

# BNP PARIBAS POLAND'S EXPERIENCE UP-SCALING PRIVATE INVESTMENTS IN RESIDENTIAL BUILDINGS

WELS, 3RD MARCH 2023



BNP PARIBAS

ANNA GAZDA  
ENERGY TRANSITION FACILITATION DEPARTMENT



BNP PARIBAS



World Sustainable Energy Days  
28 Feb. - 3 March 2023, Wels/Austria

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# HOW TO ENCOURAGE PRIVATE SECTOR TO SCALE UP MASSIVELY THEIR INVESTMENTS IN RESIDENTIAL BUILDINGS?

Strategy – goals and KPIs  
Public&Private hand in hand  
EU Funds 2021-2027 + RePower EU - a major stimulus for investments  
Hybrid financing  
the non-repayable subsidies/grants from public funds  
financing/guarantees from international or domestic development banks  
the repayable financing offered by private investors, including commercial banks  
Risk mitigation/sharing  
Standardisation  
Simplification  
Acceleration  
Scale





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**A CHANGING WORLD**



# WE DRAW ON 200 YEARS OF BNP PARIBAS GROUP EXPERIENCE

- Strategic shareholder
- Leading financial institution in Europe and globally

## Business areas:

- Retail Banking
- Investment & Protection Services:  
specialised savings, investment and insurance services
- Corporate & Institutional Banking for corporations and institutional investors



**200 years**  
of banking history



**~190,000**  
employees



**65 countries**  
worldwide



**EUR 3,009.3 bn**  
in assets

## Leading bank in the eurozone

**EUR 8.0 bn**

net profit

**EUR 38.3 bn**

revenue

**EUR 125.4 bn**

equity

**EUR 869.5 bn**

gross loans\*

As at the end of Q3 2022

\* measured at amortised cost

## Recognised sustainability leader

Investment

**EUR 210 bn**

towards  
UN Sustainable  
Development Goals  
by the end of 2022

Finance

**EUR 18 bn**

in renewable energy  
projects  
by the end of 2021

Support

**EUR 6.3 bn**

via microfinance  
and social enterprises by the  
end of 2021



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# BANK BNP PARIBAS IN POLAND

- **Universal bank with a global reach**
- **Complete product range** for retail and Wealth Management Clients and businesses in the micro, SME and corporate banking segments.
- **Sustainable finance leader.** As the Bank of Green Changes, it supports Clients in the transition to a low-carbon economy, reducing the adverse environmental impacts of its activity.
- **Leader of the Food&Agri segment (farmers and food processing industry),** consumer segment and large and multinational corporate sector.
- **Innovative online banking and mobile banking solutions** GOonline and GOmobile.



**>100 years**  
of banking history



**416 Customer Centres**  
serving retail and corporate clients  
(including 100 with barrier-free facility certification)



**PLN 146.4 bn**  
in assets

## 6th largest bank in Poland by assets

**PLN 188.8 m**

net profit

**PLN 3,632.3 m**

net banking income

**PLN 10.9 bn**

equity

**PLN 95.2 bn**

gross loans\*

## Diversified Client base

**4.2 m**

clients

**1.6 m**

digital clients

BNP Paribas Bank Polska Group data as at the end of Q3 2022

\* measured at amortised cost



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# BNP PARIBAS STRATEGY 2022-2025



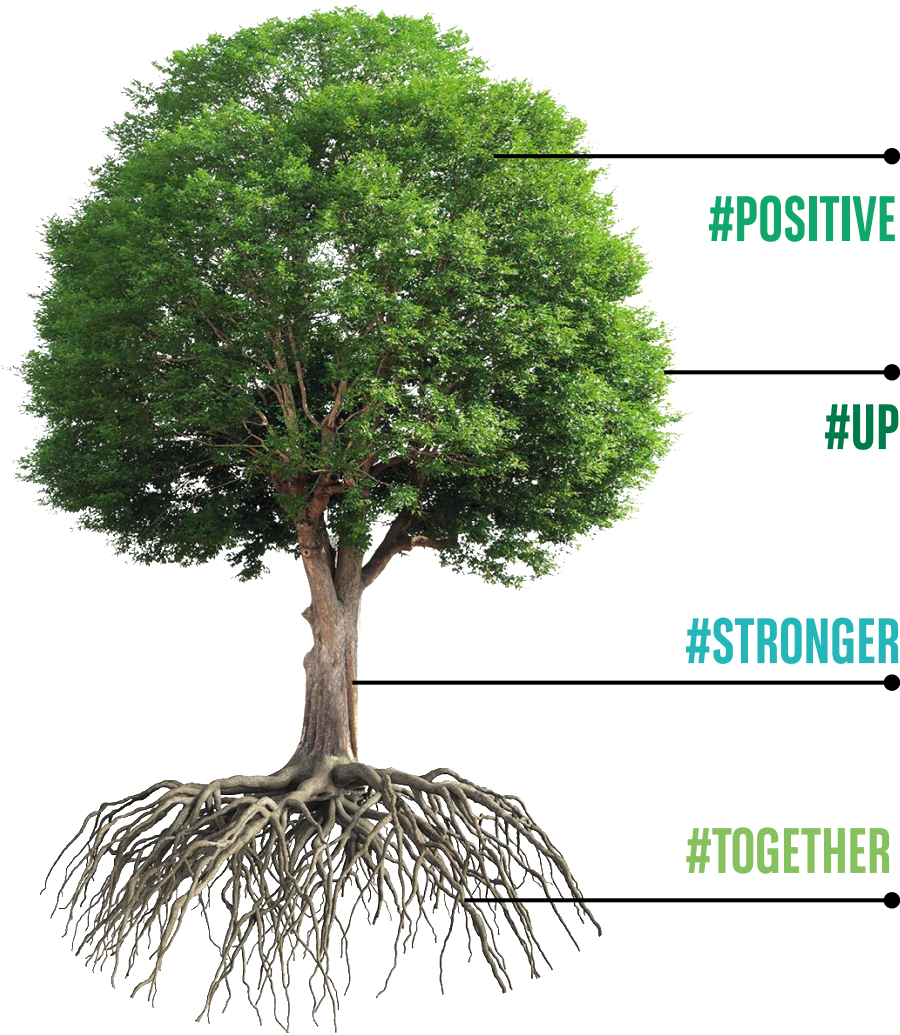
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# 2022 – 2025 STRATEGY

