

Community Investment Program

Portfolio Review for 4Q
6/30/2023



CommonSpirit Health[®] considers the Community Investment Program (CIP) an expression of the organization's commitment to promote the total health of the community by channeling financial resources to institutions or projects that address the social determinants of health. Through the CIP, CommonSpirit Health provides financial resources in the form of below-market rate loans and guarantees to institutions and/or projects to promote access to jobs, housing, food, education, and health care for people in low-income communities.

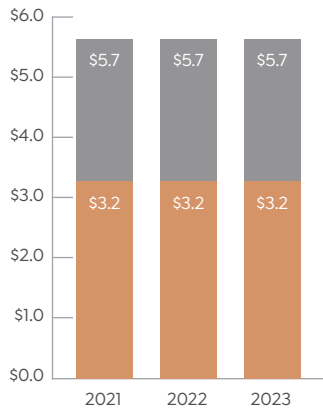
CommonSpirit Health's CIP is governed by CommonSpirit Health Governance Procedure: Finance G-002P-1 with approval authority delegated from the Investment Subcommittee to the CIP Subcommittee. This memorandum is designed as a 4th quarter FY 2023 portfolio analysis of the CIP as of 6/30/2023, providing an overview of loans outstanding, and focusing on the risk posture, as well as the diversity of the portfolio.

Portfolio Review

CommonSpirit Health’s CIP allocation for FY 2023 is \$400 million for loans and guarantees. As of 6/30/2023, CIP consisted of 97 approved investments totaling \$234 million to 88 organizations, of which \$125 million remain outstanding, and \$5 million in guarantees from the Community Investment Guarantee Program. There are 17 approved loans or guarantees totaling \$85.6 million not yet deployed.

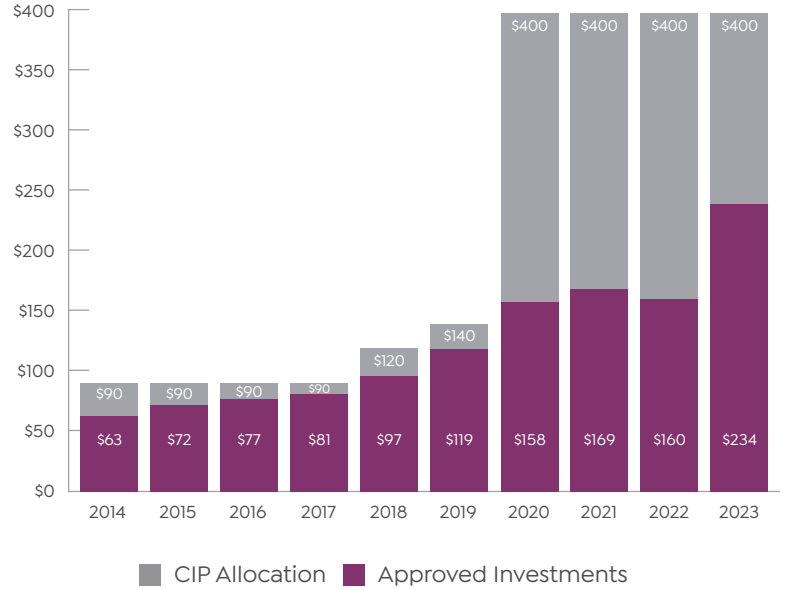
The \$7.7 million Healthcare Transition Foundation Corporation Loan Fund allocation (“HTFC Loan Fund”), with \$5.7 million available for the CIP and \$2.0 million in grants, serves as a complement to the CIP to support rural and underserved communities in Arizona. The HTFC Loan Fund supports efforts to expand CommonSpirit Health’s ability to deploy debt capital into Arizona. As of 6/30/2023, the HTFC Loan Fund consisted of 2 approved investments and a total amount borrowed of \$3.2 million.

