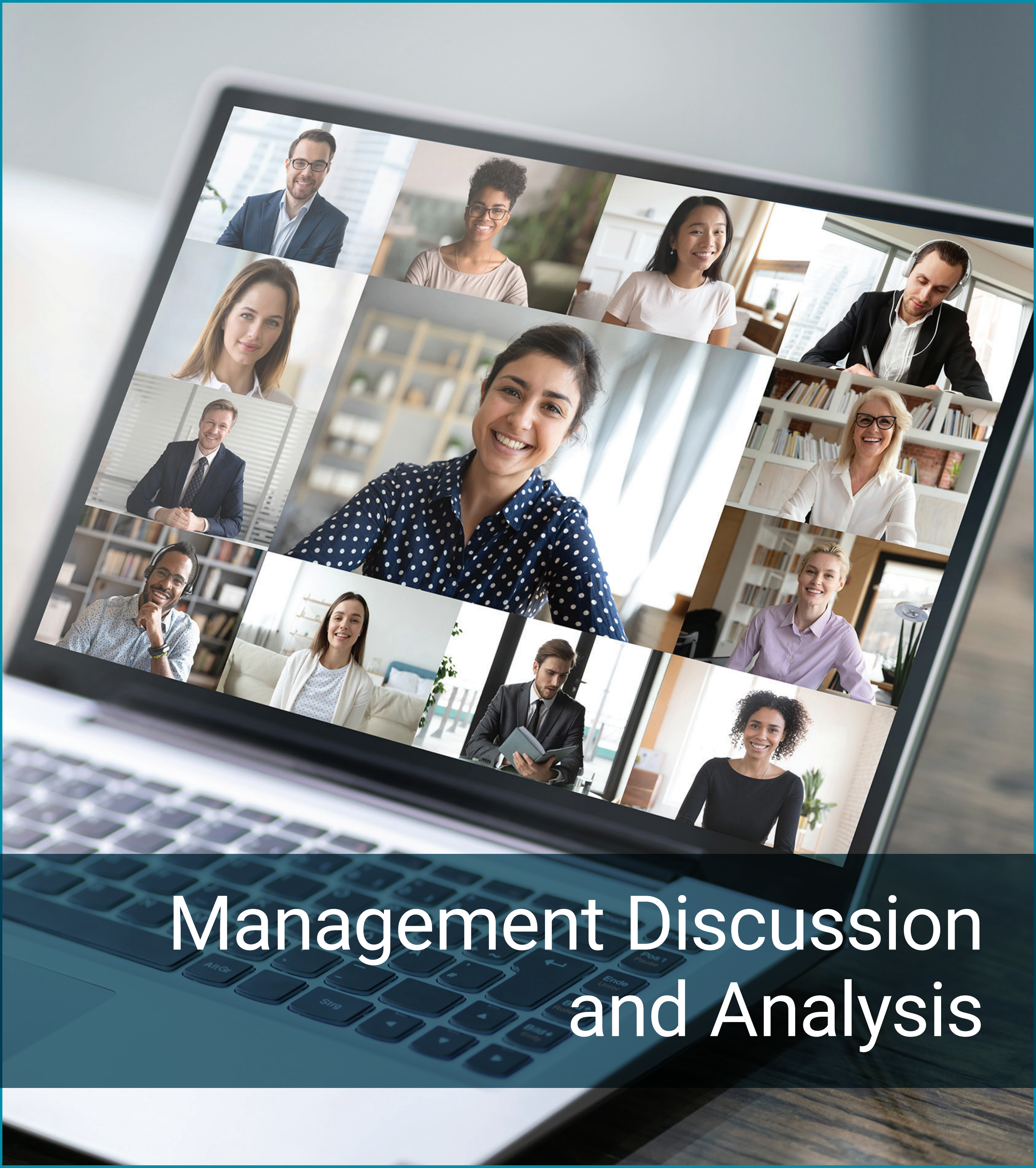


Management Discussion and Analysis

2021
Annual Report

Conexus Credit Union

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) enables readers to assess material changes in the financial condition and operating results of Conexus Credit Union (Conexus) for the year ending on December 31, 2021 compared with the prior year and plans. This MD&A is prepared in conjunction with the Consolidated Financial Statements and related Notes for the year ending December 31, 2021 and should be read together with those documents. The MD&A includes information up to February 16, 2022. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts for 2017, 2018, 2019, 2020 and 2021 have been primarily derived from Conexus' annual Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRS).

The following items provide an overview of topics discussed throughout the MD&A:

Economic Conditions
- 2021 economic and financial services conditions
- Economic and financial outlook for 2022

Financial Performance to Plan
- Financial management

Financial Position Review
- Overview
- Credit quality
- Liquidity management
- Capital management

Financial Performance Review
- Profitability
- Efficiency

Enterprise Risk Management
- Overview of significant risks

Caution Regarding Forward-Looking Statements

This MD&A might contain forward-looking statements concerning future strategies of Conexus. These statements involve uncertainties in relation to prevailing economic, legislative, and regulatory conditions at the time of writing. Therefore, actual results may differ from the forward-looking statements contained in this discussion.

Factors That Might Affect Future Results

Although Conexus is focused in Saskatchewan, the economic and business conditions in Canada and abroad can affect the trading areas of Conexus and its financial position. Global economic conditions can influence Canada and local economies, affecting businesses, consumer prices and personal incomes. The prevailing conditions nationally can have an effect on financial markets and the Bank of Canada's monetary policy, causing changes in interest rates and the value of the Canadian dollar. Fluctuations in the capital markets and the extent of local competition can impact the market share and price of Conexus' products and services. All these factors affect the environmental conditions in which Conexus operates and, accordingly, Conexus' performance.

Economic Conditions

2021 Economic and Financial Services Conditions

2021 saw a noticeable recovery in the global economy after a difficult year in 2020. Even though the COVID-19 virus continued to spread and new variants emerged around the world, the implementation of vaccines assisted in getting the global economy back on track. Although there have been over 300 million confirmed cases worldwide, global GDP is expected to surge to 5.90% after a year of negative 3.10% growth in 2020.

In the United States, the annual GDP growth rate currently sits at 4.90% as they have not shut down the economy as severely as many other advanced economies. This has resulted in the United States being one of the most impacted countries in the world by the pandemic. Since the start of the pandemic, they have had over 58 million cases leading to over 834,000 deaths. Unemployment in the United States has fallen dramatically from this time last year to 4.00%, nearly hitting pre-pandemic levels. The Federal Reserve has kept the overnight rate at an all-time low of 0.25%, but rates are forecasted to increase in 2022.

Canada's economy also recovered from the negative GDP in 2020 as forecasted GDP growth for 2021 currently sits at 4.60%. Since the beginning of the pandemic, the Canadian government and Bank of Canada have implemented numerous fiscal and monetary policy stimulus packages in an attempt to spur the economy. The Bank of Canada kept the overnight rate at its all-time low of 0.25% but may soon look to raise rates with the purpose of slowing inflation growth. Unemployment in Canada spiked in 2020 and has slowly fallen nearly back to pre-pandemic levels. The current unemployment rate is 6.50%.

In Saskatchewan, forecasted annual GDP growth for 2021 is currently at 3.57%, which marks one of the lowest GDP growth rates across the nation. Inflation in the province currently sits at 3.50% growth when comparing December 2021 to December 2020. This rate sits well below the national average of 4.80% and is the second lowest inflation rate in the country. Saskatchewan currently has an unemployment rate of 5.50%, which is third lowest only to Manitoba and Quebec and noticeably below the national average of 6.00%. Housing starts in Saskatchewan through 2021 climbed to 3,753 which was 3.80% higher than that of 2020.

Economic and Financial Outlook for 2022

In the United States, we can expect to see GDP growth to rebound between 2.50-3.50% through 2022 based on economic forecasts. The United States had a quicker recovery than many other countries due to their lack of regulations with COVID-19, but this is now slowing. Another contributing factor will be if the country can get more people fully vaccinated. As of February 10, 2022 only approximately 63.60% of the population have been fully vaccinated.

Canada remains a leader in vaccination rates as fully vaccinated citizens has jumped to 79.30% as of February 10, 2022. Forecasts are estimating the Canadian economy to grow approximately 4.07% in 2022, leading to GDP getting back to pre COVID-19 levels in late 2022 or early 2023. Inflation is one of the main concerns as prices are rising much quicker than anticipated. Canada's inflation rate hit a 19-year high in December 2021 with price gains broadening. The Bank of Canada lifted its inflation forecast and shifted its policy guidance in January 2022, opening the door to further reducing policy stimulus in 2022 and potential rate hikes as soon as March 2022. The bank expects inflation to be moderate over the course of 2022 as base effects of supply constraints ease. The total impact of the new COVID-19 variant is still uncertain, but additional measures are being taken which could once again have a negative impact on growth in the economy.

Saskatchewan is on track for a slower recovery than what is expected nationally. With expected GDP growth of 3.85% for 2022, the province is estimated to get back to pre-COVID-19 levels sometime in 2022. Saskatchewan's outlook has deteriorated since the summer, dragged down in part by difficult conditions in its agriculture sector as crop production fell 47.00% through 2021. A normal growing season in 2022 could play a large role in determining how the agriculture sector rebounds in the year ahead. Inflation will also be a concern through 2022 as rising prices can have a dramatic impact to the economy and input costs. Finally, the housing market performance has improved since the pandemic. The province has recorded among the fastest increases in housing starts this year, trailing only Newfoundland & Labrador. Home sales have also been robust, though expected to decrease in 2022.

