# Quarterly Financial Update

## Summary of asset quality, portfolio risks and mitigants

As of 03/31/2024

## 1. What is the allocation of loans across the portfolio?

**Portfolio by Program – Borrower Composition**
3/31/2024

| Portfolios by Program | # of loans | Aggregate Loan Balances $ | % of portfolio $ | Nonaccrual* loans # | Nonaccrual* loans $ | Nonaccrual* loans % of portfolio $ |
|---|---|---|---|---|---|---|
| ROC-NH Manufactured Housing Coops | 127 | 106,788,851 | 57% | 0 | - | 0.0% |
| Welcome Home Loans Single Family Housing | 962 | 50,558,626 | 27% | 35 | 1,675,264 | 3.3% |
| Business & Community: | | | | | | |
| Multi-Family Housing | 9 | 6,086,659 | 3% | 0 | - | 0.0% |
| Nonprofits | 9 | 2,855,561 | 2% | 1 | 262,303 | 9.2% |
| Child Care | 5 | 951,591 | 1% | 0 | - | 0.0% |
| Business Finance | 34 | 10,713,546 | 6% | 1 | 155,343 | 1.4% |
| Northern Community Investment Capital (NCIC)** | 137 | 8,107,710 | 4% | 8 | 314,209 | 3.9% |
| **Total Loan Portfolio** | **1283** | **186,062,544** | **100%** | **45** | **2,407,119** | **1.3%** |

*Nonaccrual Loans: when a loan is more than 90 days past due, or if it displays problems and full and timely collection of principal or interest is unlikely.
**NCIC program added January 30, 2024

## 2. How is the portfolio performing?

- On January 30, 2024, the transfer of assets from Northern Community Investment Corporation (NCIC) to the New Hampshire Community Loan Fund was completed. NCIC brought $14M in total assets to the Community Loan Fund's balance sheet and a portfolio of over 120 commercial loans totaling more than $8 million based in Northern New Hampshire and the Northeast Kingdom of Vermont. This transfer improved our financial position across nearly all categories.

- Loan performance is improved, and past-due ratios have declined. Currently, 1.3% of our loans are on nonaccrual (nonperforming). This is down from 1.6% last year, in March 2023.

- We continue to provide payment relief to borrowers-in-need on a case-by-case basis that can include continuation of payment moratoriums, loan modifications, or the addition of suspended payments to the back end of loans. We are committed to providing new loan products, patient capital, and increased technical assistance to assist borrowers.

- Loan losses have been $164,314 during the past 12 months. We have also received $62,650 in recovery payments from loans charged-off in prior years, which translated into a net loan loss of $101,664 (0.05% of loans outstanding).

| Net Loan Losses | | | |
|---|---|---|---|
| | Twelve months ended: | | |
| | 3/31/2022 | 3/31/2023 | 3/31/2024 |
| Loan Losses | 59,138 | 67,823 | 164,314 |
| Recoveries | (110,611) | (214,857) | (62,650) |
| **Net Loan Losses $** | **(51,473)** | **(147,035)** | **101,664** |
| **Net Loan Losses %** | **-0.03%** | **-0.10%** | **0.05%** |

### 3. Where are the risks in our portfolio?

- In an economic downturn, small business and child care loans are at highest risk. Together they represent $19.8M (11%) of the total lending portfolio.

- These borrowers are performing significantly well. All but 9 borrowers of the 176 borrowers in the child care and small business areas are currently paying as agreed. The single Business Finance borrower on nonaccrual is a small business that experienced very slow summer sales. We are working with the borrower to bring their loan current. There are 9 NCIC borrowers on nonaccrual currently, and each is being managed on an individual basis tailored to their specific situation.

### 4. What reserves do we have to cover future loan losses or other financial challenges?

- We have three ways to cushion any potential borrower losses:

    1. **Net Assets** available to protect investors total $53,505,518, or 25.5% of total assets, and they consist of:

        - Financing activity net assets (Equity) of $47,037,849; and

        - Unrestricted program activity net assets (operating reserves) of $6,467,669 which cover eight months of our current operating budget expenses.

    2. These net assets, plus **Subordinate Debt** of $12,100,000, protect our investors with a total of $65,605,518, or 31.3% of our total assets. Note that in our 40-year history, total net borrower losses have been $9,831,218 (2.1% of total lending).

    3. In addition to the net assets and subordinate debt of $65,605,518, we also have an **Allowance for Loan Loss** (ALL) to cover future losses based on individually assigned risk ratings for each loan. Currently, based on this month's portfolio review to ensure the ALL reflects any deterioration in credit quality, the ALL is set at $4,288,771 or 2.31% of loans outstanding.

- Furthermore, we set aside a portion of our available lending capital so that we have the liquidity to repay investors who choose not to renew. Our **Liquidity Reserve** currently totals $13,648,627 based on the Board-approved policy to reserve 10% of our senior unsecured debt investments.

### 5. How have our investors been helping us?

- Our investors have been strong partners in support of mission, helping to keep people in their homes, businesses open, and nonprofits strong.

- While interest rates have been rising, many of our investors have shown their strong support for our mission by renewing their investments at their current or even lower rates.