



Unofficial translation, for the official version  
please consider the Hungarian one

## **Notice on the criteria for the Preferential Green Capital Requirement Treatment for housing loans**

The Magyar Nemzeti Bank (MNB) announces a preferential capital requirement treatment (“Discount”) for the period between 1 January 2020 and 31 December 2024 (Duration) with the content and subject to the conditions set out in this notice (Notice). Credit institutions established in Hungary (Beneficiaries) are eligible for the Discount. The Discount base is the gross exposure (on and off balance sheet) of the below defined Energy efficient mortgages and personal loans disbursed over the Duration to private persons for the purpose of the purchase, construction or modernisation of residential buildings, or to condominiums or housing associations for the purpose of the modernisation of residential buildings (jointly referred to as Loan Objective), calculated on the basis of the volume of performing loans registered at the end of each calendar year within the Duration. The Discount is also available over periods shorter than the Duration, within the Duration. The preferential green capital requirement treatment for housing loans is available only in respect of loans on which the credit institution offers an interest rate discount of at least 0.3 percentage points (Green Interest Rate Discount) over the entire duration of said loan. The Green Interest Rate Discount can also be granted by announcing a separate product or modality, where the amount of the Green Interest Rate Discount needs to be granted in comparison to the credit institution’s other products or modalities. The Green Interest Rate Discount can be substituted partially or whole by deduction of fees. This is applicable only when the combined deduction of fees and interest rate results in at least 0.3 percentage points discount relative to the Annual Percentage Rate of Charge<sup>1</sup> (APRC).

From the aspect of being eligible for the Discount, those loans shall be regarded Energy efficient, which are aimed at the purchase or construction of residential buildings with energy performance rating ‘BB’ or higher, or which are aimed at the implementation of one or more of the following Building Renovation Measures on residential buildings (even rated lower than ‘BB’):

- Installation of solar photovoltaic modules or solar hot water panels
- Installation of ground-source, air-water, air-air heat pumps
- Installation of wind turbines
- Installation of thermal and electric energy storage units
- Thermal insulation for building delimiting structures
- Replacement of external doors and windows with energy efficient doors and windows
- Installation of shading technology
- Installation, replacement or renovation of heating, cooling or ventilation systems, including connection to the district heating system

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<sup>1</sup> according to Government Decree 83/2010. (III. 25.) about the definition, calculation and disclosure of the Annual Percentage Rate of Charge

- Installation of efficient lighting appliances and systems
- Installation of low-flow kitchen, and sanitary water fittings
- Installation of third-generation smart meters for electricity load monitoring
- Installation of zoned thermostat systems, smart thermostat systems and sensing equipment (e.g. motion and day light control)
- Installation of Building Management Systems (BMS)

The amount of the Energy efficient loan may be increased by the cost of performing an accredited professional or technical activity (e.g. issuing energy performance certificates), and by the cost of the ancillary technical and other equipment needed for the implementation of the Building Renovation Measures.

The level of the Discount derived from the Discount base is 5% for 'BB' energy performance rating and 7% for 'AA' energy performance rating in the case of purchase or construction, and uniformly 5% for Building Renovation Measures. The maximum level of the Discount per segment (residential mortgages, home equity loans, personal loans) is the sum of the SREP capital requirement for the transactions affected by the Discount, determined during the ICAAP review. The total amount of the Discount may not exceed 1% of the credit institution's total risk exposure amount (TREA). The Discount is deducted from the credit risk segment of the total SREP capital requirement (TSCR rate). The Discount is granted subsequently, during the ICAAP review conducted in the calendar year following the date of the Discount base, at the same time the TSCR rate defined during the ICAAP review enters into force, initially on the basis of the exposure at the end of 2020 at the earliest, during the ICAAP review started in 2021, and for the last time on the basis of the exposure at the end of 2024, during the ICAAP review conducted in 2025.

