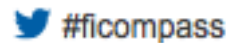


Financial instrument for energy efficiency in housing – Lithuanian experience

Gedas Janėnas,
AB Šiaulių bankas, Lithuania

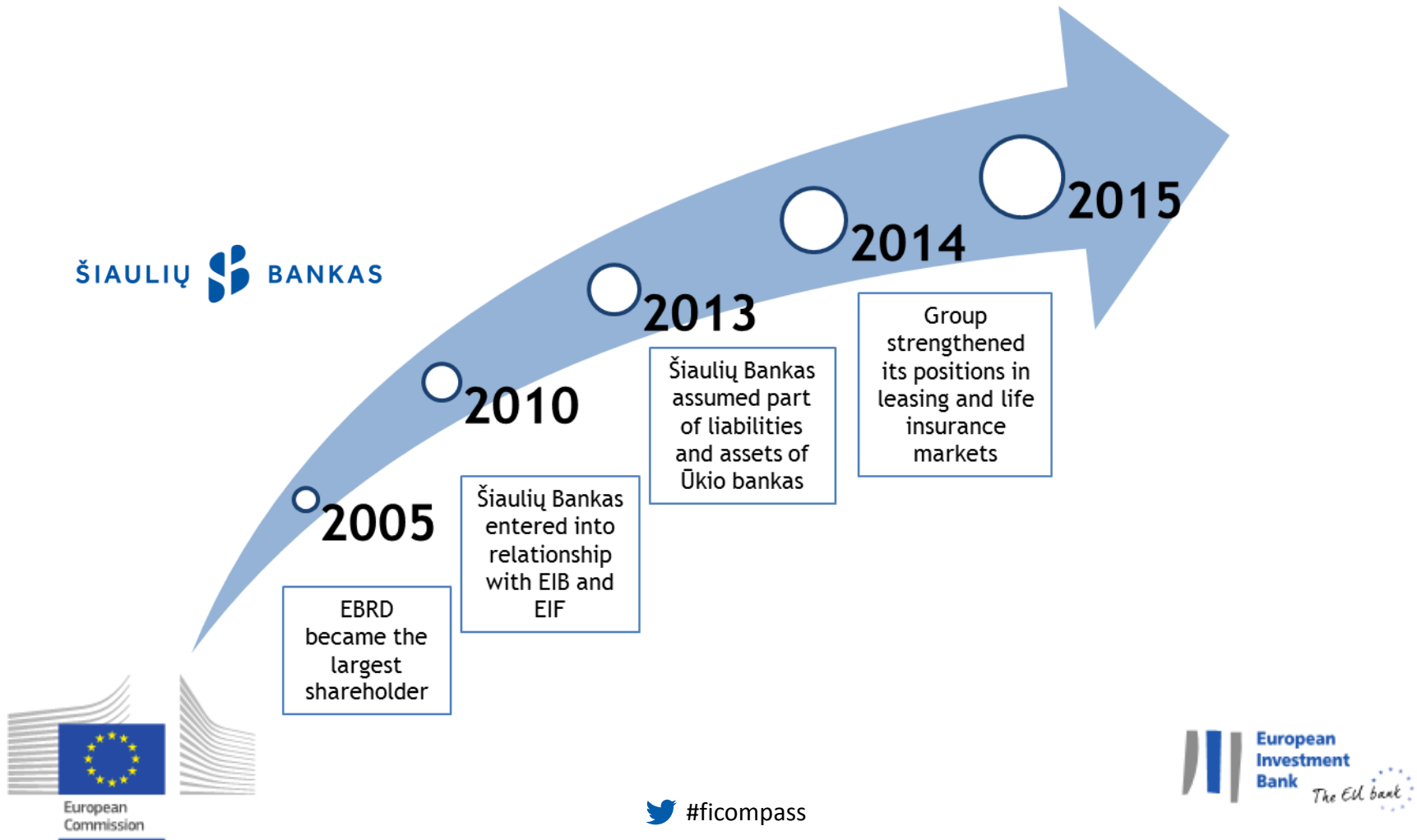
Warsaw, 8 March 2016





AB Šiaulių bankas milestones

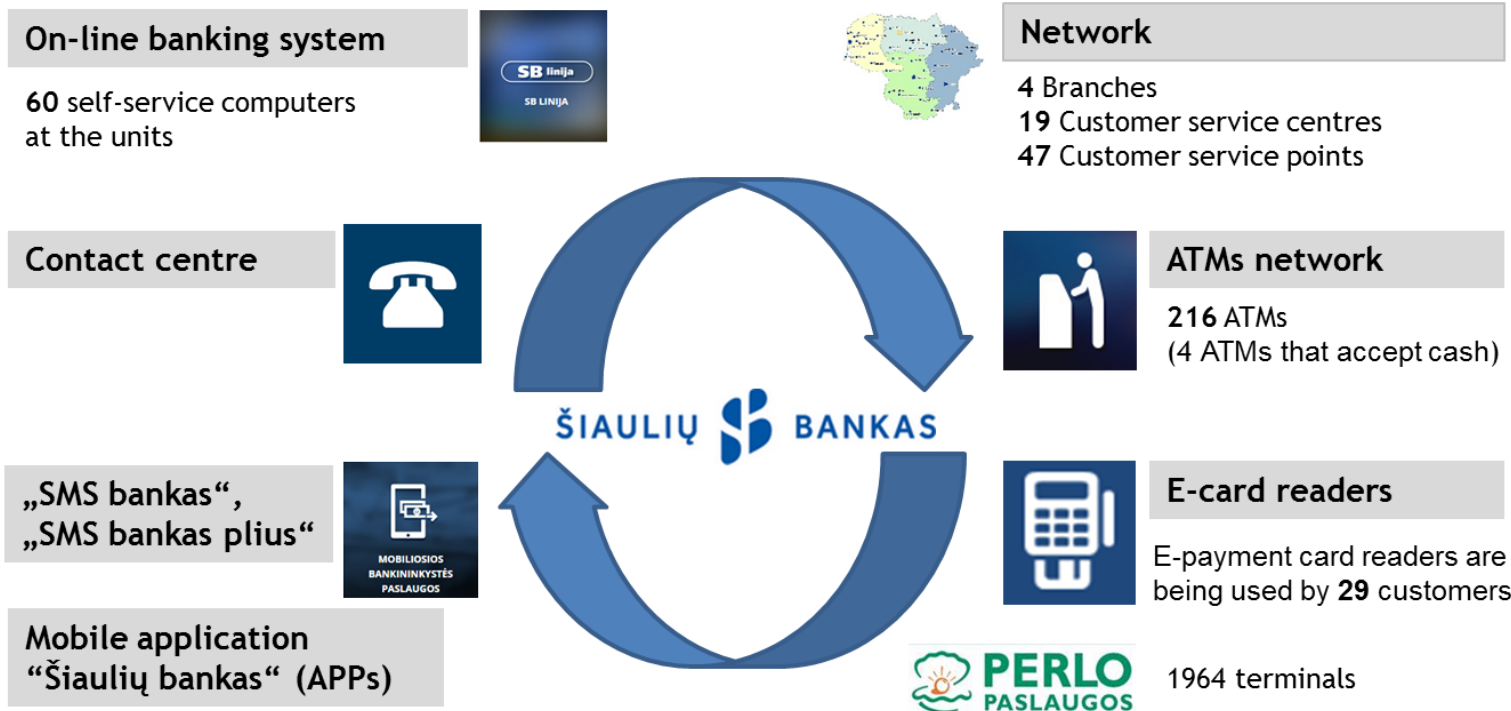
ŠIAULIŲ  BANKAS



AB Šiaulių bankas customers and channels

386 thousand customers

- 361 thousand private
- 25 thousand business



Holding Fund Lithuania (2007-2013)

- Established in 2009 with budget **EUR 173m** EU structural and national funds and 4 Financial Intermediaries.
- Focus on **energy efficiency** for multi-apartment buildings and student dormitories.
- About **700** buildings have been finished and circa **500** undergoing works.
- Achieved energy **savings** of **65%** on average.