Financial Performance to Plan

Each year, Conexus develops a corporate plan through a comprehensive budget and planning process. The following table provides an overview of key financial measures compared to 2021 plan. Actual results for 2021, 2020, 2019, 2018 and 2017 have also been included for comparison.

Financial Management

(In thousands of CDN $)	2021 Actual	2021 Plan	2020 Actual	2019 Actual	2018 Actual	2017 Actual
Growth						
Assets	6,705,481	6,644,814	6,676,606	6,554,441	6,260,155	5,818,734
Asset growth	0.43%	-0.48%	1.86%	4.70%	7.59%	4.50%
Deposits	5,465,357	5,388,367	5,252,837	4,902,020	4,765,586	4,325,176
Deposit growth	4.05%	2.58%	7.16%	2.86%	10.18%	3.08%
Loans and advances	5,168,468	5,253,785	5,304,396	5,445,962	5,276,887	4,948,361
Loans and advances growth	-2.56%	-0.95%	-2.60%	3.20%	6.64%	5.99%
Credit quality						
Delinquency greater than 90 days	1.27%	2.08%	2.11%	1.82%	1.33%	0.98%
Net impaired loans and advances	70,761	109,120	87,475	98,109	77,548	45,963
Allowance for credit losses	40,320	30,561	31,794	21,850	16,259	8,756
Impairment charges	30,255	19,316	22,258	14,514	16,100	9,929
Liquidity management						
Liquid assets [1]	930,872	917,159	901,883	871,380	827,161	740,538
Investment securities and interest bearing deposits	1,306,177	1,183,504	1,151,704	934,162	737,780	650,669
Liquidity coverage ratio (LCR)	158.34%	412.00%	220.86%	295.80%	242.91%	112.12%
Liquid assets as a % of total assets	13.88%	13.80%	13.51%	13.29%	13.21%	12.73%
Capital management						
Risk-weighted capital	15.32%	14.43%	14.23%	13.40%	13.06%	13.58%
Common equity tier 1 capital to risk-weighted assets	14.75%	13.83%	13.65%	12.79%	12.42%	12.94%
Leverage ratio	8.77%	8.37%	8.30%	8.19%	8.05%	8.02%
Total capital [2]	598,812	573,814	568,913	551,225	522,726	484,083
Profitability and member return						
Total comprehensive income for the year	31,322	15,846	19,115	30,346	41,954	31,849
Return on assets (ROA) before tax allocations	0.72%	0.33%	0.34%	0.55%	0.87%	0.75%
Efficiency ratio	65.14%	77.74%	76.68%	74.87%	66.92%	71.01%

[1] Liquid assets include cash and cash equivalents, marketable investment securities, liquid investment securites and statutory liquidity investment securities at SaskCentral.

[2] Total capital of Conexus in 2021 consists of amounts held in membership shares and member equity accounts of $14.44 million, accumulated other comprehensive income of ($1.73) million, and retained earnings of $586.10 million. This differs from the definition of total capital used by the Credit Union Deposit Guarantee Corporation (CUDGC) which amounts to $591.69 million (2020 - $562.32 million).

Financial Position Review

The financial position review provides an analysis of our major balance sheet categories and a review of our deposits, loans, liquidity, and capital positions. The review is based on the consolidated financial statements.

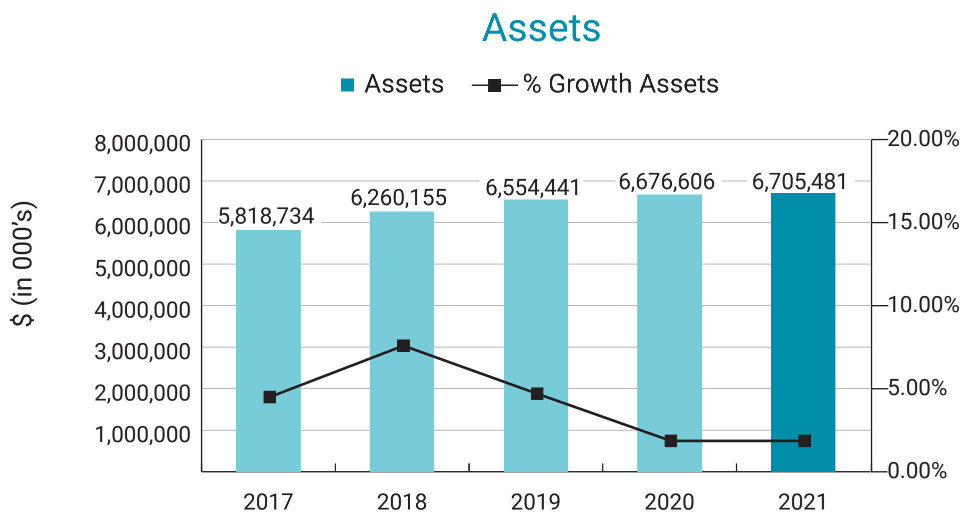
Overview

Total funds under management ended 2021 at $9.36 billion, up from $8.99 billion in 2020 and achieving total growth of 4.12% (2020 - 3.81%). Total funds under management include "off-balance sheet" assets under administration, and include: $2.18 billion in wealth management assets, up considerably from $1.80 billion in 2020 for an increase of 21.11%; and $482.51 million in syndicated loans, a decrease of 5.12% (2020 – 3.74% increase) over 2020 levels of $508.56 million. Wealth management assets increase is due to an increase in market values and sales of the related assets. The decrease in syndicated loans is mainly due to softer loan activity and Conexus not needing to utilize loan sales to manage capital, credit and liquidity as compared to prior years.

Assets

On-balance sheet assets ended 2021 at $6.71 billion, compared to $6.68 billion in 2020, which represented growth of 0.43% (2020 – 1.86%). The lower asset growth in 2021 is rooted in the negative loan growth of 2.56% experienced in 2021 (negative 2.60% in 2020). The continued negative loan growth can be attributed to the softer economic conditions in the province and economic uncertainty related to the COVID-19 pandemic.

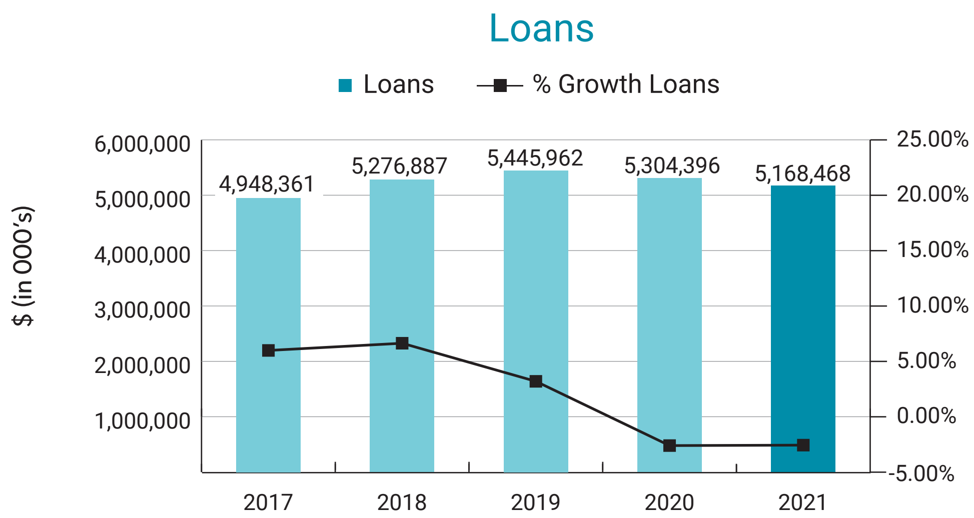
The following illustrates the Credit Union's growth in on-balance sheet assets over the past five years.



