANCIAL SUPPORT ON THE GROUND: THE ROLE OF NPBI_s

Vladimir Danailov
CEO, Fund Manager of Financial Instruments in Bulgaria

JUST TRANSITION PLATFORM MEETING
17 November 2020

THE FOF COMBINES ESIF FINANCIAL INSTRUMENTS IN BULGARIA



THE FINANCIAL INSTRUMENTS PROVIDE A SUSTAINABLE APPROACH TO UTILIZING THE PUBLIC FUNDS AND RE-INVESTING



OVERCOMING MARKET INEFFICIENCIES

FIs provide financing to **target groups** of final recipients that have limited access to financing from the private sector.

FIs are **tailored to the needs** and requirements of the target final recipients and offer, in general, **more favourable terms**

(pricing, maturity and/or collateral requirements)



LEVERAGE EFFECT

In addition to the resources from the OPs, FIs mobilise **additional private financing** which increases the total amount of the support available to the final recipients



REVOLVING FUNDS

Resources paid back by the financed projects, and the potential other revenue generated from them, can be **reused** to provide support to other eligible final recipients and projects



FISCAL DISCIPLINE

The resources made available via the instruments require that the final recipients **pay them back**, which leads to a more efficient use of public resources compared to grant support



PUBLIC AND PRIVATE EXPERTISE

Final recipients can benefit from the expertise of the financial intermediaries and other private sector partners in structuring economically viable projects

OUR APPROACH: POLICY, COMPLIANCE, MULTI-LEVEL PARTNERSHIP



ROLE OF EIB GROUP

- Support for the establishment of the FoF
- Ongoing assistance
- Urban Development Investment Platform



COMPLIANCE

ESIF, State aid, PPA rules and other regulations



OTHER IFIs

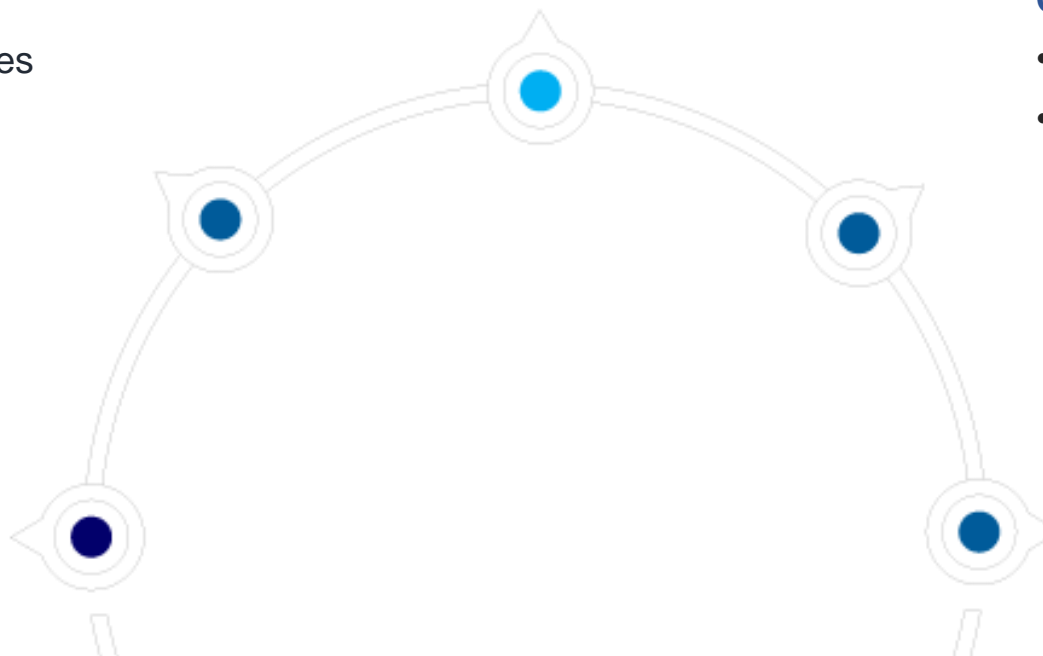
- Financing
- Partnership in the Reform of Environment Sector

