



Connecticut Green Bank Delivering Results for Connecticut



- Investment mobilized nearly \$1.2 billion of investment into Connecticut's clean energy economy so far
- Energy Burden reduced the energy burden on over 26,600 households and businesses
- Jobs created over an estimated 14,000 total job-years 5,500 direct and 8,700 indirect and induced*
- Clean Energy deployed more than 250 MW of clean renewable energy helping to reduce over 4.0 million tons of greenhouse gas emissions that cause climate change

Mobilized \$200 Million in Residential Financing
Since 2013, \$137 million across 5,600 projects in single family.

Smart-E Loan Quick, Easy, Affordable



- Unsecured personal loan that encourages bundling energy measures
- 40+ energy improvements can be financed
 - Boilers, Furnaces, Heat Pumps, Central Air, Insulation, Solar, EV chargers and more!
- 12 local lenders, 315 eligible contractors
- 25% of the loan can be used to address health and safety
- Special Offer Interest rate buydowns when available

Loan Terms

5-yr	7-yr	10-yr	12-20-yr
4.49%	4.99%	5.99%	6.99%

- Standard: 640+ FICO, 40-45% DTI
- Credit-Challenged: 580+ FICO, 50% DTI



smart-e loan

Smart-E Results

- 2,700 closed loans totaling \$48 million of investment
 - 1,500 financed with .99% special offer (\$28M)
 - 425 financed with 2.99% special offer (\$10M)
- 38,000 MMBTUs saved, 7.6MW of solar PV
- \$18,000 average amount financed
- Average FICO is 739, trending down, DTI 30%
- Superior portfolio performance





TOP SMART-E MEASURES			
Measure Category	Percent of Projects		
Solar PV	18%		
Boiler	17%		
Insulation	13%		
Other*	10%		
Ductless Heat Pump	10%		
Furnace	10%		
Central AC	9%		
Hot Water Heater	5%		
Windows	3%		
Air Source Heat Pump	3%		
Electric Heat Pump Water Heater	2%		
Geothermal Heat Pump	1%		

^{*}Other may include doors, appliances, or health and safety remediations

Using Special Promotions with Market Transformation in Mind



Goal: Use a 7 month 0.99% interest rate buydown to achieve lasting impacts on the market and

- Support state policies to drive customer awareness of specific technologies/packages
 - Heat pumps, solar +, going deeper, natural gas conversions
- Create customer "pull" with contractors to recruit new companies to Smart-E
- 3. Deepen contractor engagement with Smart-E

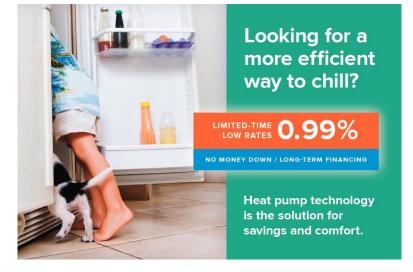
During Campaign	After Campaign	
6x increase in volume	 Volume didn't collapse! 	
 54 new contractors, bringing total to 300 85% of contractors used product during campaign 	 Next quarter, did as much volume as the <u>entire year</u> before the campaign Trained 15 new contractors 	
 vs. 60% in the year before 	 Contractors now funding their own interest rate buydowns with lenders 	

Contractor Engagement Strategies



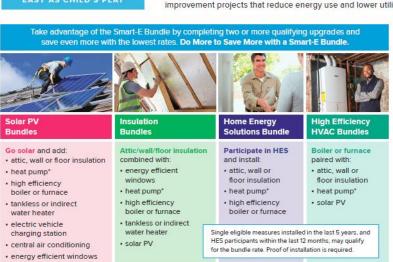
Nurture contractors, show them love!

- Contractor matchmaking events and conferences
- Quarterly "Coffee and..." with utilities
- Recognition programs
- "Road shows"
- Be responsive!



smart-e loan EASY AS CHILD'S PLAY

Get Flexible Financing with a Smart-E Loan No money down and low-interest financing to help you upgrade your home's energy performance. Over 40 home improvement projects that reduce energy use and lower utility bill costs may qualify.



- in partnership with -

LIMITED-TIME LOW RATES

0.99%

LONG-TERM FINANCING

Leveraging Stellar Portfolio/Reserve Performance into Expanded Terms



Sophisticated Credit Enhancement

- Loan Loss Reserve (LLR), structured as 2nd loss after lender first loss of 1.5% of portfolio
- LLR account as a % of each loan issued:
 - Class A (680+ FICO) is 7.5%
 - Class B (<680
 FICO) is 15%
- 100% of account for loss mitigation in excess of retained loss

LLR performance at end of 2016 – too good!

- Only 1 payout for \$20K
- 0.25% charge-offs, 0.62% delinquencies
- Decline rate was high 28%
- Average FICO 753

"Spent" the good performance on broader underwriting criteria → bring down declines and serve more customers

Got longer terms too (up to 15/20 years)

Spring 2017 **Credit-Challenged Smart-E** Launched

- 580+ FICO with a 50% DTI, DTI waived for 680+ FICO
- 6 lenders: CDFI, all credit unions, 1 bank

Last 15 months... 21% decline rate, 733 avg. FICO Performance is similar (but still early)

Where Next?



Loan Loss Reserve 2.0?

- Could we move to a model where we only cover loans that aren't super-prime?
- Is any change possible in a rising interest rate environment?
- Remember the purpose of the LLR is to get lenders to drop rates, go out longer (fixed), and <u>not</u> risk price.

More contractors funding interest rate buydowns directly with lenders



More uptake in low-to-moderate income/Credit-Challenged – product <u>should</u> be a home run

- 35% of projects in census tracts <100% AMI
- 75 credit-challenged loans since April 2017



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