## Pillars and core of the strategy



## Strategic pillars

Responsible & trusted financial partner, supporting positive and sustainable development of Clients, businesses and the society. Guiding Clients in the world of digital and sustainable transformation

Offering high quality banking & beyond banking products & services, as a key to larger Client base in omnichannel world. Delivering excellent experience through personalized Customer journeys

Global BNP Paribas Group strength & dynamic technological development, coupled with E2E process optimization as a backbone for organic growth and high Client satisfaction

People first: engaged & satisfied employees drive delighted Customers. Agile@Scale and new corporate culture allowing for diverse, inclusive work environment characterized by trust, courage & creativity

## How we understand “beyond”

Deliver a selection of convenient & tailored products & solutions that will exceed Customer expectations and market standards, while being at a forefront of sustainable transformation

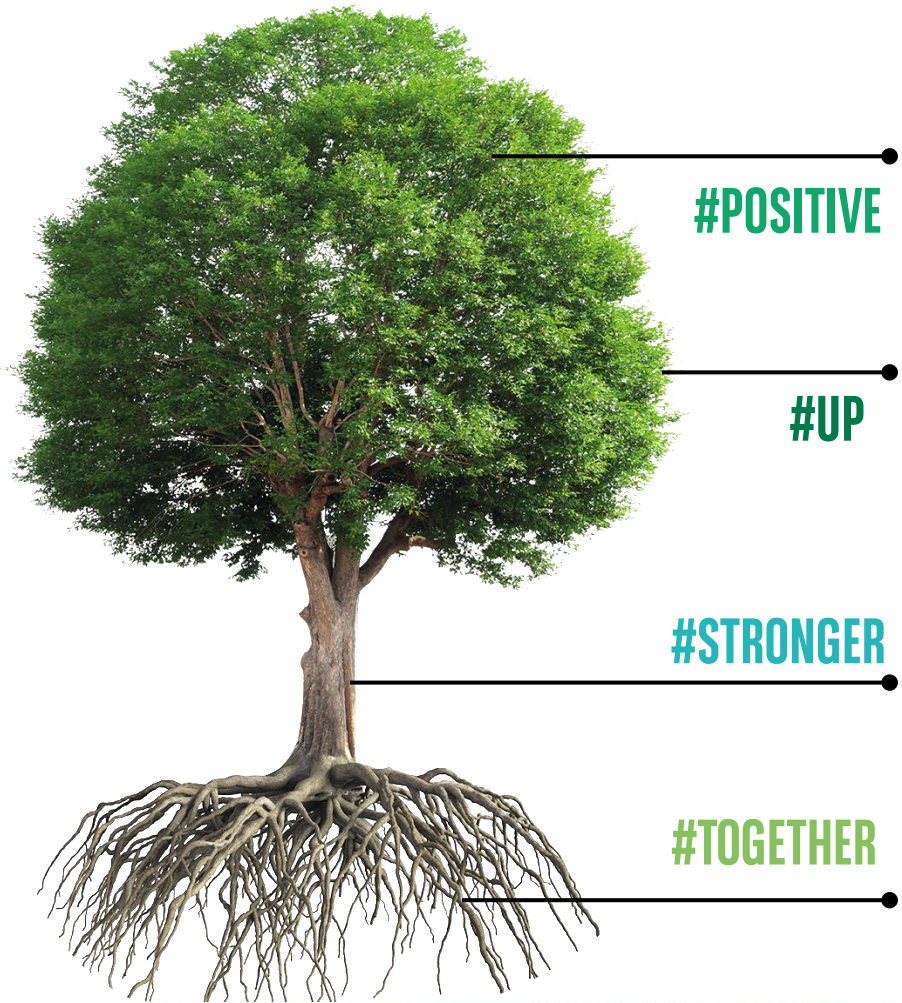
**Challenge the status quo**  
**Question bank and market realities to deliver more**

