



Annual General Meeting

March 2nd, 2020



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Note: Visit vermilioncreditunion.com to view the annual report and financial statement online
Also available at registration

OUR MISSION

To provide a full range of financial services delivered professionally at a fair price that supports our members and communities in building their financial security.

OUR VISION

Through continued innovation, Vermilion Credit Union will be the financial institution of choice and a recognized leader in our community.

OUR VALUES

To provide a full range of financial services delivered professionally at a fair price that supports our members and communities in building their financial security.

AGENDA

Welcome to our 77th Annual General Meeting

Introduction of Guests, Officers, & Head Table

Quorum

Call to Order

Approval of Agenda

Approval of Minutes of the 76th Annual General Meeting

Business Arising from the Minutes

Operations Report to Membership

Auditor's Report

Nominating Committee Report

Audit and Finance Committee Report

Credit Committee Report

Sponsorship & Donations Report

New Business

Adjournment

MINUTES OF THE 76th ANNUAL MEETING

Willow Jaremco opened the meeting by welcoming everyone to the 76th Annual Meeting.

Introduction of Guests, Officers and Head Table:

Willow Jaremco introduced our guests, the head table, and the Board of Directors. She stated that Director Lonnie Wolgien was unable to attend.

Alice Shields	Alberta Central – Director of Credit Union Relations
Catherine Walker	Alberta Central – Credit Union Relations Representative
Liz Robichaud	Alberta Central – Credit Union Relations Representative
Wendy Ivey	Credit Union Deposit Guarantee Corporation (CUDGC)
Brenda Nilsson	Credit Union Deposit Guarantee Corporation (CUDGC)
Dayo Oni	Credit Union Deposit Guarantee Corporation (CUDGC)
Kelly Longley	Encompass Credit Union - President & CEO
Ray Styranka	Encompass Credit Union – Vice President, Credit & Director of Lending
Connie McMann	Encompass Credit Union – Vice President, Human Resources
Daryl Hoey	Encompass Credit Union – Vice Chair
Ariel Haubrich	Encompass Credit Union – Second Vice Chair
Brian Thorne	Lakeland Credit Union - Chief Executive Officer
Ronda Morin	Lakeland Credit Union – Vice President, Member Experience
Charmaine Code	Lakeland Credit Union - Board Chair
Dennis Laurin	Lakeland Credit Union – Director
Judy Cabay	Lakeland Credit Union - Director
Trevor Dodd	Metrix Group LLP, formerly known as Hawkings Epp Dumont LLP
Steve Friend	Vision Credit Union – Chief Executive Officer
Joe Mohan	Vision Credit Union – Sr Vice President of Credit
Dan Hautzinger	Vision Credit Union – Sr Vice President of Finance/Strategy
Bruce Weinkauff	Vision Credit Union – Sr Vice President of Operations
Jim Jackson	Deputy Mayor, Village of Mannville

Staff Long Term Service Awards: David Eremko, CEO acknowledged and thanked staff and gave a history on the Long Term Service staff and congratulated them -- Corrine Rehmann for 5 years, Jodi Jones for 5 years, Darlene Balash for 10 years and Ashton Stuparyk for 10 years of service.

Quorum Report: Devon Whitten. Devon reported 61 members and 21 guests in attendance, which represents a quorum

Call to Order: Willow Jaremco called the meeting to order at 7:06 pm

Approval of Agenda: Willow Jaremco moved the agenda accepted as presented, seconded by Wayne Wright. All in favor; Carried.

Previous Meeting Minutes: David Eremko moved to adopt the minutes be accepted as presented, seconded by Carol Therrien. All in favor; Carried.

Business Arising from Minutes: There was no business arising from the minutes.

Operational Reports: Devon Whitten stated he was privileged to be the Chair of the Vermilion Credit Union Board.

MINUTES OF THE 76th ANNUAL MEETING CONT. 1

The Board continues to evolve and adapt, with education, awareness and compliance with regulatory requirements & self-assessment continuing to be a focus. We have strong community ties and honor those ties by giving back to the community. The Vermilion Credit Union returned \$501,635 (34 percent) of our profits directly to members in patronage and dividends. Devon thanked the management and staff for their efforts as they provide the Credit Union with the strength, success, and continued positive reputation it enjoys. Devon thanked our membership for their continued support and participation. We hope you are as proud as we are of what this organization achieves and continues to offer the community.

