



Energy Efficient Mortgages Initiative

Energy efficient Mortgages Action Plan (EeMAP)

&

Energy efficiency Data Protocol and Portal (EeDaPP)





Energy Efficient Mortgages Initiative

Bring Energy Efficiency to the EU buildings stock:
Banks can Play a Game Changing Role

In the EU 28 there are...



510 million people



247 million dwellings



Buildings account for 40% of EU energy use



more than 220 million dwellings were built before 2001



€180 BN OF YEARLY INVESTMENTS IS NEEDED TO REACH EU TARGETS
A significant share of it must come from the private sector



Energy Efficient Mortgages Initiative

Underlying Business Case: Key Drivers for Banks



Efficiency and sustainability:

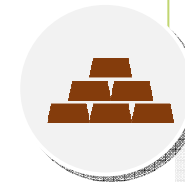
key features to **incentivise** energy efficiency **investments** AND **financing**



BETTER RISK PROFILE



- leads to a **reduction in the impact of energy costs to income** = reducing borrowers' probability of default (PD)
- Lower PD and LGD entails lower RWA and **reduced capital charges**



ENHANCED PROPERTY VALUE

- **impacts positively on property value** ensuring wealth conservation & loss mitigation against energy transition risks
- Better value leads to **lower LGD** and **better Loan to Value (LTV) ratio**



POSITIVE MARKET RESPONSE

CONSUMERS

- Responding to the increasing demand for green investments
- Increase customer retention and enhanced borrower relationship



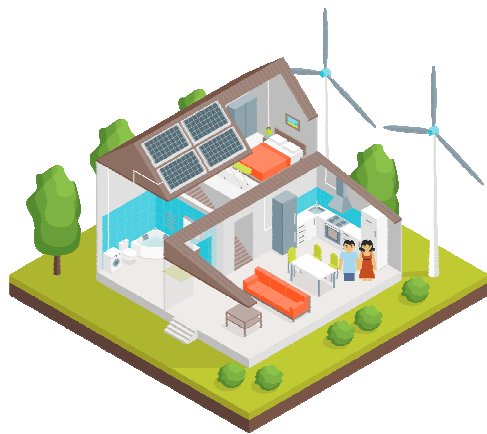
INVESTORS

- New business opportunities and diversified financing options
- Broader Investor base
- Lower funding costs