Dynamic implementation of changes on a scale that goes beyond incremental development, creating a solid foundation for effective and efficient operations. Allow our employees to act to their potential, by setting up constructive and empowering work environment



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#POSITIVE

#UP

#STRONGER

#TOGETHER

1

Leader in sustainable finance

Increase in the share of sustainable financing from 4.5% in 2021 to above 10% in 2025 among the key goals

2

Responsibility, accessibility, transparency and strong ethical foundations

3

The BNP Paribas brand is permanently associated with care for the environment and matters important to society

4

A bank involved in the life of local communities

5

Efficiency in the use of resources and climate neutral operating activities



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# 3 PRIORITIES OF STRATEGY AS A RESPONSE TO CHALLENGES OF THE POLISH TRANSFORMATION



**Very high emission/GDP:** a threat also to the competitive position of Poland



**Financing:** 30% of the EU budget for 2021-2027 for climate goals. The need to mobilize private funds - key role of banks.



How to stop the growth of emissions in transportation: electrification alone is not enough



Emissions in **agriculture:** technological challenges



**Decarbonisation of the industry:** many technologies still require commercialization



**What after the coal? Where are we heading?** What goals, when and how do we want to achieve them?

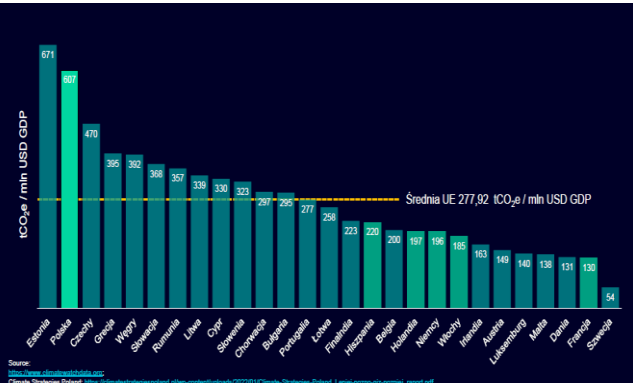


**Challenges and opportunities on the labor market:** new jobs in green sectors, migrations, silver economy

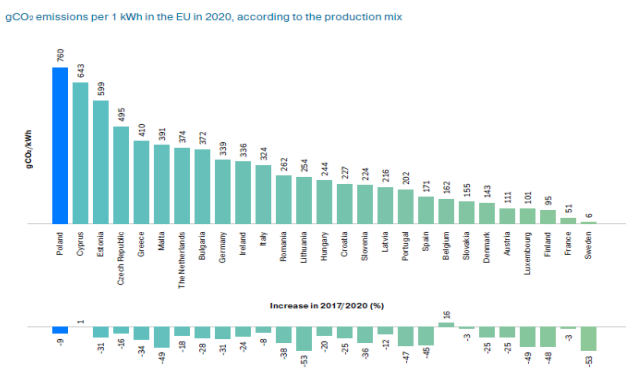


Mass construction and **thermodernization** of zero-emission buildings (buildings are responsible for 38% emissions in Poland).

CO<sub>2</sub> emissions per GDP unit in EU in 2018



The average emission intensity of electricity in Poland is the highest in the EU, 2-15 times higher than in the leading countries



Buildings in Poland split by the type as at 1st January 2020

Category	No. of buildings in kPLN
• multi-family residential buildings	553
• single-family residential buildings	5 604
• collective accommodation buildings	3,9
• public buildings	420
• production, utility, storage buildings	5 116
• other non-residential buildings	2 491
Total	14 189

\* a building as defined by the Polish Construction Law

Source: Long-term Renovation Strategy

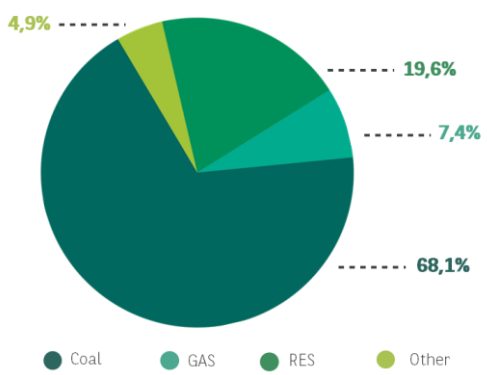
Median of the annual demand for non-renewable primary energy of public buildings split by the building's purpose and the year of its commissioning [kWh / (m<sup>2</sup> · year)]

	<1994	1994	1999	2009	2014	2017	2019
	-1998	-2008	-2013	-2016	-2018	-2020	
Office	272,8	268,3	236,9	210,3	155,9	155,2	152,2
For public administration	229,0	234,7	217,3	192,3	180,5	158,9	136,6
For culture	232,2		182,7	200,8	250,7	109,2	164,0
For health care	341,7	442,9	257,2	387,9	374,5	358,9	320,2
For sports	370,4	214,8	232,1	165,9	164,2	132,8	146,5
For judicial system	267,2	181,7	217,3	180,5	186,6	171,4	165,9
For education, high education, science	196,4	218,4	166,4	142,6	156,9	122,6	103,2

Indicator levels are reflected by colours from highest (red) to lowest (blue).

