



Energy Efficient Mortgages: From insight to action

Marco Marijewycz

Senior Manager - Global Business Development

Global Domain - Home Energy Management & Software

E.ON Solutions GmbH

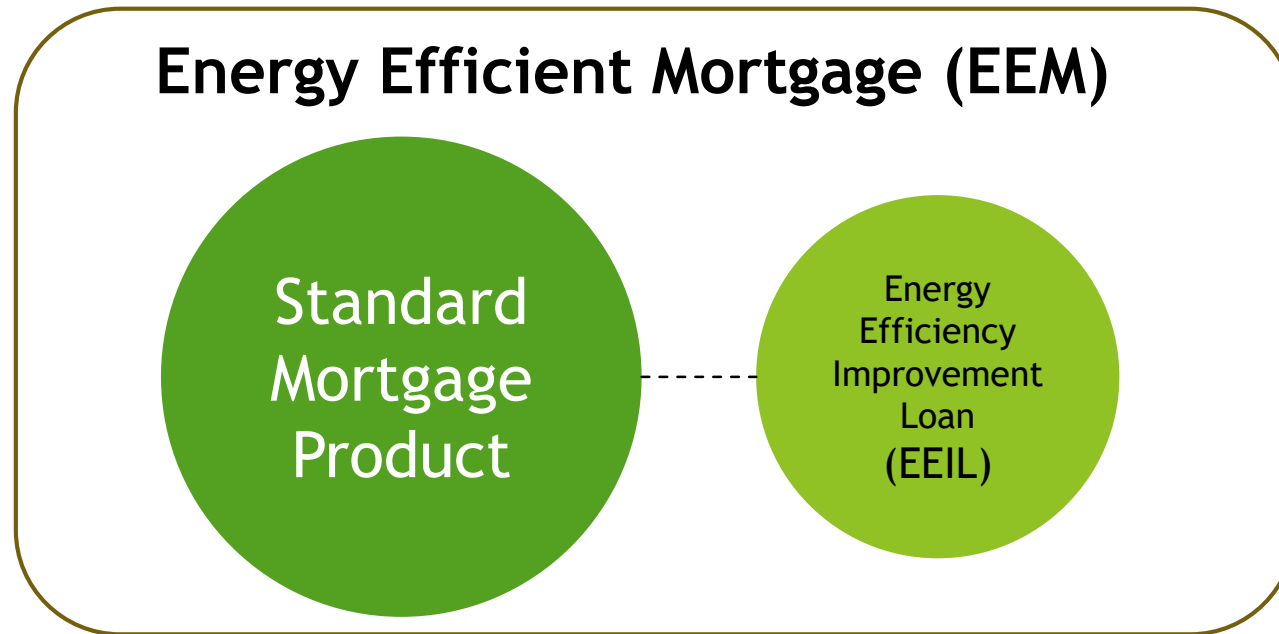
EeMAP Consortium Member



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 746205

From insight...

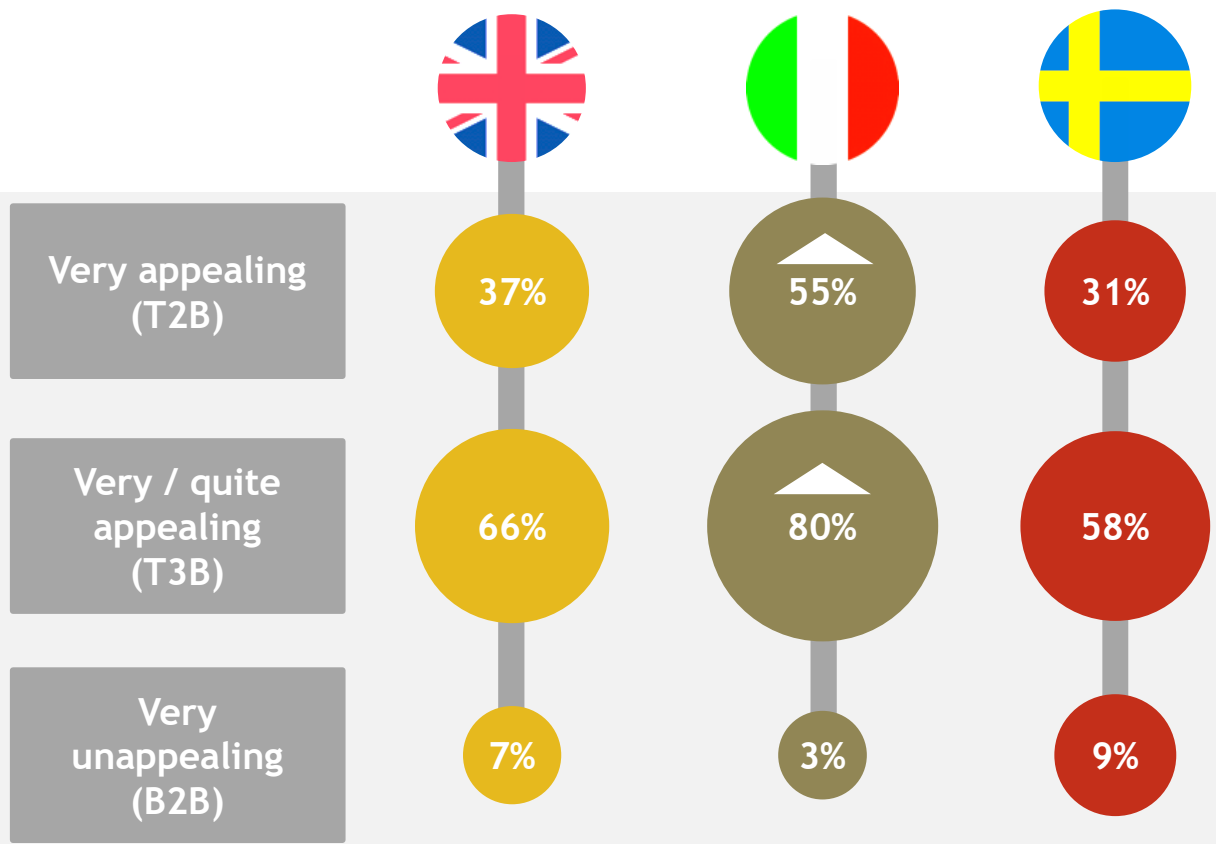
What Energy Efficient Mortgage proposition concept did we test with customers?



