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	Frequently of Measurement
Ratio	Guidelines	Guidelines	Target	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:

	Minimum	Maximum	Frequency of
	Guideline	Guideline	Measurement
Credit Risk			
1. Delinquent Loans to Total Loans	0.2%	2.2%	Monthly
2. Delinguent Loans to Total Assets	0.1%	1.5%	Monthly
3. Delinquent Loans to Total Capital	1.0%	10.0%	Monthly
4. Review listing of top 20% of past	N/A	N/A	Monthly - by
due loans	14,71	14,71	collection staff
ade lourie			
Interest Rate Risk			
Cumulative % effect on Net Interest Income			
(NII) dollars. (Rate shock is an immediate			
and sustained parallel shift in the yield curve.)			
Note : If the Credit Union's Net Interest Margin			
AND ROA are ABOVE the financial targets,			
then the Maximum Guidelines may be more			
liberal than shown here.			
12-month cumulative % effect on NII dollars:			
1. +100 basis point shock % change	N/A	-5.0%	Quarterly
2. +200 basis point shock % change	N/A	-10.0%	Quarterly
3. +300 basis point shock % change	N/A	-15.0%	Quarterly
4100 basis point shock % change	N/A	-5.0%	Quarterly
5200 basis point shock % change	N/A	-10.0%	Quarterly
6300 basis point shock % change	N/A	-15.0%	Quarterly
24-month cumulative % effect on NII dollars:			
1. +100 basis point shock % change	N/A	-10.0%	Quarterly
2. +200 basis point shock % change	N/A	-15.0%	Quarterly
3. +300 basis point shock % change	N/A	-20.0%	Quarterly
4100 basis point shock % change	N/A	-10.0%	Quarterly
5200 basis point shock % change	N/A	-15.0%	Quarterly
6300 basis point shock % change	N/A	<mark>-20.0%</mark>	<mark>Quarterly</mark>
Net Interest Margin			
1. +100 basis point shock % change	4.0%	N/A	Monthly
2. +200 basis point shock % change	4.0%	N/A	Monthly
3. +300 basis point shock % change	4.0%	N/A	Monthly
4100 basis point shock % change	4.0%	N/A	Monthly
5200 basis point shock % change	4.0%	N/A	Monthly
6300 basis point shock % change	4.0%	N/A	Monthly
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	Minimum	Maximum	Frequency of
I Constitute on the	Guideline	Guideline	Measurement
Liquidity Risk	N1/A	05.00/	Marathala.
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	1= 00/		
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
4100 basis point shock % change	N/A	-8.3%	Quarterly
5200 basis points shock % change	N/A	-16.7%	Quarterly
6300 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
9400 basis point shock % change	N/A	-40.0%	Quarterly
10500 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
4100 basis point shock % change	10.0%	N/A	Quarterly
5200 basis point shock % change	10.0%	N/A	Quarterly
6300 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
9400 basis point shock % change	7.0%	N/A	Quarterly
10500 basis point shock % change	7.0%	N/A	Quarterly