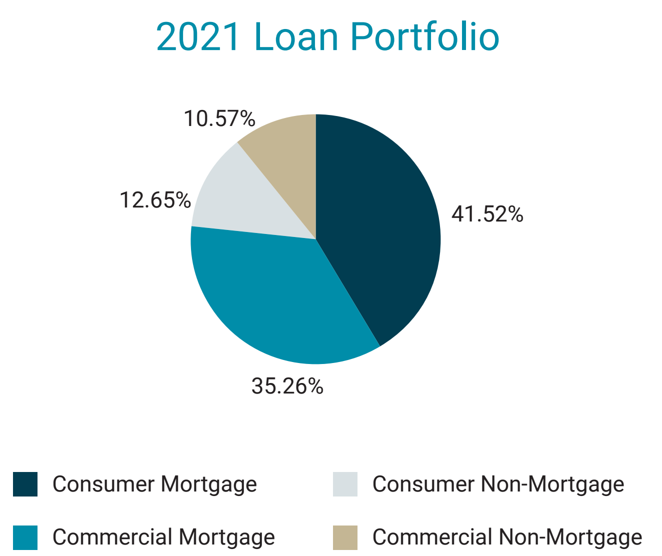
Loans

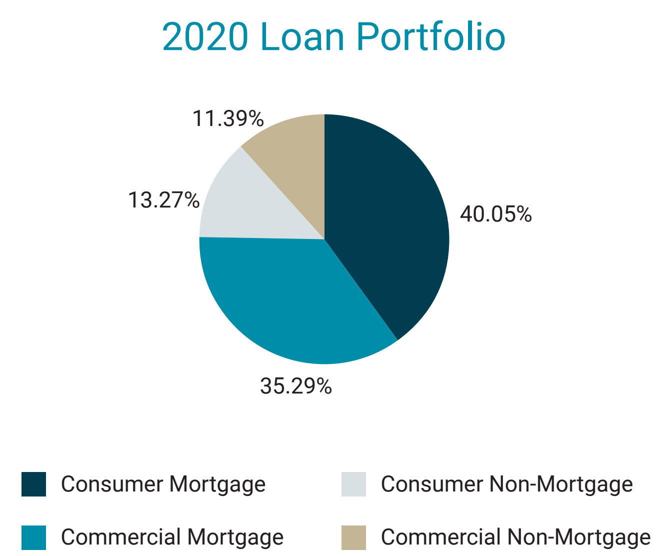
Loans accounted for 77.08% of total assets, and amounted to $5.17 billion as of December 31, 2021, representing a decrease of 2.56% over the previous year's balance of $5.30 billion. The decline in growth can be attributed to the continued fallout of the COVID-19 pandemic with two main drivers: the first being that members continue to use accumulated savings to paydown existing loans, as there is significant excess liquidity and capital in the economy and financial markets; and the second being supply chain issues in the auto industry has significantly reduced the availability of new vehicles and therefore reduced demand for new auto loans.

The following illustrates Conexus' loan growth over the last five years.



A significant portion of Conexus' loan portfolio continues to consist of stable, low-risk consumer residential mortgages. Loan allocation, expressed as a percentage of the total loan portfolio, to the consumer mortgage portfolio increased slightly from 40.05% in the previous year to end 2021 at 41.52%. Loan allocation to the commercial sector decreased over previous year from 46.68% in 2020 to end 2021 at 45.83%.





Residential mortgages
A large portion of Conexus' lending portfolio is comprised of residential mortgages, which are well diversified by borrower. This portfolio ended 2021 at $2.15 billion representing 41.52% of Conexus' total loans (2020 - $2.12 billion representing 40.05% of Conexus' total loans).

Beginning March of 2020, Conexus allowed members to defer payments outside of the normal contractual terms. In addition to other government support programs, these deferrals were aimed to help members manage pandemic-related disruptions to their income. The following table represents the number of loan deferrals processed on a monthly basis for residential mortgages in 2020 and 2021.

In September 2020, the deferral program expired, and deferral rates returned to pre-pandemic levels. The above graph illustrates that since the end of the program, Conexus has returned to near regular deferral levels as determined per the contractual terms throughout 2021.

Residential mortgage portfolio by amortization period
The following table presents the distribution of residential mortgages by amortization periods.

Residential mortgages portfolio by remaining amortization period

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Amortization Period					
< 5 years	5%	5%	5%	5%	5%
5 - 10 years	11%	10%	9%	8%	7%
10 - 15 years	24%	24%	20%	15%	12%
15 - 20 years	13%	15%	16%	17%	15%
20 - 25 years	45%	44%	47%	51%	54%
25 - 30 years	2%	2%	3%	4%	7%
> 30 years	0%	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Insured and uninsured residential mortgages and home equity lines of credit (HELOC)

Conexus defines "insured" as residential mortgages that are insured individually or bulk insured through Canada Mortgage and Housing Corporation (CHMC) or Sagen (formerly Genworth Canada). The following table presents amounts of insured and uninsured residential mortgages and HELOC's:

Insured and uninsured residential mortgages and HELOC

	December 31, 2021				
(In thousands of CDN $)	Insured		Uninsured		Total
Residential mortgages	1,233,495	56%	916,633	41%	2,150,128
HELOC	-	0%	71,216	3%	71,216
Total	1,233,495	56%	987,849	44%	2,221,344
	December 31, 2020				
Residential mortgages	1,282,081	58%	840,470	38%	2,122,551
HELOC	-	0%	80,917	4%	80,917
Total	1,282,081	58%	921,387	42%	2,203,468
	December 31, 2019				
Residential mortgages	1,294,295	58%	847,402	38%	2,141,697
HELOC	-	0%	93,605	4%	93,605
Total	1,294,295	58%	941,007	42%	2,235,302
	December 31, 2018				
Residential mortgages	1,213,512	55%	886,742	40%	2,100,254
HELOC	-	0%	95,839	5%	95,839
Total	1,213,512	55%	982,581	45%	2,196,093
	December 31, 2017				
Residential mortgages	1,132,370	54%	866,653	41%	1,999,023
HELOC	-	0%	101,090	5%	101,090
Total	1,132,370	54%	967,743	46%	2,100,113

Loan-to-value (LTV) ratios

The following table presents the weighted average LTV ratio for total newly originated uninsured residential mortgages and HELOC's during the year.

Weighted average LTV ratio

	December 31, 2021 Uninsured		December 31, 2020 Uninsured		December 31, 2019 Uninsured		December 31, 2018 Uninsured		December 31, 2017 Uninsured	
	Residential mortgages	HELOC	Residential mortgages	HELOC	Residential mortgages	HELOC	Residential mortgages	HELOC	Residential mortgages	HELOC
Weighted average LTV ratio of newly originated for the year	68%	52%	65%	51%	63%	55%	65%	47%	66%	52%

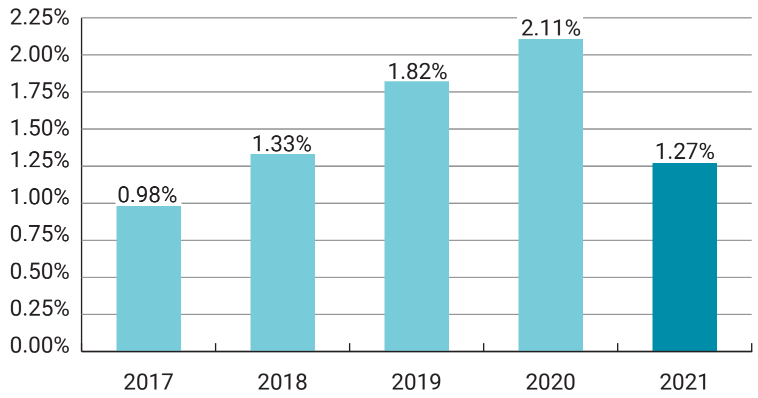
Conexus stress tests our residential mortgage and HELOC portfolios to determine the potential impact of an economic downturn, which results in an increase in defaults and a decrease in housing prices. The stress testing leverages a third-party credit default model which uses forward looking economic factors to establish stressed loss levels on a loan by loan basis. Conexus results show that in an economic downturn, which results in delinquencies well above historical levels and home prices well below historical LTV ratios, our strong capital position would be sufficient to absorb residential mortgage and HELOC losses.

Credit Quality

Past-due Loans

Loans are considered past due when a counterparty is contractually in arrears but where payment in full is expected. Delinquency greater than 90 days was 1.27% for 2021, a decrease from 2.11% in 2020. The year over year decrease in delinquency of 0.84% was primarily within the commercial mortgage portfolio, which represents 73.99% of the decrease. A large portion of these commercial files came current or to a resolution throughout 2021. Approximately $12.95 million of commercial credit was written off during the year.

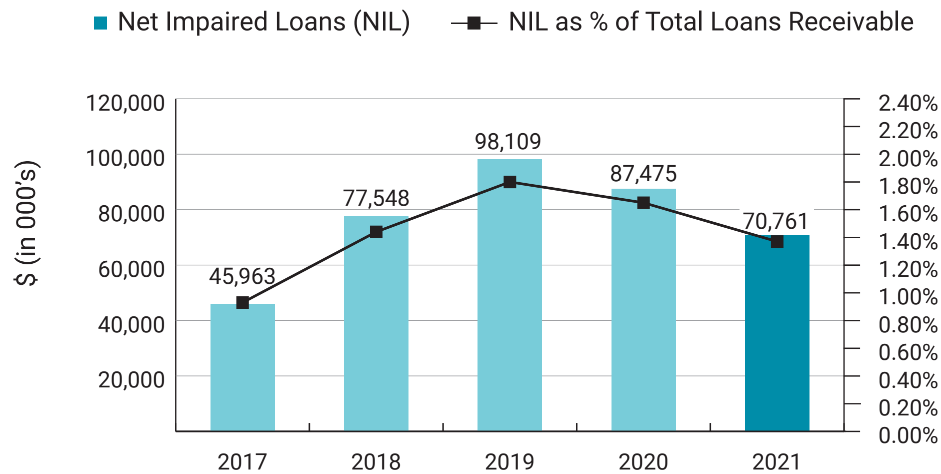
Loan Delinquency Greater Than 90 Days



Net impaired loans

Net impaired loans are considered by management to be uncollectible and are net of individual loan allowances. It is the amount expected to be realized on the sale of any security on the uncollectible loans. In 2021, net impaired loans decreased from the previous year by $16.72 million to end the year at $70.76 million (2020 - $87.48 million). As a percentage of total loans, net impaired loans decreased from 1.65% in 2020 to end 2021 at 1.37%.

