



**connectFirst**  
credit union

## **2021 SECOND QUARTER FINANCIAL REPORT**

**For the six months ended  
April 30, 2021**

**(Unaudited)**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim condensed consolidated financial statements of Connect First Credit Union Ltd. have been prepared by and are the responsibility of the Credit Union's management.

The Credit Union's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(unaudited)

<i>(\$ Thousands)</i>	<b>April 30, 2021</b>	<b>October 31, 2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	93,957	72,785
Investments	586,759	725,313
Loans to members (note 4 and 5)	5,160,512	5,014,343
Foreclosed property	4,504	5,413
Other assets	40,140	41,529
Intangible assets	14,291	13,625
Property and equipment	53,443	55,171
Right-of-use asset	20,163	21,142
Deferred tax asset	5,958	4,849
	<b><u>5,979,727</u></b>	<b><u>5,954,170</u></b>
<b>LIABILITIES</b>		
Members' deposits	5,060,332	4,991,483
Accounts payable and accruals	27,205	17,615
Lease liability	29,551	30,500
Secured borrowings	331,112	387,823
	<b><u>5,448,200</u></b>	<b><u>5,427,421</u></b>
<b>MEMBERS' EQUITY</b>		
Common shares	244,147	238,477
Investment shares	118,577	120,123
Ownership dividend allocation	-	4,999
Investment share dividends declared	-	4,192
Retained earnings	168,803	158,958
	<b><u>531,527</u></b>	<b><u>526,749</u></b>
	<b><u>5,979,727</u></b>	<b><u>5,954,170</u></b>

*The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements*

## 2021 SECOND QUARTER FINANCIAL REPORT

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME**

(unaudited)

	3 months ended April 30		6 months ended April 30	
	2021	2020	2021	2020
<i>(\$ Thousands)</i>				
<b>FINANCIAL INCOME</b>				
Interest on loans to members	42,209	43,737	86,349	90,239
Interest and dividends on investments	1,855	3,083	2,485	5,568
Unrealized gains/(losses) on interest rate swaps	-	(28)	-	(43)
	44,064	46,792	88,834	95,764
<b>FINANCIAL EXPENSE</b>				
Interest on members' deposits	11,088	17,803	24,814	37,466
Interest on loans payable	2,276	2,534	4,946	4,945
Interest on lease liability	319	340	642	569
	13,683	20,677	30,402	42,980
<b>Financial margin</b>	<b>30,381</b>	<b>26,115</b>	<b>58,432</b>	<b>52,784</b>
Charge for loan impairment	1,811	5,176	3,359	6,801
	28,570	20,939	55,073	45,983
Other income (note 7)	5,539	6,312	10,790	11,750
<b>Gross margin</b>	<b>34,109</b>	<b>27,251</b>	<b>65,863</b>	<b>57,733</b>
Personnel expenses	16,462	14,608	32,111	29,852
Operating lease expenses	489	488	995	1,032
Depreciation and amortization	1,940	1,912	4,128	3,854
Other expenses	10,072	8,586	18,670	16,335
	28,963	25,594	55,904	51,073
Income before income taxes	5,146	1,657	9,959	6,660
Income taxes				
Current	1,223	1,529	1,223	4,335
Deferred (recovery)	-	(7)	(1,109)	(881)
	1,223	1,522	114	3,454
<b>Net income and comprehensive income</b>	<b>3,923</b>	<b>135</b>	<b>9,845</b>	<b>3,206</b>

