



Energy
Efficient
Mortgages
Initiative

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New Green Mortgage Proposition – Consumer insights across 8 European Markets -

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e.on

This presentation will focus on results from the Quantitative Phase with more than **4,000** respondents across 8 European markets

Qualitative phase

2x 2-hour groups per market

Less experienced homeowners

FTB, in process of buying / have taken 1st mortgage

More experienced homeowners

Remo/Movers, in the process/ recently remortgaged/ moved

Quantitative phase

Sample of n=500 respondents in 8 markets



To qualify, respondents need to have taken out a mortgage in last two years or considering doing so in the next two years

Sample mix of demographics and home ownership

20-minute online questionnaire

NOTE: Those living in apartments/flats were not included in the survey

Today's presentation will cover:

A

What role does energy efficiency play for consumers when applying for a mortgage?

B

How do consumers react to the Green Mortgages proposition?

C

Which product features drive appeal, and what barriers need to be overcome to increase appeal further?

A. What role does energy efficiency play for consumers when applying for a mortgage?

We investigated three different aspects...

A.1

How well do you know
the energy efficiency
level of your home?

A.2

What is important when
choosing
a mortgage provider?

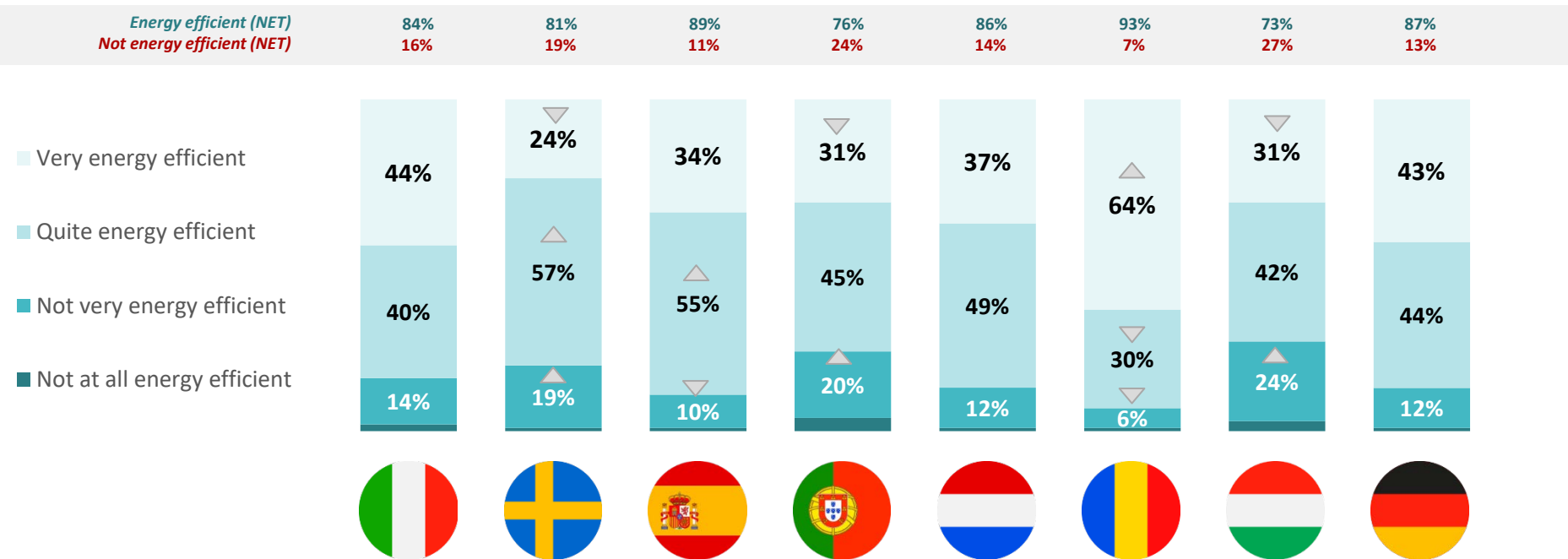
A.3

What is
the opportunity for
additional borrowing to
make energy efficiency
improvements?

Most homeowners consider their property to be reasonably energy efficient, but there is certainly room to improve this across markets

Energy efficiency of property – mortgage holders

Over/under index (120/80) vs. all-market average



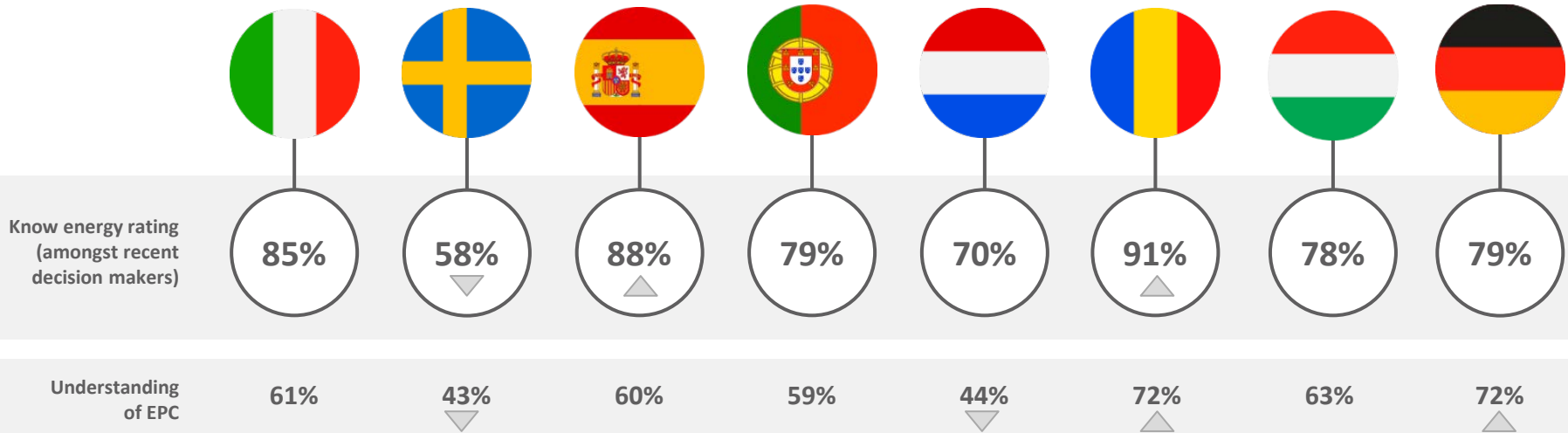
S7b. We'd like to know how energy efficient your home is. Please select the statement that best applies
 Base: Mortgage holders Italy (n=473); Sweden (n=438); Spain (n=478); Portugal (n=415); Netherlands (n=476); Romania (n=467); Hungary (n=440); Germany (n=449)

Data: % selecting each answer

There is still a knowledge gap to bridge with consumers when it comes to EPC ratings

Awareness of Energy Performance in home – all respondents

▲▼ Over/under index (120/80) vs. all-market average











While most are at least somewhat aware of home energy ratings – and the importance of energy efficiency – few truly understand this area

Sustainability is not a core consideration when choosing a mortgage provider

Importance of factors when choosing mortgage – all respondents

Based on T2B

Over/under index (120/80) vs. all-market average

								
Mortgage interest rate	63%	73%	67%	69%	70%	77%	72%	60%
Mortgage monthly repayments	64%	45%	66%	70%	58%	77%	74%	63%
Total mortgage amount paid over the term	59%	44%	60%	68%	54%	79%	72%	57%
Good customer service	54%	45%	58%	63%	51%	72%	58%	61%
Service fees applicable during your mortgage (e.g. early repayment charges)	54%	36%	60%	58%	39%	73%	64%	53%
The advice / guidance provided	54%	37%	55%	54%	47%	72%	58%	54%
Upfront fees (e.g. product, administration fees)	44%	32%	58%	54%	43%	73%	61%	47%
Incentives to take out a mortgage (e.g. cashback, free valuation)	56%	32%	58%	59%	28%	73%	60%	44%
Extra features of the mortgage (e.g. optional payment holiday, additional loan to be used for home improvement)	51%	27%	48%	40%	30%	65%	53%	46%
Brand / mortgage lender	41%	26%	45%	37%	31%	64%	44%	44%
Sustainability policy of the lender / effort on environmental issues	45%	23%	41%	40%	26%	66%	42%	41%
Recommendation from people I know	36%	23%	37%	32%	22%	63%	37%	36%

A4. How important were each of the following when choosing which mortgage to take out?

