

OPENING NEW ROADS

Home renovation loans
in Hungary
provided by HDB



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MFB (Hungarian Development Bank) has a key role in distribution of EU funds in the 2014-2020 programming period



Structural Funds for Hungary  ~EUR 29 billion

Economic Development and Innovation + Competitiveness (EDIOP+CCHOP)  ~EUR 10 billion



Financial Instruments



~EUR 3.4 billion*

*Combined loan**



~EUR 1.9 billion*

Venture capital



~EUR 0.6 billion

* Non-refundable part of combined products are managed by the Ministry of National Economy in cooperation with MFB. The total sum allocated to financial instruments is up to EUR ~2.3 billion

**Loan and non-refundable subsidy in one product

Main highlights of ex ante assessment

Main statements

- Total amount of 4,4 million properties in Hungary, 97% are privately owned, 63% was built before 1980
- Approximately 920.000 households are about to renovate energy efficiently in the next five years
- EE and RES investments have relatively long pay-back periods (EE or RES 7-8 years, EE and RES 15 years)
- Targeted clients typically have very little savings
- Income and willingness to pay are more important factors than property as a collateral
- Renewables ratio should be increased from 9.6% to 14.65% by 2020

Conclusions

- Huge potential, large number of demands to be expected
- Huge budget is needed for the number of targeted households (across whole Hungary)
- Product should be accessible for all retail clients
- Financing costs should be as low as possible
- Financial instrument should have long duration
- People can finance approximately 10 % of the total costs
- HDB should undertake the risk of less credit worthy clients also
- Main purpose is to install solar panels , solar collectors and also heat pump systems

European Regional Development Fund indicators for EE and RES



Economic Development and Innovation Operational Programme (EDIOP)
Competitive Central Hungary Operational Programme (CCHOP)

Budget: EUR 294,0 million
Budget: EUR 25,8 million

Key OP level output indicators

Additional capacity of renewable
energy production

201,30 MW / 14,17 MW

Total amount of energy produced
from renewable energy sources

1,99 PJ/p.a / 0,11 PJ/p.a..

Estimated annual decrease of
greenhouse gases

281.327,50 ton / 16.815 ton
CO₂ equivalent

Decrease of annual primary energy
consumption of residential buildings

47.572.048,64 kWh/ p.a. /
5.059.144,68 kWh/ p.a.

Primary energy consumption decrease
generated by energy efficient
developments

2,15 PJ p.a.

Number of households with improved
energy consumption classification

21.853 / 2.324 households

Energy from RES

82,57 PJ/p.a.

Primary energy consumption

1.335,41 PJ

Financial instrument: Long-term loan (refundable)



- 0% p.a. interest rate, no additional fees for financing
- Min. 10% contribution (own source)
- Loan amount: min. EUR 1.600 – max. EUR 33.000 (for PI)
- Loan amount: min. EUR 1.600 – max. EUR 23.000 /flat



- Long term : max. 20 years of duration
- Max. 18 months commitment period
- Max. 12 months grace period after commitment period
- Unsecured loan up to EUR 16.000



- Implementation site: entire territory of Hungary (EDIOP, CCHOP)
- Project time (physical execution): 12 months



- HDB undertake the risk of these loans without any guarantee
- Scope: private individuals
- Scope: condominiums / housing cooperatives (max. 25% of Funds)

Renovation of Residential Buildings (technical amendments)

- IMPROVING ENERGY EFFICIENCY (EE)
- USING RENEWABLE ENERGY SOURCES (RES)



Thermal insulation, door and window replacement (EE)



Solar panel and solar collector system and heat pump system installation (RES)




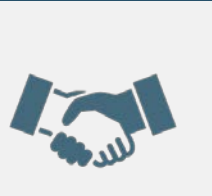

Furnace system update (EE, RES)



Energy efficient lighting system with LED lights (EE)

MFB Points (financial intermediaries) as a sales channel is the largest retail branch network of the country



	8 credit institution partners
	642 MFB Points all over Hungary



Next step: online application in Q1/2018

Sales results as of 23rd January 2018

Market reaction

1 959
submitted applications

29 m EUR

1 221
already approved

19 m EUR

Average applications

Average duration:

13,5 years

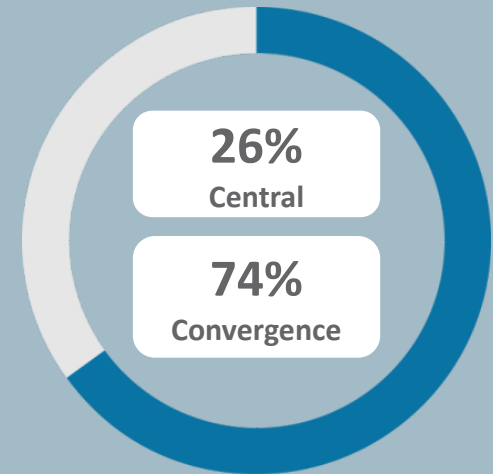
Average ticket size:

Private : 8.000 EUR

Housing associations:
450.000 EUR

Total: 28.500 EUR

Territorial distribution



Distribution of projects



- Heat insulation (30%), door and window replacement (15%),
Total: **45%**



- Solar panel (24%) and solar collector (3%) system and heat pump system (2%) installation. Total: **29%**



- Furnace system update. Total: **20%**

Thank you for your attention!

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