



Energy Efficient Mortgages Initiative

Energy efficient Mortgages Action Plan (EeMAP)

&

Energy efficiency Data Protocol and Portal (EeDaPP)

&

Energy efficient Mortgage Market Implementation Plan (EeMMIP)





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

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**

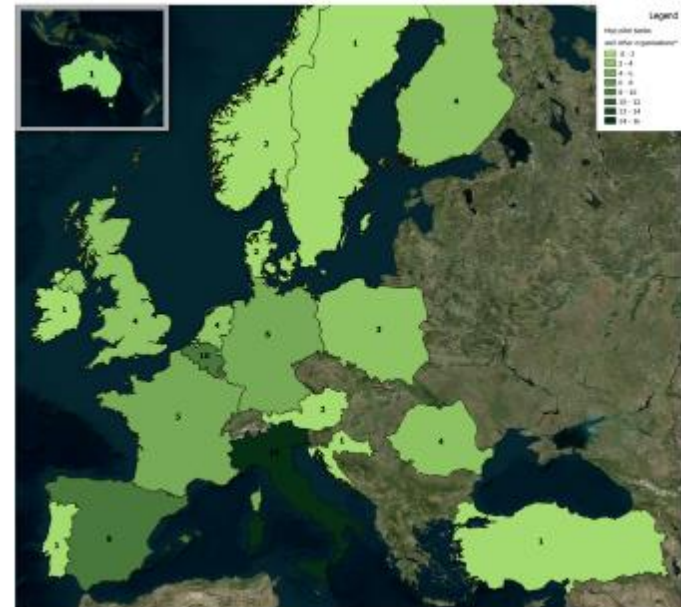
Composed of:

- **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

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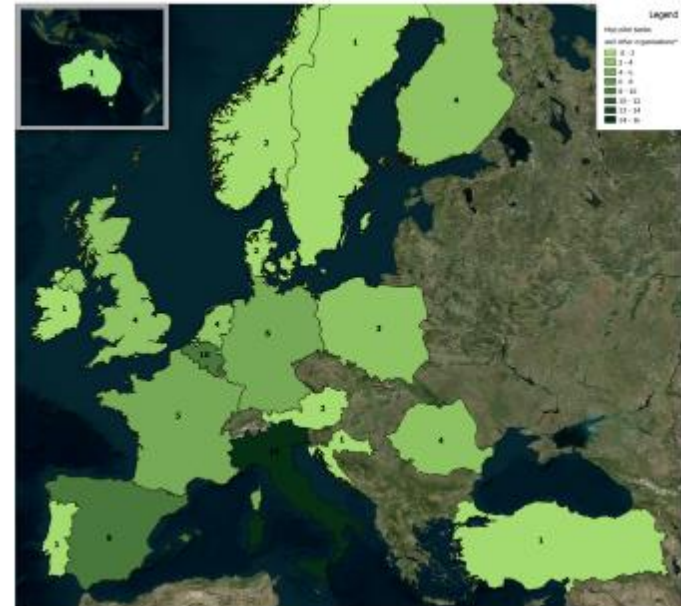
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Mandate



The Central Bank of Hungary joined the EEMI Advisory Council in July 2019



Source: Energy Efficient Mortgages Initiative

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PRODUCT

EEM Definition

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

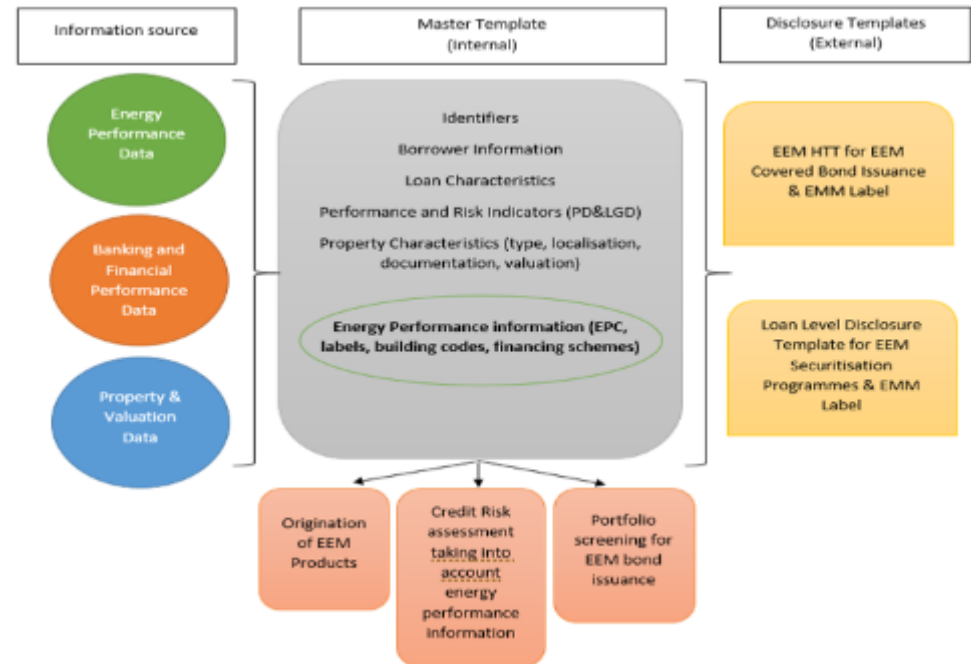
EEMs are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings where there is evidence of: (1) energy performance which meets or exceeds relevant market best practice standards in line with current EU legislative requirements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