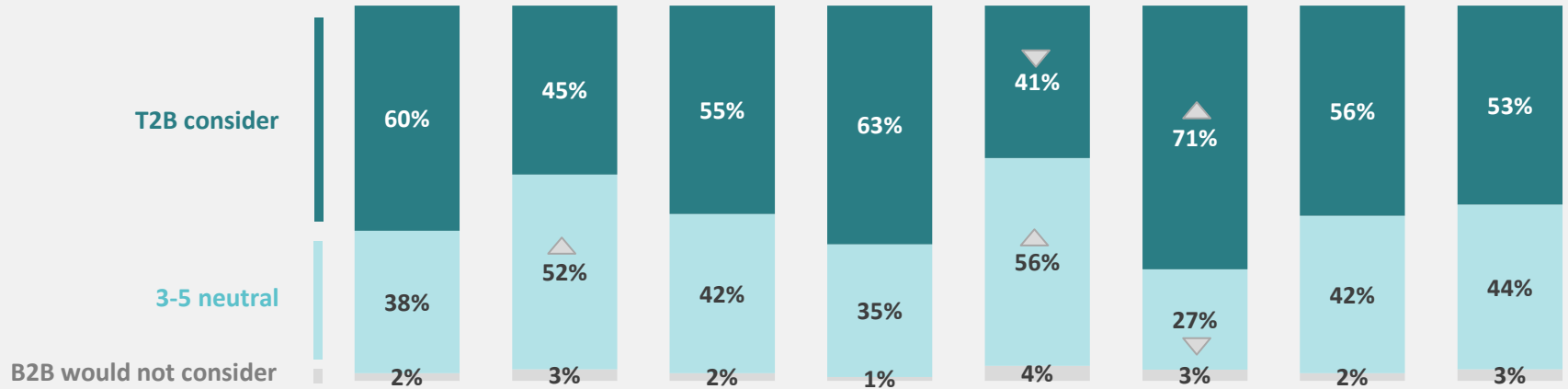
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % answering 6-7 on 7 pt. scale

There is strong consideration across all markets for home improvements

Consideration of energy efficient home improvements – all respondents

Over/under index (120/80) vs. all-market average



NB. Significantly higher amongst 35-54s, more affluent consumers



S8. How likely are you to consider making improvements to your home to make it more energy efficient?

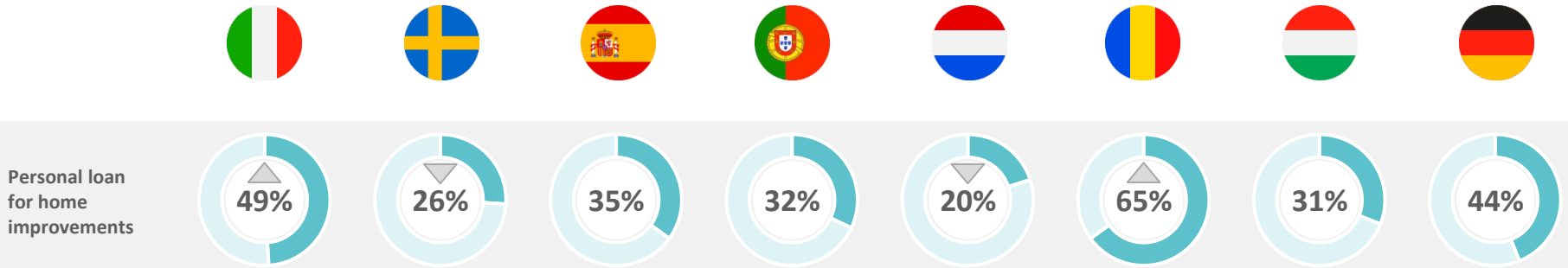
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer

Using a personal loan to make home improvements has a degree of appeal in most markets...

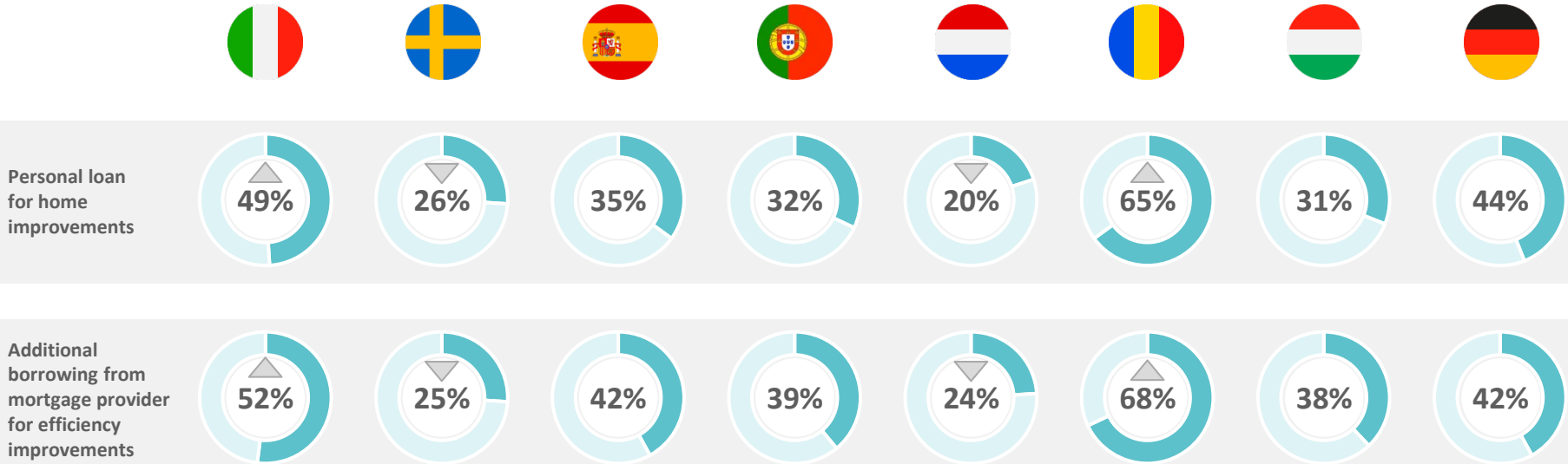
Likelihood to borrow additional funds for home improvements (T2B) – all respondents

▲▼ Over/under index (120/80) vs. all-market average



... consideration for a mortgage provider loan for efficiency improvements is similar, although clear comms is vital given limited EPC knowledge

Likelihood to borrow additional funds for home improvements/energy efficiency (T2B) – all respondents Over/under index (120/80) vs. all-market average



A10. How likely are you to consider taking out a personal / consumer loan in order to make home improvements to your property?

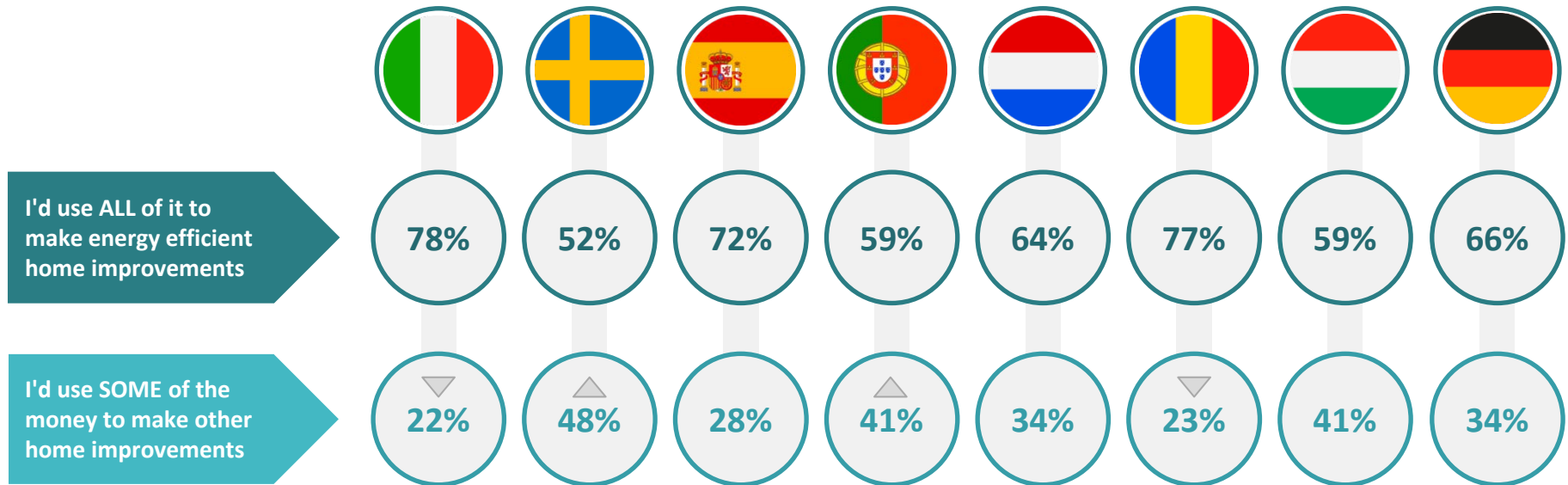
QB4a. How likely would you be to borrow additional funds to make energy efficiency improvements to your home?

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

While most claim they'd use all additional funds for efficiency improvements, appeal is likely to be widest if this isn't set as a condition of lending

Use of additional funds energy efficient home improvements – all respondents

▲ ▼ Over/under index (120/80) vs. all-market average



B4b. And what would you potentially use the additional lending for?

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer 12

The background of the slide features a series of overlapping, wavy, organic shapes in various shades of green, ranging from a deep teal on the left to a bright lime green on the right. The shapes create a sense of movement and depth, resembling stylized waves or topographical contours.

B. How did consumers react to the Green Mortgages proposition?

Yet first, let's recap on the proposition we developed and tested...

What is the Green Mortgage Offer?