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

<i>(\$Thousands)</i>	Common shares	Series A-G investment shares	Ownership dividends declared	Investment share dividends declared	Retained earnings	Total equity
<b>Balance November 1, 2019</b>	217,260	121,242	7,913	5,441	170,146	522,002
Transition to IFRS 16 net of tax of \$2,142					(6,415)	(6,415)
Net income					3,206	3,206
<b>Transactions with members</b>						
Shares issued to members for cash	22,120					22,120
Shares issued by dividend	7,913	5,441	(7,913)	(5,441)	26	26
Shares redeemed for cash	(14,395)	(5,980)				(20,375)
<b>Balance April 30, 2020</b>	232,898	120,703	-	-	166,963	520,564
<b>Balance October 31, 2020</b>	<b>238,477</b>	<b>120,123</b>	<b>4,999</b>	<b>4,192</b>	<b>158,958</b>	<b>526,749</b>
Net and comprehensive income					9,845	9,845
<b>Transactions with members</b>						
Shares issued to members for cash	19,082					19,082
Shares issued by dividend	4,999	4,192	(4,999)	(4,192)		-
Shares redeemed for cash	(18,411)	(5,738)				(24,149)
<b>Balance April 30, 2021</b>	244,147	118,577	-	-	168,803	531,527

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(unaudited)

(\$ Thousands)	SIX MONTHS ENDED	
	April 30, 2021	April 30, 2020
<b>Cash flows from operating activities</b>		
Net Income	9,845	3,206
Adjustments for:		
Interest on loans to members	(86,349)	(90,239)
Interest/dividends on investments	(2,485)	(5,568)
Interest expense	30,402	42,980
Unrealized loss on interest rate swaps	-	43
Depreciation and amortization	4,128	3,854
Charge for loan impairment	3,675	7,002
Current/deferred income tax expense	114	3,454
Change in other assets	1,389	4,409
Change in accounts payable	6,075	(7,752)
Interest received	92,181	97,544
Interest paid	(42,847)	(48,974)
Interest paid on lease liability	(642)	(569)
Income tax refund	2,292	3,755
Increase (decrease) in members' deposits	81,936	(39,596)
Decrease (increase) in loans to members, net of repayments	(152,387)	8,878
Proceeds from sale of foreclosed property	73	740
<b>Net cash (used in) operating activities</b>	<b>(52,600)</b>	<b>(16,833)</b>
<b>Cash flows from financing activities</b>		
Common shares issued for cash	19,082	22,120
Common share redemptions	(18,411)	(14,395)
Investment share redemptions	(5,738)	(5,980)
Advances of secured borrowing	30,650	87,532
Repayment of secured borrowing	(87,361)	(38,371)
Payment of lease liabilities	(1,073)	(1,111)
<b>Net cash from (used in) financing activities</b>	<b>(62,851)</b>	<b>49,795</b>
<b>Cash flows used in investing activities</b>		
Acquisition of investments	(645,998)	(451,770)
Proceeds from sale of investments	784,584	434,807
Acquisition of property and equipment, net	(442)	(1,307)
Acquisition of intangibles, net	(1,521)	(4,846)
<b>Net cash provided by (used in) investing activities</b>	<b>136,623</b>	<b>(23,116)</b>
Increase in cash and cash equivalents	21,172	9,846
Cash and cash equivalents, beginning of period	72,785	71,874
<b>Cash and cash equivalents, end of period</b>	<b>93,957</b>	<b>81,720</b>

The accompanying Notes to the Condensed Consolidated Financial Statements are an integral part of these statements

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(unaudited)

**For the six months ended April 30, 2021**

(\$ Thousands)

### **1. REPORTING ENTITY**

Connect First Credit Union Ltd. (“Connect First” or the “Credit Union”) operates a network of credit union branches in the City of Calgary and central and southern Alberta. The registered office is located at 200, 2850 Sunridge Blvd., Calgary, Alberta, T1Y 6G2.

### **2. BASIS OF PREPARATION**

The condensed consolidated interim financial statements of the Credit Union have been prepared by management in accordance with International Accounting Standard 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements and should be read in conjunction with Connect First’s 2020 audited annual consolidated financial statements. The accounting policies, methods of computation and presentation of these interim condensed consolidated financial statements are consistent with the most recent 2020 annual financial statements of Connect First.

