

Subsidized retail and corporate loan products and housing subsidies in Hungary - main features and comparison of the most important schemes

As at 21 May 2024	CSOK - non-refundable grant under the Family Housing Subsidy scheme	CSOK - subsidized mortgage loan under the Family Housing Subsidy scheme <small>(not participating in the NBH's Green Home Programme)</small>	CSOK Plus - subsidized mortgage loan under the Family Housing Subsidy programme	Home renovation subsidy for improving energy efficiency	Subsidized baby loan	Gábor Baross Reindustrialization Loan Programme	Loans under the Széchenyi Card Programme by KAVOSZ	Funding for Growth scheme by the National Bank of Hungary			Subsidized home renovation loan	Interest-free restart loans by the Hungarian Development Bank
								Green Home Programme (GHP)	Subsidized mortgage loan combined with CSOK	Loans under the FGS GoI scheme		
<b>Time frame</b>	started in 2015, open-ended; from 2024 only in settlements with less than 5,000 inhabitants	started in 2016. Pursuant to Govt Decree No. 302/2023 (VII. 11.), from 2024 available only in settlements with less than 5,000 inhabitants; open-ended. <i>(As for settlements with over 5,000 inhabitants, 'CSOK Plus' will be launched from 2024, more details are not yet available)</i>	from 2024	from June 2024 (expected). Official legislation has not yet been issued, the information has been gathered from the information disclosed by the Government so far	started in 2019, open-ended	February 2023 - 1 July 2024	the 'GoI' phase was available between 1 July 2021 - 30 June 2022; the 'MAX' phase from August to December 2022; the 'MAX+' phase is available from 2023	VOLUME LIMIT EXHAUSTED launched in October 2021; no time limit, but volume limit of HUF 300 billion applied (already exhausted)	VOLUME LIMIT FULLY ALLOCATED launched in April 2020, already phased out (volume limit fully allocated)	EXPIRED (1 January 2021 - 31 December 2022 / 31 March 2023 in some cases)	EXPIRED 8 March 2021 - 30 November 2021; also, volume limit applied	
<b>Scope of eligible clients / available loan purposes</b>	families who have or commit to have children (for details see relevant Govt Decrees), for new and used homes	families who have or commit to have at least 2 children (for details see relevant Government Decrees), for new and used homes	according to the announcement by the Government, those families will be eligible who commit to have more children, and where the mother is under 41 years, with certain exceptions. The funds can be used for purchasing new and used homes, but cannot be used for land purchase. The CSOK grant and CSOK subsidized mortgage loan shall be repaid in order to take up the CSOK Plus loan	for the energetic modernization of family houses built before 1990, where energy saving of at least 30% can be achieved with modernization	young married couples who commit to have (more) children; from 2025 only those families will be eligible where the wife is below the age of 30 years; for general purposes	for the original HUF 1,000 billion frame: all domestic companies operating in certain industries and affected by the recent difficulties; for all loan purposes, including working capital and investment loans. The HUF 200 billion frame could be used for investments related to production and service activities, foreign investments of Hungarian companies, as well as for financing logistics, transportation and production equipment; certain sectors are preferred	domestic MSEs and SMEs; available for various purposes (for loans granted from 2023: investment, working capital, overdraft, loans for micro and agricultural companies and for tourism)	for construction or purchase of new, highly energy-efficient residential real estate	families who have or commit to have at least 2 children and utilize the non-refundable CSOK grant (for details see relevant Govt Decrees), and fulfill the GHP criteria, too	for SME clients; available for investment and working capital purposes, too	families raising or expecting children, for home renovation purposes	companies whose revenues in 2020 plummeted by more than 30%, irrespective of the scope of activities (certain other criteria must be met); for general purposes including wages, overhead costs, general operating expenses, inventory financing
<b>Funding source</b>	the subsidy is channeled through banks and financed from the budget	banks' own funding sources	banks' own funding sources	both the loan part and the grant is financed by the State from the REPowerEU facility; the loan won't be in commercial banks' balance sheet	banks' own funding sources	either granted by banks and refinanced by Eximbank, or granted by Eximbank (with banks acting as selling agents), depending on the loan amount	banks' own funding sources	refinanced by the NBH at 0% rate		refinanced by the NBH at 0% rate	banks' own funding sources	not in commercial banks' books, but distributed by commercial banks
<b>Maximum amount per client</b>	HUF 0.6-10 million non-refundable grant (HUF 15 million if renovation is also connected to the purchase)	2 children: up to HUF 10 million 3 or more kids: up to HUF 15 million subsidized loan	maximum subsidized loan amounts are based on the number of existing and committed children: 1 child: HUF 15 million, 2 children: HUF 30 million, 3 or more kids: HUF 50 million. There will be 4 years for the birth of the first child, 8 for the second and 10 for the third. For buying first home the upper limit is HUF 80 million, in other cases it will be HUF 150 million. Starting from the second kid, HUF 10 million will be repaid by the state after each newly born child	the eligible maximum amount of investment is HUF 7 million, of which HUF 1 million own contribution is required, and the remaining maximum HUF 6 million can be financed from a loan facility. The scheme consists of a non-refundable grant of HUF 2.5-3.5 million, depending on region	HUF 10 million (HUF 11 million from 1 Jan 2024). If the family has two more children, 30% of the outstanding debt is repaid by the state; if the family has three more children, the entire outstanding debt is repaid by the state	there are loan volume limits per client under this scheme relative to revenues, energy bill or funding need; also, total bank loan limit per client set in absolute amount	for loans granted from 2023: HUF 1 million - HUF 1 billion, depending on product	HUF 70 million	out of the max. HUF 70 million total loan amount available under the GHP, HUF 10 m (in case of 2 children) or HUF 15 m (3 or more kids) can be combined with CSOK, carrying a lower client rate	HUF 20 billion	HUF 6 million	HUF 10 million