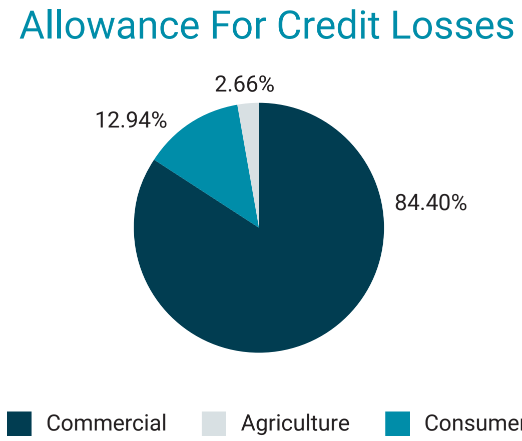
Net Impaired Loans



Allowance for credit losses

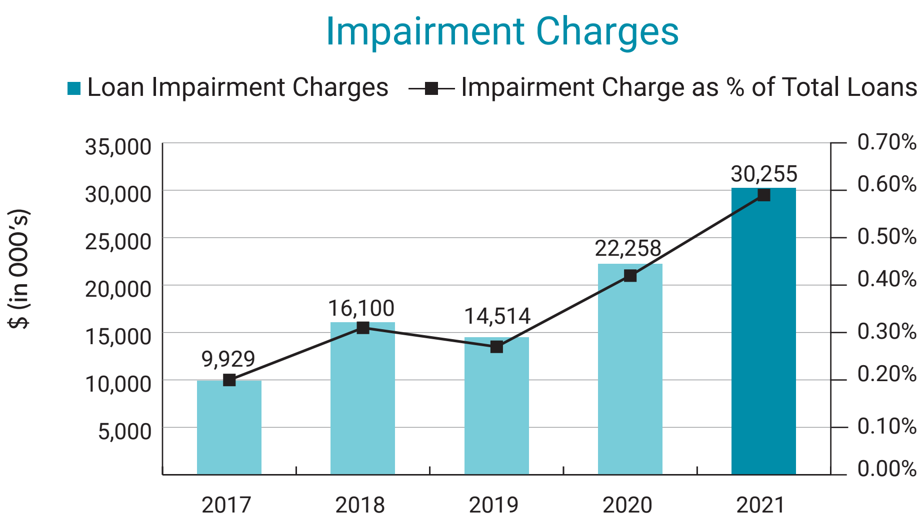
The Credit Union monitors its exposure to potential credit risk and measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for debt investment securities that are determined to have low credit risk at the reporting date and loans where credit risk has not increased significantly since their initial recognition. In particular, management judgement is required in the estimate of whether credit risk of an instrument has increased significantly, inputs into the ECL quantitative model and in the use of forward-looking information (mainly loans). When determining whether the risk of default on a loan has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Credit Union's historical experience, expert credit assessment and considerations of relevant forward-looking information. The total allowance ended the year at $40.32 million (2020 - $31.79 million) and represented 0.78% (2020 - 0.60%) of total loans.

The long-term effects of the pandemic have remained prominent in the economy during 2021, impacting commercial real estate and small businesses; particularly those in the hospitality and service industries. Combined with lower production in agriculture related to drought conditions, Conexus has experienced higher than normal credit allowances in 2021. Allowances, driven by lower security values, have largely been within the commercial portfolio with it representing 84.40% of the total allowances as illustrated below. Management continues to monitor and review impacts of the COVID-19 pandemic on credit allowancing.



Impairment Charges

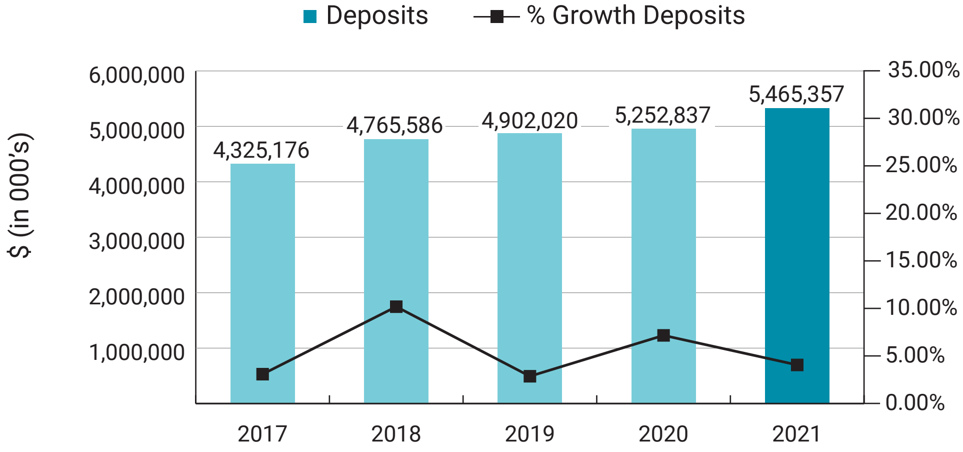
Once allowances for credit losses and write-offs have been assessed, an impairment charge is expensed on the Consolidated Statement of Comprehensive Income. Impairment charges were $30.26 million in 2021, an increase of $8.00 million from the prior year of $22.26 million. The impairment charges as a percentage of total loans increased from 0.42% in 2020 to end 2021 at 0.59%. This increase is mainly related to a small number of commercial lending files.



Deposits

Deposits ended 2021 at $5.47 billion compared to $5.25 billion in 2020, representing growth of 4.05%. Conexus' deposits consist of deposits from both consumer and commercial members. In 2021, Conexus again experienced a growth in deposits which can be mainly attributed to the continued pandemic and resulting changes in member spending behavior. Members continue to default to the safety of demand deposits and looked to maintain high liquidity to counter the ongoing economic uncertainty. Another major contributor is that members saw an increase in disposable income as the imposed restrictions on businesses and certain industries lead to reduced consumer spending and leisure travel.

Deposits



Consumer deposits accounted for 56.41% of total deposits in 2021 (2020 – 57.78%), and commercial deposits accounted for 43.59% of total deposits (2020 – 42.22%). Conexus' deposits are 100% guaranteed by the regulator of credit unions in Saskatchewan, the Credit Union Deposit Guarantee Corporation (the 'Corporation').

Liquidity Management

Managing liquidity is essential to maintaining the safety and soundness of the Credit Union, depositor confidence, and stability in earnings. It is Conexus' policy to ensure that sufficient liquid assets and funding capacities are available to meet commitments as they become due, at a reasonable cost, under normal operating and stressed conditions. Conexus defines and manages its liquidity management framework within established corporate policies and regulatory standards.

The principles of Conexus' liquidity management framework are: maintaining a strategy and policies for managing liquidity risk; maintaining a stock of high-quality liquid assets; measuring and monitoring funding requirements; managing market access to funding sources; contingency (and recovery) planning; and ensuring internal controls over liquidity risk management processes.

Conexus has an established liquidity policy, along with a number of processes and practices governing the management of funding requirements. Specifically, Conexus measures and monitors its available liquidity and performs monthly stress scenario modeling to identify sources of potential liquidity strain. Conexus has built and maintains access to numerous funding sources. The organization's primary source of funds is consumer deposits which represent 56.41% of total deposits in 2021 (2020 – 57.78%). This is followed by commercial deposits at 43.59% of total deposits (2020 – 42.22%).

In addition to core deposits, Conexus maintains external borrowing facilities from various sources. Conexus has an authorized line of credit with Credit Union Central of Saskatchewan (SaskCentral) in the amount of $95 million in Canadian funds (2020 - $95 million) and $7 million in U.S. funds (2020 - $7 million). SaskCentral is a wholesale financial services co-operative that provides clearing, settlement and liquidity management services to its member owners – the Saskatchewan credit unions. Additionally, Conexus has a credit agreement with Desjardins, with a maximum available credit limit of $150 million (2020 - $150 million). Liquidity levels have remained steady in 2021, with no additional term facility requirements.

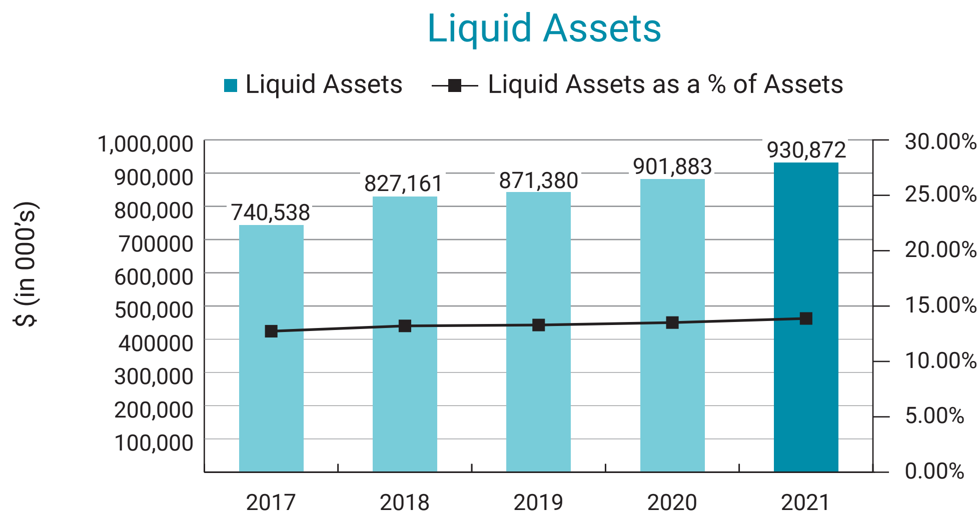
The next source of liquidity for Conexus is the securitization of assets for the purpose of generating funding in the capital markets. Conexus' securitization activities include participation in the Canada Mortgage Bond (CMB) program, the sale of mortgage-backed securities (MBS), and a revolving dealer finance loan pool. Loans may also be syndicated with numerous credit unions for liquidity and diversification purposes thereby achieving off-balance sheet treatment as all credit risk is assumed by the purchaser. Conexus did not securitize any additional loans during 2021, (2020 - $68.13 million) and syndicated $43.89 million in loans (2020 - $91.59 million) as part of its ongoing funding strategies. The decrease in securitization and syndication was a result of lower loan demand combined with increased savings amongst members which reduced the need to access these non-deposit forms of funding.