These condensed consolidated interim financial statements were approved by the Board of Directors on June 1, 2021.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include the measurement of the allowance for loan impairment, the estimate of fair value of foreclosed property, and the estimate of fair value of financial instruments measured at fair value. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

During the current period, the global COVID-19 pandemic and its related economic impacts have resulted in heightened measurement uncertainty, primarily related to the estimates, assumptions and judgments used in the measurement of the allowance for loan impairment and the estimate of the fair value of foreclosed property. For the quarter ended April 30, 2021, the Credit Union has included all information available to the date of these financial statements in these estimates. The overall impact of the pandemic continues to be uncertain and is dependent on actions taken by Canadian governments, businesses and individuals to limit spread of the COVID-19 virus, as well as government economic response and support efforts. Refer to Notes 4 and 5 for further details.

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**4. MEMBERS' LOANS**

The following table shows the gross carrying amount of loans measured at amortized cost as at April 30, 2021. Stage 1 represents performing loans with a 12-month expected credit loss, Stage 2 represents performing loans with a lifetime expected credit loss, and Stage 3 represents impaired loans with a lifetime expected credit loss. Refer to additional discussion on the staging of loans as impacted by the current global COVID 19 pandemic in Note 5.

	Stage 1	Stage 2	Stage 3	Total	Accrued Interest	Allowance for Credit Losses	Total Net of Allowance
<b>As at April 30, 2021</b>							
Consumer	411,363	20,522	1,492	433,377	1,011	6,662	427,726
Residential mortgage	2,276,523	97,277	3,873	2,377,673	2,245	2,155	2,377,762
Commercial and agriculture	2,289,149	22,802	55,243	2,367,194	10,644	22,814	2,355,024
<b>Total member loans</b>	<b>4,977,035</b>	<b>140,600</b>	<b>60,608</b>	<b>5,178,243</b>	<b>13,900</b>	<b>31,631</b>	<b>5,160,512</b>

	Stage 1	Stage 2	Stage 3	Total	Accrued Interest	Allowance for Credit Losses	Total Net of Allowance
<b>As at October 31, 2020</b>							
Consumer	422,835	10,647	1,731	435,213	1,080	6,996	429,297
Residential mortgage	2,325,950	102,617	6,664	2,435,232	2,731	1,959	2,436,003
Commercial and agriculture	2,070,971	17,606	67,834	2,156,411	13,468	20,836	2,149,043
<b>Total member loans</b>	<b>4,819,756</b>	<b>130,870</b>	<b>76,229</b>	<b>5,026,855</b>	<b>17,278</b>	<b>29,791</b>	<b>5,014,343</b>

**5. ALLOWANCE FOR EXPECTED CREDIT LOSSES**

The tables below represent the allowance for expected credit losses by category and stage:

<b>Residential mortgages</b>	Stage 1	Stage 2	Stage 3	Total
As at November 1, 2019	925	764	375	2,064
Remeasurement of loss allowance:				
Net remeasurement due to stage transfers	(4)	54	69	119
Remeasurement of loss allowance other than stage transfers	(118)	(47)	(31)	(196)
Derecognitions and maturities	(86)	(41)	(82)	(209)
Loan originations	77	40	11	128
<b>Total remeasurement of loss allowance</b>	<b>(131)</b>	<b>6</b>	<b>(33)</b>	<b>(158)</b>
Write offs	-	-	(45)	(45)
<b>As at April 30, 2020</b>	<b>794</b>	<b>770</b>	<b>297</b>	<b>1,861</b>
As at November 1, 2020	915	829	215	1,959
Remeasurement of loss allowance:				
Net remeasurement due to stage transfers	3	120	81	204
Remeasurement of loss allowance other than stage transfers	127	11	54	192
Derecognitions and maturities	(48)	(47)	(81)	(176)
Loan originations	86	29	-	115
<b>Total remeasurement of loss allowance</b>	<b>168</b>	<b>113</b>	<b>54</b>	<b>335</b>
Write offs	(32)	-	(107)	(139)
<b>As at April 30, 2021</b>	<b>1,051</b>	<b>942</b>	<b>162</b>	<b>2,155</b>