- Packaged mortgage product made up of two linked loans
- EEM product carries an interest rate discount
- EEIL is a low cost loan facility linked to mortgage
- EEIL funds upgrades determined by energy audit

The Energy Efficient Mortgage holds greatest appeal to the Italian market, and outright rejection of the proposition is minimal...

Appeal of EEM proposition All respondents



“This would be brilliant - we’ve been wanting to do something like this for years... there’s no downside - 10/10”
Sweden

“I like the idea of improving energy efficiency and I think that in the long run I’ll save money”
Italy

“I like trying to be green and love idea of being rewarded for it”
UK

“An excellent opportunity for energy improvement in my home, helping not only me, but the environment”
Italy

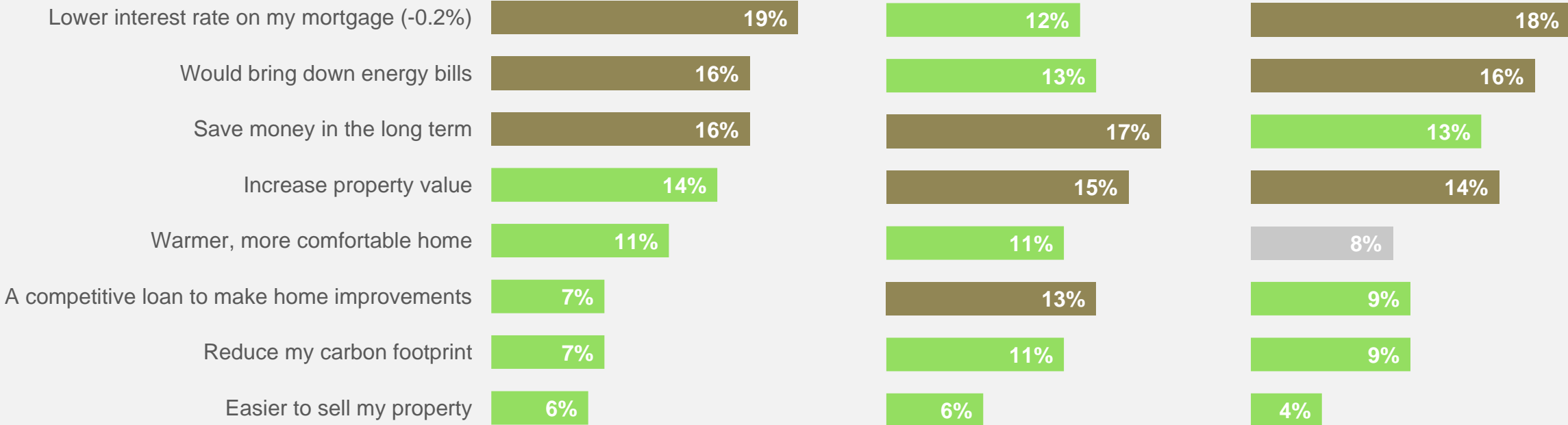
Significantly higher or lower vs. other markets

4 B1. Thinking broadly about the new mortgage product you have seen, how appealing do you find it?
Base: UK (525), Italy (516), Sweden (543)

The Green Mortgage's financial advantages drive its appeal - access to a 'lower interest rate' is key in UK and Sweden, while 'saving in the long term' is important in Italy

Appeal of Key Features - Most appealing

Top 3



Those who do not find the Energy Efficient Mortgage appealing are already planning on buying an energy efficient property, or do not want to take out an additional loan

Barriers

All who do not find the EEM appealing

Most important reason
(select 1 only)



Primary barriers

Do not want to take out / cannot afford an additional loan

18%

25%

23%

I already have an energy efficient home, therefore it is not applicable to me

18%

11%

15%

Length of time for the work and a predicted short tenure are secondary barriers, alongside a worry about 'being tied in' to a certain mortgage

Barriers

All who do not find the EEM appealing

Most important reason
(select 1 only)



Secondary barriers

Don't have time for home renovation / too much of a hassle

10%

6%

7%

I don't see myself in my home long enough to benefit

3%

11%

7%

Worry this would tie me in to a mortgage provider for a long time

8%

6%

4%

I am not interested in making my home more energy efficient

8%

3%

6%

All other barriers under 6%

We also tested with respondents the value of a 'managed energy efficient renovation' service