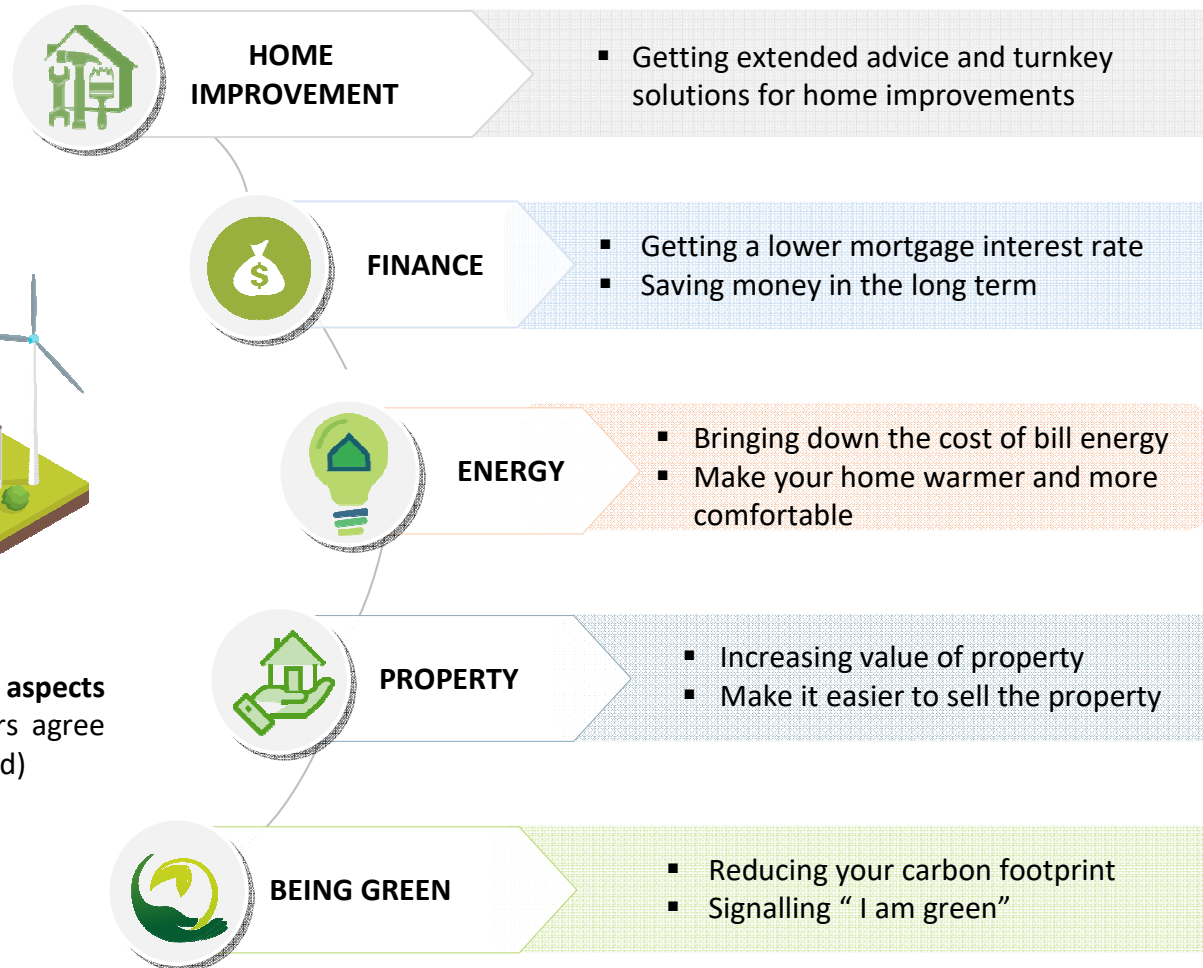


Energy Efficient Mortgages Initiative

Underlying Business Case: Key Drivers for Customers



A wide variety of different **aspects drive appeal** (and consumers agree the benefits would be realised)



- The **Energy Efficient Mortgages (EEM) Initiative** is a pan-European private bank financing mechanism that aims to **stimulate** and **finance investment** in energy efficient buildings, energy saving renovations in order to secure a greener and more sustainable future for all.



➤ It is the concrete and tangible market response to the Action Plan on Sustainable Finance adopted by the European Commission.

➤ Its ultimate objective is delivering a **standardised European framework** and **data collection** architecture for energy efficient mortgages.

The EEM Initiative consists of two EU funded projects under the H2020 Programme:

- The **Energy Efficient Mortgages Action Plan (EeMAP)** Initiative
- The **Energy Efficiency Data Portal & Protocol (EeDaPP)** Initiative

➔ <https://energyefficientmortgages.eu/>



Co-funded by the Horizon 2020 programme
of the European Union



Milestone

- ❑ In June 2018, after engaging in a market consultation period, including a series of national roundtable events with banks, building energy performance experts, property valuers and utilities, the EEM Initiative launched the: **Energy Efficient Mortgages Pilot scheme**

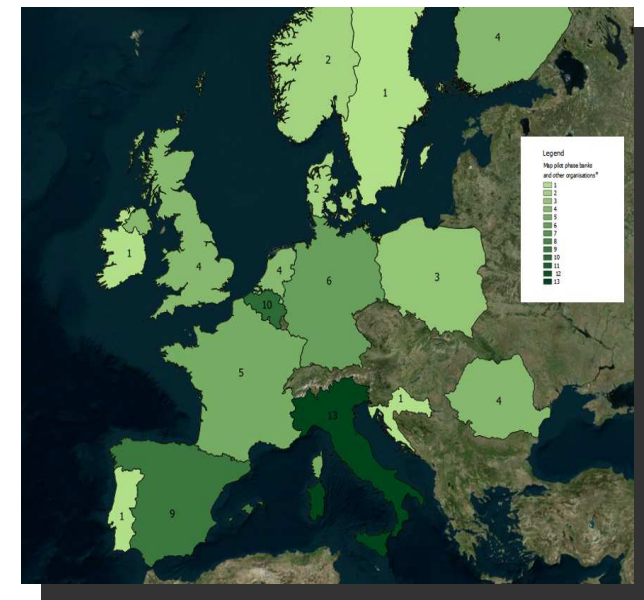
Composed of:

- **Lending Institutions:** committed to testing the implementation of the final energy efficient mortgages framework into their existing product lines and processes
- **Supporting organisations:** committed to provide technical support and energy efficiency expertise
- **Advisory Council:** committed to facilitate dialogue between policymakers and stakeholders from the financing and banking communities property and construction sectors at local, European and global levels

Mandate

Structured in

- ❑ **National Market Hubs:** to achieve coordination at national level and ensure market consensus and implementation.
- ❑ **Workstreams:**
 1. Product
 2. Data
 3. Partnerships



Source: Energy Efficient Mortgages Initiative

1

PRODUCT

EEM Definition

- In December 2018, a common **definition of energy efficient mortgage** was announced:

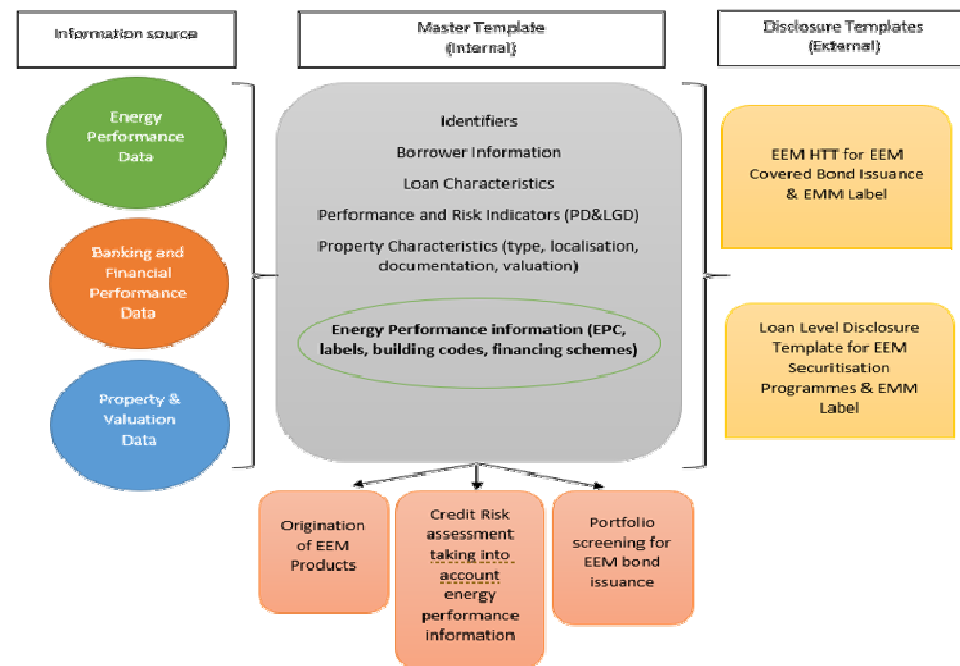
EEMs are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings where there is evidence of: (1) energy performance which meets or exceeds relevant market best practice standards in line with current EU legislative requirements and/or (2) an improvement in energy performance of at least 30%.

<https://eemap.energyefficientmortgages.eu/eem-definition/>

2

DATA

EeDaPP Master Template

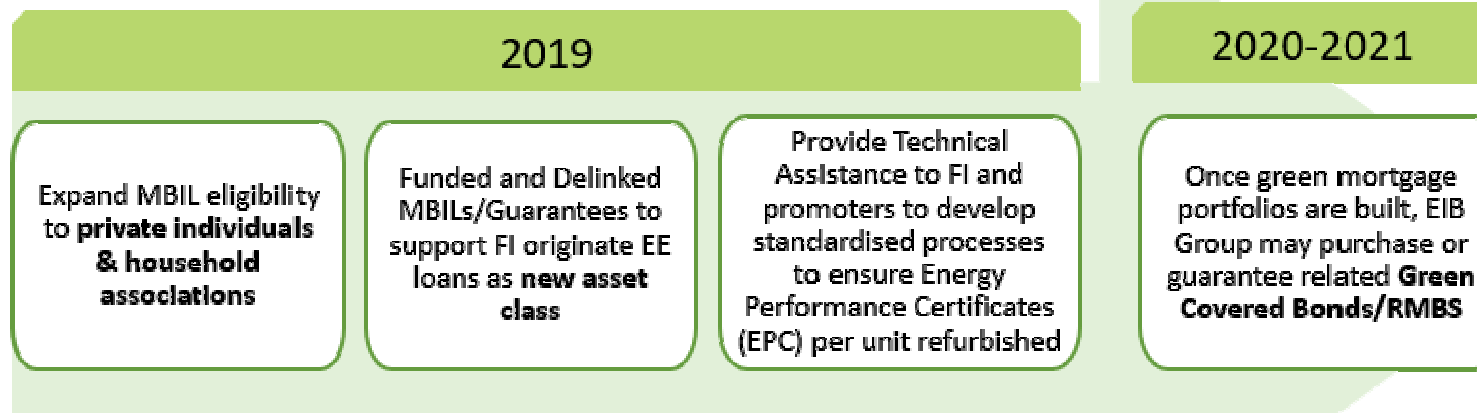




3

PARTNERSHIP

- Advisory Council solutions and institutional support
- EIB / EeMAP Financing Scheme