The Green Mortgage is a new product that rewards customers whose homes are energy efficient. It provides a discounted mortgage rate (varies by market) vs. other available mortgages – meaning you pay less interest each month!

To qualify for the mortgage, your home needs an energy efficiency rating of **A+/A/B**. Should your energy efficiency rating be below that, you can make your home more energy efficient by:

- **Borrowing discounted funds to make your home more energy efficient:**
 - You can choose to pay the loan back over a time period that suits you
 - The interest rate for the additional borrowing is discounted at the same rate as the mortgage (**i.e. much lower than a consumer loan**)
- **Using your own funds to make your home more energy efficient:**
 - You can pay for any work required to make your home more energy efficient from savings or money you have available

Improvements which can boost your home's energy efficiency include insulation, heating systems, solar panels, solar hot water, smart heating thermostats, electric vehicle charging points etc.

What are benefits of a Green Mortgage?

The Green Mortgage will deliver the following benefits to customers:

- **Financial savings** – the Green Mortgage provides a discounted rate of **(varies by market)** vs. standard rate, saving you money each month on your mortgage payments. Any additional borrowing is also provided at the same discounted rate
- **Energy cost savings** – energy efficient homes can save you between 20-50% on your energy bills, saving you money!
- **Increased property value** – energy efficient homes typically generate a higher sale price in the market (potential increase of 3-10%)
- **Improved CO2 footprint** – homes with a higher energy efficiency rating produce less CO2 – typically around 1 tonne per year, the equivalent of an extra 100 trees!
- **A more comfortable home!**

How does a green mortgage proposition work and how can you qualify?

How the Green Mortgage works:

If you already have an energy efficient home with a rating of A+/A/B, you can simply apply for the Green Mortgage straight away.

If the energy efficiency of your home or the home you're looking to buy needs to be improved, you go through the following steps:



We asked respondents to evaluate the Green Mortgage proposition in the following ways:

B.1

Clarity, relevance, appeal
& preference of the
Green Mortgage

B.2

Pricing:
What are suitable levels
of discount to be offered
on the mortgage rate?

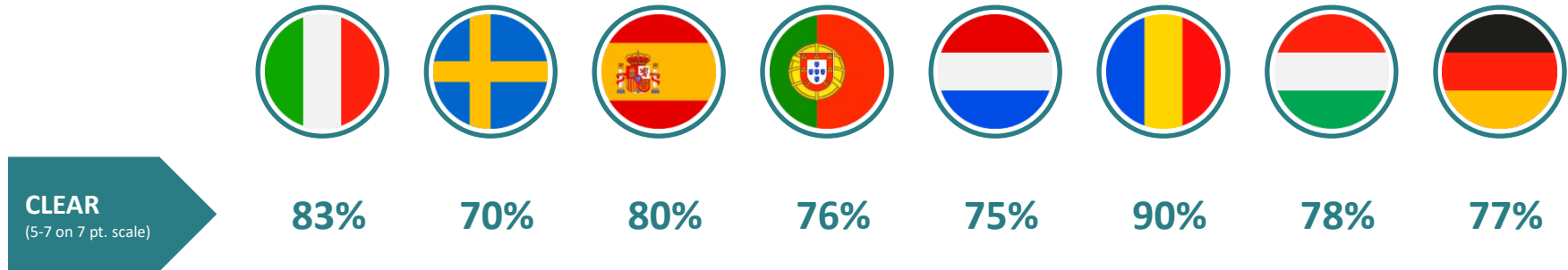
B.3

The impact of partnering
with an energy supplier
on appeal

Consumers across markets are clear on how the Green Mortgage works...

Clarity of green mortgage product – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. Little difference by demographics or home type

B3. How clear are you on how this new mortgage product works?

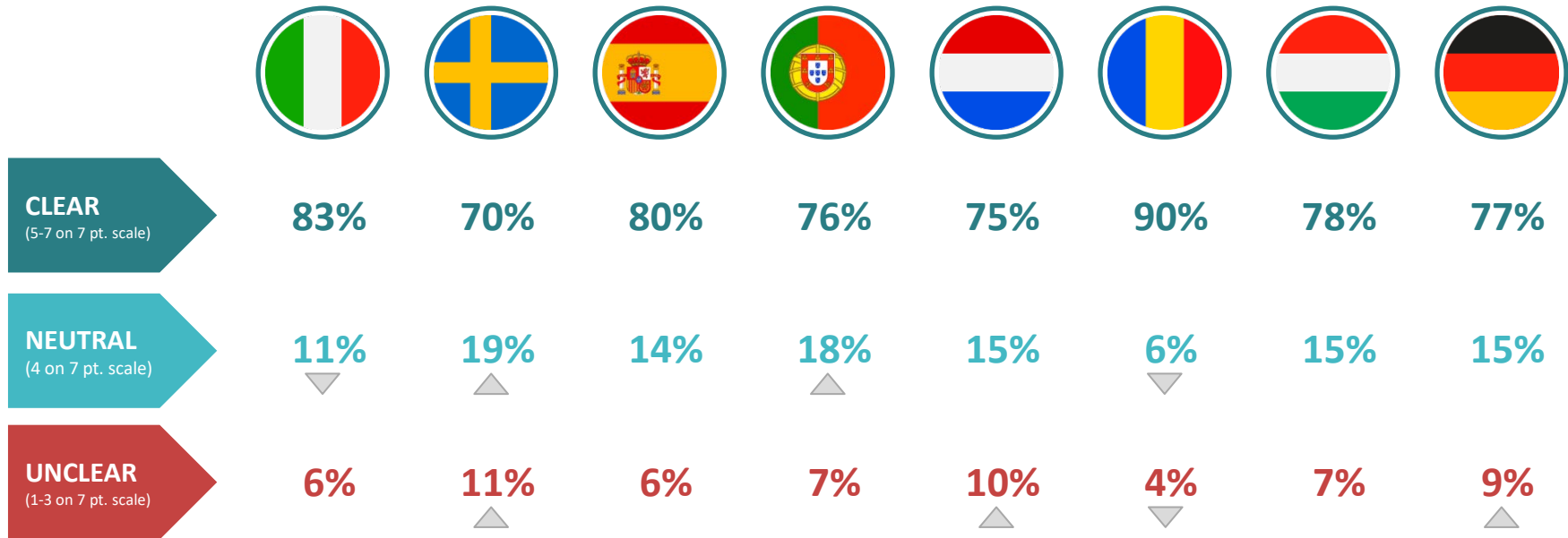
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer

... with very low likelihood of consumers claiming to misunderstand the proposition

Clarity of green mortgage product – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. Little difference by demographics or home type

B3. How clear are you on how this new mortgage product works?

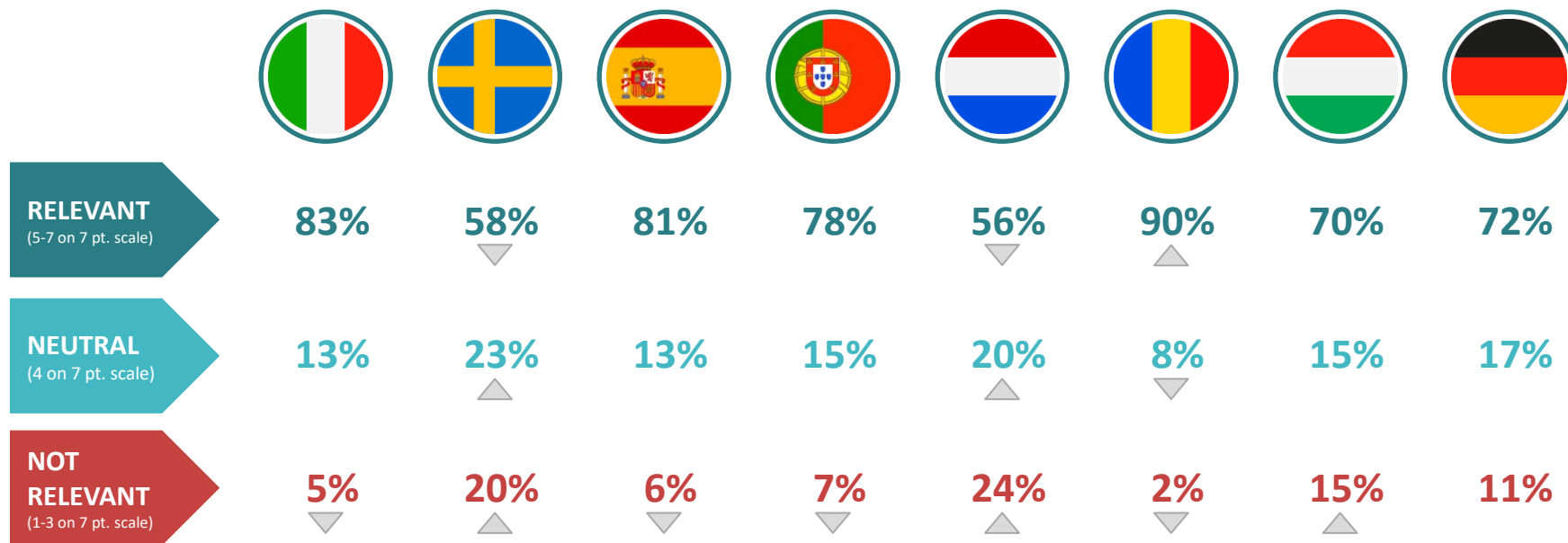
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer

Green Mortgages is seen as a highly relevant product in most markets, with slightly more hesitation in Sweden and The Netherlands

Relevance of green mortgage product – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. Little difference by demographics or home type

B2. How relevant is this new mortgage product to you?