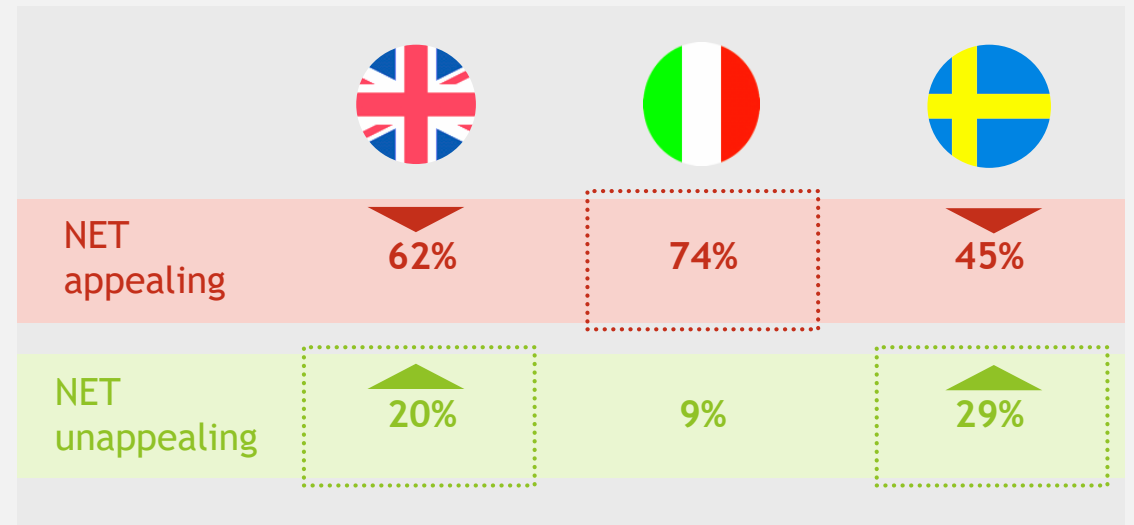
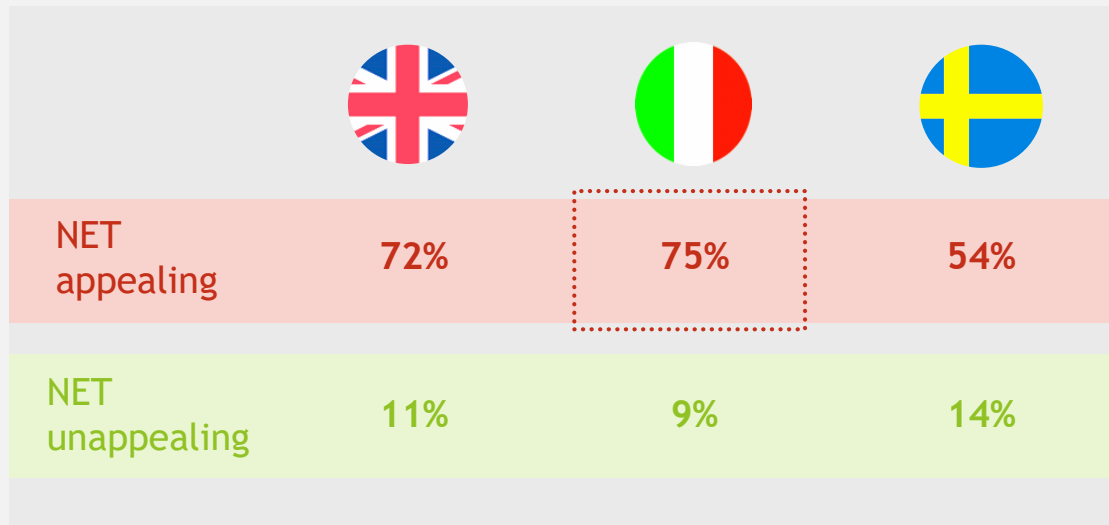
Appeal of Installation options A & B
All who find Green Mortgage appealing



A managed service using a lender's preferred partner(s)



B A DIY/self-managed refurbishment project



Significantly higher or lower vs. option A

The Energy Efficient Mortgage's financial advantages drive its appeal, with aspects related to energy and property also important drivers



Consistent across markets

What is driving appeal?
All who find EEM appealing

Most attractive aspect
(select 1 only)

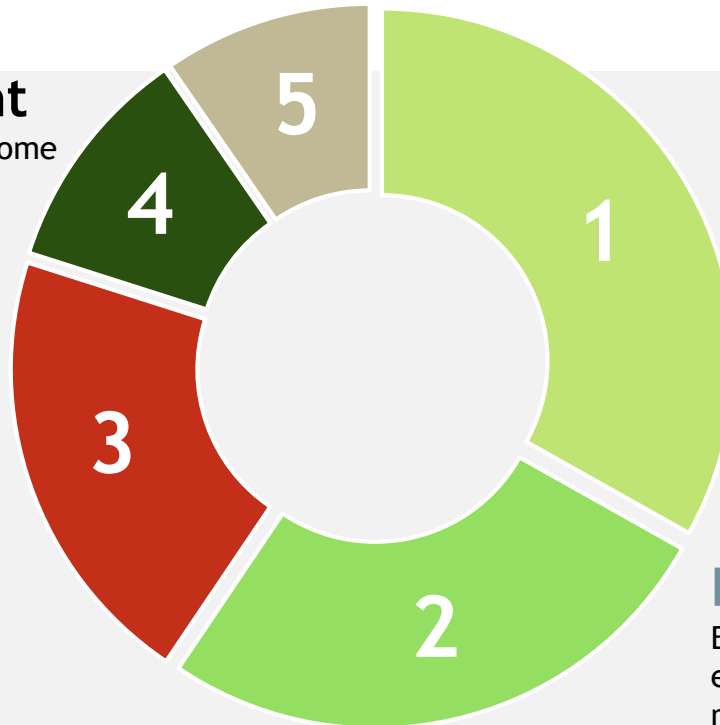
Home improvement
Getting a competitive loan for home improvement purposes