Success story and lessons learned

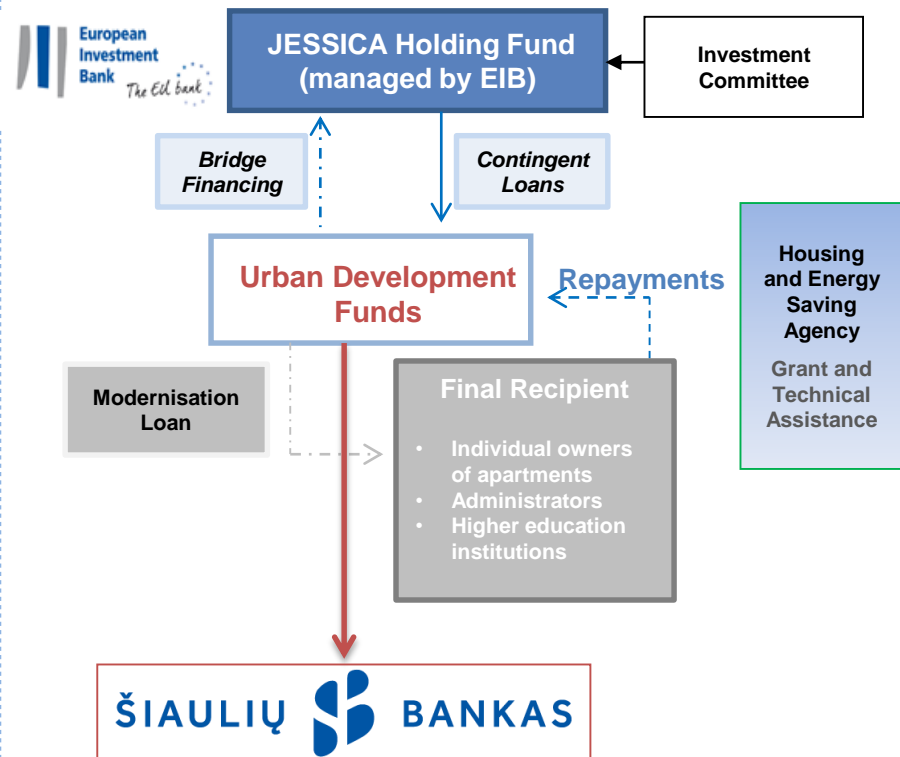
Flexibility

Effective governmental and UDFs **public relations campaign**

Sound cooperation between UDFs, EIB and national authorities



- By 2014 all EU and national funds had been committed to projects – **role model throughout Europe**
- **Demand** outstripped by far the available public funds
- **Successful product** that attracted private co-financing and risk sharing




- Involved in renovation process for more than **15 years**
- A **leading player with 60% market share** in housing renovation programme in Lithuania
- Signed 3 Operational Agreements with EIB for circa **EUR 70m of JESSICA funds** and contributed **EUR 50m of its own funds**
- Took **credit decisions for circa 1230 housing blocks** (circa EUR 300m) of which circa **600 (circa EUR 120m)** has been signed



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Fund of Funds Lithuania (2014-2020)

- **Ex-ante** assessment finished in December 2014.
- **EUR 1 billion** financing gap estimated by the ex-ante assessment as needed for renovation of min **3000** multi-apartment buildings.
- **Continues** objectives of JESSICA Holding Fund in the new 2014-2020 programming period.

