

# Opportunity Bank, Montenegro

EFSE Energy Efficiency - Home Improvement Loans

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## Opportunity Bank, Montenegro Energy Efficiency - Home Improvement Loans

- » Opportunity Bank, Montenegro  
([www.opportunitybank.cg.yu/english/](http://www.opportunitybank.cg.yu/english/))
- » Overview
  - OBM has contact with 40% of the economically active population in numerous small business and individual lending products, of which housing improvement loans are about 5% of its existing portfolio.
- » History of the Initiative





## Opportunity Bank, Montenegro Energy Efficiency - Home Improvement Loans

### Project Framework

- » Build upon the Bank's existing Home Improvement Loan product
- » Background of existing product
  - Not energy efficiency targeted
  - Driven by asset diversification of the bank
  - Range of the loan size: Eur 5,000 to 25,000
  - Pricing: Market Rates, presently at 8.95% and 10.95% fixed plus fees of up to 2%
  - A variety of security mechanisms based on the amount of the loan from guarantors to mortgages to a combination of those.
  - Result:
    - After less than 12 months of implementation was a product that has broken even on a full cost basis
    - After 24 months is a positive contributor on a full cost basis, present NPL of 0% and historical write of rate of with significantly less than 1% write-off ratio.



## Opportunity Bank, Montenegro Energy Efficiency - Home Improvement Loans

### Project Framework

- » What are we adding the current product to couple it with 2.5mm of EFSE funding
- » 50% (fifty per cent) of the proceeds of each Sub-Loan shall be used exclusively for Housing Energy Efficiency purposes to be determined by a Positive List of eligible Housing Energy Efficiency measures
- » The “Positive List” list includes:
  - Building Envelope Improvements
    - Roof, ceiling, floor and/or external walls thermal insulation (all types)
    - Windows and external doors weather stripping and insulation
    - Installation of the new thermally insulated external doors and windows
    - Glassing and insulation of balconies
    - Replacement of single glazing with double or triple glazing windows



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### Heat Source Improvements

- New boilers and burners
- Automatic boiler controls
- Separate hot water heaters
- Modernization of existing boilers
- Connection to the gas network
- Boiler heat recovery devices

### Heat Distribution Improvements

- New or refurbished heat exchangers
- New distribution piping and radiators
- Thermostatic radiator valves
- Distribution Pipes insulation
- Hot water circulation pumps

### HVAC (Heating, Ventilation, Air Conditioning) Improvements

- Customized HVAC controls and energy management systems
- High efficiency motors, variable speed drive motor controls
- Heat recovery





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### Interior & Exterior Lighting Improvements

- Retrofit of existing lamps and ballasts to energy efficient
- Automatic lighting controls (i.e. timers or motion sensors, daylight sensors)
- New fixtures and reflectors

### Renewable Energy Utilization

- Solar hot water heating systems
- Heat pumps
- Biomass fueled boilers
- Solar photovoltaic devices





## Opportunity Bank, Montenegro Energy Efficiency - Home Improvement Loans

- » All important drivers in OBM's approach
  - Rather than start from scratch, take an existing successful product with which one has experience (ie. the OBM Housing Improvement Loan)
  - Take existing demand in the market
  - Begin existing products/suppliers in the market that
  
  - Fuel the ease at meeting existing demand with the Bank/Supplier relationship, rather than push the supply of funds upon the client via a pricing or training approach.
    - Ask suppliers to provide the financial incentives to the client via discounts and in return the Bank includes them on the list of preferred partners
    - Encourage joint supplier/Bank advertisement campaigns
  
- » Let the market drive the product, just shape the execution.