Green
Reducing your carbon footprint

Finance
Getting a lower interest rate on your mortgage, and saving money in the long term

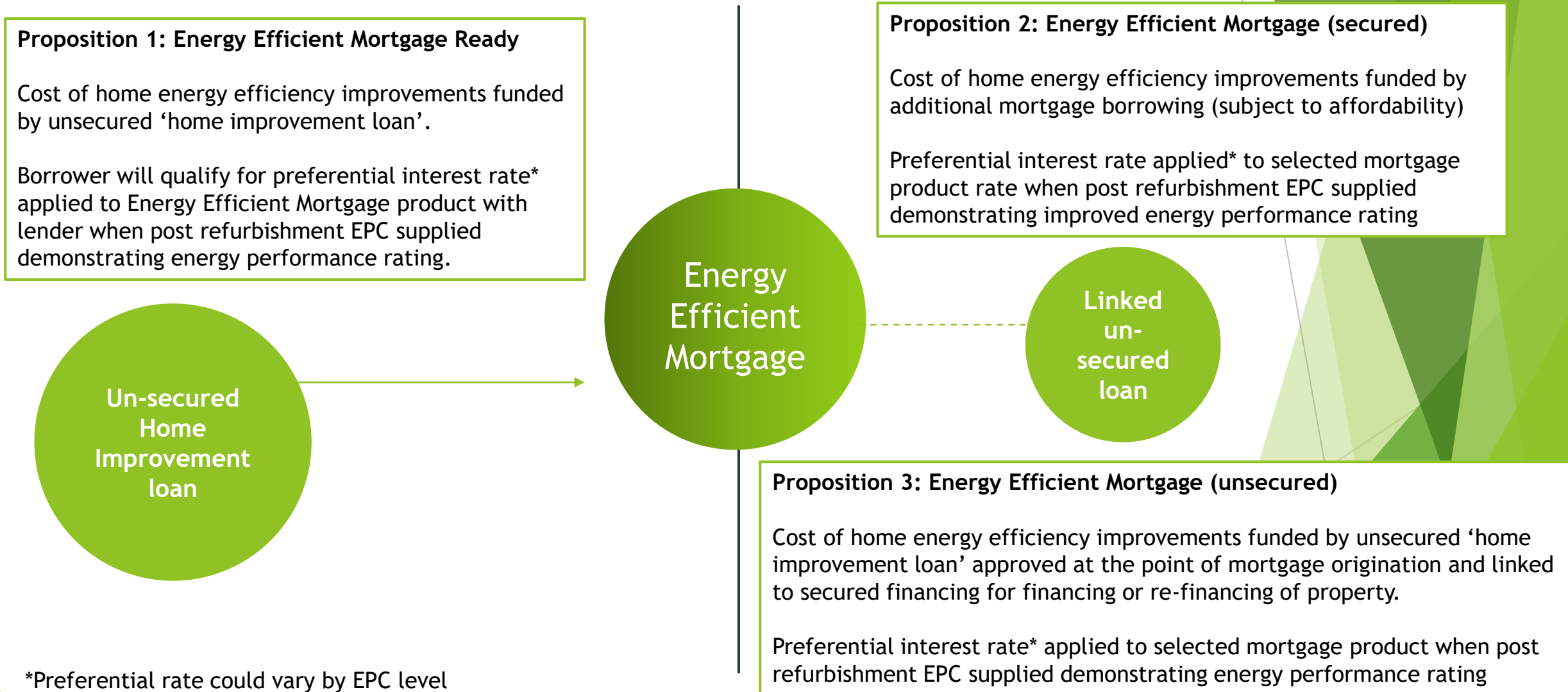
Property
Increasing the value of your property, and making it easier to sell

Energy
Bringing down the cost of your energy bills, and making your home more warm and comfortable