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<b>Consumer loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
As at November 1, 2019	3,663	1,656	1,021	6,340
Remeasurement of loss allowance:				
Net remeasurement due to stage transfers	(41)	136	515	610
Remeasurement of loss allowance other than stage transfers	(214)	151	426	363
Derecognitions and maturities	(110)	(118)	(225)	(453)
Loan originations	437	70	186	693
Total remeasurement of loss allowance	72	239	902	1,213
Write offs	(161)	(360)	(861)	(1,382)
As at April 30, 2020	3,574	1,535	1,062	6,171
As at November 1, 2020	4,304	1,733	959	6,996
Remeasurement of loss allowance:				
Net remeasurement due to stage transfers	(57)	242	313	498
Remeasurement of loss allowance other than stage transfers	(349)	72	346	69
Derecognitions and maturities	(316)	(100)	(296)	(712)
Loan originations	572	132	53	757
Total remeasurement of loss allowance	(150)	346	416	612
Write offs	(101)	(241)	(604)	(946)
As at April 30, 2021	4,053	1,838	771	6,662

<b>Commercial and agriculture loans</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
As at November 1, 2019	1,556	1,219	6,113	8,888
Remeasurement of loss allowance:				
Net remeasurement due to stage transfers	(87)	356	3,301	3,570
Remeasurement of loss allowance other than stage transfers	623	(19)	413	1,017
Derecognitions and maturities	(112)	(11)	(298)	(421)
Loan originations	304	-	328	632
Total remeasurement of loss allowance	728	326	3,744	4,798
Write offs	(47)	-	(14)	(61)
As at April 30, 2020	2,237	1,545	9,843	13,625
As at November 1, 2020	3,527	998	16,311	20,836
Remeasurement of loss allowance:				
Net remeasurement due to stage transfers	(24)	524	(383)	117
Remeasurement of loss allowance other than stage transfers	(1,213)	(58)	3,205	1,934
Derecognitions and maturities	(463)	(222)	(2,298)	(2,983)
Loan originations	547	8	2,379	2,934
Total remeasurement of loss allowance	(1,153)	252	2,903	2,002
Write offs	-	(22)	(2)	(24)
As at April 30, 2021	2,374	1,228	19,212	22,814
Totals at April 30, 2020	6,605	3,850	11,202	21,657
Totals at April 30, 2021	7,478	4,008	20,145	31,631

The total allowance for expected credit losses is reconciled as follows:		
	<b>April 2021</b>	<b>April 2020</b>
November 1 allowance for expected credit losses	29,791	17,292
Charge for loan impairment:		
Net remeasurement due to stage transfers	819	4,299
Remeasurement of loss allowance other than stage transfers	2,195	1,184
Derecognitions and maturities	(3,871)	(1,083)
Loan originations	3,806	1,453
Write-offs	(1,109)	(1,488)
Allowance for expected credit losses, April 30	31,631	21,657
The charge for loan impairment on the statement of comprehensive income is reconciled as follows:		
Charge for loan impairment as above	2,949	5,853
Charge for loan impairment on foreclosed property at April 30	719	1,036
Charge for impairment on investments	(24)	41
Recoveries	(285)	(129)
Total charge for loan impairment	3,359	6,801



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As previously disclosed in Note 3, the measurement of the allowance for expected credit losses as well as foreclosed property involves the use of significant judgements, estimates and assumptions. Due to the current global COVID 19 pandemic and related economic impacts, the Credit Union has considered the following in making these estimates at April 30, 2021:

Significant Increase in Credit Risk (“SICR”)

The judgments related to whether or not there is a SICR result in loans moving between stages and, therefore, being subject to different ECL models, as disclosed in the 2020 annual financial statements. Due to the ongoing pandemic, the Credit Union has implemented programs to allow for the deferral of payments on loans to members in certain circumstances. With respect to delinquencies, the judgements used related to SICR remain consistent with those at October 31, 2020. With respect to those loans where the member has taken advantage of the loan payment deferral programs, the Credit Union has assessed whether this is indicative of a SICR, including consideration on whether this is indicative of a short-term change or an increase in the risk the member will default over the life of the loan.