POLICY ORIENTATION

Corner stone of the structure, as all elements need to apply with it

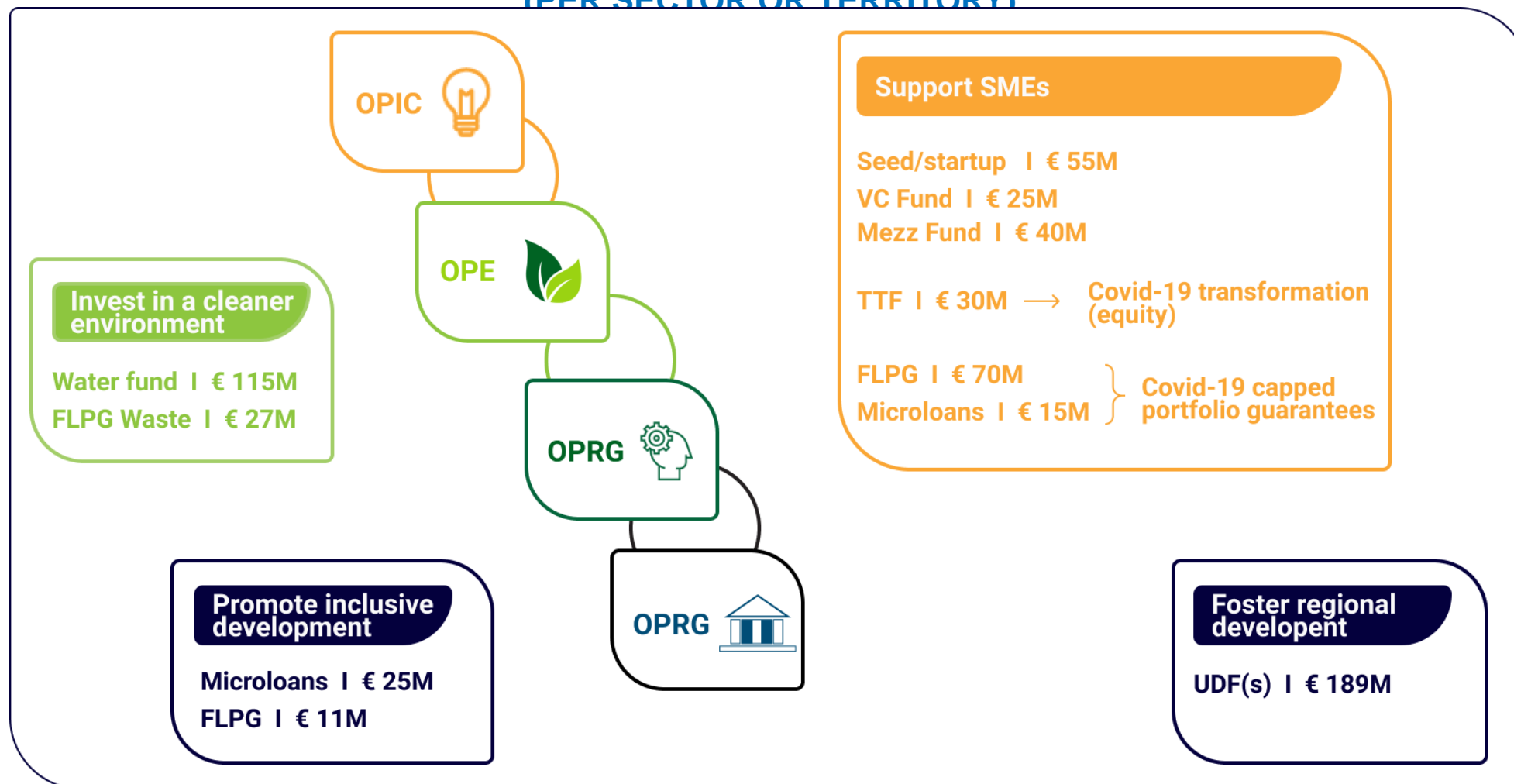
REGIONAL APPROACH

3 Urban Development Funds according to territorial needs (UDFs)

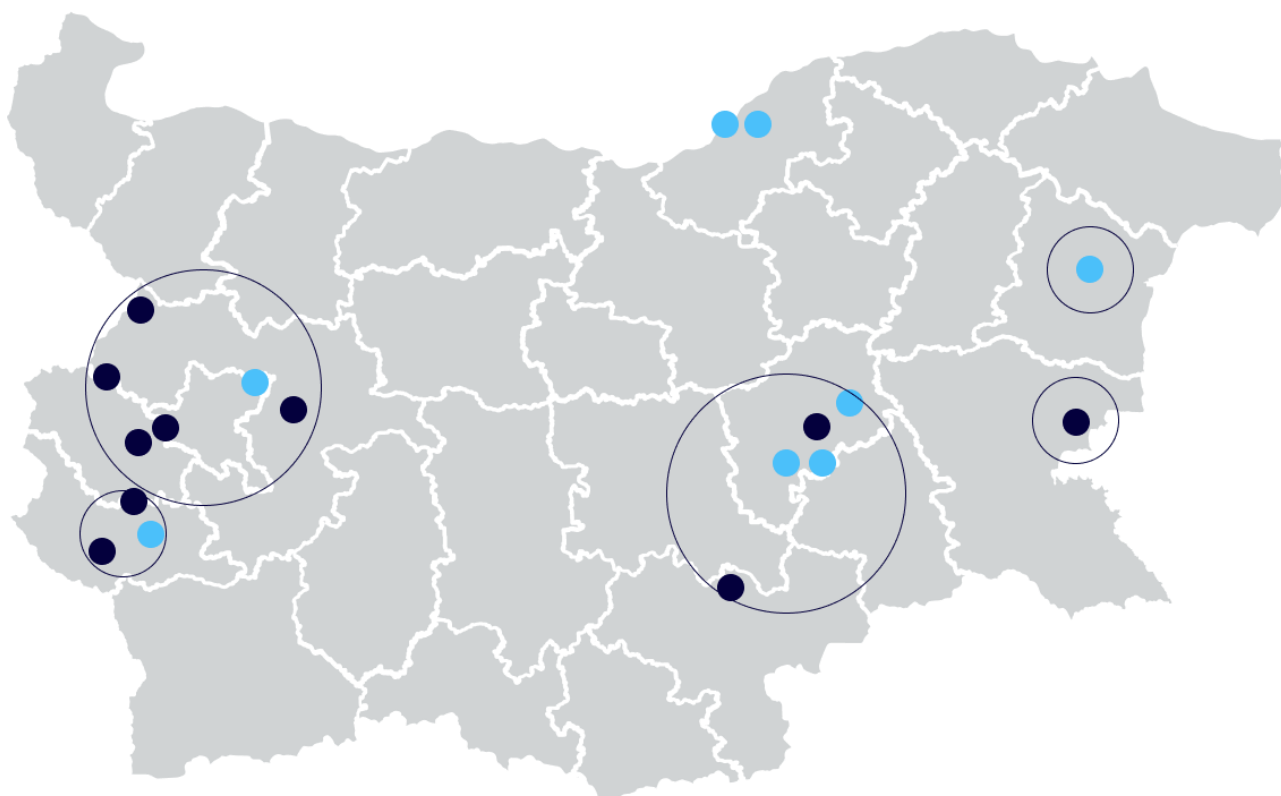


ESIF FINANCIAL INSTRUMENTS = POLICY GOALS USING MARKET-BASED APPROACH

(PER SECTOR OR TERRITORY)



EU COAL REGIONS AND JUST TRANSITION IN BULGARIA



- Bulgaria + 5 other MS rely on coal for **at least 20%** of their total energy needs
- High expected **job losses** of transition (est. 14 500 direct +46 900 indirect employees, *Source: JRC*)
- **EC proposal: Just Transition Regions (NUTS III):**
 - ✓ Stara Zagora, Pernik, Kyustendil
 - ✓ + 3 adjacent
 - ✓ + 5 highly-dependent

●
COAL MINES
 Number of mines: **12**
 Production: **36 Mt**

●
COAL POWER PLANTS
 Number of power plants: **7**
 Capacity: **4 377 MW**

ESTIMATED JOBS
 Mining jobs: **11 800**
 Power plant jobs: **2 700**
 Total jobs: **14 500**

JUST TRANSITION PILLARS



MFF + European Recovery Instrument

approx. 1.178 mln. euro planned as new priority under ERDF Programme Development of Regions 2021-2027 in Bulgaria



InvestEU

fraction devoted to climate to mobilise further investment in just transition projects (EIB, NPBIs, other IFIs)