Liquid Assets

Conexus maintains a cushion of high-quality liquid assets that it can draw upon to meet unforeseen funding requirements.

Liquid assets include cash and cash equivalents, marketable investment securities and statutory liquidity investment securities at SaskCentral. The value of liquid assets increased from $901.88 million (13.51% of assets) in 2020 to $930.87 million (13.88% of assets) as of December 31, 2021.

Saskatchewan credit unions are required by the provincial regulator, the Corporation, to maintain 10.00% of their liabilities on deposit with SaskCentral, manager of the Provincial Liquidity Program. Throughout 2021, Conexus held the required amount of investment securities with SaskCentral for the purpose of maintaining its obligation to the Provincial Liquidity Program. In addition to the statutory liquidity investment securities on deposit with SaskCentral, Conexus' maintains a high-quality, liquid pool of investment securities to satisfy payment obligations and protect against unforeseen liquidity events. The majority of Conexus' marketable investment securities are held in Canadian (Schedule 1) Chartered Banks.



Operating Liquidity

The primary measures for liquidity adequacy at the Credit Union include the liquidity ratio, liquid asset ratio (LAR) and liquidity coverage ratio (LCR).

The liquidity ratio is calculated as available liquidity and cash inflows divided by cash outflows. Available liquidity is defined as investment securities which are immediately available as cash, investment securities marketable in an active secondary market, and redeemable investment securities. In 2021 the liquidity ratio was 243.00% (2020 – 259.00%), well above management's internal target of 175.00%.

The liquid asset ratio (LAR) measures current liquid assets, excluding statutory liquidity investments, as a percentage of total assets. In 2021 the LAR was 5.61% (2020 – 5.32%), well above management's internal target of 5.00%.

The liquidity coverage ratio (LCR) is a ratio that measures the amount of high-quality liquid assets (HQLA) in relation to net cash flows (obligations) over a 30-calendar day liquidity stress scenario. The ratio is calculated as HQLA divided by cash outflows. Regulator standards require credit unions to maintain a minimum liquidity coverage ratio of 100%. In 2021, the LCR was 158.34% (2020 – 220.86%), exceeding management's internal target of 120.00%.

Capital Management

Total capital as a percentage of risk-weighted assets is one of our primary measures of financial strength for financial institutions. Conexus' capital management framework is designed to balance the desire to optimize capital productivity and ensure sufficiency of capital given risks. This appropriate balance can be referred to as capital adequacy. Accordingly, capital policies are designed to ensure that Conexus: meets its regulatory capital requirements; meets its internal assessment of required capital; and builds long-term membership value. Conexus retains a portion of its annual earnings in order to meet these capital objectives.

The Corporation prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by the Corporation are based on the Basel III capital standards framework established by the Bank for International Settlements and adopted by financial institutions around the globe, including Canadian banks. Conexus monitors changes in regulatory standards and guidelines and adjusts its capital plan and targets accordingly.

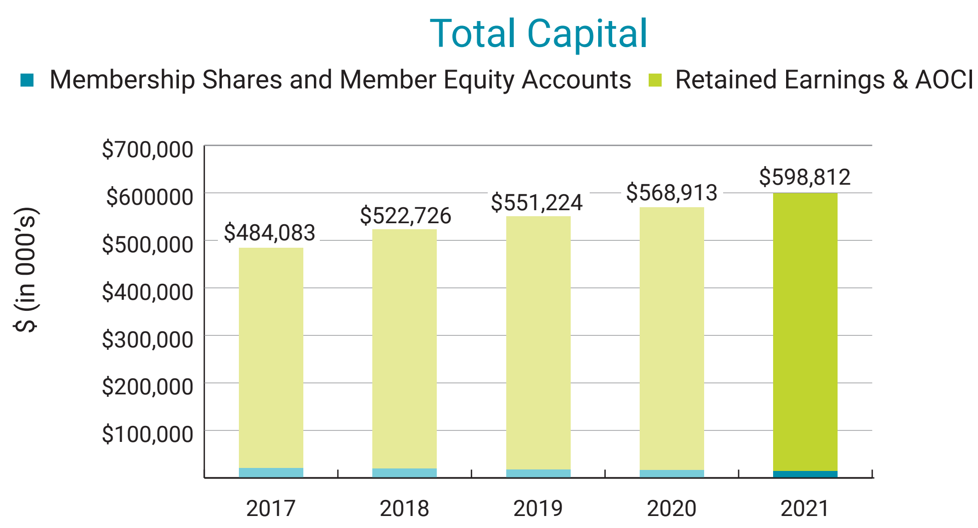
The Credit Union has been designated as a provincial systemically important financial institution (P-SIFI) and is subject to a capital surcharge of 1.00% of risk-weighted assets. The surcharge requires P-SIFI's to maintain larger capital reserves and a greater ability to absorb losses. The goal of this capital surcharge is to reflect the greater impact that the failure of a P-SIFI may have on the provincial financial system and economy. The capital surcharge is periodically reviewed by the Corporation in light of national and international developments.

The Corporation currently prescribes four standardized tests to assess the capital adequacy of credit unions: risk-weighted capital ratio (total eligible capital to risk-weighted assets); common equity tier 1 capital to risk-weighted assets; total tier 1 capital to risk-weighted assets; and a minimum leverage ratio (eligible capital to total leveraged assets). The risk-weighted capital ratio is calculated as total eligible capital divided by risk-weighted assets. Achieving minimum regulatory capital levels are of paramount importance to Conexus. Minimum board-level standards are set that either meet or exceed regulatory minimums. Regulatory standards require credit unions designated as P-SIFI to maintain a minimum common equity tier 1 capital to risk-weighted assets of 8.00%, total tier 1 capital to risk-weighted assets of 9.50%, a minimum leverage ratio of 5.00% and a minimum total capital to risk-weighted asset ratio of 11.50%. This standard-setting is the first line of defense to ensure capital levels exceed regulatory minimums even in times of significant loss or unplanned growth.

The Corporation also prescribes an internal capital adequacy assessment process (ICAAP). ICAAP is an integrated process that evaluates capital adequacy and is used to establish capital targets that take into consideration the strategic direction (business plan) and risk appetite of the Credit Union. ICAAP seeks to identify the material risks requiring capital and quantify the amount of capital that should be held in relation to those risks. Enterprise-wide stress testing and scenario analysis are also used to assess the impact of various stress conditions on Conexus' risk profile and capital requirements. In addition to board-level minimums for capital adequacy, internal capital targets are set and reviewed annually through the Conexus' ICAAP process. ICAAP targets and the underlying risk assessment process is approved annually by the Risk Committee of the Board. Conexus manages capital to these operating objectives. Balance sheet operating strategies are designed to ensure these capital levels are achieved in addition to other strategies, such as growth and profitability targets.

Capital planning is integrated with Conexus' business planning. Conexus' capital plan must demonstrate its ability to meet both board-level capital standards and those established through ICAAP. A capital plan is prepared annually and approved by the Audit and Conduct Review Committee.

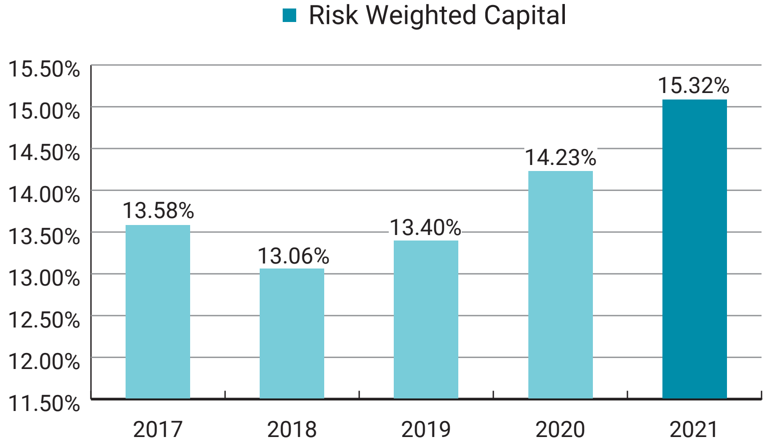
Conexus experienced capital growth in 2021, adding to its sound financial position. In 2021, the total capital of Conexus increased by $29.90 million, from $568.91 million in 2020 to $598.81 million. Total capital of Conexus consists of amounts held in membership shares and member equity accounts $14.44 million accumulated other comprehensive income (AOCI) of ($1.73) million; and retained earnings of $586.10 million. The following chart illustrates the capital composition of Conexus, showing that retained earnings is the main source of capital for Conexus.