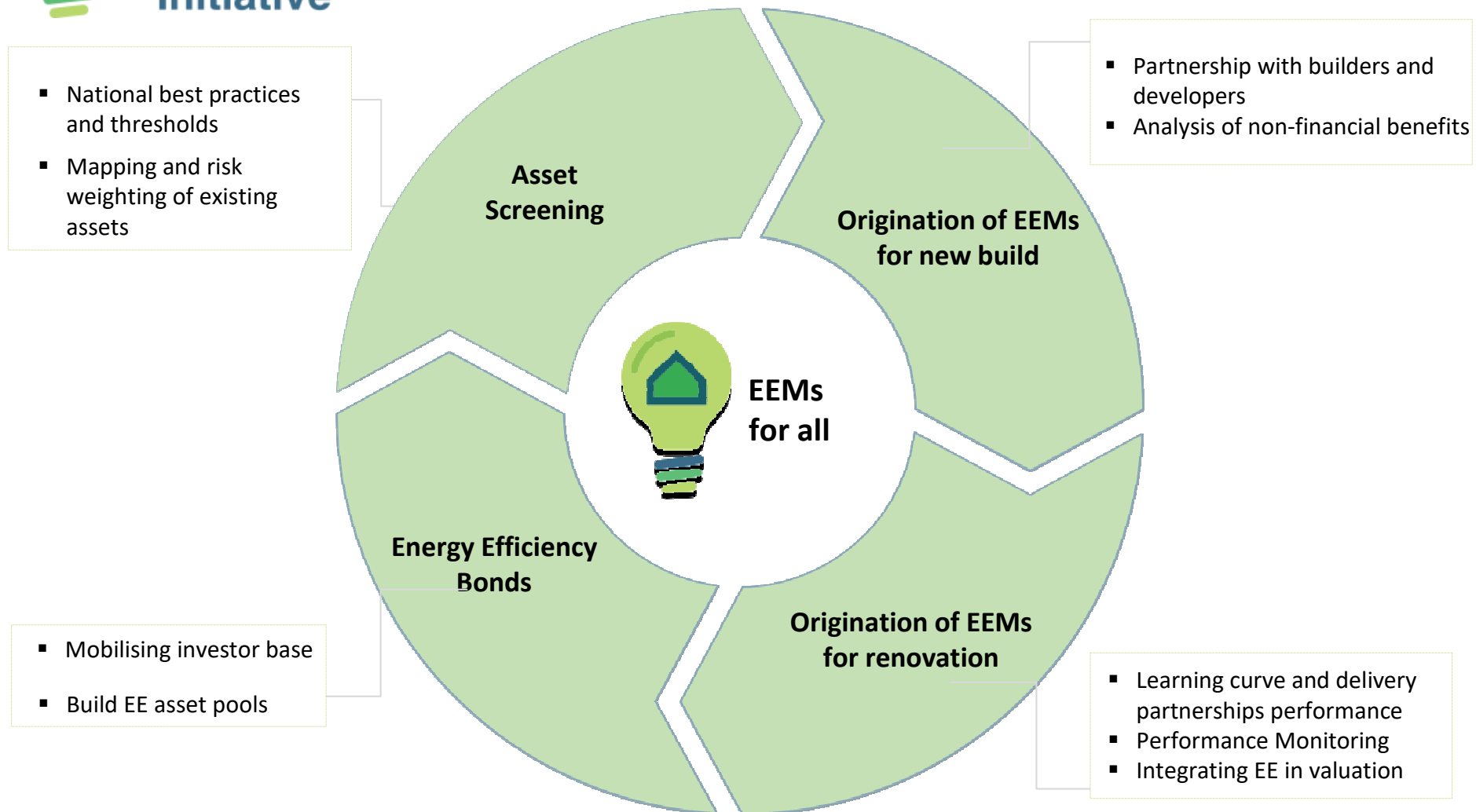
Source: EIB

Stage	Lending Institutions	Government	Industry
Asset screening	Match loan portfolio to EE (e.g. by using EPC data)	Make EPC database accessible to banks Improve data quality in EPCs	Work with lenders to ensure high quality EPCs Certifications can be mapped to loans
Origination of EEMs for new build	Offer green mortgages to new builds that meet EEM criteria	Enforcements and guidelines on NZEB standards	Partner with lenders to develop new builds which meet EEM criteria
Origination of EEMs for renovation	Advise clients on options, benefits and different sources of finance	Develop quality assurance schemes; building renovation roadmaps; incentives to drive demand	Partner with lenders to streamline delivery for consumers
Energy Efficiency Bonds	Issue energy efficiency bonds against EEMs	Green Bond standards Disclosure rules	Performance/compliance monitoring
EEMs for all	Fully account for EE in affordability checks	Energy efficiency/sustainability in prudential requirements	Offer training to banks/brokers