Source: Long-term Renovation Strategy

Poland: Energy Mix for Electricity, IQ 2022



Źródło: Bloomberg, Eurostat, Macrobond, BNP Paribas

We build our products strategy and priorities based on 3 main attention points for low carbon transition:

(1) Renewable Energy (2) Energy Efficiency for buildings and production lines

(3) Transformation of business models. Green transportation just behind the podium.



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# Support Instruments for Retrofit of Residential Buildings





# THE POWERFUL SUPPORT LANDSCAPE FOR FINANCING RETROFIT OF RESIDENTIAL BUILDINGS

## ELENA with EIB

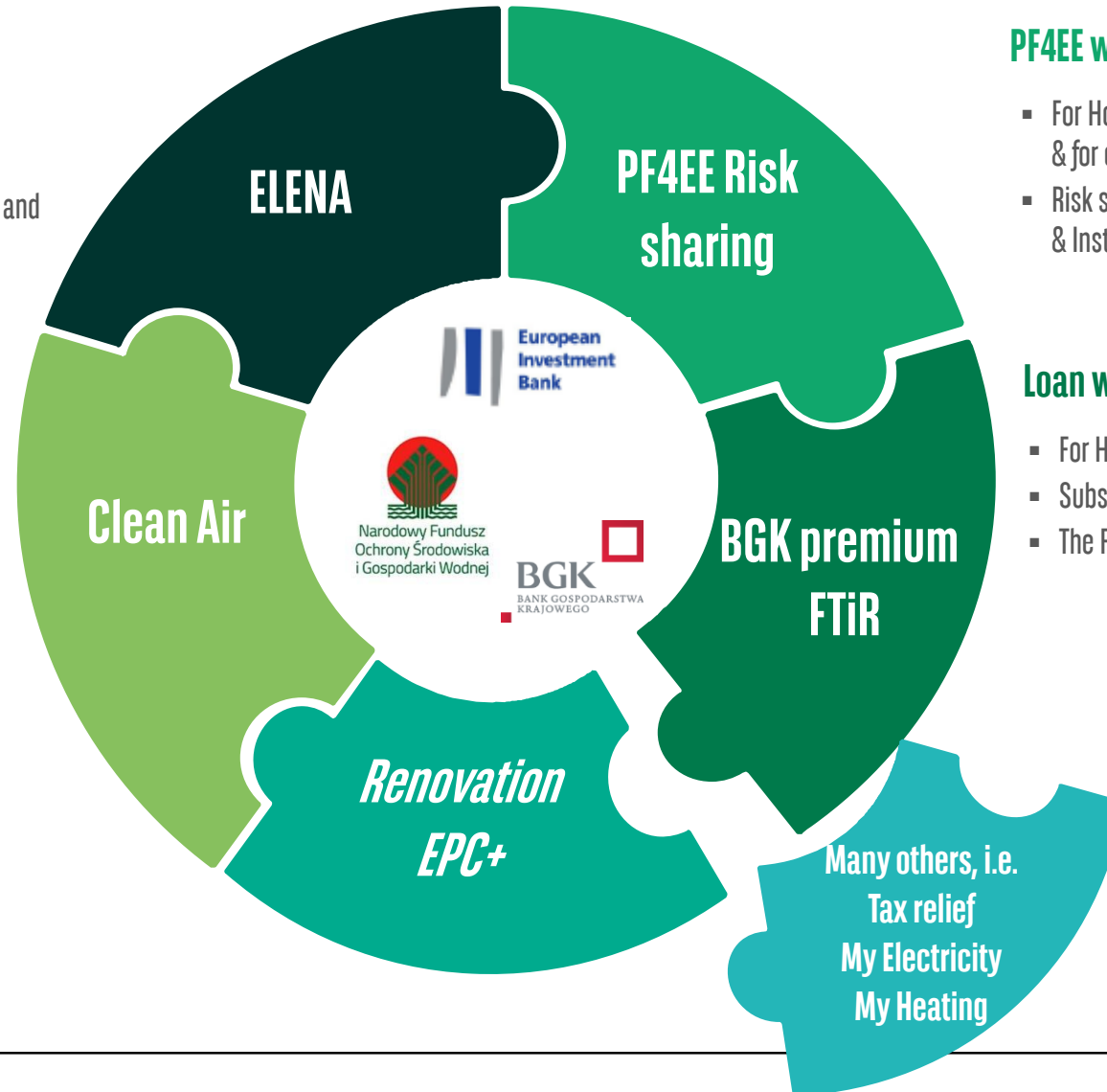
- For Housing Associations (multi-family buildings)
- Support: Technical Assistance – energy audits and advisory to Investment Loans for thermal modernisation