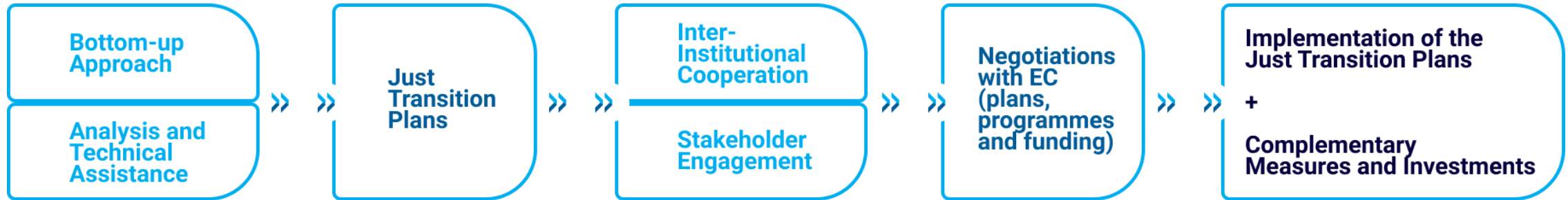


Public Sector Loan Facility

EIB funding, partly guaranteed by the EU budget



JUST TRANSITION PROCESS AND THE LINKAGES WITH FUND OF FUNDS FOCUS



- Promotion of employment, self-employment and skills
- Promotion of entrepreneurship with focus on sectors with high added value and a low (or no) carbon footprint, i.e. supporting SMEs is already promoting transition and creating jobs in the economy of the future
- Urban development, providing key infrastructure investments – e.g. separate funds for Northern, Southern Bulgaria and Sofia, which encourages bottom-up approach and avoids concentrating funding only in the Capital City Sofia
- Energy Efficiency and Renewables
- Circular Economy as Environmental Policy as well as Industrial Transformation Support

Environment

Urban Development

SMEs

Social Economy



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A Case Study in Just Transition



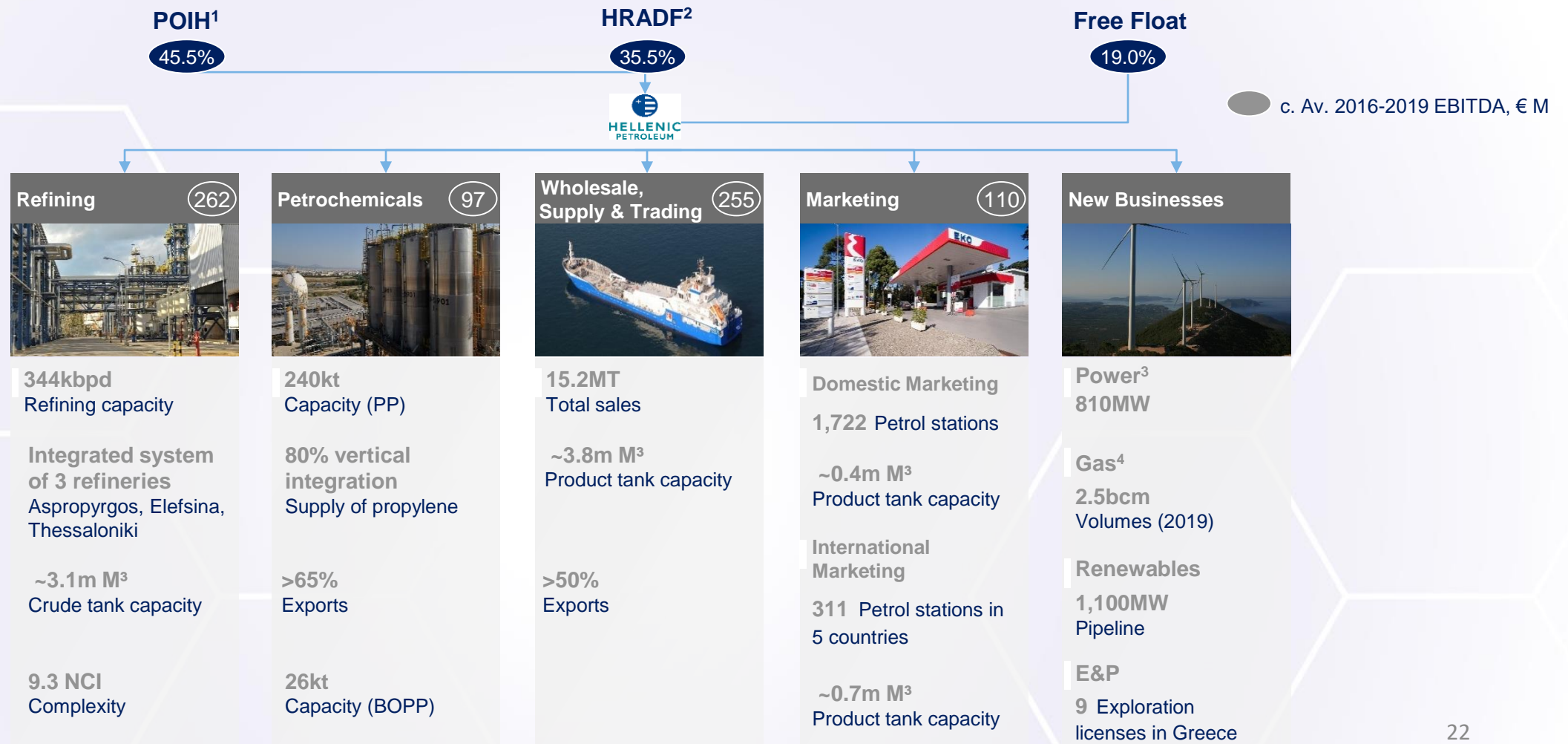
George Alexopoulos

General Manager Group Strategic Planning & New Activities, Executive Member of the BoD