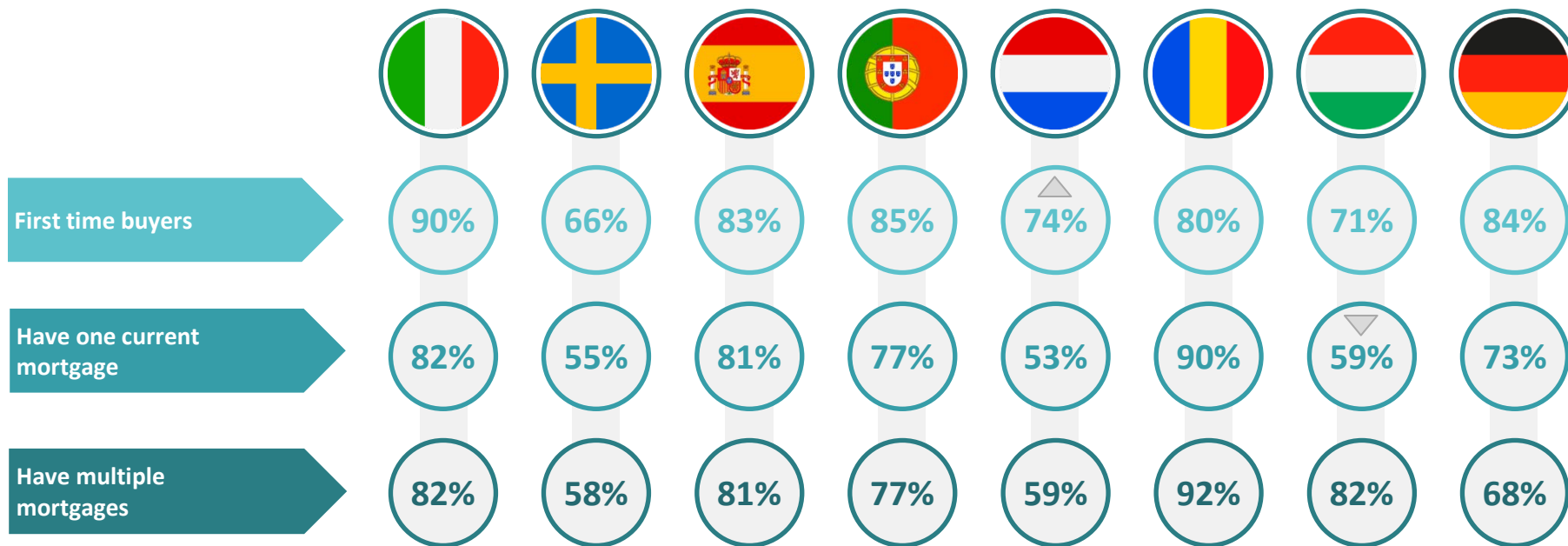
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer

The Green Mortgage is seen as relevant for all types of buyers, but particularly for first time buyers in NL

Relevance of green mortgage product (T3B relevant) – all respondents

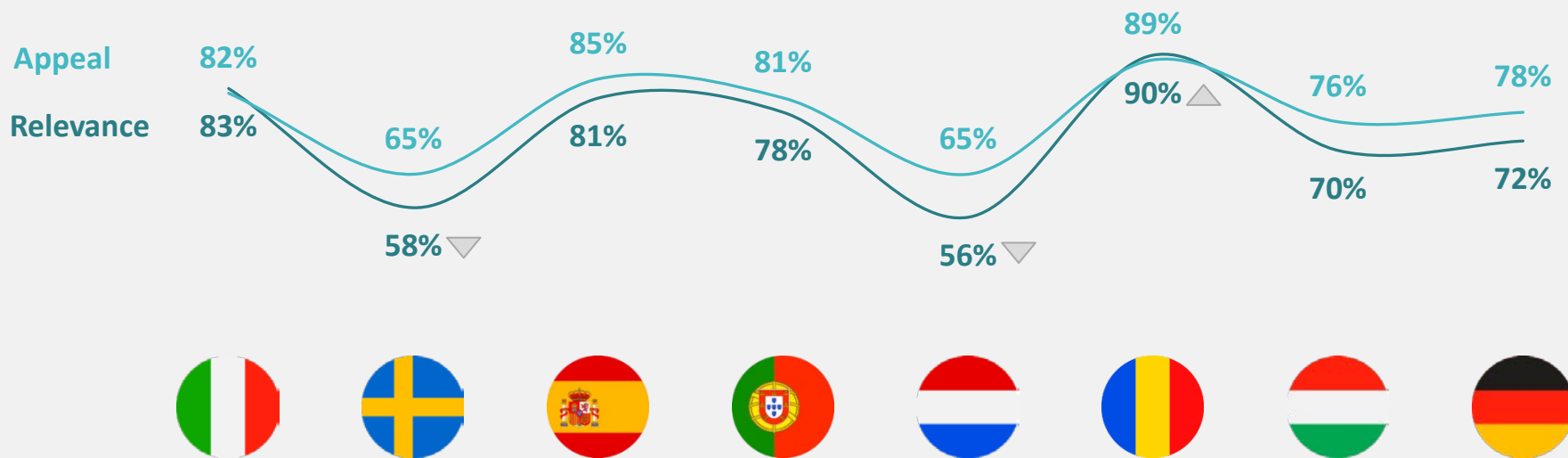
▲ ▼ Significant difference vs. other groups (within market)



Appeal closely correlates with relevance – with relatively high appeal in all markets (although slightly more muted in SW and NL)

Relevance vs. appeal of green mortgage product (T3B) – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. Appeal broadly consistent in markets tested previously (IT / SW / PT / SP)

Appeal is driven by tangible economic benefits of the Green Mortgage

Appeal of attributes of the Green Mortgage

Based on T2B

Over/under index (120/80) vs. all-market average

Would bring down the cost of my energy bills (between 20-50%)	57%	60%	61%	67%	53%	78%	67%	60%
Would give me a warmer, more comfortable home	60%	49%	61%	64%	45%	76%	65%	53%
You can choose to pay the loan back over a time period that suits you	57%	52%	56%	57%	42%	75%	62%	58%
Would increase the value of my property (potential increase of 3-10%)	55%	50%	54%	56%	46%	75%	62%	55%
The interest rate for additional borrowing is discounted at the same rate as the mortgage (lower than consumer loan)	56%	55%	57%	56%	43%	72%	57%	53%
Would reduce my carbon footprint	61%	43%	55%	55%	37%	71%	57%	54%
You can pay for any work required to make your home more energy efficient from savings or money you have available	52%	43%	51%	50%	42%	72%	55%	50%
Can be combined with the government backed Superbonus 110% tax reduction program for energy efficiency measures	59%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Can be combined with attractive funding programs from KfW with repayment subsidies up to 75 EUR	n/a	n/a	n/a	n/a	n/a	n/a	n/a	50%

B7a. How appealing do you find each of the following aspects of the Green Mortgage? NB. Some features only shown in certain markets.

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % answering 6-7 on 7 pt. scale

B.1 PREFERENCE

There is strong opportunity for Green Mortgages in Spain and Portugal...

PREFERENCE of Green Mortgage vs. current mortgage – all respondents

▲▼ Over/under index (120/80) vs. all-market average

PREFER GREEN MORTGAGE (NET)