## Clean Air Loan with NFOŚiGW&BGK

- For Single-family buildings
- Support: Grant (the partial repayment of the Bank's loan) & guarantee for Clean Air Loans

## Renovation EPC+ with NFOŚiGW

- Now open for HA only



## PF4EE with EIB

- For Housing Associations (multi-family buildings) & for owners of single-family buildings
- Risk sharing in Investment Loans for thermal modernisation & Instalment Loans for PV/heat pumps

## Loan with BGK bonus/grants

- For Housing Associations (multi-family buildings)
- Subsidy / grants for Investment Loans
- The Fund of Thermal Modernisation & Renovation

## Many others, i.e.

- Tax relief - retrofit of the existing building
- My Electricity – PV micro-installations
- My Heating – Heat pumps in new single-family buildings



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# Zoom on PF4EE Risk Sharing

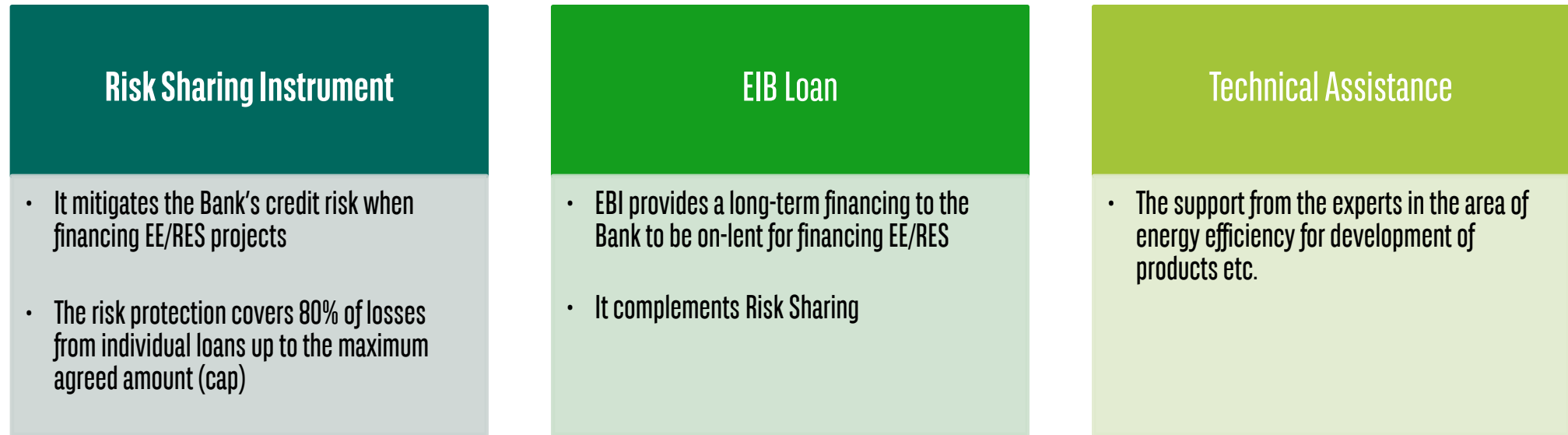


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# PF4EE: RISK SHARING INSTRUMENT FOR PV & EE OF RESIDENTIAL BUILDINGS (START JAN. 2020)



- Individual Clients for Renewable energy projects - installation of photovoltaic panels& heat pumps in single-family houses
- Housing associations for Energy efficiency projects in multi-family buildings



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# PF4EE IN BNP PARIBAS BANK POLAND IN 2020-2022

## Results of PF4EE – Jan.2020 – Dec.2022

- 29 600 – installation of photovoltaic panels in single-family houses
- 470 - improvement of energy efficiency, thermal modernization of multi-family buildings of housing associations
- PLN 1 billion - total value of investments
- PLN 0,95 billion - total value of loans granted

## RES Energy production

- 153 000 MWh yearly

## Energy savings (planned)

- 42 000 MWh yearly

## Planned reduction of CO2 emission

- 146 000 ton yearly

This amount of CO<sub>2</sub> is consumed  
by 14,5 million of trees yearly = 293 km<sup>2</sup> of forest  
= 1/2 of Warsaw



This amount of CO<sub>2</sub> is an equivalent of 68 000 tons of coal! = 1100  
wagons with coal = 8 working days of biggest and an efficient coal  
power plant in Poland





# PF4EE: INVESTMENT LOAN FOR HOUSING ASSOCIATIONS

## ■ Dedicated Investment Loans for Housing Associations:

- Up to 20Y of financing
- Max amount: PLN 2.6 million
- Own contribution: not required for loans up to PLN 1 million
- Interest: floating WIBOR3M + margin
- Financed investments - EE improvement in multifamily buildings

