

Appendix A

Established Risk guidelines and Other Financial Management Information

The Established Risk Guidelines and Other Financial Management Information is intended to be a guide for the ALCO on measuring different risks, their “tolerance ranges”, and other key financial management information. These guidelines are NOT meant to be absolute – rather to help the ALCO and the Board of Directors in risk management and management of the Credit Union’s financial position. There may be additional financial and risk measurements, as well as experienced judgment, which will be used, yet not listed here. These guidelines and targets may be amended from time to time.

Key Financial Management Targets:

Ratio	Minimum Guidelines	Maximum Guidelines	Long Term Target	Frequently of Measurement
Net Worth Ratio	10.00%	N/A	15% or greater	Monthly
Annual Return on Assets (ROA)	0.50%	N/A	1.0% or greater	Monthly (progress toward annual goal)
Annual Return on Equity	3.25%	N/A	7.0% or greater	Monthly (progress toward annual goal)
Liquidity	15.00%	N/A	20%	Monthly
Fixed Assets to Total Assets	N/A	5.00%	5.0% or less (7.0% with approval)	Monthly
Fixed Rate Assets to Total Assets	N/A	90.00%	90% or less	Monthly
Loans with maturity dates beyond 15 years to Total Assets	N/A	20.00%	20% or less	Monthly
Unsecured Loans to Total Assets	N/A	20.00%	20% or less	Monthly
CASD SERP/Net Worth	N/A	25.00%	25% or less	Monthly

Key Risks, their Measurements, and their Established Guidelines:

[illegible]

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	Minimum Guideline	Maximum Guideline	Frequency of Measurement
Liquidity Risk			
1. Net Loans to Deposits	N/A	95.0%	Monthly
2. Net Loans to Assets	N/A	80.0%	Monthly
3. Liquid Assets (investments in CDs, cash and cash equiv) to Assets	15.0%	N/A	Monthly
4. Real Estate related Assets (includes all first mortgage loans) to Assets	N/A	30.0%	Monthly
Price Risk			
Cumulative % effect on Net Economic Value of Equity (NEV)			
1. +100 basis points shock % change	N/A	-8.3%	Quarterly
2. +200 basis points shock % change	N/A	-16.7%	Quarterly
3. +300 basis point shock % change	N/A	-25.0%	Quarterly
4. -100 basis point shock % change	N/A	-8.3%	Quarterly
5. -200 basis points shock % change	N/A	-16.7%	Quarterly
6. -300 basis point shock % change	N/A	-25.0%	Quarterly
7. +400 basis points shock % change	N/A	-40.0%	Quarterly
8. +500 basis point shock % change	N/A	-45.0%	Quarterly
9. -400 basis point shock % change	N/A	-40.0%	Quarterly
10. -500 basis point shock % change	N/A	-45.0%	Quarterly
NEV Ratio			
1. +100 basis points shock % change	10.0%	N/A	Quarterly
2. +200 basis points shock % change	10.0%	N/A	Quarterly
3. +300 basis point shock % change	10.0%	N/A	Quarterly
4. -100 basis point shock % change	10.0%	N/A	Quarterly
5. -200 basis point shock % change	10.0%	N/A	Quarterly
6. -300 basis point shock % change	10.0%	N/A	Quarterly
7. +400 basis points shock % change	7.0%	N/A	Quarterly
8. +500 basis point shock % change	7.0%	N/A	Quarterly
9. -400 basis point shock % change	7.0%	N/A	Quarterly
10. -500 basis point shock % change	7.0%	N/A	Quarterly