25% 24% 37% ▲ 43% ▲ 18% ▼ 29% 22% 22%

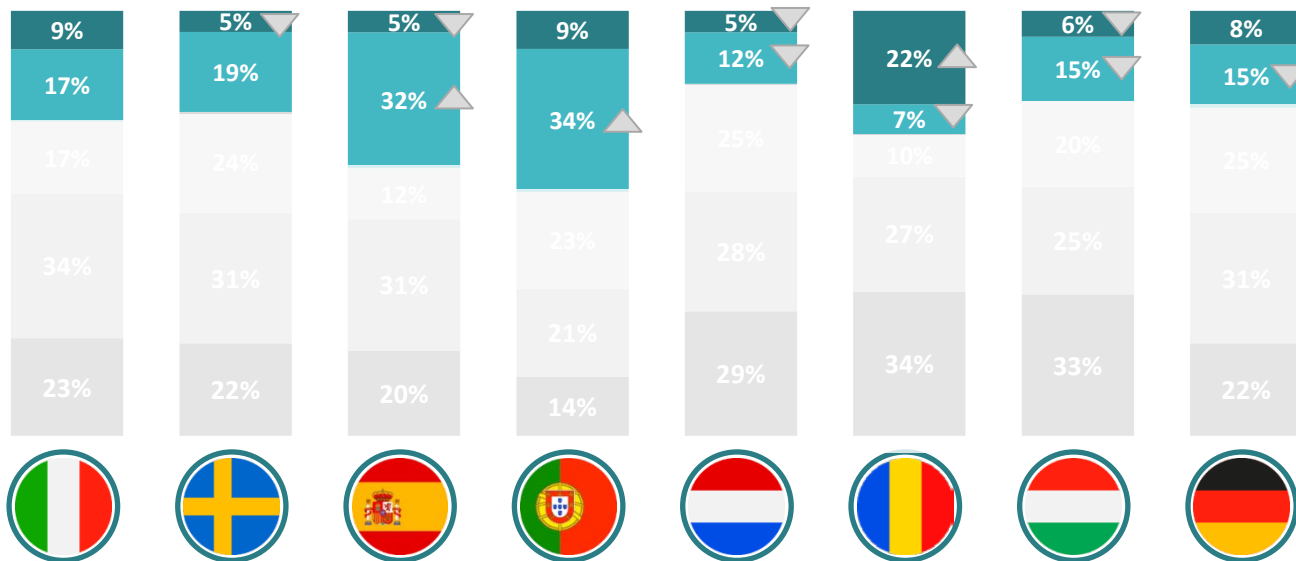
■ Definitely Green Mortgage

■ Probably Green Mortgage

■ Equally likely to take up either

■ Probably existing mortgage

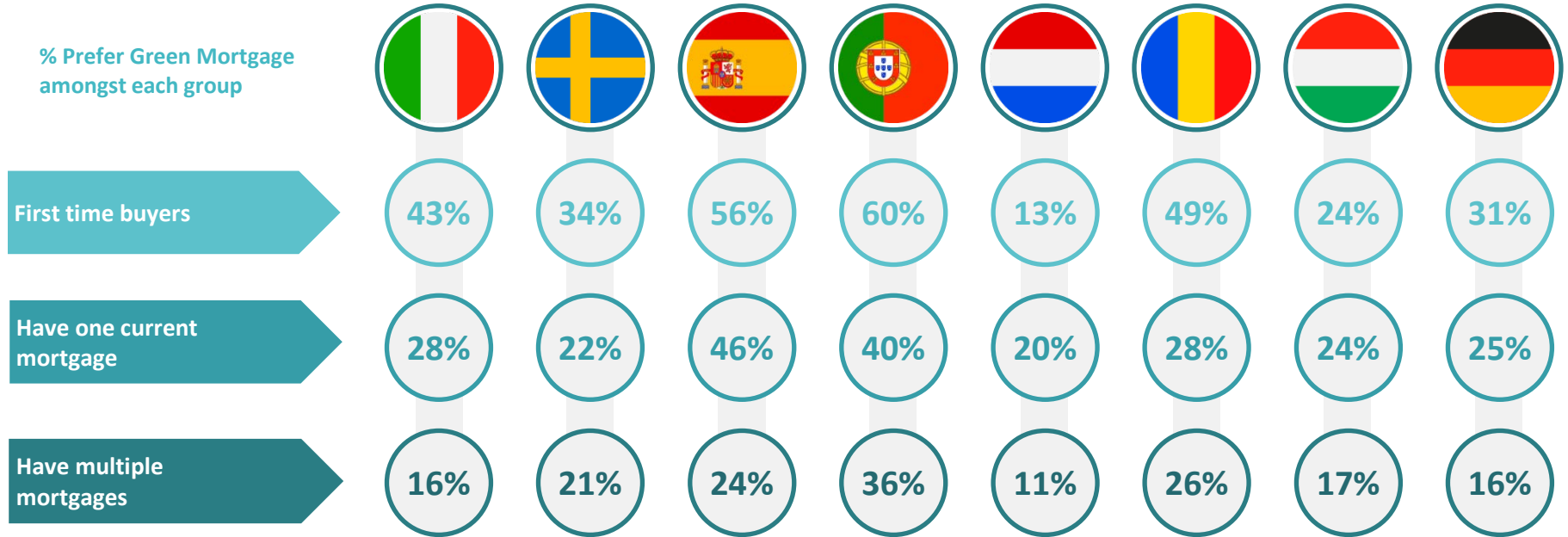
■ Definitely existing mortgage



NB. Older consumers more likely to opt for Green Mortgage

Preference for the Green Mortgages is stronger among those looking to enter the market (perhaps due to having less experience) – a viable potential target

Prefer Green Mortgage over existing mortgage/mortgage considered (T2B) – all respondents



Current discount rates feel appropriate – while further discounts would aid take-up, reducing the discount would have an impact on acquisition

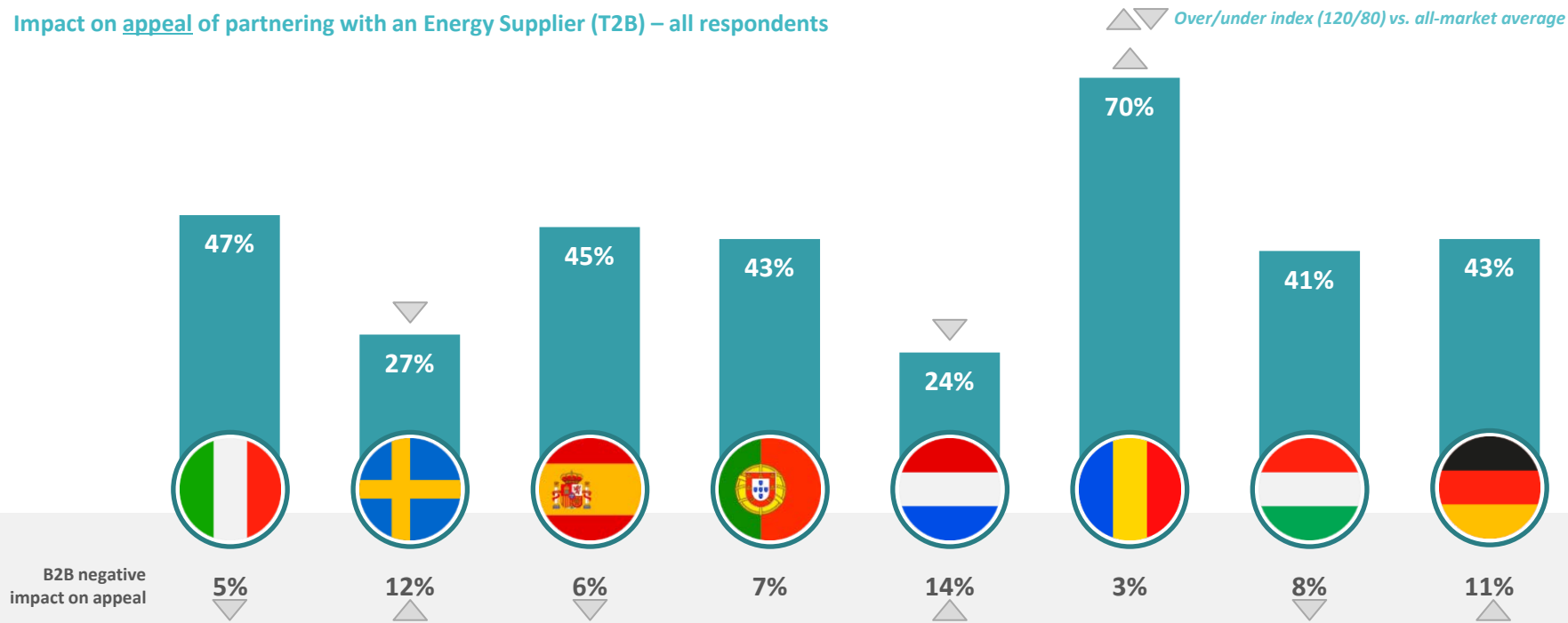
Impact of discount levels on appeal (T3B) – all respondents



Main stimulus discount tested	0.13%	0.15%	0.15%	0.20%	0.20%	0.53%	0.44%	0.12%
Lower discount tested	0.10%	0.11%	0.13%	0.07%	0.15%	0.40%	0.33%	0.09%
Higher discount tested	0.20%	0.22%	0.27%	0.15%	0.30%	0.79%	0.66%	0.19%
Main stimulus discount appeal	59%	37%	55%	49%	34%	72%	44%	54%
Lower discount appeal	48%	29%	42%	32%	24%	66%	44%	48%
Higher discount appeal	61%	55%	68%	66%	50%	82%	51%	64%
Gap: Main to higher discount	2%	18%	13%	17%	16%	10%	7%	10%

Partnering with an Energy Supplier lends credence to the overall proposition for most markets, although those in SW and NL are perhaps more neutral

Impact on appeal of partnering with an Energy Supplier (T2B) – all respondents



C1. This mortgage product would be provided by the lender of your choice, together with an Energy Supplier. Now that you know a lender would be partnering with an Energy Supplier to offer this new mortgage product, is it more or less appealing to you?
 Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: T2B % answering 6-7 on 7 pt. scale
 Data: B2B % answering 1-2 on 7 pt. scale