Investment Loan

Subsidy/grant

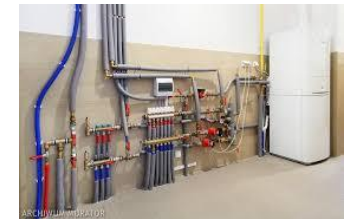
Risk Sharing Instrument

## ■ Grant support from the Polish Development Bank (BGK):

- Grant up to 26% of eligible costs/up to 31% with RES

## ■ Risk sharing Instrument with EIB

- Instrument provided by EIB and the European Commission under the Program for Environment and Climate Action (LIFE Program)
- Dedicated for supporting long term financing of investments in energy efficiency



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# CASE STUDY- USE OF EU SUPPORT IN THERMAL MODERNISATION PROJECT BY HOUSING ASSOCIATION



- Description of the Investment
  - Building envelope insulation (roof, etc.)
  - Heating system modernization,
  - Hot water system modernization
- Investment cost – PLN 1 136 500
- Investment loan – PLN 1 079 600

## Total support:



Investment loan guaranteed by EIB guarantee under PF4EE



Energy audit for the investment prepared under ELENA Horizon 2020  
– Technical Assistance Grant of PLN 23.2k



BGK Grant from Thermal modernization Fund: PLN 181.8k



Reduction of CO2 emissions – 107.42 tonCO<sub>2</sub>/pa

Savings of energy consumption (%) – 43.6%/pa



Savings of energy consumption (GWh/pa) – 0.36 GWh

Reduction of energy costs – 252k PLN/pa



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# EXAMPLE OF BASIC INVESTMENT

## 1. Building's details:

- a. Type: Multifamily Building
- b. Year of construction: 1975
- c. Floor area: 6,067 square metres
- d. No. of units: 100
- e. No. of inhabitants: 269

## 2. Investments undertaken:

- a. Roof insulation
- b. Old windows replacement
- c. Thermal insulation of the building envelope

## 3. Investment's value: PLN 842 000

## 4. Financial scheme:

- a. Loan value: PLN 774 000 (92%)
- b. Own funds: PLN 68 000
- c. Loan duration: 15Y
- d. Grant value: PLN 134 000
- e. SPBP: 6.85 Y
- f. Technical documentation: 90% cofinanced from ELENA's funds

## 5. Expected Results:

- a. Energy savings (%): 40.7%
- b. Energy savings (amount/Y): PLN 123 000



**GOAL OF EEFBRB IS TO MOBILISE AS MANY AS POSSIBLE „BASIC + RES PROJECTS”**



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# POTENTIAL RES PROJECT (INTEGRATED WITH THE BUILDING)

## 1. Building's details:

- a. Type: Multifamily Building
- b. Year of construction: 70s
- c. Floor area: 3,025 square metres
- d. No. of units: 48
- e. No. of inhabitants: 90

## 2. Investment:

Hybrid installation (replacing old gas boiler):

- a. Heating Pumps (180 kW)
- b. PV (installed capacity 60 kW)

## 3. Expected Investment value: PLN 950 000

## 4. Proposed Financial scheme:

- a. Loan value: PLN 950 000 (100%)
- b. Own funds: not required
- c. Loan duration: 15Y
- d. Expected Grant: PLN 199 500
- e. Technical documentation: 90% cofinanced from ELENA's funds