**HTFC 3-Year Review
Allocation and Approved Investments (loans only)**
(\$ Millions)



■ HTFC Allocation ■ Approved Investments

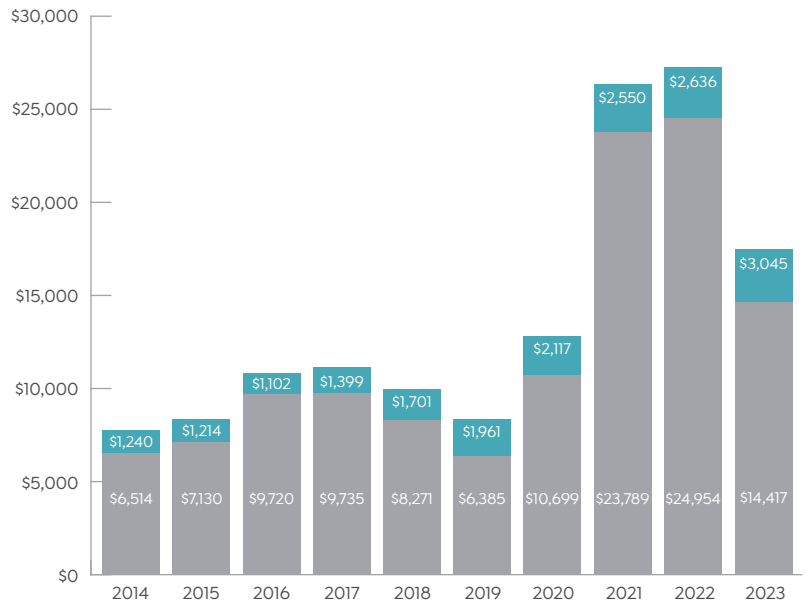
**CIP 10-Year Review
Allocation and Approved Investments (loans only)**
(\$ Millions)



■ CIP Allocation ■ Approved Investments

During the twelve months of FY 2023, the CIP received \$14.4 million in repayments and \$3.0 million in interest payments and fees. On June 30, 2023, the CIP had a blended interest rate of 2.61%, below the benchmark of 5.19% for the program, which is the rolling three-year average of the Consumer Price Index.

**CIP 10-Year Review
Principal Repaid and Interest Earned & Fees**
(\$000)



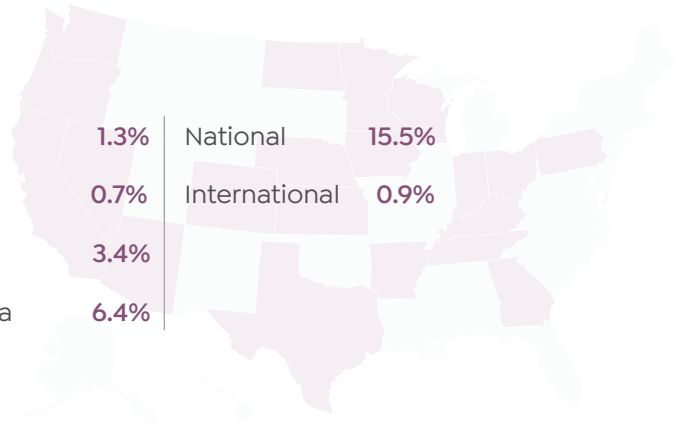
■ Principal Repaid ■ Interest Earned & Fees

CIP Loan Portfolio Analysis

The following chart illustrates the geographic breakdown of approved investments (\$234 million) by region. While 84% of the CIP investments go to support specific partners and projects in CommonSpirit Health’s territory, many of the national investees comprising 16% of the portfolio—primarily Community Development Financial Institutions (CDFIs)—have investments in these geographic areas as well. As new community investment opportunities are available, management intends to balance and expand the CIP in areas throughout CommonSpirit Health’s 21 state territory, which is illustrated below with expansion in Nebraska, Minnesota, Washington State, and Georgia.

Approved Investments by Region

California	45.0%	Nevada	1.0%	Ohio	1.3%	National	15.5%
Illinois	7.7%	Arizona	8.0%	Texas	0.7%	International	0.9%
Washington St.	5.1%	Oregon	0.2%	Georgia	3.4%		
Minnesota	4.7%	Delaware	0.1%	Nebraska	6.4%		



The CIP loan portfolio is diversified across a wide spectrum of sectors, with the largest being the housing sector that includes the construction of both affordable permanent housing and transitional housing. Access to health care is a traditional investment that includes health clinics and other community health-related outreach to underserved populations. Increasingly, climate change efforts, arts and education, and small business loans for organizations focused on providing employment opportunities have become part of the focus on creating healthy communities. Finally, “Access to Capital” refers to the many CDFIs and new loan funds working to deliver loans and other technical services to various community development projects in high-need areas.

Approved Investments by Sector