C. Which product features drive appeal, and what barriers need to be overcome to increase appeal further?

We can split drivers of appeal into two main categories



**Consumer
benefits of the
Green Mortgage**

**For product positioning and
optimising messaging**

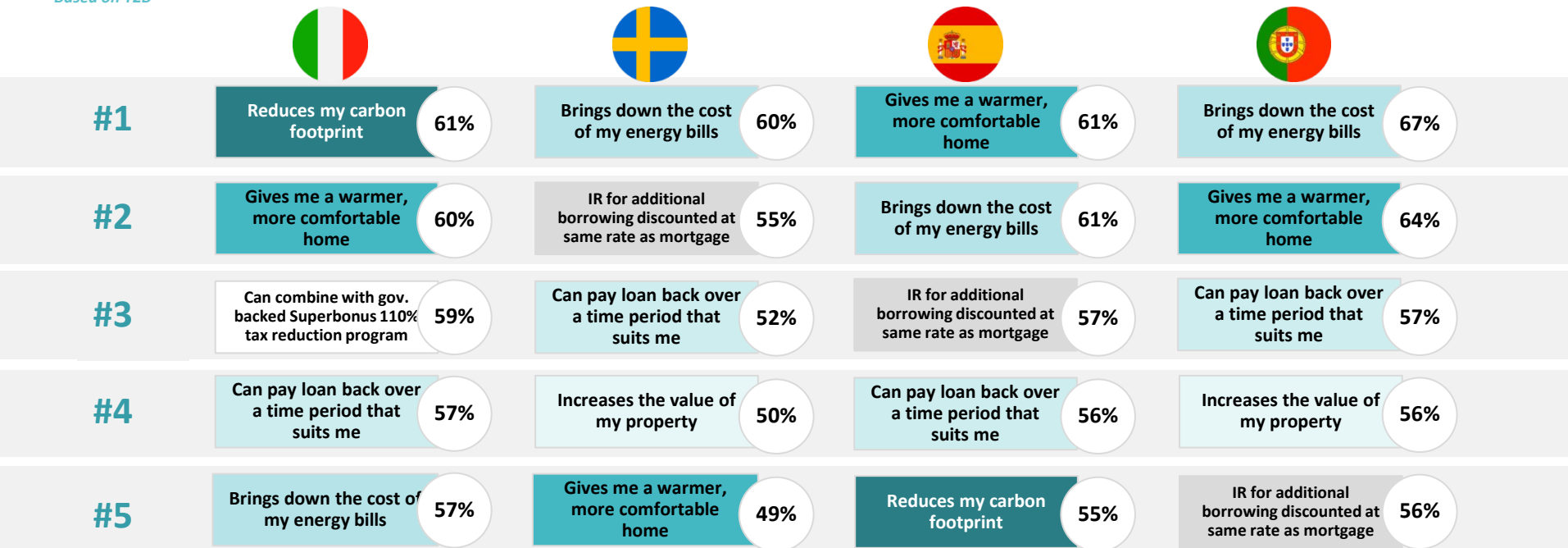
**Green Mortgage
product features**

Appeal is largely driven by the tangible economic benefits of the product, with wider environmental drivers playing a supplemental role...

Top 5 appealing attributes of the Green Mortgage

Based on T2B

Over/under index (120/80) vs. all-market average

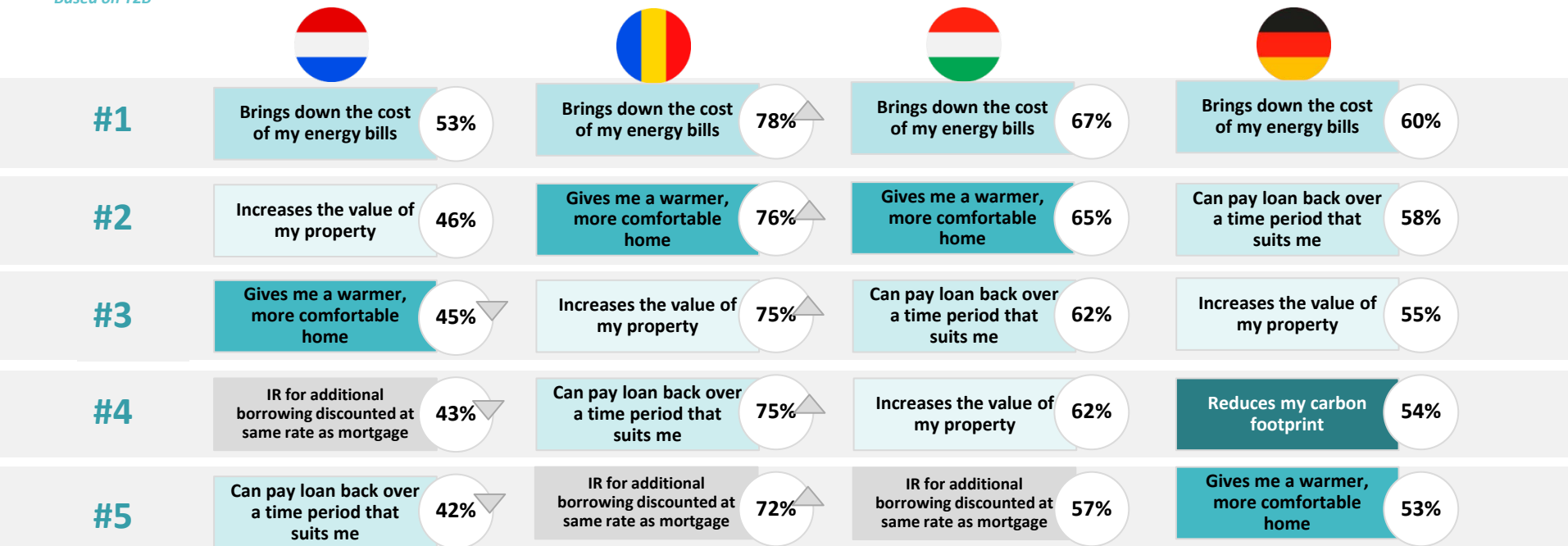


... this is also the case for remaining markets, with the potential savings on energy bills a key aspect

Top 5 appealing attributes of the Green Mortgage

Based on T2B

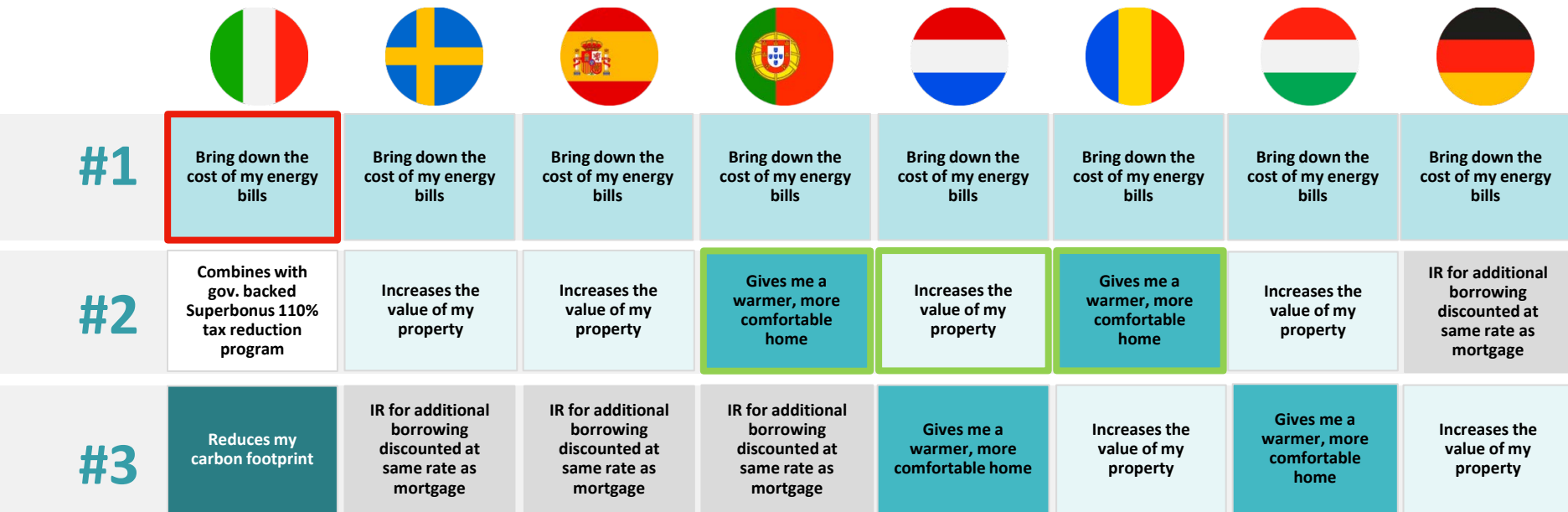
Over/under index (120/80) vs. all-market average



And it is this instant cost saving on energy bills that is the key message to communicate across all markets

Top 3 MOST appealing attributes of the Green Mortgage

 Over/under index (120/80) vs. all-market average



B7b. And which of the following do you find most appealing? NB. Some features only shown in certain markets.