## 5. Expected results:

- a. Energy savings (%): 80%
- b. Energy savings (amount/Y): PLN 108 500



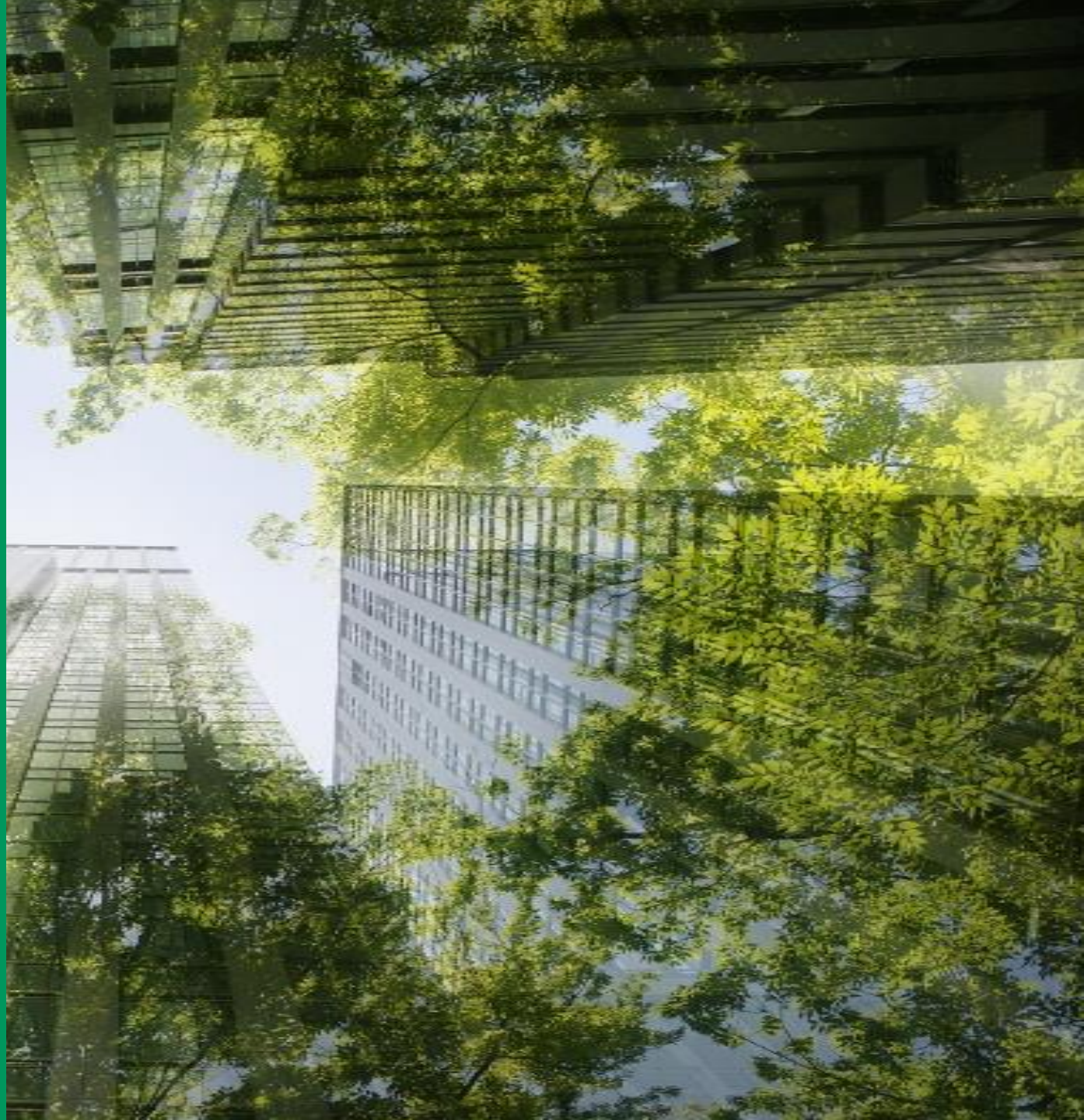
**GOAL OF EEFBRB IS TO MOBILISE AS MANY AS POSSIBLE „BASIC + RES PROJECTS“**



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# Zoom on Clean Air Loan





# CLEAN AIR LOAN: ENERGY EFFICIENCY OF SINGLE-FAMILY BUILDINGS (START - OCT. 2021)



## BENEFITS:

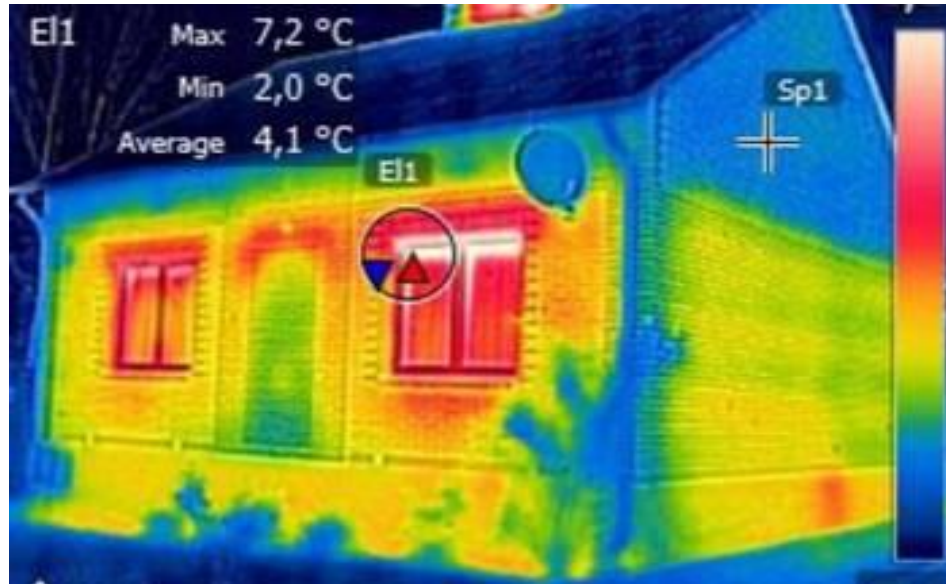
1. ONE STOP SHOP, THE GRANT APPLICATION SUBMITTED VIA THE BANK
2. PRE-FINANCING, MONEY FOR RENOVATION FROM THE BANK
3. THE GRANT REPAYS THE LOAN



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# CASE STUDY-CLEAN AIR LOAN: ENERGY EFFICIENCY OF A SINGLE FAMILY BUILDING



- A single family building: 125m<sup>2</sup> with 2 co-owners
- Description of the Investment:
  - replacing the old coal furnace with an air/water heat pump
  - heating system modernisation
  - replacement of old windows and doors
  - PV microinstallation
- Investment cost – PLN 138 750
- SPBP – 5Y5M