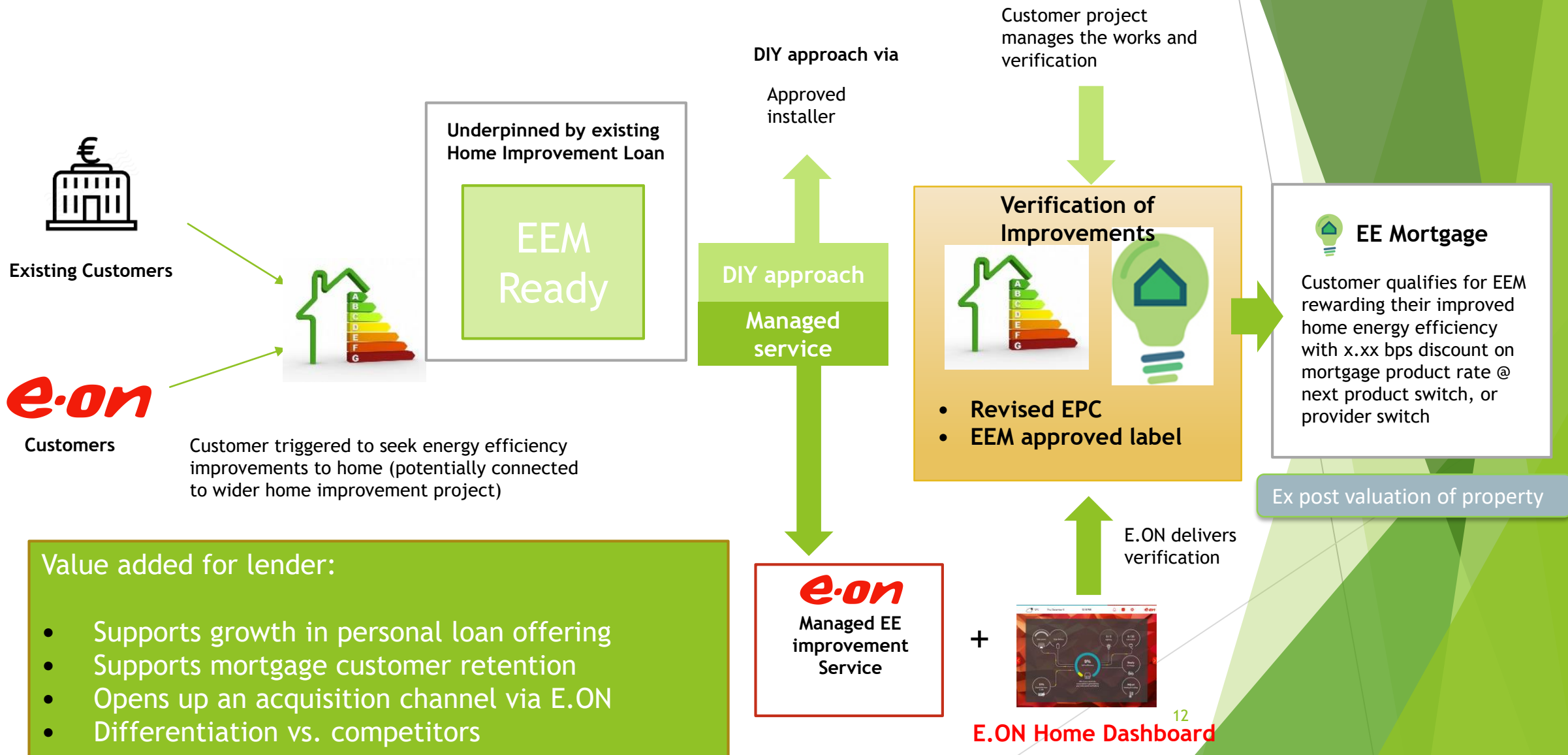


...to action

How could an Energy Efficient Mortgage work in practice, and what could the customer proposition look like?



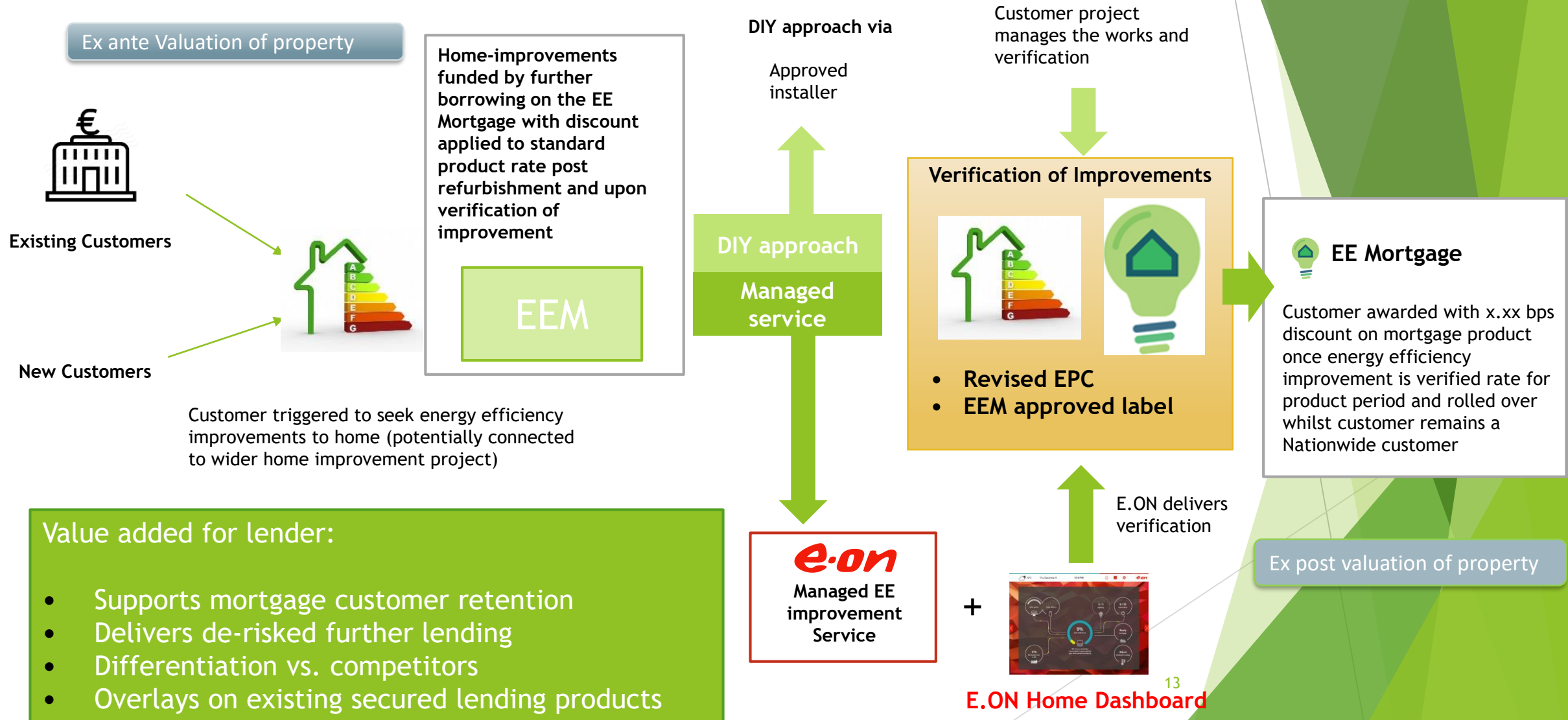
Proposition 1: Energy Efficient Mortgage 'Ready'