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Focusing now on the product features themselves

**Consumer
benefits of the
Green Mortgage**

**Green Mortgage
product features**

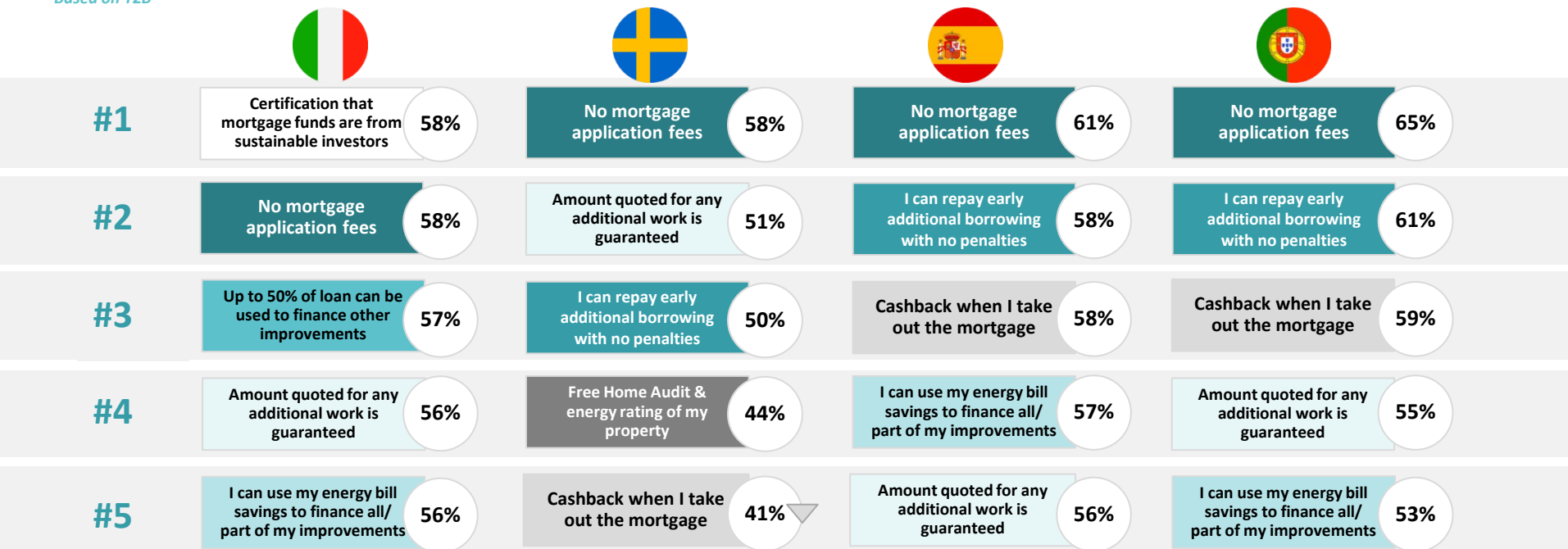
**For prioritising features to
include / dial-up to consumers**

No mortgage application fees with flexible repayment options is another lever to generate appeal, with sustainability of investors a more important benefit in IT...

Top 5 appealing benefits of the Green Mortgage

Based on T2B

▲▼ Over/under index (120/80) vs. all-market average

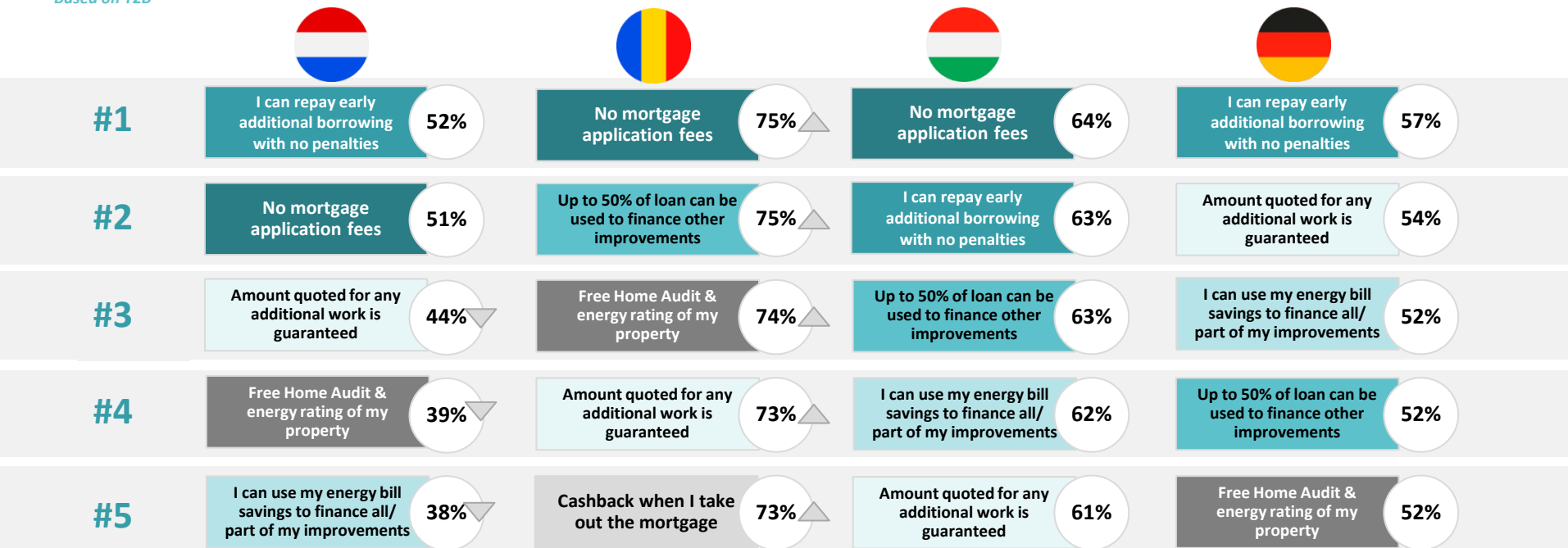


... this is generally consistent across other markets, although the option to use funds for other improvements is also appreciated in RO, HU and DE

Top 5 appealing benefits of the Green Mortgage

Based on T2B

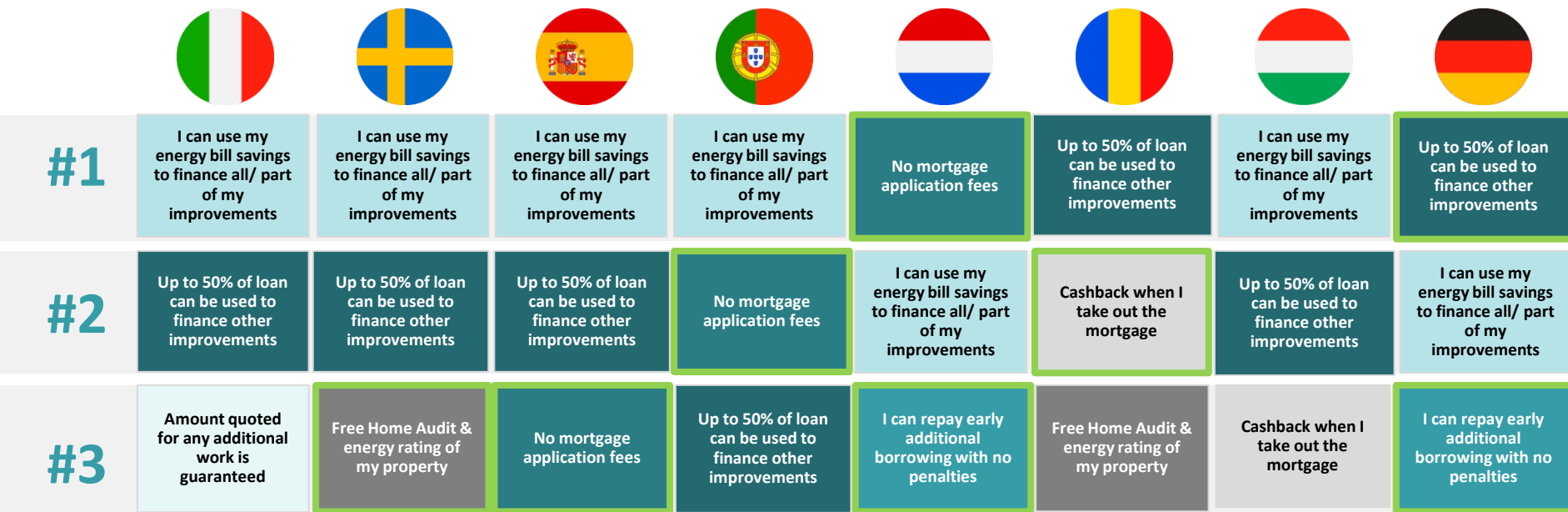
▲▼ Over/under index (120/80) vs. all-market average



When pushed for the most appealing benefit, innovative payment solutions and flexible loan conditions strike a chord across most markets