Regulatory capital

For the year ending 2021, Conexus' total capital as a percentage of risk-weighted assets was 15.32% (2020 – 14.23%). Common equity tier 1 capital to risk-weighted assets as well as total tier 1 capital to risk-weighted assets was 14.75% (2020 – 13.65%), and the leverage ratio was 8.77% (2020 – 8.30%), all well above the minimum regulatory standards, policy requirements. The ICAAP process outlines a required total capital as a percentage of risk-weighted assets to be 12.86% (2020 – 12.51%).

Regulatory Capital



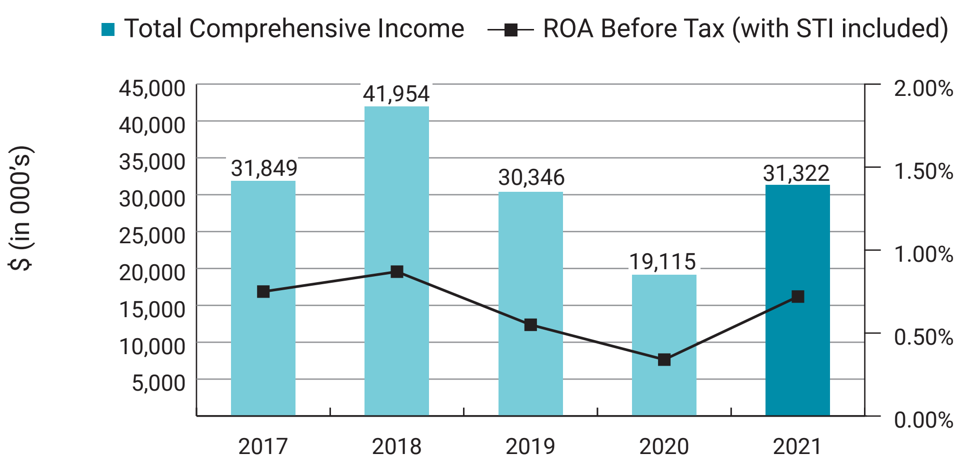
Financial Performance Review

The financial performance review provides an analysis of our consolidated financial performance and member return. The results below are drawn from continuing operations unless otherwise specified.

Profitability

Total comprehensive income for 2021 was $31.32 million, an increase from $19.12 million in the previous year. For 2021, total annualized return on assets (ROA) before income tax allocations was 0.72%, compared to 0.34% in 2020.

Total Comprehensive Income and ROA



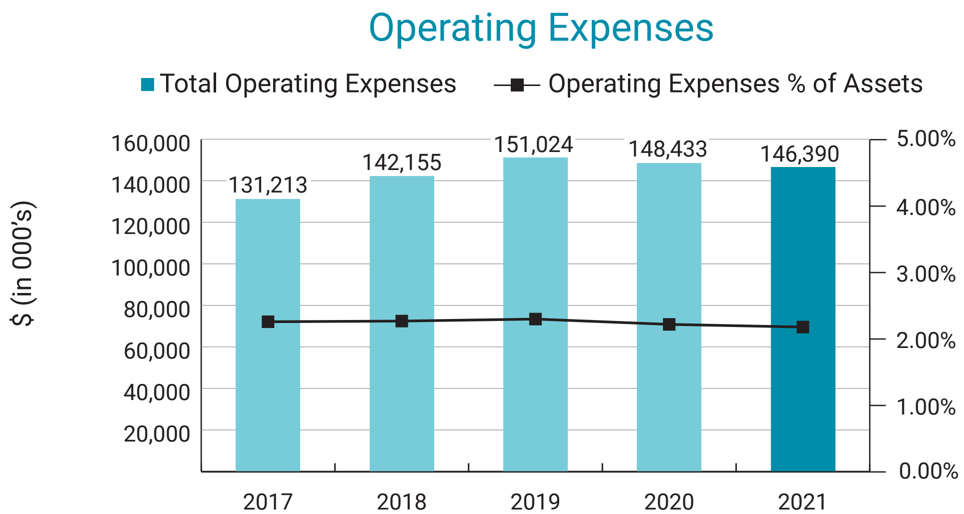
Total comprehensive income is comprised of the following items:

- Net interest income before impairment charges consists of total interest income less total interest expense. In 2021 the net interest income before impairment was $153.95 million (2020 - $150.24 million) which is a $3.71 million increase representing 2.30% of total assets (2020 – 2.25%). This increase can be attributed to lower volumes in higher interest products such as term deposits as members sought to maintain liquidity.

- Net interest income after impairment charges consists of total interest income less total interest expenses while factoring in any loans and investment security impairment charges. Net interest income after impairment charges decreased $4.29 million between December 31, 2021 and 2020. Expressed as a percentage of total assets, net interest income after impairment charges decreased to 1.84% for 2021 compared to 1.92% in 2020. This decrease is due to an increase in impairment of a small number of commercial files over the prior year.

- Other income: includes account service fees, loan fees, loan insurance fees, card fees, dividend income, financial instruments held at fair value, wealth management income, and other income. Consolidated other income increased significantly to $70.78 million in 2021 from $43.35 million in 2020. A major portion of the increase relates to large market value increases in private equity fund investments. Conexus' Venture Capital saw an increase in market value of $12.9 million due to growth in portfolio companies based on recent financing transactions. Other private equity fund investments experienced an increase of $6.75 million in market value as the economy started to recover from the volatility of COVID-19 in 2021. In addition to a rebound within the private equity funds, Conexus's derivative portfolio experienced a fair value gain of $3.98 million. Other notable items include the continuation of the Canada Emergency Wage Subsidy (CEWS) for which Conexus, along with a wide range of Canadian businesses have received funds to help offset the decline in revenue associated with the impact of the COVID-19 crisis. Lastly, Thrive Wealth Management commission and profit-sharing revenue was strong throughout 2021 outperforming the prior year and expectations. Current years market trends show that the economic uncertainty caused by the COVID-19 pandemic has begun to dissipate.

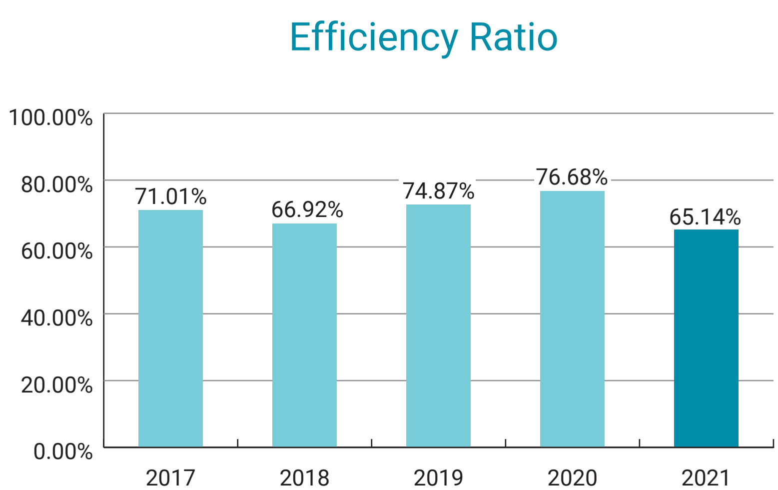
- Operating expenses: includes various operating costs such as general business, occupancy, organizational, personnel, and member security. Consolidated operating expenses decreased from 2.22% of assets or $148.43 million in 2020 to 2.18% of assets or $146.39 million in 2021. This ratio of operating expenses divided by total assets is called the operating expense ratio and is included as a measure of efficiency in Conexus' key performance indicators report to ensure all staff and management focus on operating cost management. As the graph indicates management continuously looks to control and monitor ongoing operating expenses.



Efficiency

The efficiency ratio measures operating expenses as a percentage of earnings from operations. A low-efficiency ratio indicates efficient use of resources. The ratio is calculated as operating expenses from operations divided by the sum of the following: net interest income plus other income from operations.

The efficiency ratio was 65.14% in 2021 compared to 76.68% in 2020, a favorable decrease of 11.54%. The decrease can be attributed to both controlling operating costs and higher non-interest revenue than prior period.



Enterprise Risk Management

Overview

Conexus provides comprehensive financial and wealth management products and services to individuals, small and medium businesses, and agricultural producers. As a result, Conexus is exposed to a broad range of financial, business, and regulatory risks, many of which are beyond direct control. Conexus operates in a highly regulated and competitive environment with growing member expectations driven by rapidly evolving digital and electronic technological capabilities. Conexus is vulnerable to the province's economic strength and increased geographic and concentration risk exposures with operations focused on the Saskatchewan marketplace.

All organizations face external and internal factors and influences that introduce uncertainty in achieving objectives. A potential impact of this uncertainty is a deviation from the expected outcome in either a positive or negative matter, and sometimes even both. This uncertainty is known as risk.

Enterprise risk management's (ERM) purpose is to create and protect value, with an aim to improve performance, encourage innovation, and support the achievement of objectives. Effective risk management is accomplished by altering the likelihood of a risk occurring and the impact on the organization if the risk does occur. The focus is to manage risks to operate within the risk appetite communicated by the board. Risk management occurs at an operational level daily. The enterprise risk management team takes risk management to a strategic level to manage risks from an enterprise-wide perspective.