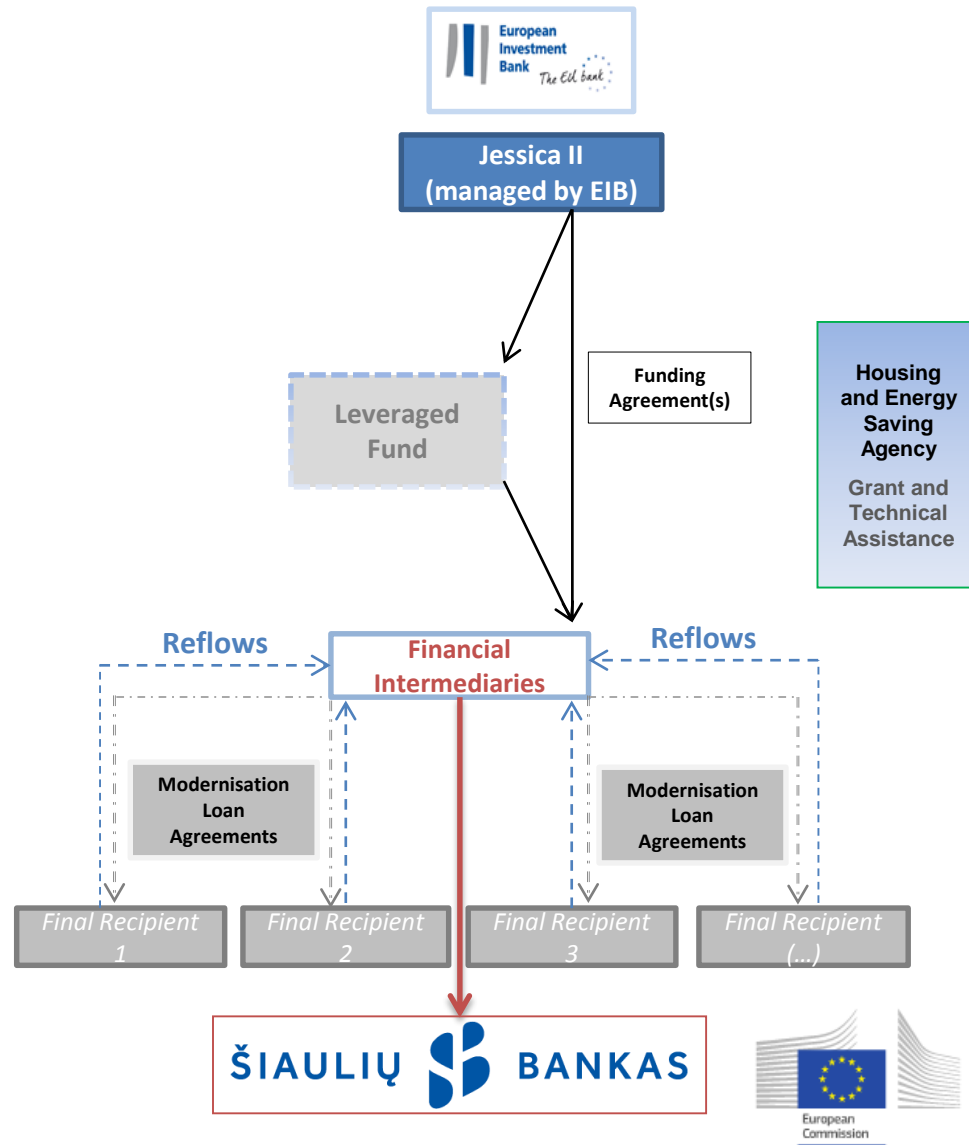


- FoF established in **May 2015** with **EUR 150m** of ESIF funds – EIB's first mandate for DFIs.



In August 2015 EIB and Šiaulių bankas signed the first Operational Agreement under 2014-2020 programming period

- **EUR 68m** ESIF signed under 1st Selection Procedure and **EUR 30m** of Šiaulių bankas contribution under negotiations
- **260** projects signed for **EUR 71m** and circa **EUR 49m** disbursed
- Results of 2nd Selection Procedure for EUR **80m** pending