Additional criterion to qualify for the Discount are the followings:

1) In respect of all residential mortgages (including not Energy efficient loans) disbursed to private persons over the Duration for the **purchase or construction** of residential buildings, the credit institution must record the most recent energy performance rating available for the residential building, as well as the date of issuing or uploading the energy performance certificate (jointly referred to as Energy Performance Information), on the basis of the information shown on the energy performance certificate or the data that can be downloaded from the website [www.e-epites.hu](http://www.e-epites.hu). If no Energy Performance Information is available about the residential building on the website [www.e-epites.hu](http://www.e-epites.hu), failure to record the Energy Performance Information shall not be regarded as an overall non-compliance with the eligibility criteria for the Discount, but the Beneficiaries shall not be eligible for the Discount in respect of the mortgages for which no Energy Performance Information has been recorded. For the construction of residential buildings, the Energy Performance Information can also be recorded on the basis of the building engineering technical specifications. If the issuance of the occupancy permit is expected after 31 December 2020 in the case of residential building construction, an EPC rating of "BB" can be recorded in the absence of other information. For residential buildings the Energy Performance Information is required to be updated within 120

days after the occupancy permit issuance according to the EPC effective, or according to the information available on the [www.e-epites.hu](http://www.e-epites.hu) website.

In the case of **Building Renovation Measures**, eligibility for the Discount is subject to proving the Building Renovation Measures before the Green Interest Rate Discount is granted, by submitting the budget or the contractor's bid relating to the planned or the already implemented Building Renovation Measures, together with the invoices issued on such measures. If Building Renovation Measures are proven by submitting the budget or the constructor's bid, the continuation of granting the Discount is subject to verification of the implementation of the Building Renovation Measures by performing an on-site inspection, or by presenting an invoice to certify that at least 70% of the loan amount on which the Green Interest Rate Discount was granted has been used within twelve months after granting the Green Interest Rate Discount. Where justified, the deadline for the on-site inspection or certification by presenting an invoice can be extended for a further period of no more than twelve months.

2) Furthermore, eligibility for the Discount is also subject to meeting the **reporting criteria** with identification code ZTP, concerning the energy performance rating in respect of all residential mortgages (including not Energy efficient loans) disbursed to private persons over the Duration for the purchase or construction of residential buildings, as well as the date of issuing or uploading the energy performance certificate. In the case of mortgages and personal loans on which Green Interest Rate Discount has been granted, the reporting criteria with identification code ZTP cover the amount of the Green Interest Rate Discount and – for renovation loans – the designation of the Building Renovation Measures.

3) In order to qualify for the Discount, the credit institution must send the MNB the product prospectuses, announcements, business rules or other documents specifying the eligibility criteria for the Green Interest Rate Discount prior to its entry into force, or at the latest within 15 days of it entering into force.

In the course of establishing the detailed product conditions, the MNB affords the Beneficiaries the opportunity for written and oral consultations, which can be requested at the following email address: [zold.penzugyek@mnbb.hu](mailto:zold.penzugyek@mnbb.hu).

**A summary of the main parameters of the Preferential Green Capital Requirement Treatment for housing loans**

<b>Supervisory measure</b>	Preferential Green Capital Requirement Treatment for housing loans
<b>Duration</b>	between 1st January 2020 and 31st December 2024
<b>Beneficiaries</b>	Credit institutions established in Hungary
<b>Credit objective</b>	Purchase, construction or modernisation of residential buildings
<b>Debtors</b>	Private persons (in the case of purchase, construction, modernisation) Condominiums (in the case of modernisation) Housing associations (in the case of modernisation)
<b>Transaction type</b>	Mortgage, personal loan
<b>Discount base</b>	The gross exposure (on and off balance sheet) of the Energy efficient loans disbursed over the Duration and complying with the conditions specified in the Notice, on which Green Interest Rate Discount has been granted, calculated on the basis of the volume of performing loans registered at the end of the calendar year
<b>Rate of Discount</b>	5% for 'BB' energy performance rating or 7% for 'AA' energy performance rating in the case of purchase or construction, and a standard rate of 5% in the case of modernisation
<b>Maximum level of Discount</b>	Per segment (residential mortgages, home equity loans, personal loans), the value of the SREP capital requirement for the transactions affected by the Discount, defined during ICAAP review, and altogether 1% of the total risk exposure amount (TREA)
<b>Application of Discount</b>	Subsequently, during the ICAAP review conducted in the calendar year following the date of the Discount base, at the same time the TSCR rate defined during the ICAAP review enters into force
<b>Minimum level of Green Interest Rate Discount</b>	0.3 percentage points

Budapest, 16 July 2020

MAGYAR NEMZETI BANK