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

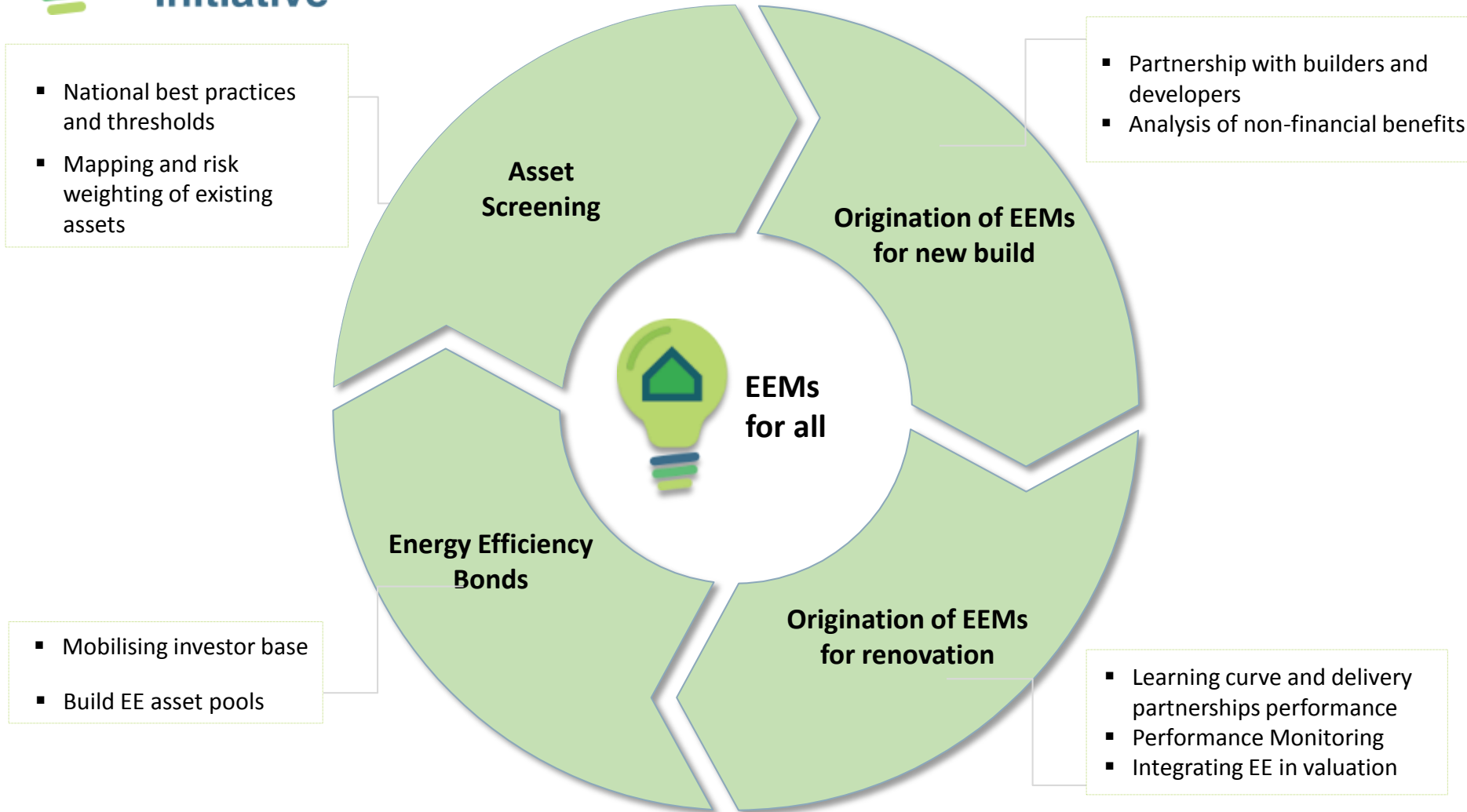
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DATA

EeDaPP Master Template



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



EeMMiP

Energy Efficient Mortgages Market Implementation Plan

Market Implementation:

**Consumer
Insight**

**Operational
testing**

**Institutional
sandbox**

**EEM
Label**

Building on the success of the ECBC Covered Bond Label



EEM Label



Energy Efficient Mortgages Initiative

EEMI Consortium Partners



Università
Ca' Foscari
Venezia



RICS[®]

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HYPOPORT

TXS

FUNDING
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CE



PROVINCIA AUTONOMA DI TRENTO



The Scottish
Government
Riaghaltas na h-Alba

- Visit: <http://www.energyefficientmortgages.eu/>
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Luca Bertalot - Secretary General of the EMF-ECBC

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