Approach to Risk Management

Conexus seeks to create and protect enterprise value by enabling risk-informed decision-making and balancing risk and return within the business process. This is achieved by managing the top business (key) and emerging risks impacting strategy and operations, encompassing risks relating to credit, market, liquidity, operations (systems, process, and people), regulatory, legal and strategic risks that may impede the achievement of business objectives. Conexus' ability to manage risks is supported by:

- An effective governance structure;
- A strong risk culture;
- A well-defined risk appetite statement; and
- An effective risk management framework and process

Risk Governance

Risk governance includes setting the risk appetite and policy, determining an appropriate organizational structure, and clearly defining authority and responsibility for risk decisions. The following groups and committees have the authority and responsibility to make risk decisions within Conexus.

Risk Governance & Strategic Direction	Board of Directors	• Foster a risk awareness culture • Set strategy and high-level objectives • Approve risk policies and set risk appetite • Know the extent to which effective ERM has been established within the organization • Be aware of significant risks and whether management has appropriately responded • Review and assess the impact of business strategies, opportunities, and initiatives on the overall risk position
	Risk Committee	• Monitor major risks and recommend acceptable risk levels to the board • Review the appropriateness and effectiveness of risk management and compliance practices
Risk Oversight	CEO & Executive Leadership Team	• Ensure, through the chief executive officer, that all ERM components are in place • Set objectives, establish an organizational structure, and develop the risk culture • Ensure that a supportive learning environment exists • Review and recommend changes to board policy • Review operating policy changes
	Management Risk Committee	• Oversee the ERM function • Ensure compliance with the risk appetite • Review the status of significant risk areas and key business risks • Review and recommend risk appetite statement to the board • Monitor overall risk profile, key business and emerging risk exposures, and risk management activities
	Chief Risk and Compliance Officer	• Lead the ERM function • Ensure risk is considered in strategic direction-setting • Support and demonstrate the importance of ERM • Maintain and develop the risk governance framework

Operational Risk Management	ERM Department	• Act as a centralized coordinator to facilitate ERM • Establish ERM policies, define roles and responsibilities, and set goals for implementation • Promote ERM competence • Examine and evaluate the effectiveness of the ERM framework, tracking progress and reporting on best practices • Oversee the insurance risk management program • Oversee the business continuity management program
	Senior Management	• Manage risk related to unit objectives • Assume responsibility and accountability • Integrate risk management into department strategy and management practices • Identify events, assess risks and respond accordingly
	Compliance & Risk Management Function	• Oversee enterprise-wide management of compliance throughout the organization • Provide independent and objective assurance of control and soundness of operations to management, Audit, and Conduct Review Committee and Risk Committee of the board • Monitor compliance with policy and procedure and the adequacy of controls
	Credit Management	• Establish credit policies and oversee credit risk management • Monitor credit risk profile and risk exposures • Monitor compliance with credit risk policies • Approve high-risk individual credit applications
	Corporate Finance & Balance Sheet Management Group	• Establish market and liquidity risk policies and oversee related programs and practices • Monitor overall market and liquidity risk profile, key and emerging risk exposures, and risk management activities • Monitor compliance with market and liquidity risk policies • Establish balance sheet operational strategies with a focus on achieving financial targets, managing market, and liquidity risk, and optimizing the use of capital • Establish pricing policies and tools • Ensure that policies facilitate appropriate return given the level of risk in individual accounts • Monitor pricing decisions to ensure compliance with policy
	Functional Advisors and Supervisors	• Provide support in shaping effective ERM components • Ensure policy-related advice and guidance is in line with corporate ERM and strategic objectives • Identify and assess risk and the effectiveness of existing risk management practices • Help design and implement tools for more effective risk management
	All Employees	• Be aware of risk management issues • Practice risk-aware behaviour • Consider limitations and understand the risks they can and cannot take • Execute day-to-day activities following established directives and protocols

Risk Culture

Risk management is the responsibility of all employees at Conexus with a supported culture that enables us to proactively identify, assess, and respond to risks in a timely manner. Expectations for employee behavior and accountabilities are set out in the Conexus Code of Conduct, Risk Appetite Statement, policies, procedures and guidelines.

Risk management is embedded in employee job profiles and performance management practices with risk accountabilities being clearly defined within the risk framework to guide all employees.

Risk Appetite

Conexus has a well-defined risk appetite statement to guide organizational decision-making practices and ensure that risk levels remain reflective of Conexus member values and consistent with Conexus' co-operative principles.

Conexus' risk appetite statement is an internal document that articulates the amount of risk Conexus is willing to accept in pursuing its strategic objectives. It establishes the boundaries for risk-taking, includes risk definitions and measurable qualitative and quantitative statements, and provides a platform for measuring risk management activities for key business risks across significant risk categories in the credit union.

The credit union's risk appetite level may change over time; therefore, the risk appetite statement is reviewed at least annually.

Risk Management Framework Process

Risk Identification, Measurement, and Assessment

The ERM framework sets out how risk management is designed and will function at Conexus. Risks are identified and assessed, and management plans are documented using a risk register. Risks are evaluated and prioritized based on the potential impact that they could have on operations and strategic advancement, and the likelihood that they might occur.

Risks considered to be at a desirable level are managed through normal operating policies and procedures. Risks at a slightly higher level receive ongoing monitoring. Risks at a high level are escalated to the Management Risk Committee for monitoring and are reported to the board. If any risk exceeds board policy tolerance levels, a timely and appropriate response is required.

Risk Monitoring and Reporting

ERM reporting requirements are specified in board policy. Reports are submitted quarterly to the Risk Committee, providing updates on significant risk categories and key business risks. The full board of directors is provided access to all reports submitted to the Risk Committee. Reporting through the course of the year includes risk details such as a listing of key risks, insurance program review, and an evaluation of the ERM business continuity management program and Recovery Plan implementation status. Internal Audit, and occasionally the Credit Union Deposit Guarantee Corporation, also completes an independent evaluation.

A dedicated executive-level risk committee, the Management Risk Committee, meets at least quarterly to review significant risk categories and discuss changes to the risk environment, risk impacts on strategic objectives, and emerging risks.

Risk Control and Mitigation

Management implements policies and procedures to carry out risk management and treatment actions. The Conexus ERM framework establishes that risk owners are generally responsible for controls. The ERM department reports on the adequacy of controls and the internal audit department tests these controls and reports to determine whether they are functioning as intended.

The executive team takes risks into consideration when creating the corporate plan and balanced scorecard. Key initiatives have been put in place to manage risk priorities.

Significant Risk Areas

In addition to tracking individual key risks, analysis is done for each significant risk area. Conexus conducts an assessment to measure the inherent risks in the area, the effectiveness of risk management controls, and the residual risk. Within each of these risk categories are various individual risks, and Conexus recognizes that any combination of risks can affect the organization's reputational risk.

An essential element of our ERM program is to ensure that the key business and emerging risks that may impact the organization are identified, assessed and treated through our risk management process. Key risks are routinely monitored by the Management Risk Committee and thoroughly reviewed and refreshed annually ahead of the new annual business cycle or during periods of stress in the operating environment. The key business risks described below reflect the 2021 risk environment considering the impacts of COVID-19 on our business operations through the last year.

Strategic Risk

Strategic risk encompasses the possibility that business decisions or plans could be flawed and thus impact Conexus' ability to meet objectives. This risk can take the form of adverse business decisions or ineffective/inappropriate business plans. It could also be a failure to respond to changes in the competitive environment, member preferences, or product obsolescence. Products and services must be competitive and profitable, and resources must be used appropriately for Conexus to succeed.

Key Strategic Risks
The following are key strategic risks that have been identified at Conexus:

- **Economic Environment** - The economic environment faces many uncertainties, notably higher energy prices and pandemic-related supply bottlenecks, putting pressure on price inflation and affordability indexes. Considering the progress made in the economic recovery, the central bank is ending its quantitative easing and COVID programs. However, the economic recovery continues to remain highly dependent on the path of the pandemic and the measures required to contain it, which continues to introduce volatility.

- **Competition** - Member loyalty is challenged and member service expectations are influenced by existing and non-traditional financial service providers who are leveraging technology and data to build products and services that make it increasingly difficult to offer a seamless relationship-based program to achieve growth organically.

- **Data Maturity** - Data is a core asset that must be managed and matured to deliver member financial well-being and corporate objectives. Competitors and Fintechs are perceived to be sophisticated data users who can leverage data to create a competitive business advantage. For data to be optimized, it must be high quality, accessible, timely, adaptable (and yet reliable and repeatable), and usable. These characteristics ensure that data supports the preservation of value through analytical approaches to member insight, increased efficiency, and supports readiness to adapt to innovative approaches such as open banking.

- **Strategic Focus & Alignment** - There is a risk that Conexus may lose focus on the priorities required to digitally and operationally deliver on the Conexus strategic differentiator, member financial well-being, while evolving toward operational excellence as a credit union. If Conexus cannot maintain an enterprise-wide focus and alignment on priorities, there is a risk that objectives will not be met.

- **Enterprise Partner Reliance** - Conexus has significant reliance on, and value invested in, numerous third parties (vendors/partners) to provide services to our members in order to deliver on our purpose. This reliance creates the potential for strategic misalignment, delayed critical decision making, inappropriate services, business continuity risk, and with trade associations, the potential for inequitable funding of misaligned structures and services.

