



**Executive Summary of ALM Package**


as of Dec 31, 2022

**Overall Commentary:**

Satisfactory data collection and interest backtest. Cash levels higher. LCR at 133%. NSFR at 1.17. Earnings risk is negative to shock down 50 bps shock at \$24k. EaR projection is low based on growth and pricing strategies in model. Duration of capital at 7.46 yrs vs 7.97. Risk level is elevated but manageable - target 4-5 year duration by 1Q. Total capital ratio is below forecast, leverage low, capital ratio in good condition. Slower growth plans for 2023 will work reasonably well in an economic slow down/recession..

 Good Condition

 Discussion / Action

 Above or Near Limit

**FSRAO Reporting**

<b>Curr Mo</b>	<b>IRR #1</b>	-\$24	<b>IRR #2</b>	-50	<b>IRR #3</b>	-\$1,367	<b>IRR#4</b>	+1.00%
<b>Prev Mo</b>	<b>IRR #1</b>	-\$5	<b>IRR #2</b>	-25	<b>IRR #3</b>	-\$1,447	<b>IRR#4</b>	+1.00%
	<b>Limit</b>	-\$150			<b>Limit</b>	-\$2,199		

**Data Collection:** - good data collection volumes

<b>Loans \$mil</b>	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Actuals	\$307.4	\$308.6	\$305.8
Model	\$307.4	\$308.6	\$305.8
Difference	\$0.0	\$0.0	\$0.0

<b>Depos \$mil</b>	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Actuals	\$319.4	\$318.4	\$317.8
Model	\$319.4	\$318.3	\$317.8
Difference	\$0.0	\$0.1	\$0.0

**Interest Reconciliation:** reasonable on the back test results

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Actual Inv \$k	\$59	\$65	\$65
Model Inv \$k	\$71	\$61	\$67
Difference	-\$12	\$4	-\$2

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Actual Depo \$k	\$888	\$821	\$799
Model Depo \$k	\$882	\$811	\$788
Difference	\$6	\$10	\$11

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Actual Loan \$k	\$1,214	\$1,152	\$1,159
Model Loan \$k	\$1,216	\$1,161	\$1,164
Difference	-\$2	-\$9	-\$5

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Actual Borrow \$k	\$0	\$0	\$0
Model Borrow \$k	\$0	\$0	\$0
Difference	\$0	\$0	\$0

**Monthly Line Changes in Vol \$mil:** Small drop on loans, add on funding

	<b>Fixed</b>	<b>Var</b>	<b>Total</b>
Residential	-\$0.6	-\$0.2	-\$0.8
Commercial	\$0.0	\$0.0	\$0.0
Other	\$0.0	-\$0.4	-\$0.4
Total Loans	-\$0.6	-\$0.6	-\$1.2
Investments			\$2.9
Total Assets			\$1.7

Demands	\$0.1	C-1 Loan	\$0.0
< 9mo	-\$1.5	MBS	\$0.0
1-2 yr TD	\$0.1		
3-5 yr TD	\$0.3	Equity	\$0.2
Other TD	\$2.0		
Total Deposits	\$1.1		

**Year to Date Volume results vs Budget:** Lending ahead, funding in line - no issues

	<b>Actual</b>	<b>Budget</b>	<b>Var.</b>
Fixed Rate Loans	\$275.8	\$246.9	\$29.0
Variable Rate Loans	\$31.6	\$40.5	-\$8.9
Total	\$307.4	\$287.4	\$20.0
Investments	\$33.9	\$34.1	-\$0.2

	<b>Actual</b>	<b>Budget</b>	<b>Var.</b>
Terms	\$298.3	\$281.6	\$16.6
Demands	\$21.1	\$20.6	\$0.5
Total	\$319.4	\$302.2	\$17.2
C-1 Loans	\$0.0	\$0.0	\$0.0
MBS	\$0.0	\$0.0	\$0.0
Total	\$0.0	\$0.0	\$0.0

**Pricing Trends (Fixed Rate):** Fixed rate pricing levels moving higher

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
Res Mtg	6.11	5.93	5.21
Comm Mtg	0.00	0.00	0.00
Pers Ln	0.00	0.00	0.00
FRL 4	0.00	0.00	0.00

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
< 9mo TD	2.62	2.70	2.20
1-2 yr TD	4.70	4.75	4.55
3-5 yr TD	5.20	4.97	5.09
Brok 1-2yr	5.56	5.12	4.73

**Pricing Trends (Var. Rate):** Prime moves +50 with market, no move on HISA

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
VR Res	6.97	6.47	6.39
VR Comm	0.00	0.00	0.00
VR Pers Ln	8.51	7.98	7.96
VRL 4	0.00	0.00	0.00
HELOC	8.99	8.51	8.51

	<b>Dec-22</b>	<b>Nov-22</b>	<b>Oct-22</b>
HISA	2.50	2.50	2.50
TFSA	2.50	2.50	2.50
C-1 Loans %	0.00	0.00	0.00