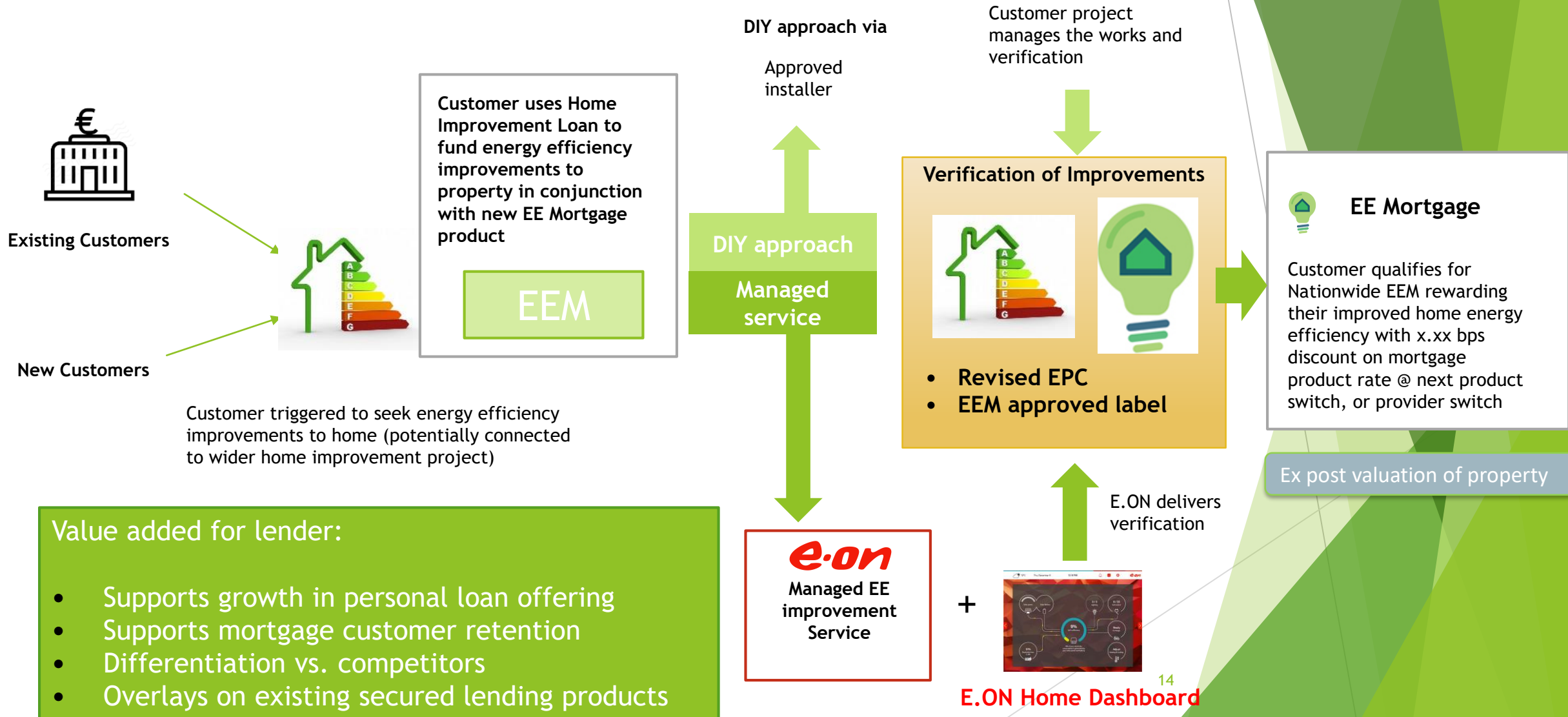
Value added for lender:

- Supports growth in personal loan offering
- Supports mortgage customer retention
- Opens up an acquisition channel via E.ON
- Differentiation vs. competitors

Proposition 2: Energy Efficient Mortgage (secured)



Proposition 3: Energy Efficient Mortgage (un-secured)



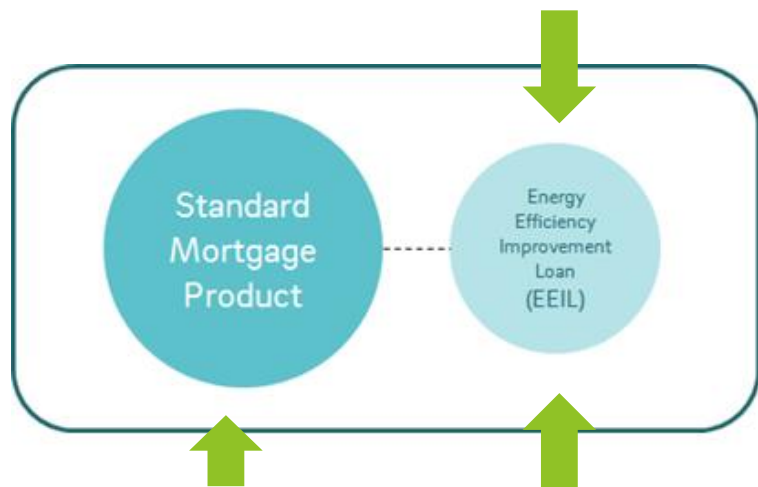
- Value added for lender:**
- Supports growth in personal loan offering
 - Supports mortgage customer retention
 - Differentiation vs. competitors
 - Overlays on existing secured lending products