Energy Efficient Mortgages Initiative

EEM for all! Market Development Roadmap

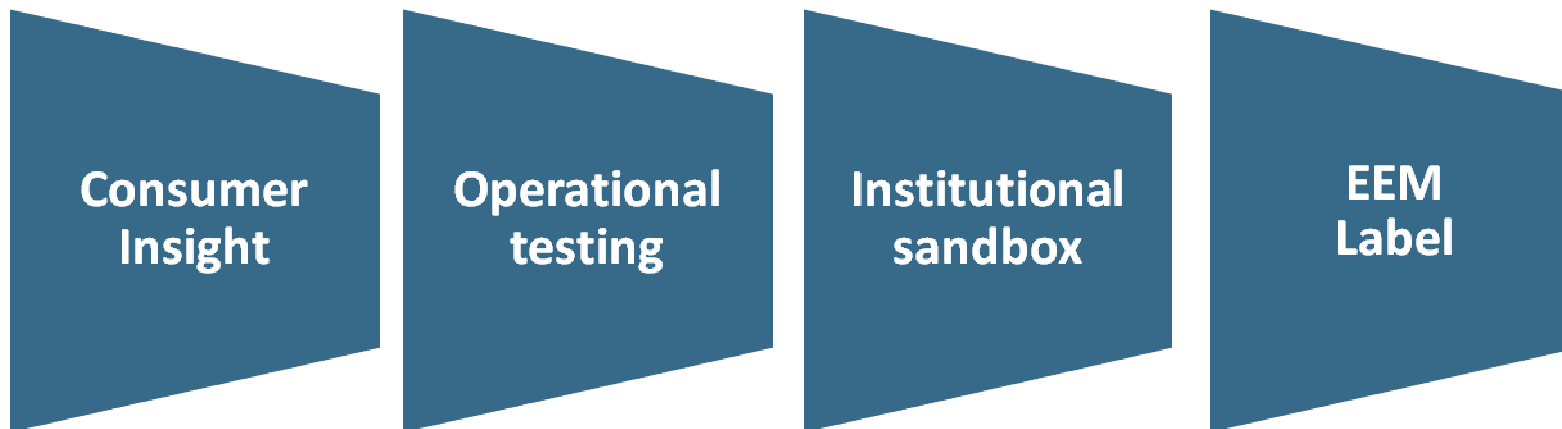




EeMMiP

Energy Efficient Mortgages Market Implementation Plan

Market Implementation:



Building on the success of the ECBC Covered Bond Label



EEM Label



Market Best Practices - Technical Reports

Since its launch, the EEMI has produced many publications and technical reports containing valuable and insightful information on a various range of topics related to energy efficiency, such as:

- Technical report on existing green reporting criteria
- Technical report on market needs and gaps