Forward Looking Information (“FLI”)

As of April 30, 2021, the following FLI has been used in the measurement of the ECL, as compared to that used at October 31, 2020. The impact of the pandemic on the long-term outlook remains fluid and uncertain, and FLI has been updated to the best of the Credit Union’s knowledge based on external economic data.

**Base case scenario**

**April 30, 2021**

	Next 3 months	Next 6 months	Next 9 months	Next 12 months	Remaining forecast period
<b>Driver</b>					
3 month BA rate %	0.28	0.32	0.33	0.39	1.03
3 month Government of Canada Bond Rate %	0.15	0.20	0.20	0.25	0.85
Alberta housing price index % change	1.08	0.18	0.30	0.29	1.14
Alberta unemployment rate %	10.02	9.55	8.97	8.51	6.84

**Alternative scenario  
pessimistic**

	Next 3 months	Next 6 months	Next 9 months	Next 12 months	Remaining forecast period
<b>Driver</b>					
3 month BA rate %	0.26	0.26	0.27	0.32	0.59
3 month Government of Canada Bond Rate %	0.08	0.09	0.08	0.12	0.33
Alberta housing price index % change	(2.17)	(0.49)	0.73	0.12	0.45
Alberta unemployment rate %	11.10	11.06	10.28	9.81	7.89

**Alternative scenario  
optimistic**

	Next 3 months	Next 6 months	Next 9 months	Next 12 months	Remaining forecast period
<b>Driver</b>					
3 month BA rate %	0.43	0.57	0.82	1.08	2.19
3 month Government of Canada Bond Rate %	0.35	0.50	0.75	1.00	2.10
Alberta housing price index % change	1.76	0.57	0.53	0.53	2.09
Alberta unemployment rate %	9.56	8.94	8.42	8.00	6.02

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The reported expected credit losses at April 30, 2021 for financial assets in Stage 1 and Stage 2 under the optimistic macroeconomic conditions, with other assumptions held constant, including the application of experienced credit adjustment would decrease by approximately \$341.

The reported expected credit losses for financial assets in Stage 1 and Stage 2 under the pessimistic macroeconomic conditions, with other assumptions held constant, including the application of experienced credit adjustment would increase by approximately \$739.

**Base case scenario**

**October 31, 2020**

	Next 3 months	Next 6 months	Next 9 months	Next 12 months	Remaining forecast period
<b>Driver</b>					
3 month BA rate %	0.33	0.35	0.36	0.33	1.11
3 month Government of Canada Bond Rate %	0.25	0.25	0.25	0.25	0.73
Alberta housing price index % change	(0.21)	0.38	0.38	0.37	1.46
Alberta unemployment rate %	10.90	10.20	9.60	9.10	7.35

**Alternative scenario  
pessimistic**

	Next 3 months	Next 6 months	Next 9 months	Next 12 months	Remaining forecast period
<b>Driver</b>					
3 month BA rate %	0.50	0.71	0.69	0.67	0.79
3 month Government of Canada Bond Rate %	0.25	0.25	0.25	0.25	0.33
Alberta housing price index % change	(3.56)	(0.95)	0.71	0.49	0.12
Alberta unemployment rate %	12.57	14.30	11.92	10.36	8.41

**Alternative scenario  
optimistic**

	Next 3 months	Next 6 months	Next 9 months	Next 12 months	Remaining forecast period
<b>Driver</b>					
3 month BA rate %	0.50	0.50	0.90	1.06	2.36
3 month Government of Canada Bond Rate %	0.30	0.30	0.50	0.75	1.97
Alberta housing price index % change	7.49	1.50	1.58	1.60	2.42
Alberta unemployment rate %	9.50	8.50	7.70	7.00	5.34

The reported expected credit losses at October 31, 2020 for loans in Stage 1 and Stage 2 under the optimistic macroeconomic conditions, with other assumptions held constant, would decrease by approximately \$0.7 million.