E.ON to pilot Proposition 1: EEM Ready in the UK in 2020

How will the Energy Efficient Mortgage product work



E.ON provides 'one-stop-shop' Energy Efficiency renovation service for home improvement under a 'preferred supplier' model (incl. energy tariff)



Licensed retail bank partner

Supplies secured loan (mortgage) to end customer / borrower and markets 'Green Mortgage' product



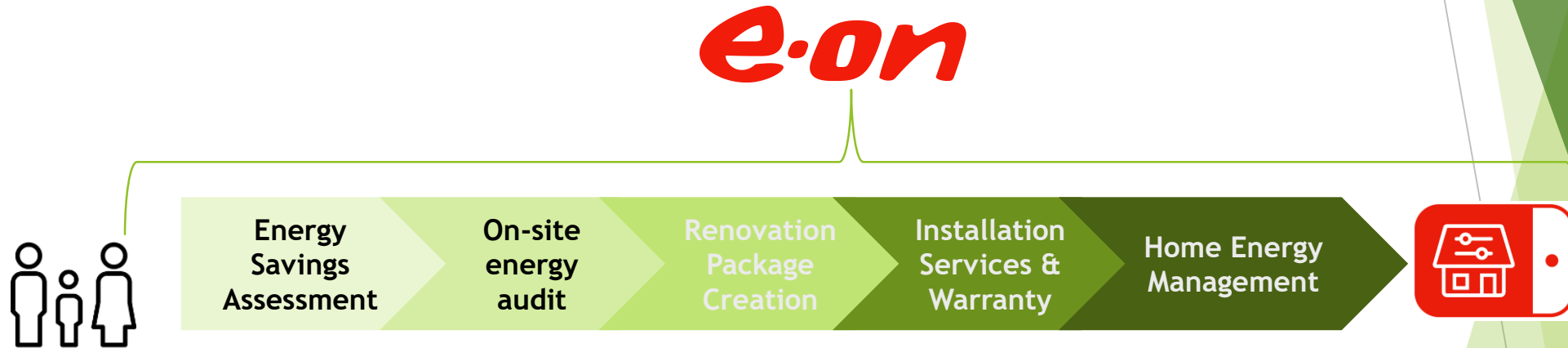
BNP PARIBAS

Supplies personal loan finance for home energy efficiency improvements as an unsecured loan

- Enables movers, first time buyers, and re-mortgagers to use their mortgage to borrow further via a linked 'energy efficiency home improvement loan' to improve the energy efficiency of their homes.
- Under this model BNP Paribas Personal Finance would provide the improvement loan financing and E.ON would provide a managed service to install appropriate energy efficiency solutions.
- The execution of this model would require a licenced mortgage lender / building society to market this product to customers.

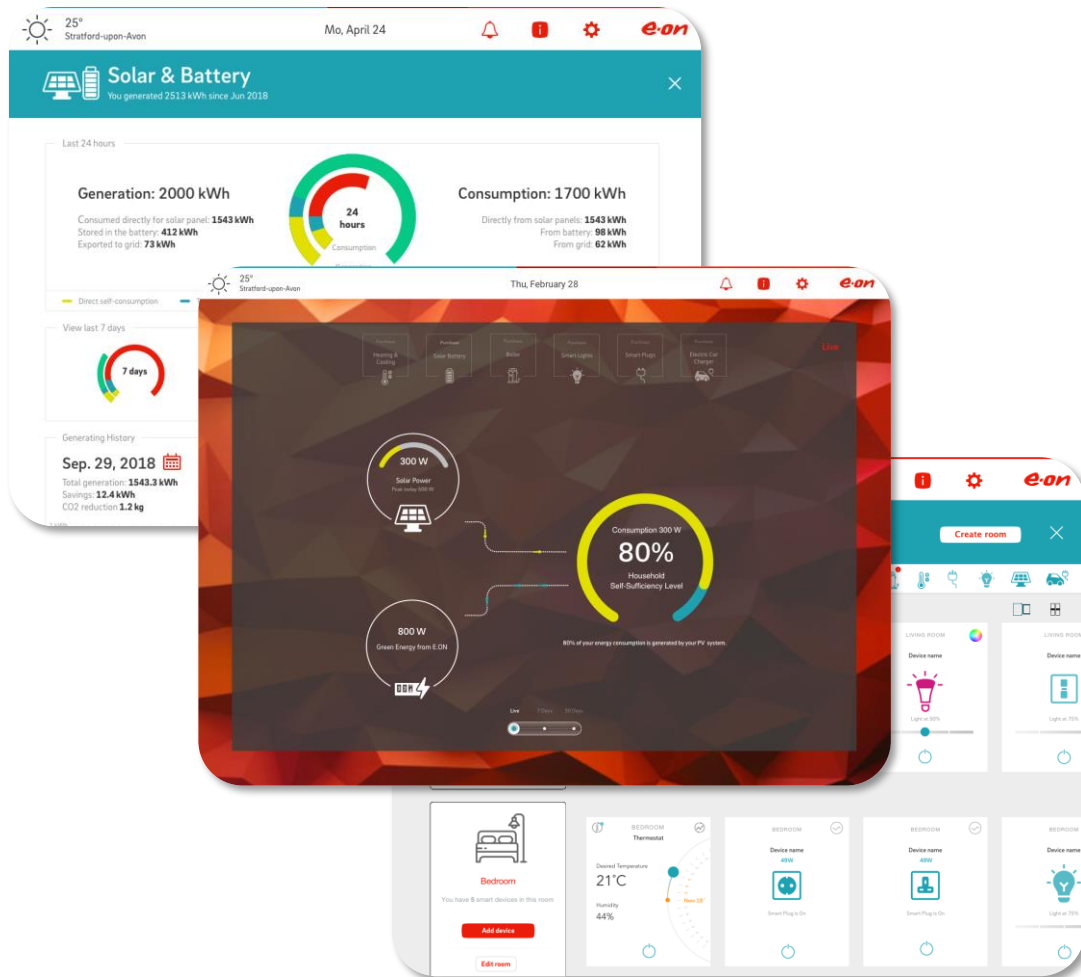
E.ON can already deliver a managed renovation service which can be adapted to support a Energy Efficient Mortgage customer journey