For additional information > www.energyefficientmortgages.eu

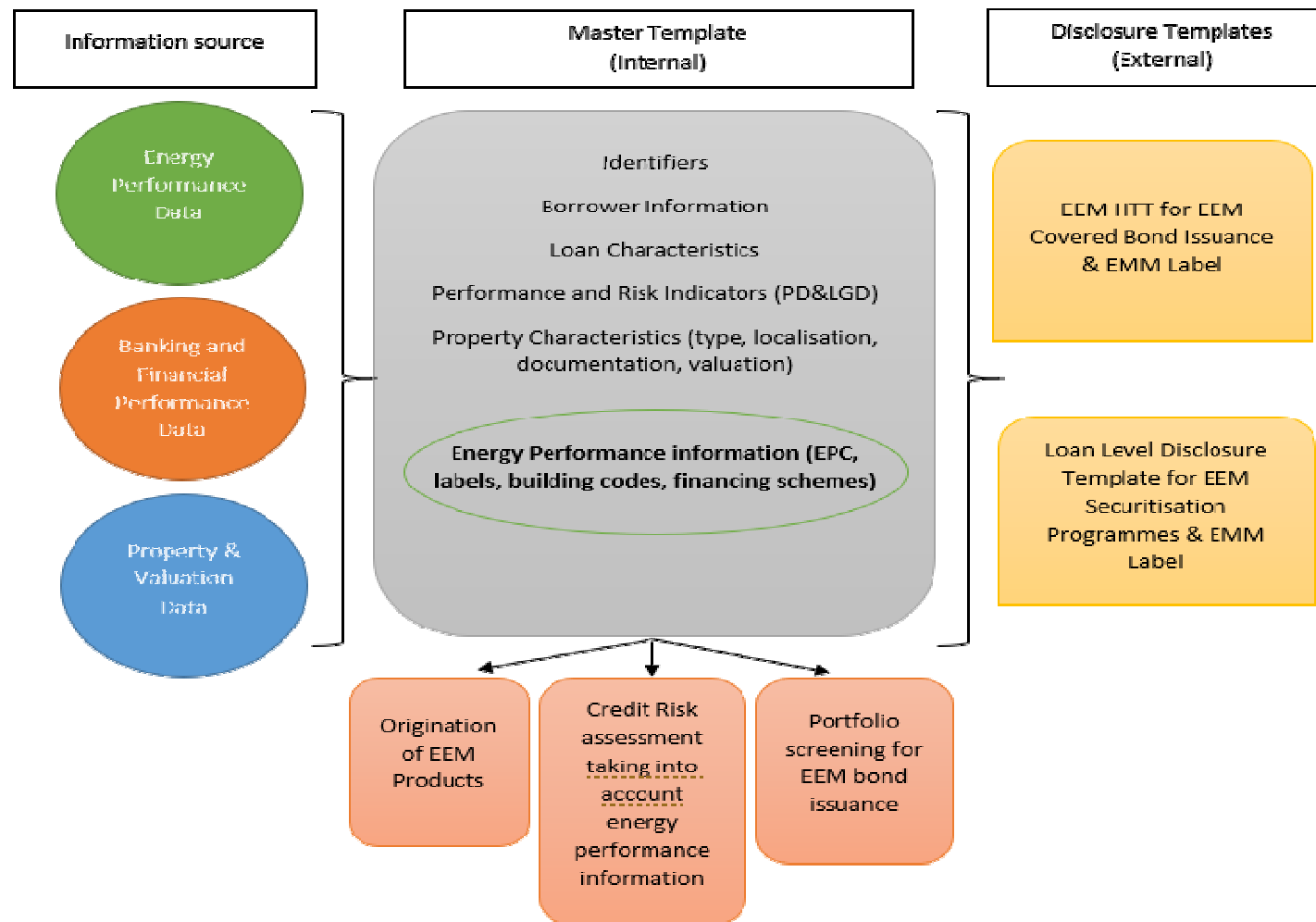
Events, media and newsletter

Throughout the years, the EEMI has organised several events to raise awareness:

- Early Pilot Banks Meeting in Venice
- Green/EEM day at ECBC Plenary meeting
- National Hubs Meetings
- Institutional meetings