<b>Total available amount under the scheme</b>	no limit set by the Government	no limit set by the Government	no limit set by the Government	HUF 108 billion	no limit set by the Government	up from HUF 1,000 billion to 1,200 billion (including the Supplementary Loan Programmes, too)	no limit set by the Government and KAVOSZ	Initially the GHP envelope was HUF 200 billion, later it was enlarged to HUF 300 billion		HUF 3,000 billion, already allocated	no limit set by the Government	HUF 100 billion
<b>Maximum loan tenor</b>	-	25 years	25 years; not necessary to pay principal in the first year, only interest must be paid; payment moratorium is an option for one year after the birth of each child	8 years	20 years at origination; upon the birth of first child the principal repayment is suspended for 3 years and the maturity is lengthened accordingly. After the birth of the second child, another 3-year suspension can be requested, however the term of the loan won't be further extended	10 years for green loans and investment loans, 3 years for revolving loans and 2 years for non-revolving loans	for loans granted from 2023: 1-10 years, depending on product	25 years		20 years (working capital loans: 3 years)	10 years	10 years; servicing of the loan starts after a 3 year grace period
<b>Collateral / guarantee</b>	-	mortgage	mortgage	-	uncollateralized loan, but 100% state guaranteed	any type of collateral which is acceptable by the bank	collaterals can vary by products and clients and are laid down in the scheme's general terms; also, these loans are typically partially secured by guarantee institutions	mortgage		usual collaterals according to banks' internal regulations; also, these loans are typically secured by guarantee institutions in exchange for a certain guarantee fee	mortgage	-
<b>Client interest rate</b>	-	fixed 3%	fixed 3%. If the couple does not complete the childbearing by the deadline, it must pay back the amount of the interest subsidy used with a penalty interest of base rate + 5%	0%	free of interest for the client in the first five years. If a baby is born within 5 years, the loan remains free of interest for the client for the whole maturity; if not, a punitive rate will be applied, payable by the client. Also, clients have to pay a guarantee fee of 0.5% p.a.	2023: depends on products, 6-12% for HUF loans (5% for green investment loans) and 3.5-8% for EUR loans; from 2024: 5% for HUF loans and 3% for EUR loans	for loans granted from February 2023: 5% fixed (except the agricultural loans where 1M BUBOR)	max. 2.5% fixed rate	If the GHP is combined with CSOK, for loan amount of up to HUF 10 million in the case of 2 children and HUF 15 million with 3 or more kids an even more preferential client rate of 0% is applied	max. 2.5% fixed rate	fixed 3%	0%
<b>Interest subsidy paid by the State</b>	-	max. 5Y Government bond yield * 1.3. Pursuant to Govt Decree No. 302/2023 (VII. 11.), for new contracts after 1 January 2024: max. 5Y yield * 1.15	[5Y Government bond average auction yield * 1.1 + 1%] - 3%, pursuant to Govt Decree No. 518/2023 (XI. 30.)	-	difference between the total and client rate	the difference between the client interest rate and the refinancing rate depends on currencies and products (refinancing rates are not publicly available)	for loans granted from February 2023: 7.5% - 10%, depending on product (for loans issued before February 2023: 10.5%)	-	max. 2.5%	-	max. 5Y Government bond yield * 1.3	-
<b>Total interest received by the banks</b>	-	max. 5Y Government bond yield * 1.3 + 3%. Pursuant to Govt Decree No. 302/2023 (VII. 11.), for new contracts after 1 January 2024: max. 5Y yield * 1.15 + 1%	5Y Government bond average auction yield * 1.1 + 1%	-	for new contracts after 29 April 2022: max. 5Y yield * 1.3 + 1%. A punitive rate applies if the first new baby is not born within 5 years or the couple divorces. Pursuant to Govt Decree No. 303/2023 (VII. 11.), for new contracts after 1 January 2024: max. 5Y yield * 1.1 + 1%. From 2024 the interest rate of newly contracted baby loans will be fixed for 1 year during the first 2 years, then the baby loans will have a 3-year rate fixation period	2023: depends on products, 6-12% for HUF loans (5% for green investment loans) and 3.5-8% for EUR loans; from 2024: 5% for HUF loans and 3% for EUR loans	for loans granted from February 2023: 12.5% - 15.0%, depending on product (for loans issued before February 2023: 15.5%)	max. 2.5%	max. 2.5%	max. 2.5% fixed rate	max. 5Y Government bond yield * 1.3 + 3%	not in commercial banks' books, but distributed by commercial banks
<b>Related fees received by the banks</b>	until 28 April 2022: intermediation fee of 2% of the non-refundable subsidy amount paid by the State; from 29 April 2022: fixed HUF 80,000 in the case of building new home, and fixed HUF 40,000 in the case of buying new or used home	see relevant decrees	see relevant decrees	the subsidized amount is provided by the state, which will be available through commercial banks' MFB points	In case of loan requests submitted from 29 April 2022: opening support fee of fixed HUF 50,000 paid by the Government to banks (from 2024: HUF 51,000); no handling fee	varying by products, as set in the relevant terms and conditions	varying by products, as set in the relevant terms and conditions	-	commission amounting to 1.5% of the disbursed loan amount	-	commission amounting to 1.5% of the disbursed loan amount	distribution fee of 1.5% of the disbursed loan amount at origination; annual management fee of 1.5% of the average outstanding portfolio