E.ON integrates across Energy Efficient Mortgage journey as 'one-stop' energy partner to customer & lender

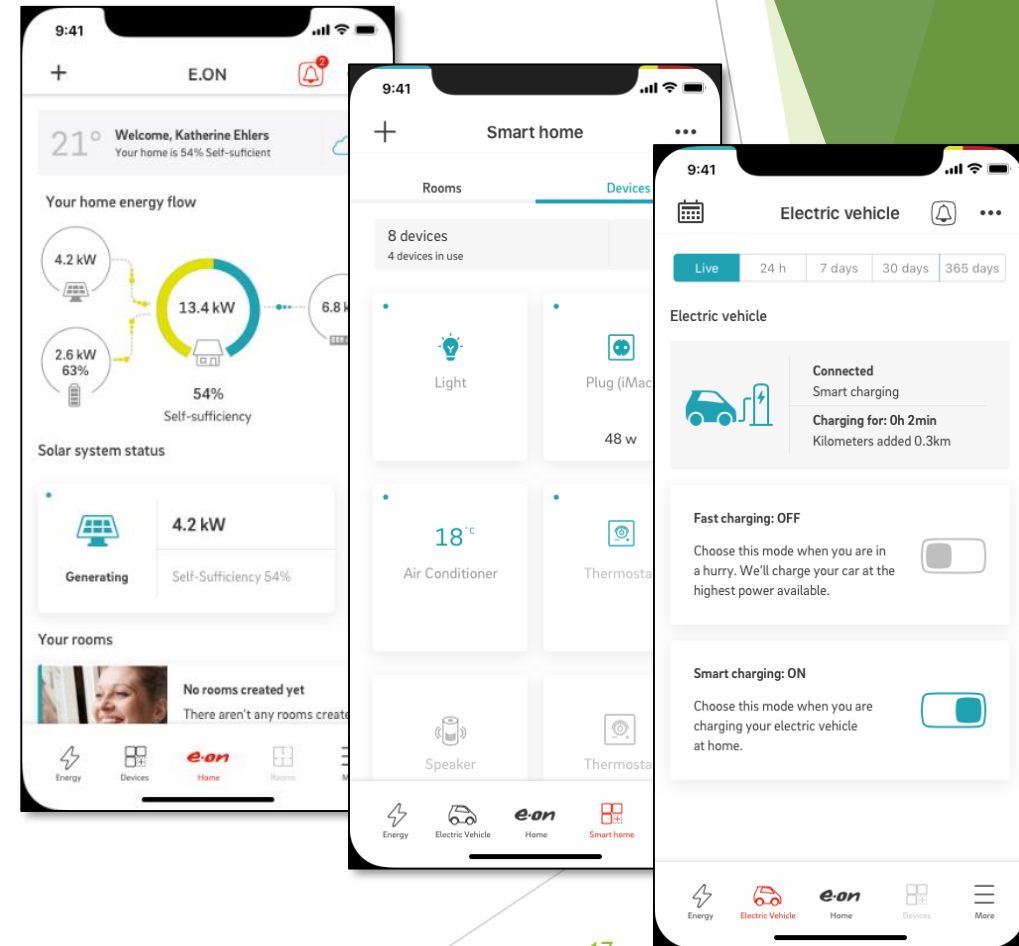


- E.ON UK can already seamlessly support all aspects of a retrofit Green Mortgage customer journey
- All of our Energy Experts who visit customers' homes can provide a quote in the home via their tablet
- We have an in home quote process that allows a customer to view all the necessary paperwork
- If the customer wants to consider the quotation it can be sent by e-mail
- E.ON's Home app enables customers to visualise, control and optimise their energy

Pioneering Home Energy Management: Put power into the hands of customers via E.ON Home



E.ON Home dashboard (tablet app.)



E.ON Home dashboard (mobile app.)

“

Thank you for your attention

”

Marco Marijewycz

Senior Manager - Global Business Development

Global Domain - Home Energy Management & Software

E.ON Solutions GmbH

+447894258754

marco.marijewycz@eon.com

The E.ON logo is displayed in a bold, red, italicized sans-serif font. The 'E' is significantly larger than the other letters, and the dot on the 'O' is positioned to the left of the letter's vertical stem.