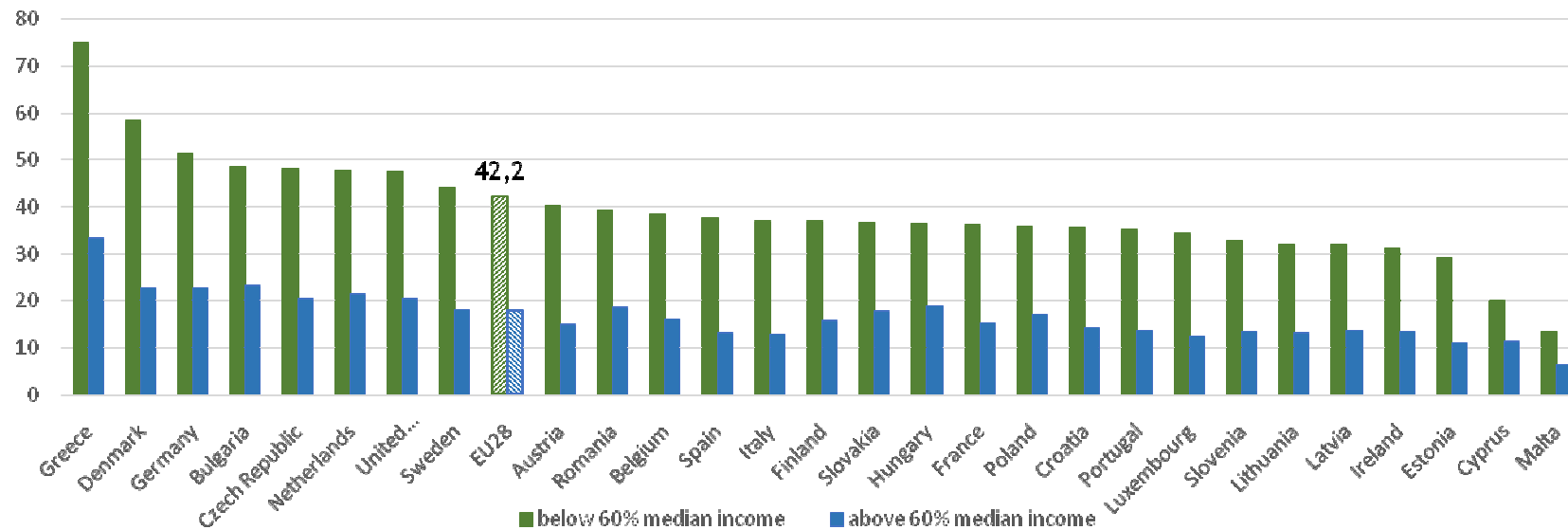


APPENDIX



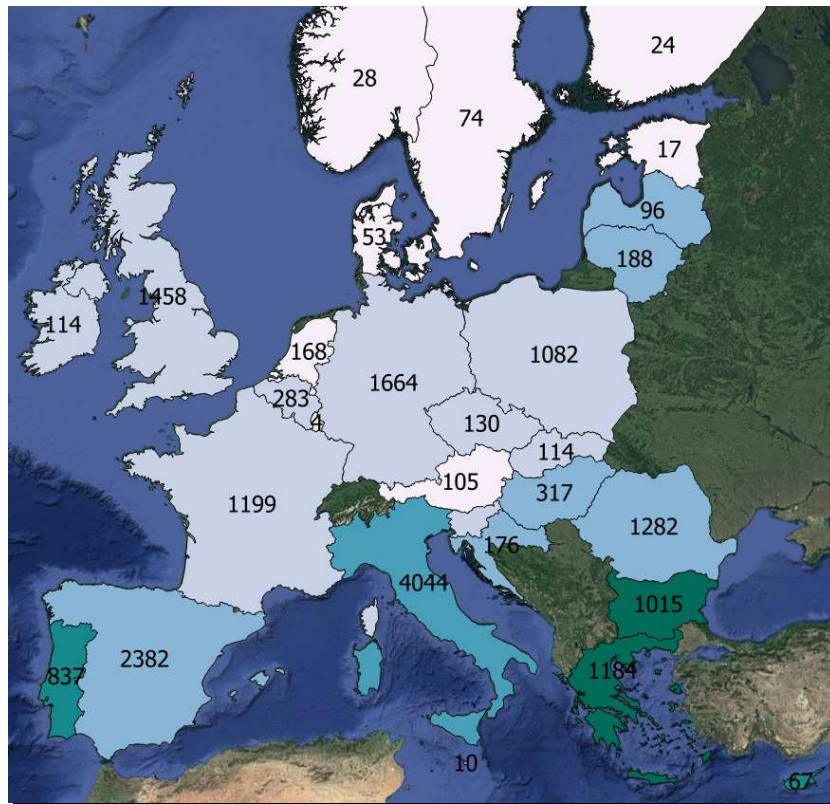


Housing cost as % of disposable income



Source: Eurostat – 2017 EU-SILC survey

- Around 42% of disposable income of poorer households (below 60% of median income) is spent on housing costs



- ❑ 21% of EU population that earns 60% or less than median income in their respective countries, over **18 million people**, live in a household which they cannot adequately heat
- ❑ This issue has different degrees of relevance according to country

Legend

percentage of population below 60% median income unable to adequately heat their dwelling*

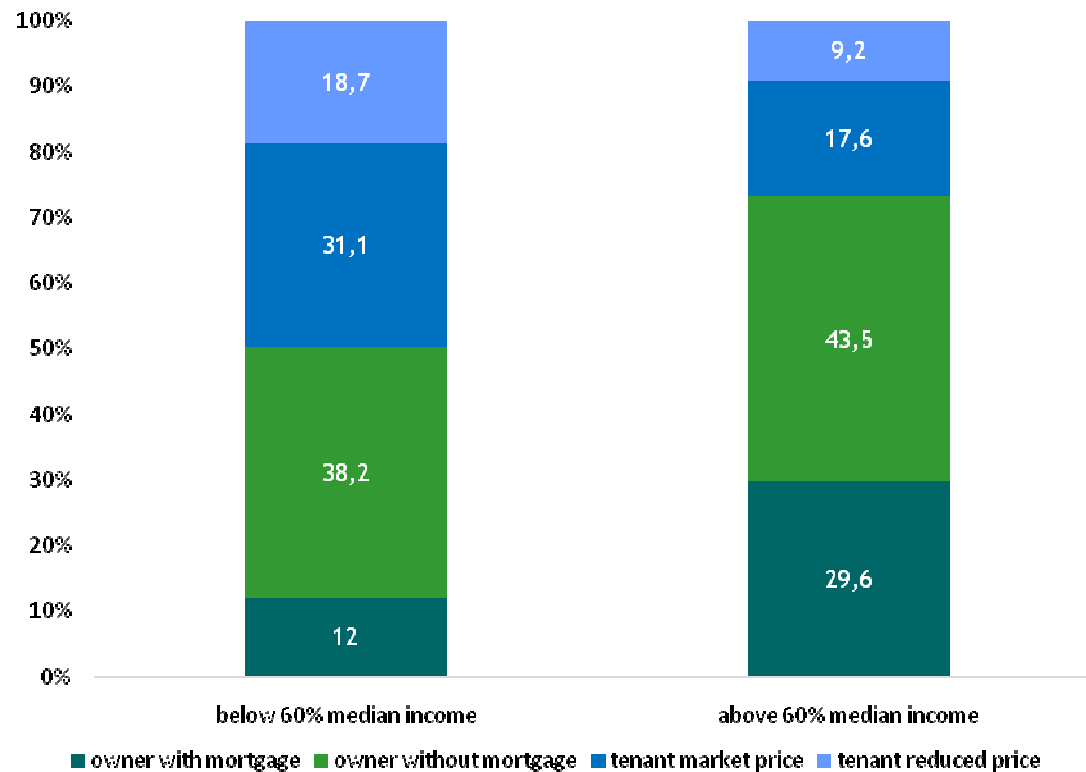
- 0 - 10
- 10 - 21
- 21 - 31
- 31 - 41
- 41 - 52
- 52 - 62