David Eremko thanked our members and guests joining us and stated everyone's presence is truly appreciated. He also thanked our Credit Union peers and neighbours in attendance. We enjoy working together with each of you in our efforts to build a better banking experience for members and communities. The 2018 fiscal year was considered a positive one for Vermilion Credit Union. We saw a decrease of approximately \$3 million in overall assets from last year, however net income rose to \$1.2 million — a new high which we're happy to attain. Resulting profit and member investment grew our capital and retained earnings to \$20 million which provides a level of stability for our membership and exceeds all levels of capital mandated by our provincial regulator. Our belief is that the upcoming year will be somewhat challenging as we are currently finding the economic environment subdued in our communities. We have transitioned to a new Mastercard product offering following the Credit Union system's departure from the previous card provider. We look for support and acceptance from our members as we offer these new card products. We are currently exploring online account opening solutions that would provide greater simplicity and convenience for the financial service needs of members. This may be an exciting option for our members and we look forward to this journey. In closing, David thanked the staff for striving to provide exceptional service and products on a daily basis and thanked the membership for their support and belief in our Credit Union and the Credit Union system in the province.

David moved the Operational Reports be accepted, seconded by Sonia Matichuk. All in favor; Carried.

Nominating Committee Report: Willow stated that the terms of Devon Whitten, Wayne Wright and Toland Cochrane expire this year. Devon and Wayne have allowed their names to stand for another term. Toland will be stepping down and Willow thanked him for serving the past three years and for the insight, ideas, and questions he brought to the table. A call for nominations from the membership at large was published by various means as well as in each branch. As a result of these notices and the work of the Nominating Committee, Mike Schmidt has allowed his name to stand for election beside Devon and Wayne. As there were only three candidates volunteering to stand for election, all three will be representatives on the Board by acclamation. On behalf of the Nominating Committee, Willow expressed their appreciation to all three candidates for allowing their names to stand and congratulated Mike Schmidt on joining our Board of Directors.

Willow moved the Nominating Committee report be accepted, seconded by Toland Cochrane. All in favor; Carried.

Audit and Finance Committee Report: Wayne Wright, Chairman of the Audit and Finance Committee, presented his report referring to page 13 of the booklet. He listed the members of the Committee, consisting of Toland Cochrane, Charlene McFarlane, Kellen Snelgrove, Devon Whitten. The highlights were that all auditor reports, internal and external were clean and positive feedback was received from both Credit Union Central of Alberta and Metrix Group LLP.

On behalf of the Committee, he thanked the staff and management for all their effort during the past year. The audit reports we received are a result of their hard work and attention to following policies and procedures. He also thanked fellow committee members, Board of Directors, management, and staff.

Wayne moved that the report be accepted as presented, seconded by Carol Therrien. All in favor; Carried.

Credit Committee Report: Brenda Jackson presented the Credit Committee report, stating that as of October 31, 2018 the loan portfolio was \$153,534,179, an increase of \$10,454,209 (7.31 percent) from the last fiscal year. The overall increase in portfolio is attributed to commercial and agricultural loans and mortgages. Loan delinquency was at .3 percent of the total loans and authorized overdrafts which were delinquent in excess of 60 days. This represents a total dollar value of \$553,811.

MINUTES OF THE 76th ANNUAL MEETING CONT. 2

Brenda moved that the report be accepted as presented, seconded by Mike Myhovich. All in favor; Carried.

Community Sponsorship: David stated that community sponsorship is an area of our Credit Union that we are very proud of and this past year we donated an excess of \$46,000 through community sponsorship, donations, and event participation. We are proud that our staff volunteered in excess of 1,100 hours. Our 18th annual charity golf tournament raised \$9,000 for three local charities – the Islay Fire Department, Mannville Education Fund Association, and the Vermilion River Flying Club.

