Financial Update

Summary of asset quality, portfolio risks and mitigants

As of 9/30/2023

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

Portfolio by Program – Borrower Composition
9/30/2023

Portfolios by Program	# of loans	Aggregate Loan Balances $	% of portfolio $	Nonaccrual* loans #	Nonaccrual* loans $	Nonaccrual* loans % of portfolio $
ROC-NH Manufactured Housing Coops	126	101,123,497	61%	0	-	0.0%
Welcome Home Loans Single Family Housing	946	48,399,920	29%	36	1,990,680	4.1%
Business & Community:						
Multi-Family Housing	9	5,645,630	3%	0	-	0.0%
Nonprofits	9	2,217,089	1%	1	268,676	12.1%
Child Care	4	777,603	0.5%	0	-	0.0%
Business Finance	38	6,621,962	4%	0	-	0.0%
Total Loan Portfolio	**1132**	**164,785,703**	**100%**	**37**	**2,259,356**	**1.4%**

*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.

2. How is the portfolio performing?

- 1.4% of our loans are on non-accrual (nonperforming). This is up slightly from 1.2% in September 2022.
- 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 $207,816 during the past 12 months. We have also received $62,275 in recovery payments from loans charged-off in prior years, which translated into a net loan loss of $145,541 (0.09% of loans outstanding).

Net Loan Losses			
	Twelve months ended:		
	9/30/2021	9/30/2022	9/30/2023
Loan Losses	-	59,138	207,816
Recoveries	(110,611)	(215,357)	(62,275)
Net Loan Losses $	**(110,611)**	**(156,219)**	**145,541**
Net Loan Losses %	**-0.07%**	**-0.11%**	**0.09%**

3. Where are the risks in our portfolio?

- In an economic downturn, Business Finance and Child Care loans are at highest risk. Together they represent $7.4M (4.5%) of the total lending portfolio.
- Our Business Finance and Child Care borrowers are performing significantly well. All but one are currently paying as agreed. The single delinquent borrower is a small business that experienced very slow summer sales. We are working with the borrower to bring their loan current.

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 $43,257,420, or 22.8% of total assets, and they consist of:
        - Financing activity net assets (Equity) of $38,645,624; and
        - Unrestricted program activity net assets (operating reserves) of $4,611,796 which cover six 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 $55,357,420, or 29.2% of our total assets. Note that in our 40-year history, total net borrower losses have been $9,866,672 (2.2% of total lending).
    3. In addition to the net assets and subordinate debt of $55,357,420, 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 $2,945,847 or 1.75% 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 $13,083,530 based on the Board-approved policy to reserve 10% of our regular-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.