The label shows the number of citizens(in thousands) affected

Source: Eurostat EU-SILC survey 2017
*according to the Survey definition

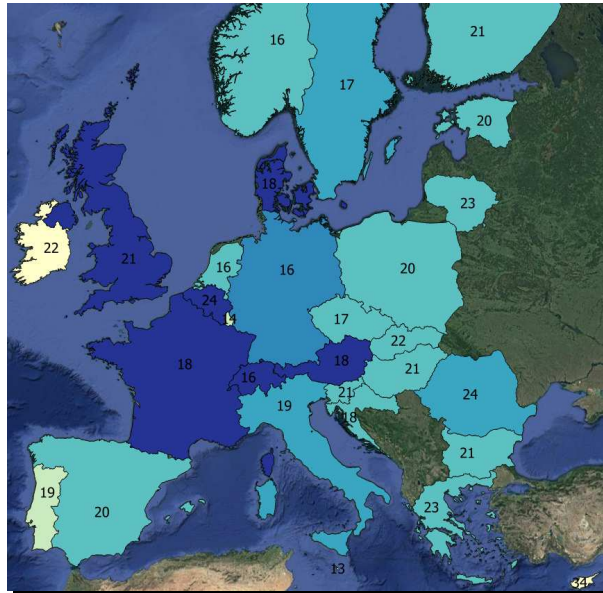


Breakdown of tenure status by income group



Source: Eurostat – 2016 figures

- ❑ In EU breakdown of how citizens live is reflected by their income group
- ❑ Poorer part of population in Europe (around 86 million people earn less than 60% of their respective Member States' median income) typically live as tenants
- ❑ These individuals are also more than two times less likely to have a mortgage than the rest of the population



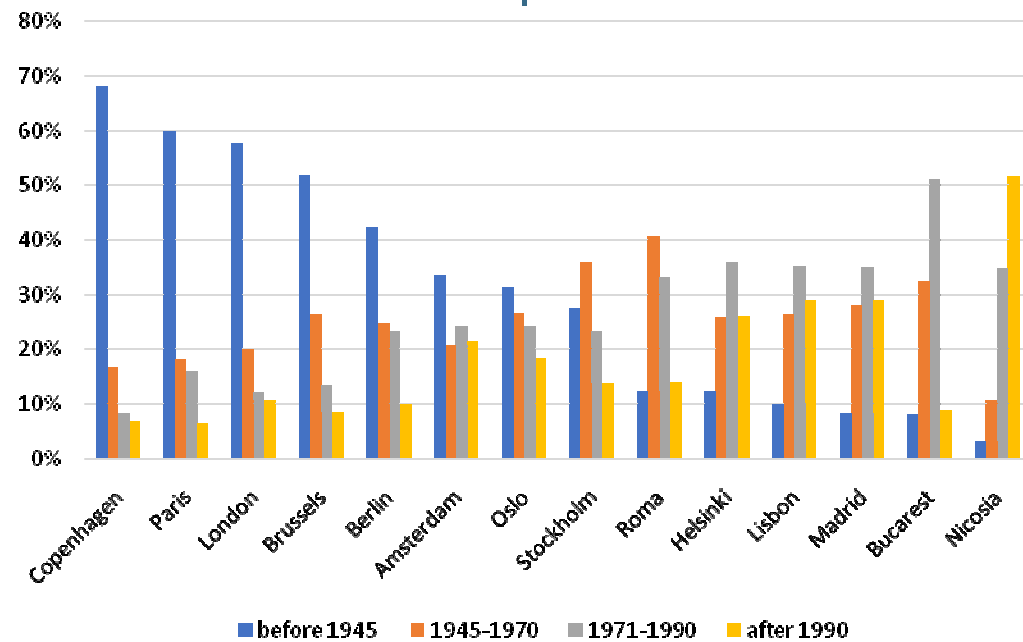
Legend

House age - most represented decade of construction

- before 1919
- 1919- 1945
- 1946 - 1960
- 1961 -1970
- 1971 - 1980
- 1981 - 1990
- 1991 - 2000
- after 2000

Label shows the percentage of dwellings built in the given period

Breakdown of age of housing stock according to selected capital cities



EPC Label	Energy Consumption (kWh/m ² /y)	Energy Costs* (€/year)	Energy Savings from class G (€/year)	Additional Market Value from Class G (€)
A	55	600 €	3.050 €	64.000 €
B	81	850 €	2.800 €	58.000 €
C	117	1.250 €	2.400 €	50.000 €
D	167	1.800 €	1.850 €	38.000 €
E	217	2.400 €	1.250 €	27.000 €
F	274	3.000 €	650 €	14.000 €
G	335	3.650 €	- €	- €

- Source – Copenhagen Economics (2016)
- average energy price of 0,10€ per kWh and considering a 100m² house



Energy Efficient Mortgages Initiative

EEMI Consortium Partners



EMF|ECBC
FUNDING THE REAL ECONOMY



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For additional information on the Energy Efficient Mortgages Initiative

- Visit: <http://www.energyefficientmortgages.eu/>
- Contact:
Luca Bertalot - Secretary General of the EMF-ECBC
lbartalot@hypo.org



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