Resolution #1 – Director Remuneration: David spoke regarding a resolution being brought forward for review by the membership and introduced Toland Cochrane to speak regarding the resolution. Toland mentioned that it's been over seven years since the topic of Director Remuneration was last brought up and because he's stepped down as a member of the Board, feels that he is a good person to discuss it because it no longer affects him. He referred to the copy of the resolution in the meeting package for member information. Toland then moved that the membership support this resolution to increase the Board Remuneration; it's still below the bylaw maximum of 1.5 percent of the compensation limit, at 1.25 percent.

Trina Fisher seconded the motion. All in favor; Carried.

Auditor's Report and Financial Statement: Trevor Dodd, the auditor from Metrix Group LLP who works with Vermilion Credit Union explained the scope of the auditor's job which covers management's responsibility to provide the financials and the auditor's responsibility to assure the financials are free of material mis-statements. (at what dollar amount you as a member would change your opinion on the financial statements). Once they determined that, they issued a "clean report". Trevor explained the graph indicating the trend that member loans have increased over the last five years. Member deposits have also grown, while term deposits are somewhat flat. The financial margin trend shows that the Credit Union earned more interest on loans than the interest paid out by the Credit Union. Under other income, the main earnings come from service charges and other fees paid by members; this number has steadily decreased over the years. Operating expenses are all the other costs of operating the Credit Union other than the interest paid on deposits – the main cost is staffing which has gradually increased over the years, primarily due to additional staffing. Operating expenses as a percentage of assets showed a slight drop due to lower payroll resulting from some positions in the Credit Union not being filled for a period of time. Overall the net income for the Credit Union has increased to just over \$1.8 million before tax. Patronage and dividends is the amount paid out by the Credit Union to its members and it has increased to just over \$500,000 so again members are rewarded for dealing with the Credit Union. Trevor thanked the management and staff for their assistance during the audit. The Credit Union has experienced another successful year and we wish you continued success in 2019.

Wayne Wright moved that we accept the Auditor's Report as presented, seconded by Matt Jaremco. All in favor; Carried.

New Business: Willow Jaremco asked if there was any new business arising and there was none.

Thanks: Willow Jaremco thanked everyone for coming to the Vermilion Credit Union 76th AGM. She reminded people to match their ticket to the door prizes to check if they won anything.

Adjournment: Willow Jaremco adjourned the Annual General Meeting at 7:26 pm

MESSAGE FROM THE BOARD CHAIR

It was a privilege once again to be the Chair of our Vermilion Credit Union Board. As a Board, we continue to focus on providing value to the management, staff, and members by guiding the Vermilion Credit Union in directions which allows us to continue to best serve our membership and the communities. Our goal is to help the organization to find a balance between the expectations of all our members; from the ones looking to come into the branch and see a familiar face, to the ones who complete most of their financial transactions through our online systems. We also continue to be committed to both the evolution of our current practices and to advocate for our specific needs as a result of the continued change of regulatory expectations.

Although net income for 2019 was slightly lower than 2018, the Credit Union still managed to see a net income in excess of one million dollars and an overall increase in both loans and deposits over the previous year. We continue to see delinquency remaining low as a result of the solid business practices of the staff and as a testament to our membership and local economy.

As a Board and organization, our strongest focus continues to be our communities and our members. In this past year, the Credit Union made \$47,000 in contributions to charities and causes throughout the area. The staff and management team have spent 1,050 hours volunteering and on top of these achievements, we were also able to give back \$400,000 or 32 percent of our profits directly to the members in patronage and dividends.

We are very proud of the management and staff of the Vermilion Credit Union, and we truly thank you for the work you do every day. The strength, success, and continued positive reputation of the Vermilion Credit Union comes directly from your efforts. Our staff are frequently recognized by both our auditors and regulators for their clean audits and approachable and helpful demeanors.

I would like to thank the membership for your continued support and participation in the Vermilion Credit Union and we hope that you all are as proud of what this organization is able to achieve and continue to offer to the community as we are.

Respectfully submitted,

Devon Whitten
Chair of the Board of Directors



OPERATIONS REPORT



On behalf of the Board and staff of the Vermilion Credit Union, I am pleased to present the results of our 76th year of operation. The audited results represent a favourable year given the continued financial pressures evident in our province at this time.