The reported expected credit losses for loans in Stage 1 and Stage 2 under the pessimistic macroeconomic conditions, with other assumptions held constant, would increase by approximately \$1.4 million.

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Foreclosed Property

In the six-month period ended April 30, 2021, the Credit Union has recognized \$0.7 million in additional charges for loan impairment related to the large commercial foreclosed property. As the property has not yet sold, there remains uncertainty as to the amount that will ultimately be recovered.

**6. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The amounts set out in the table below represent the fair values of the Credit Union's financial instruments. The valuations and assumptions are consistent with the most recent 2020 annual financial statements of Connect First.

**April 30, 2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
<b>Assets</b>					
Investments - amortized cost	-	483,389	-	483,389	483,220
Investments - FVOCI	-	103,539	-	103,539	103,539
Loans	-	5,232,284	-	5,232,284	5,160,512
<b>Total</b>	-	<b>5,819,212</b>	-	<b>5,819,212</b>	<b>5,747,271</b>
<b>Liabilities</b>					
Deposits	-	5,057,296	-	5,057,296	5,060,332
Secured borrowings	-	326,941	-	326,941	331,112
<b>Total</b>	-	<b>5,384,237</b>	-	<b>5,384,237</b>	<b>5,391,444</b>

**October 31, 2020**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
<b>Assets</b>					
Investments - amortized cost	-	483,741	-	483,741	466,143
Investments - FVOCI	-	259,170	-	259,170	259,170
Loans	-	5,097,926	-	5,097,926	5,014,343
<b>Total</b>	-	<b>5,840,837</b>	-	<b>5,840,837</b>	<b>5,739,656</b>
<b>Liabilities</b>					
Deposits	-	4,993,898	-	4,993,898	4,991,483
Secured borrowings	-	395,999	-	395,999	387,823
<b>Total</b>	-	<b>5,389,897</b>	-	<b>5,389,897</b>	<b>5,379,306</b>

**7. OTHER INCOME**

	<b>6 months ended April 30</b>	
	<b>2021</b>	<b>2020</b>
Service charges and other fees	2,940	3,828
Foreign exchange gain/loss	64	700
Loan prepayment and other fees	2,049	1,440
Insurance	690	798
Credit card fees	210	183
Wealth management	3,978	3,694
Other	859	1,107
	10,790	11,750

**8. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS****Credit risk**

Credit risk is the potential for loss due to the failure of a borrower or counterparty to meet its financial or contractual obligations. Overall monitoring and processes have changed and will continue to change due to COVID-19. This has and will include changes to our current processes to ensure that the overall portfolio will be protected and will continue to support our members to find their optimal credit solutions. The stages of our loan book will be affected by COVID-19 and adjusted as we progress through the pandemic.

**Market risk**

Market risk arises due to the risk of financial loss from movements in market prices that impact the value of the assets and liabilities of the Credit Union. Interest rate risk and foreign exchange risk are the primary market risks that can impact interest margin as well as equity. The resulting impact from COVID-19 to the Credit Union's margin has been and will continue to be monitored consistently, with scenario and stress testing being adopted as a required tactic and adjusting responses as the current economic conditions unfold.

**Liquidity risk**

Liquidity risk is the risk that arises from the Credit Union's potential inability to meet both expected and unexpected current and future cash flow needs without impacting daily operations or the financial condition of the organization. The Credit Union has a strong liquidity base, is active in the securitization market, and has a well-established contingency liquidity plan to access if required through the COVID-19 situation.

**Capital management**

The Credit Union is well capitalized and has the ability to maintain the required capital buffers through the COVID-19 period.