Top 3 MOST appealing benefits of the Green Mortgage

Over/under index (120/80) vs. all-market average

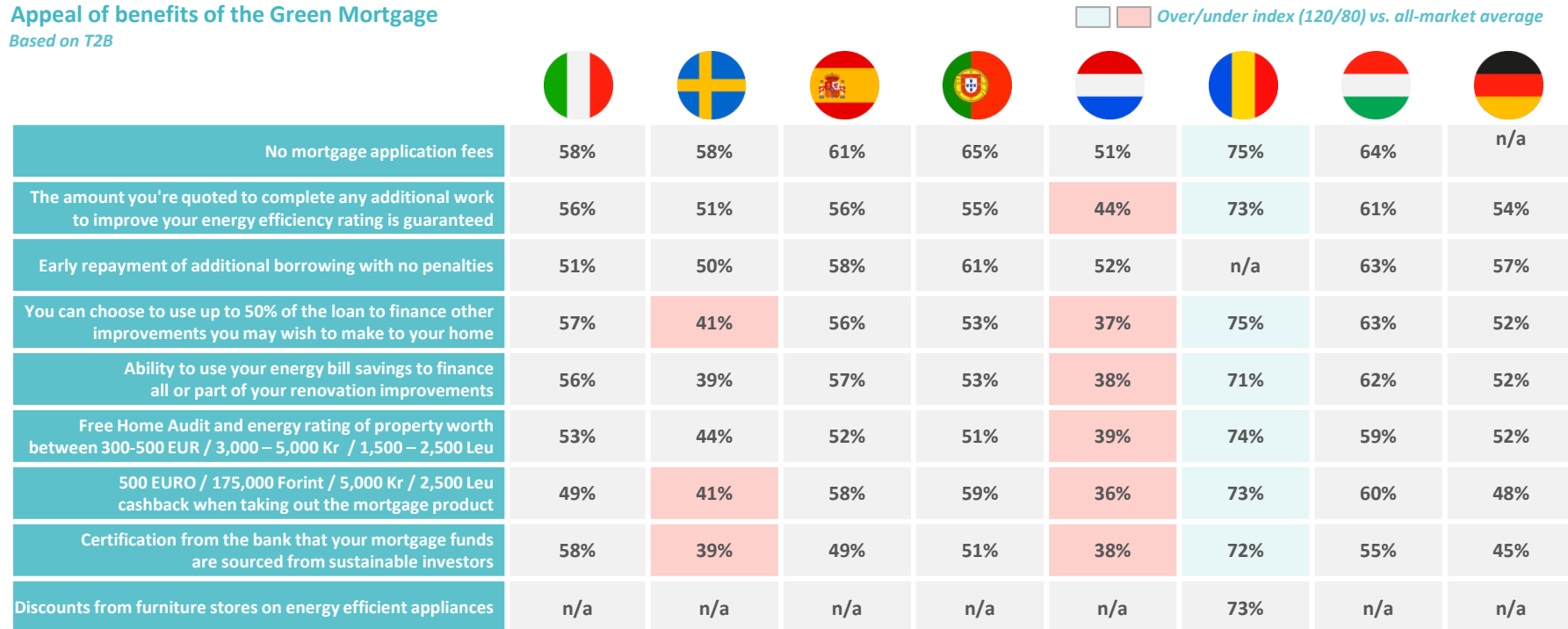


B9b. Which would be most important in encouraging you to take up the Green Mortgage? NB. Some benefits only shown in certain markets.
 Base: All respondents Italy (n=504); Sweden (n=485); Spain (n=405); Portugal (n=487); Netherlands (n=516); Romania (n=440); Hungary (n=462); Germany (n=460)

No mortgage application fees with flexible repayment options is another lever to generate appeal

Appeal of benefits of the Green Mortgage

Based on T2B



Focusing on government initiatives specifically, financial incentives such as tax savings and subsidies have strongest appeal

Appeal of Government benefits (Based on T2B)

Over/under index (120/80) vs. all-market average

	Market average								
No VAT charged for all energy efficient products you buy for your home	63%	64%	59%	61%	66%	56%	76%	64%	57%
Additional subsidies for energy efficient products (50% rebates on products such as solar panels)	62%	57%	59%	58%	66%	54%	77%	65%	58%
Additional borrowing for energy efficient improvements charged at a 0% borrowing rate	60%	56%	52%	58%	66%	45%	75%	66%	58%
Discount on property purchase tax available for energy efficient homes	59%	58%	54%	59%	65%	45%	74%	60%	58%
Lower down payment or deposit on the property when taking out the Green Mortgage	n/a	54%	42%	59%	59%		75%	56%	48%
No property tax charged for the amount invested in energy efficient improvements	n/a					50%			

C3. How appealing do you find each of the following benefits? NB. Some features only shown in certain markets.

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

This is likely to remain important to those actively searching for a mortgage in the near future

Appeal of Government benefits – next 2 years

Over/under index (120/80) vs. all-market average

	Market average								
Additional subsidies for energy efficient products (50% rebates on products such as solar panels)	54%	51%	56%	54%	56%	55%	59%	50%	49%
No VAT charged for all energy efficient products you buy for your home	48%	51%	46%	51%	50%	47%	48%	49%	41%
Additional borrowing for energy efficient improvements charged at a 0% borrowing rate	42%	30%	46%	40%	45%	36%	49%	51%	41%
Discount on property purchase tax available for energy efficient homes	41%	41%	48%	48%	46%	30%	42%	38%	35%
Lower down payment or deposit on the property when taking out the Green Mortgage	n/a	34%	36%	42%	46%		34%	37%	33%
No property tax charged for the amount invested in energy efficient improvements	n/a					28%			

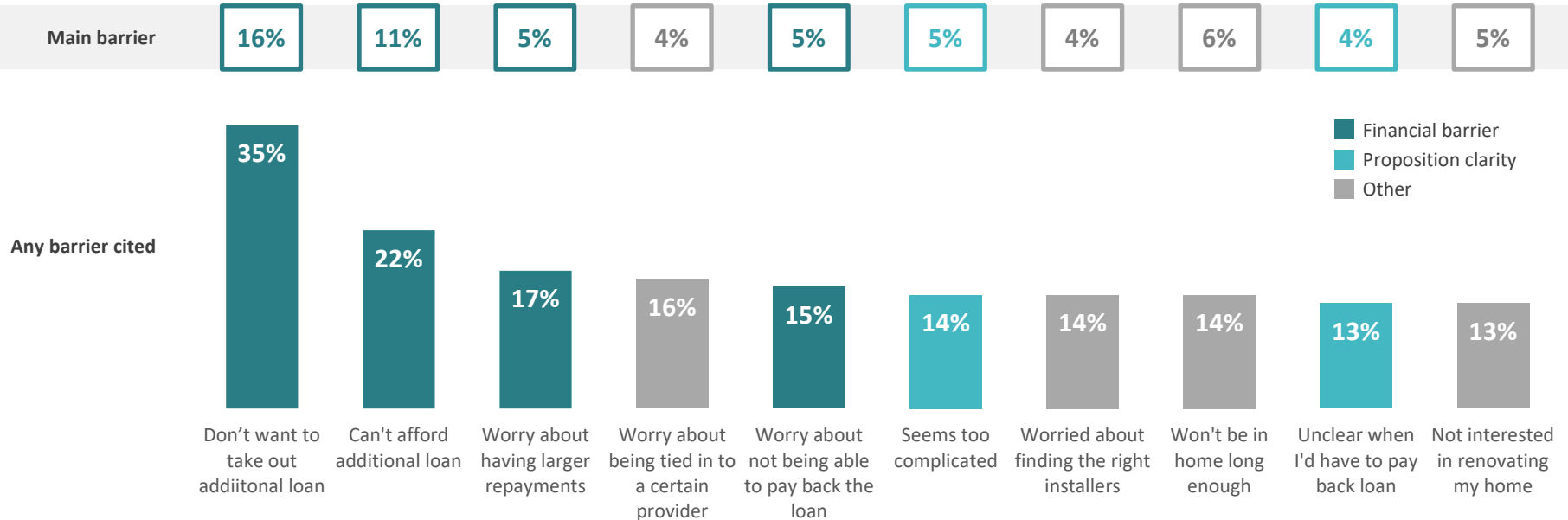
C3a. Which of the below benefits do you think would be relevant to you over the next 2 years? NB. Some features only shown in certain markets.

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting answer

Barriers to uptake are largely financial, with proposition clarity less of an issue

Barriers to taking up the Green Mortgage – all who find GM unappealing (all markets combined)



Key takeaways:

A. What role does energy efficiency play for consumers when applying for a mortgage?

While sustainability is not a significant factor in deciding which mortgage provider to use, **consideration of making energy-efficient improvements** is relatively widespread, and there's relative **openness to borrowing from mortgage provider** to pay for this

B. How do consumers react to the Green Mortgages proposition?

The proposition scored very high on **clarity, relevance** and **appeal** across all markets (slightly more muted in NL & SW).
Partnerships between **banks and energy companies** can drive the appeal even further.

C. Which product features drive appeal, and what barriers need to be overcome to increase appeal further?

Offering & communicating key financial benefits, such as **lower energy bills** and **enhancing property value**, supplemented by **flexible loan conditions** and **payment options** offered will be key.
Additionally offering a **guarantee** that the amount quoted for improvements will help the house reach the envisioned energy efficiency rating and a **free home audit** can be compelling in convincing consumers to start the journey.

**For questions about the presentation, the full report
and more data and analysis reach out to:**

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