

## PRESS RELEASE

### EMF-ECBC welcomes the European Commission's Sustainable Finance Action Plan and the commitment to assess the potential for realignment of capital requirements for "green" assets

Brussels, 8 March 2018 – For immediate release

The **European Mortgage Federation - European Covered Bond Council (EMF-ECBC)** welcomes the European Commission's Action Plan on Financing Sustainable Growth [\[link\]](#), published today.

In particular, the EMF-ECBC welcomes the **commitment by the European Commission to explore the feasibility of recalibrating capital requirements** to reflect the potential lower risk of "green" or other sustainable assets, also taking into consideration the recently finalised Basel III Reforms.

This commitment is entirely in line with the **Energy Efficient Mortgages Initiative**, led by the EMF-ECBC, which seeks to mobilise private bank finance to improve the energy efficiency of the European Union's building stock, by way of a pan-European energy efficient mortgage product. In addition to delivering a robust and comprehensive framework for the mortgage product, the Energy Efficient Mortgages Initiative will also deliver the data collection and analysis capabilities needed to **substantiate the correlation between energy efficiency and lower levels of risk for banks** related to these types of loans, and record this data over time. Indeed, like the European Commission, the EMF-ECBC believes that any future adjustment to the prudential framework in this area would necessarily need to be based on solid evidence of lower risk.

The process of collecting and analysing this loan data under the Energy Efficient Mortgages Initiative will begin in June 2018, with the launching of a pilot scheme designed to test the energy efficient mortgage product blueprint at national level with key stakeholders, including a large number of EU banks, property valuers, building performance experts and energy utility companies.

**Luca Bertalot, EMF-ECBC Secretary General and Coordinator of the Energy Efficient Mortgages Initiative, said:** *"We see the European Commission's Action Plan as a call to act not only for the EU Institutions, but also for market players. As such, through our Energy Efficient Mortgages Initiative and its forthcoming pilot scheme, we are ready to collect and deliver the dataset necessary to evidence the correlation between energy efficiency and financial performance with a view to supporting the European Commission's analyses in this area."*

More information about the Energy Efficient Mortgages Initiative can be found [here](#).

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#### **Notes to the Editor:**

The Energy Efficient Mortgages Initiative consists of two EU funded projects:

1. The [Energy efficient Mortgages Action Plan Initiative \(EeMAP\)](#) - led by the [European Mortgage Federation-European Covered Bond Council](#), [Ca' Foscari University of Venice](#), [RICS](#), the [Europe Regional Network of the World Green Building Council](#), [E.ON](#) and [SAFE](#)

[Goethe University Frankfurt](#) aims to create an energy efficient mortgage through which homebuyers are incentivised to improve the energy efficiency of their building or acquire an already energy efficient property by way of favourable conditions linked to the mortgage. The cornerstone of the initiative is the assumption that energy efficiency has a risk mitigation effect for banks as a result of the impact on a borrower's ability to service his/her loan and on the value of the property, a correlation which the EeMAP Initiative will seek to substantiate.

2. The [Energy efficient Data Portal & Protocol Initiative \(EeDaPP\)](#) will support the EeMAP Pilot Phase by designing a market-led protocol, which will facilitate the large-scale gathering and processing of data relating to energy efficient mortgage assets (loan-by-loan), via a standardised reporting template. In the long term, the data will be accessed by way of a common, centralised portal, allowing for continuous tracking of the performance of the energy efficient mortgage assets, thereby also facilitating the tagging of such assets for the purposes of energy efficient bond issuance. The EeDaPP Initiative is led by the [European Mortgage Federation-European Covered Bond Council](#), [European DataWarehouse](#), [CRIF](#), [Hypoport](#), [TXS](#), [Ca' Foscari University of Venice](#) and [SAFE Goethe University Frankfurt](#).
3. Established in 1967, the **European Mortgage Federation (EMF)** is the voice of the European mortgage industry, representing the interests of mortgage lenders and covered bond issuers at European level. The EMF provides data and information on European mortgage markets, which were worth c. 7.0 trillion EUR at the end of 2016. As of March 2018, the EMF has 16 members across 13 EU Member States as well as a number of observer members.
4. In 2004 the EMF founded the **European Covered Bond Council (ECBC)**, a platform bringing together covered bond issuers, analysts, investment bankers, rating agencies and a wide range of interested stakeholders. As of March 2018, the ECBC has 117 members across more than 30 active covered bond jurisdictions and many different market segments. ECBC members represent over 95% of covered bonds outstanding, which were worth c. 2.5 trillion EUR at the end of 2016.
5. For the latest updates from the EMF-ECBC, follow us on [Twitter](#), [LinkedIn](#) and [YouTube](#).