OTP's participation in the above schemes - key figures

<b>New flow</b>	2022: HUF 97 bn, 2023: HUF 64 bn, 2024 1Q: 13 bn application submitted to OTP Bank	Disbursement: 2022: HUF 73 billion, 2023: HUF 60 billion, 2024 1Q: HUF 25 bn	Disbursement: 2024 1Q: HUF 10 bn	-	Contractual amount: 2022: HUF 186 billion, 2023: HUF 105 billion, 2024 1Q: HUF 24 billion	Contractual amount since the start of the programme until 1Q 2024, cumulated: HUF 220 billion	Contractual amount at OTP Bank and Merkantil: from the start of the schemes until 1Q 2024, cumulated: HUF 1,115 billion	Green mortgage applications: 4Q 2021: HUF 38 billion, 9M 2022: HUF 138 billion	Contracted amount at OTP Bank and Merkantil Group: HUF 827 billion	Cumulated disbursement 4Q 2021-1Q 2023: HUF 85 billion	Applications approved in 2021: HUF 36 billion
<b>Outstanding stock</b>	-	2024 1Q: HUF 367 billion	2024 1Q: HUF 10 bn	-	2024 1Q: HUF 932 billion	1Q 2023: HUF 84 billion	2024 1Q: HUF 318 bn (OTP Bank + Merkantil)	Green mortgage stock, 2024 1Q: HUF 73 billion	2024 1Q: HUF 305 billion (OTP Bank + Merkantil)	2024 1Q: HUF 18 billion	n/a
<b>Market share</b>	n/a	n/a	n/a	-	Contractual amount: 2022: 40.6%, 2023: 39.0%, 2024 1Q: 40.2%	-	New flow, OTP Bank: under the 'MAX' phase: 26%, under the 'MAX+' phase: 41%	-	Contractual amount: 28% (OTP Bank + Merkantil)	-	2021, number of approved applications: 37.1%

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