16 - 19 November 2020



Hellenic Petroleum: Southeast Europe's Leading Energy Group with Growing Emphasis on Energy Transition



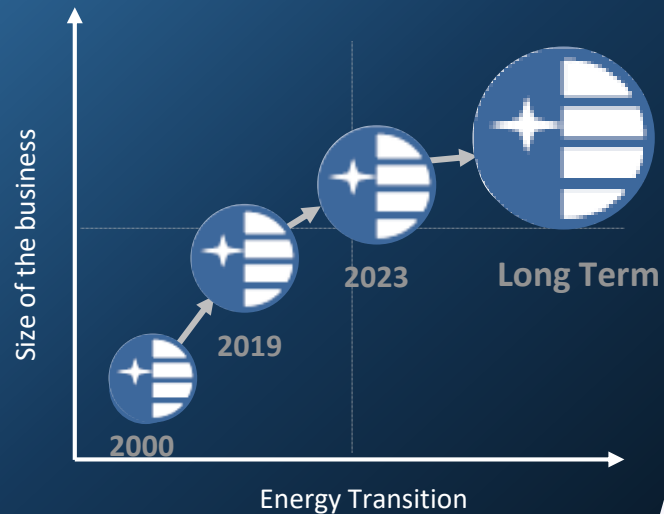
Source: Company filings.

¹PanEuropean Oil and Industrial Holdings S.A. ²Hellenic Republic Asset Development Fund. ³ Elpedison JV. ⁴ DEPA.



HELPE's Vision & Strategy

Energy Transition by excelling our core business and developing a diversified energy portfolio



Improve Core Business...

Improving competitiveness, digitization, energy efficiency

Grow Core Business...

Benefiting from prior investments in value upgrades, development of trading capabilities


Develop New Businesses...

Establishing significant position in RES, expand Power & Gas, create options in E&P and new opportunities linked to energy transition

Health, Safety and Environment

Lies at the foundation of our strategy

Sustainable Growth Target for 2030: Improving the environmental footprint of HELPE Group's activities by 50%

- 
- Energy Efficiency in all activities
 - Development of RES portfolio
 - Recycling and use of sustainable raw materials
 - Production of low carbon footprint fuels
 - Providing low carbon footprint services

RES development strategy

Establishing a significant portfolio

Targets for installed capacity:

- 300 MW by **2021**
- 600 MW by **2025**



RES development strategy

Combination of organic development and acquisitions:

- ✓ Diversified renewables projects portfolio
 - > 1.1 GW (PV, Wind, Biomass) at various stages of development
- ✓ Acquisition of mature projects / projects in operation

HELPE Renewables PV project in Kozani: A CASE STUDY IN JUST TRANSITION

Largest RES project in Greece – 204 MW

One of the largest PV plants in Europe, corresponds to 9% of the PV capacity in the interconnected system

Investment of €130 mil.

>35% of materials, equipment and employment sourced from Greece; targeting to maximize content from W. Macedonia region

350 jobs opportunities are expected to be created, mostly locally, during the construction stage of the project; tens of direct and indirect local jobs during operation

First major project contributing to the **Just Transition to the post-lignite era** and the **development of Western Macedonia**

Development of low CO₂ footprint activities

Annual generation of **350 GWh zero-emission energy**, enough to supply 75,000 households

320,000-ton annual **CO₂ emission reduction benefit**, equivalent of 1.1mil. acres of forest



HELPE Renewables PV project in Kozani: A CASE STUDY IN JUST TRANSITION

Just Transition Key Principles

1. Emphasize creation of local employment opportunities
2. Leverage competitive advantages of affected regions
3. Secure prompt transition by seeking quick wins
4. Promote development through social and environmental sustainability
5. Include state-of-the art technology and innovation

Kozani Project Scorecard

- ✓ Maximization of local employment and content
- ✓ Skilled personnel and contractors, available power infrastructure, idle land
- ✓ First major Just Transition project in Western Macedonia to enter implementation phase
- ✓ Large-scale, zero-emission electricity production; Environmental & Social Action Plan mitigating any negative impact
- ✓ Bifacial panels, smart monitoring/control systems

HELPE Renewables PV project in Kozani: Status Update

- Secured debt financing: €100 mil. at a cost of 2.4% p.a.
- Strong support of EBRD, taking up 75% of the issue
- Key equipment and materials orders placed
- Construction starting in November
- Operational by the first quarter of 2022





HELLENIC PETROLEUM