Conexus employs an annual review process to identify the key strategic risks facing the organization. Annually the risk committee reviews the environment in which Conexus operates and re-aligns the key strategic risks and risk appetite statement accordingly. The updated key strategic key risks and correlating risk appetite statement are then employed and monitored the following fiscal year.

Strategic Risk Management

Conexus has an ongoing strategy planning cycle, which includes planning sessions for the board and executive management. Strategic and operational planning is organized and led by the Vice-President, Strategy, within the governance and strategy area of Conexus. Strategic objectives, performance measures, and key initiatives are identified and form part of the balanced scorecard, which is communicated to all staff and used to measure organizational performance. Risk identification is part of Conexus' operational planning process, ensuring that strategic risk identification is incorporated at all levels within the organization.

Market Risk

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities and changes in revenues or expenses are adversely affected by changes in market conditions. These market conditions include a change in interest rates as well as foreign exchange movements. At Conexus, market risk primarily arises from movements in interest rates and is caused specifically from timing differences in the re-pricing of assets and liabilities, both on and off the balance sheet.

Market Risk Management

Effective management of market risk includes documented board and operating policies which address roles and responsibilities, delegation of authority and limits, risk measurement and reporting, valuation and backtesting, hedging policies, and exception management. Market risk exposure limits have been set in Conexus policy, and different methods of scenario and stress testing are carried out to determine if the limits are exceeded. The corporate finance department is responsible for reporting on and monitoring market risk which is communicated quarterly to the board of directors. Interest rate risk management includes the use of derivatives to exchange floating-rate and fixed-rate cash flows.

Liquidity Risk

Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans, without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources

Liquidity Risk Management

Liquidity risk management includes board and operating policies which address roles and responsibilities, delegation of authority and limits, risk measurements, stress testing, and reporting. Operational management of liquidity risk includes daily, monthly, and annual liquidity management processes and planning. Liquidity planning considers the Conexus strategic plan, diversity of on and off-balance sheet funding sources, as well as the diversity and liquidity of assets. The corporate finance department is responsible for monitoring liquidity risk and reporting is provided quarterly to the board of directors.

Credit Risk

Credit risk is the loss of principal resulting from a borrower's failure to repay a contractual credit obligation. Credit losses occur when the borrower fails to make contractual payments, and the realizable value of security is less than the outstanding principal of the credit.

At Conexus, credit risk comes primarily from direct lending activities and, to a lesser extent, the holdings of investment securities.

Key Credit Risks
The following key risk has been identified in this category:

- **Credit Risk** - Conexus operates almost exclusively within the province of Saskatchewan, creating a portfolio with high geographic concentration especially in the major cities, dependence on the economic strength of Saskatchewan and our major industries, and a portfolio of loan collateral impacted by a soft commercial real estate market.

Credit Risk Management
Credit granting is controlled by board-approved policies and detailed loan policy manuals. Credit approvals require escalation based on the operational lending policy, which is reviewed regularly. Quarterly credit management reports provide loan portfolio details on loans by industry type, internal risk weighting where available, and property type for mortgages. Credit portfolio management entails using a variety of strategies to achieve a target loan portfolio. A centralized Credit Management Centre is responsible for the creation of appropriate operating policies and the overall management of credit risk.

Legal & Regulatory Risk

Legal and regulatory risk is the risk arising from potential violations of non-conformance with laws, rules, regulations, prescribed practices, or ethical standards.

Legal and Regulatory Risk Management
As a financial institution, Conexus operates in a heavily regulated environment. As a business operating within Saskatchewan, Conexus is subject to all provincial and federal legislation applicable to operations, including labor and anti-money-laundering laws. Board policy, operating policy, operating procedures, and a corporate code of conduct raise awareness and accountability in complying with laws and regulations.

A corporate compliance department that maintains risk oversight and coordinates quarterly reporting to the board is in place at Conexus. Operational compliance employees ensure compliance in key regulatory areas. All specialized departments (wealth management, credit, finance, and retail) are knowledgeable in the specific regulations applicable to their areas, and where required, third-party expertise is consulted to ensure sound decision-making. Employees are responsible for compliance within their scope of responsibilities. Mandatory training and reviews are required for specific regulatory requirements and key human resource operating policies and guidelines.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, lack of employee integrity, or natural disasters.

Key Operational Risks
The key risks identified in this category are:

- **Human Resource Risk**
  - Talent Acquisition, Development & Retention - The acquisition and retention of key talent, as well as the development of knowledge, skills and abilities, is critical to the success of our strategy and ongoing transformation. In addition to having the technical expertise required to be an individual contributor, our employees must also be resilient, forward-looking and have an exceptional capacity for change.
  - Leadership Execution - Our collective leadership teams must be adept in leading and accomplishing work within a VUCA environment (volatile, uncertain, complex, and ambiguous). This involves executing with speed, coordinating changes and intersection points which requires new skillsets on mass such as leadership agility, business and data acumen, integrative thinking and a growth mindset. Our ability to align employee and leadership behaviour to deliver on Conexus' purpose requires relentless attention and consistency.

- **Cybersecurity** - Conexus' use of digital member service delivery channels, including online and mobile technology, and increased industry use of cloud-based services in combination with increasing incidents of privacy and technology breaches across the corporate environment, creates a vulnerability to financial loss and reputation risk.

- **Operational Process Efficiency** - Conexus requires processes that meet member demand for low friction interaction while supporting the empowerment of employees to make decisions at the member level. Conexus requires a simplified, intuitive and integrated policy and process framework that leverages technology to achieve these goals. If Conexus cannot improve its member service processes, we are at risk of having a cost structure that impedes our ability to competitively deliver on our purpose.

- **Enterprise Architecture** - Conexus' current technology infrastructure and architecture inhibit the ability to drive business value through technology enablement. Without cohesiveness and integration layers, our ability to leverage proprietary data, open banking opportunities, and industry innovation while building strong partnerships is obstructed. Without cohesion internally, our workforce is strained by inefficient workflows that require a vast amount of application knowledge that may result in an increased risk of decision errors and reporting through the manual manipulation of information between systems.

Operational Risk Management

At Conexus, operational risk exists in all products and services and the way they are delivered, such as how the back-office processes and systems are supported. Conexus categorizes operating risk into three main areas: people, systems, and processes. The people category includes human resources and covers risks such as the ability to attract and retain appropriate talent. The systems category addresses technology and reliance on it, encompassing such risks as a security breach or failure of a critical system for an extended period. The processes category includes the way the organization approaches tasks and considers inaccurate policies or procedures.

Operational risk is managed through preventative measures, including policies and procedures, controls, and monitoring. Control and monitoring involve the segregation of duties, employee training, performance management, and a structured internal audit program. Other mitigation practices include business continuity planning, appropriate insurance coverage, and secure technology solutions.

Conexus' people risk is controlled through board and operating policy and is managed by a dedicated human resources department. Individual departments and managers are accountable to ensure appropriate hiring, training, and development of staff including ongoing employee engagement and retention with the assistance of the Human Resource Department.

System risk management is jointly controlled through dedicated information technology departments responsible for ongoing system security and functionality as well as individual departments which are responsible for ensuring the appropriateness of the systems and data used at Conexus.

Process risk is managed through multiple channels. Board policy is reviewed and recommended by an executive-level committee for board approval. Operating policy and procedure, which is centrally available to all staff, is controlled through key departments with the required subject matter expertise and is reviewed by an executive-level committee. The internal audit department conducts ongoing assessments of process compliance and reports the findings directly to the Audit and Risk Committee of the board.

Business Continuity Management and COVID-19 Pandemic

Conexus maintains a robust set of business continuity plans in preparation of supporting business operations through our critical business functions in the event of a major disruption in member service. The plans include specific action to respond to disruptions that may impact Conexus' physical locations, technological systems, and the health and safety of our employees and members. Early in 2020, in response to COVID-19 the business continuity pandemic plan was enacted, and Conexus continues to operate under a state of continuity as of December 31, 2021. The overall objective of the response action is to continue supporting our membership and providing a safe environment for both members and employees by employing both in-person and remote service options through the promotion of digital channels and the Member Contact Centre. Conexus has and continues to support remote working options for employees during times when the risk to health and safety is higher.

Conexus closely aligns response actions to the Government of Saskatchewan health and safety guidance. The team responsible for occupational health and safety monitors the physical safety protocols in place at all locations to ensure a safe working environment for employees and members. A team of human resource, safety and communication specialists continues to work with local and senior leaders to ensure Conexus remains focused on strong health and safety practices through the continuation of the pandemic. A risk assessment process is utilized to monitor the level of risk within all the communities we serve and in our own internal environment. Safety practices and business operations can be easily altered to allow for a safe environment to continue to serve our members.

Being designated a P-SIFI, Conexus maintains a recovery plan which provides an integrated and executable plan to restore stakeholder confidence in the financial soundness of the credit union and help it emerge as an intact, functioning, and viable credit union following an extreme stress event, such as that presented by the COVID-19 pandemic. The recovery plan is an extension of, and integrated with, the Conexus business continuity management program. Early warning indicators and triggers are monitored daily and none were active as of December 31, 2021.