**Interest Rate Risk**

**Pricing Assumptions to Rate Shocks**

Prime and HISA pricing strategies are at market conditions

Var Lending Rates	-1.00	-0.75	-0.50	-0.25	current	0.25	0.50	0.75	1.00
VR Res	-0.50	-0.50	-0.50	-0.25	6.97	0.25	0.50	0.75	1.00
VR Comm	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VRL 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HELOC	-0.50	-0.50	-0.50	-0.25	8.99	0.25	0.50	0.75	1.00
Var. Funding Rates	-1.00	-0.75	-0.50	-0.25	current	0.25	0.50	0.75	1.00
HISA	-0.20	-0.20	-0.20	-0.10	2.50	0.10	0.20	0.30	0.40
TFSA	-0.20	-0.20	-0.20	-0.10	2.50	0.10	0.20	0.30	0.40
C1-Loan	-1.00	-0.75	-0.50	-0.25	5.40	0.25	0.50	0.75	1.00

**Earnings Risk - Shock Test Results**

Earnings risk negative to shock -50

Action - Risk favorable to conditions - risk low - no actions needed

	-1.00	-0.50	-0.25	base	0.25	0.50	1.00	Mgmt Limit \$k	Board Limit \$k
12-mo NIM \$mil	\$3.9	\$3.8	\$3.8	\$3.8	\$3.8	\$3.8	\$3.9	-\$100	-\$150
Current Shock \$k	\$95	-\$24	-\$14		\$14	\$28	\$57	YES	YES
Prev Mo Shock \$k	\$137	-\$5	-\$5		\$5	\$9	\$18	YES	YES

**Earnings Risk - 12 month projections**

Ignore projection

Action - No action or discussion needed

Shock Level	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Sep-23	Dec-23
-50 bps	-\$24	-\$6	\$11	\$28	\$41	\$51	\$60	\$79	\$103
50 bps	\$28	\$11	-\$7	-\$23	-\$36	-\$47	-\$55	-\$75	-\$99
Within Mgmt Limit?			YES						YES
Within Board Limit?									YES

**Long Term Interest Rate Risk:**

Duration moves lower on slower activity

Action - Good development to move duration higher

	Dur. Assets	Dur. Liabs	DoC w/o IRS	DoC w IRS	EVaR \$k	Risk Direction	Board Upper	Mgmt Upper	Mgmt Lower	Board Lower	Comp.
Dec-22	1.58	1.26	7.46	7.46	-\$1,367	+1.00%	12.0	10.0	-5.0	-3.0	YES
Nov-22	1.63	1.28	7.97	7.97	-\$1,447	+1.00%	12.0	12.0	-5.0	-5.0	YES
Dec-21	1.68	1.32	7.81	7.81	-\$1,206	+1.00%	12.0	12.0	-5.0	-5.0	YES

**Maturity Profile:**

Mismatch risk needs to move some assets to 4 and 5 year terms to reduce excess funding in 5 years

Action - Discuss term strategy shift 4-5 year on lending and 2-3 yr on funding

Nodes	1mo	6mo	1yr	2yr	3yr	4yr	5yr	7yr	10yr
Current \$mil	\$13.6	-\$59.2	-\$15.5	\$24.0	-\$50.8	-\$7.7	-\$11.3	\$0.0	\$0.0
Prev Mo. \$mil	\$14.7	-\$64.6	-\$11.4	\$18.6	\$53.8	\$10.4	-\$10.3	\$0.0	\$0.0
Chg \$mil	-\$1.0	\$5.4	-\$4.1	\$5.4	-\$3.0	-\$2.6	-\$0.9	\$0.0	\$0.0

**Duration of Capital 12 mo Projection**

Projection is moving lower into year end.

Action - Risk is manageable - maintain duration above 6 years by end of 1Q

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Sep-23	Dec-23
DoC w IRS	7.46	7.28	6.52	5.97	5.09	4.29	3.55	3.00	2.46

**Liquidity Risk**

LCR recovering and cash levels in good condition

Action - Look to rebuild

	Dec-22	Nov-22	Oct-22	Sep-22	Aug-22	Jul-22	Jun-22	Lower	Upper
Historical Picuz LCR	133%	123%	129%	134%	115%	134%	144%	100%	400%
Picuz NSFR	1.17	1.16	1.17	1.19	1.17	1.17	1.16	1.00	1.40
Reg LCR -estimate	2676%	2487%	2226%	2243%	2435%				
Projected	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Depo Conc. Mo.	Sep-24
Picuz LCR	133%	105%	92%	83%	95%	124%	186%	Depo Conc. \$k	14,386
Picuz NSFR	1.17	1.17	1.17	1.18	1.18	1.19	1.19	% of Depo	4.82%

**Capitalization**

Leverage and capital ratios under forecast - risk is manageable

Action - No actions needed.

	Dec-21	Mar-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Leverage Act/Proj	5.50%	5.67%	5.35%	5.36%	5.33%	5.26%	5.29%	5.33%	5.35%
Leverage Budget	5.50%	5.52%	5.57%	5.59%	5.61%	5.62%	5.65%	5.66%	5.69%
Board Limit	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Capital Ratio Act.	21.79%	20.44%	19.46%	19.47%	19.48%	19.31%	19.44%	19.65%	19.76%
Capital Ratio Forc.	21.16%	21.24%	21.42%	21.50%	21.58%	21.64%	21.73%	21.80%	21.88%
Board Limit	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%