## Total support:



The Clean Air program – grant from NFOŚiGW for EE for 1 co-owner – PLN 31 k



My Electricity – grant from NFOŚiGW for PV micro-installation 10 kWp - 2 co-owner - PLN 7k



Tax relief for both owners (eligible costs minus grant < PLN 53k) – PLN 21.2k



Reduction of CO<sub>2</sub> emissions – 16.32 ton/pa



Savings of energy consumption (GJ/pa) – 140,8 GJ

Reduction of energy costs – 14.6k PLN/pa



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**Beyond banking  
Model EPC/ESCO  
for public buildings**  
*Under development*



# FINANCING OF PUBLIC BUILDINGS' ENERGY TRANSITION IN EPC/ESCO MODEL

## ➤ Description

- Following the **Bank's Go beyond strategy 2022-2025**, the Bank plans to facilitate the energy transition of public buildings using the EPC/ESCO model;
- **ESCO** model allows i.e. **local governments** to make investments into public buildings retrofit **without increasing their budget deficit & public debt**.

## ➤ Market potential:

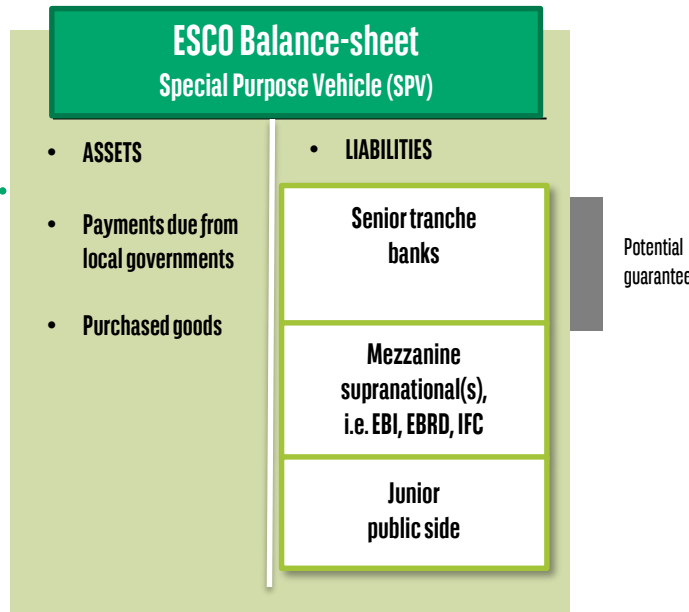
- 420k public buildings constitute 3% of all buildings in Poland
- Only 5% of all public buildings constitute ca. PLN 29.4 bn of the potential private investment (out of a total 52.5 bn mix combining public and commercial funds)
- The Bank may act as an investor in the project providing a part of financing to ESCO

A scalable solution that may tackle the problem of inefficient buildings, insufficient financing and create a new business opportunity for the Bank

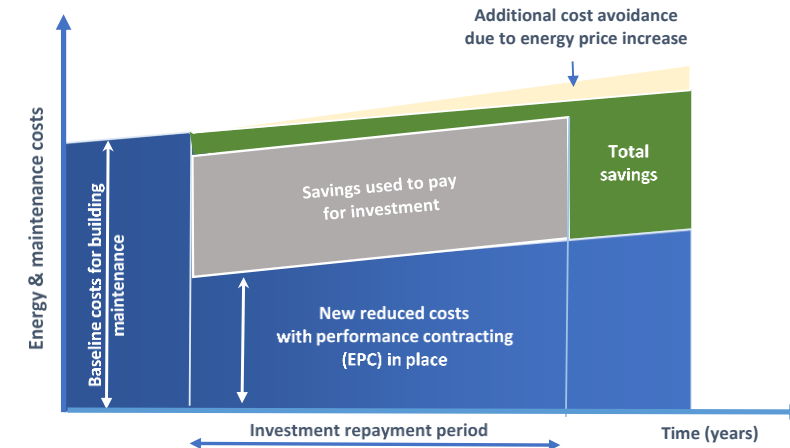
## Energy Service Company (ESCO) & Risk Tranching

EnPC contracts

- **Energy Service Company (ESCO)** is to be a **special purpose vehicle (SPV)**. It shall sign the EPC contract with a local government and other contracts with all the service providers, i.e. the contractor which will carry out the EE/RE investments in buildings and infrastructure;



**Energy Performance Contract (EPC)** is signed between a local government and ESCO which guarantees the ecological effect of energy savings (performance guarantee) during the time of the contract.





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*The examples of investments presented in the material have been developed on the basis of energy audits and other technical documentation and are for illustrative purposes only, and the results of the project depend on external conditions (energy prices, technologies used, condition of technical infrastructure). In order to make an investment decision regarding projects in the area of energy efficiency, it is appropriate to prepare a technical study corresponding to the needs and technical conditions of the enterprise, taking into account the current market situation.*

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THANK YOU merci  
mèsitak GRAZIE chokrane  
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Anna Gazda  
anna.gazda@bnpparibas.pl