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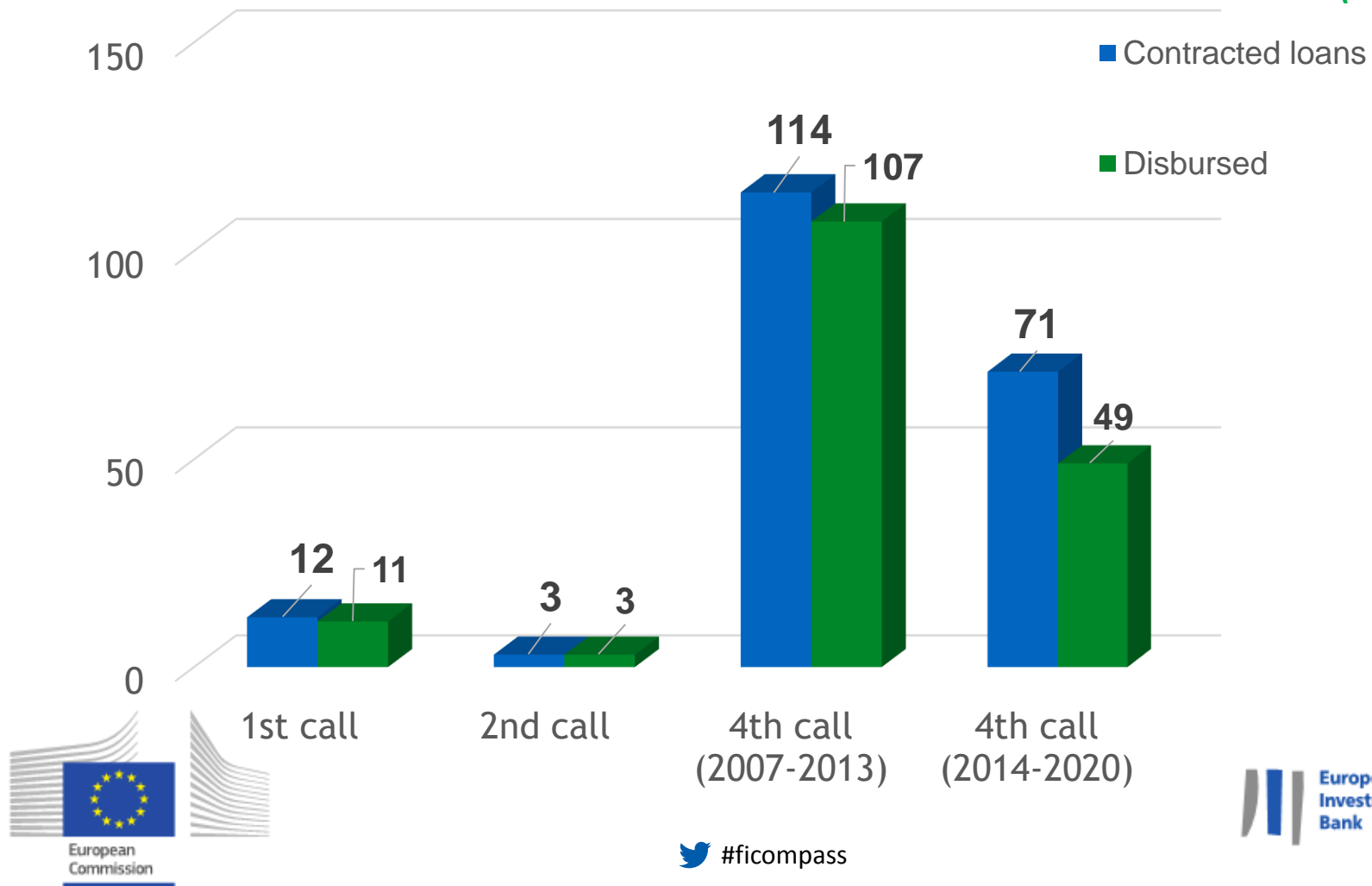


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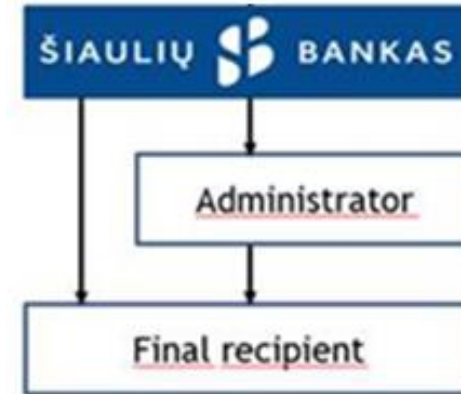
AB Šiaulių bankas loan portfolio and disbursements under 2007-2013 and 2014-2020 (EURm)





• Financing condition, requirements and scheme

- Maximum credit maturity - 20 years
- Credit currency - Euro
- Fixed credit annual interest rate - 3 % p.a.
- Grace period for credit repayment - up to 30 months
- Initial contribution - not required
- Credit administration fees - not applicable



- Consent of the owners of the multi-apartment house flats and other premises must be endorsed by **50% + 1 vote**. Šiaulių bankas applies a requirement to receive consent **not less than 60%**
- The number of flat owners of the multi-apartment house that are past due with their obligations exceeding **EUR 170** for more than **60 days** to at least one company rendering utility services or to the manager of the premises of common use should be **less than 10%** of all the apartment/premises' owners



Main elements of financing

- **One credit agreement** per one multi-apartment house
- Agreement is signed by an **Administrator**
- A credit amount cannot exceed **a value of the construction works**
- Credit funds shall be **disbursed directly to the contractor after completion of works**
- **A work acceptance-transfer deed** is prepared in respect to the completed works and signed by relevant authorities
- Credit repayment and interest payment - **once a month**
- The **state subsidy** is provided after completion of works
- A **bank account** is opened and e-banking service provided to an Administrator, which allows monitoring the movements in loan and accumulative accounts
- **Credit repayment** is implemented by an Administrator
- **Debt recovery** is implemented by an Administrator or by a debt administration/recovery agency



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financial instruments
 revolving capacity building
 added value **ERDF** funding agreement
 governance **ESF** EU guidance
 technical support seminars leverage financial intermediaries microfinance
 co-financing **ESIF** case studies
 investments **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals



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