Profitability was maintained during the fiscal year with a net income of \$1,082,142. Operating expenses were slightly higher than the previous year, but are still favorable and reflect sound cost control. Capital and retained earnings increased to \$20,956,455, which met all provincial regulatory levels and provides strength and security for our membership. We were able to continue rewarding our membership with a payment representing 33 percent of our gross income by way of patronage and dividend payments totaling \$403,460, this now represents a combined total of \$5,978,218 that has been returned to our members since the Credit Union's inception in 1999.

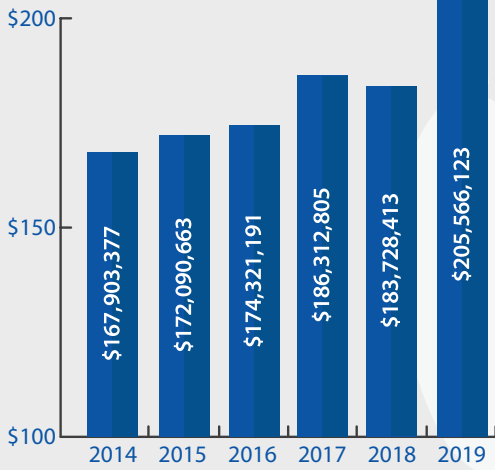
Our Board of Directors continue to provide sound judgment and guidance throughout the year and this is accomplished through ongoing strategic planning, Board mandated training, and a continued focus on the overall risk profile of the credit union in accordance with our Enterprise Risk Management protocol.

To insure accountability and oversight, the Board has engaged independent professional bodies to complete external audits quarterly by Alberta Central, and annually by Metrix Group LLP.

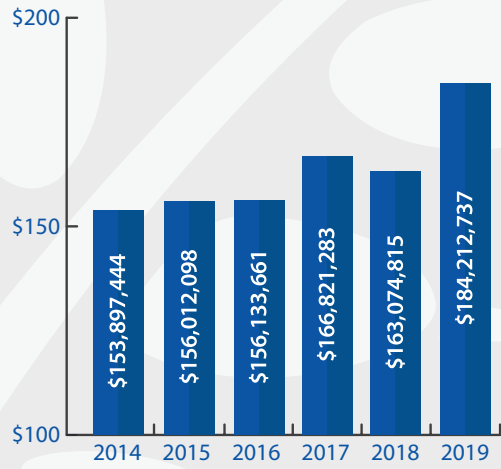
Thank you to the membership for your continued support, patronage, and loyalty as well as our valued staff whose dedication and efforts have resulted in another positive and successful year for your Vermilion Credit Union.

Sincerely,
David Eremko
Chief Executive Officer

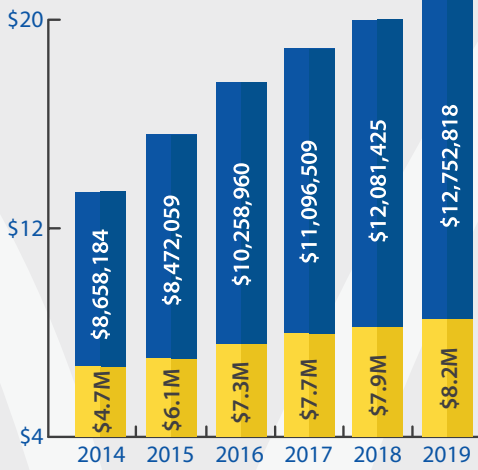
FINANCIAL SUMMARY



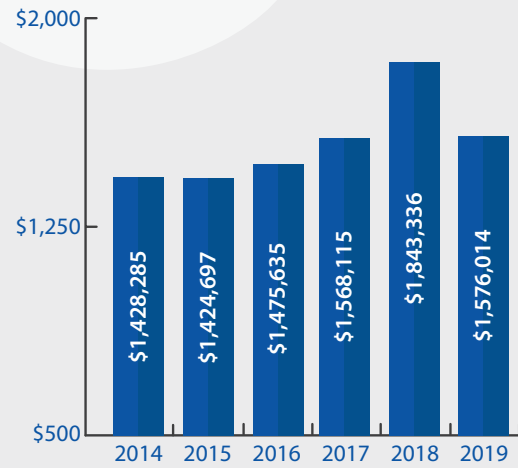
assets



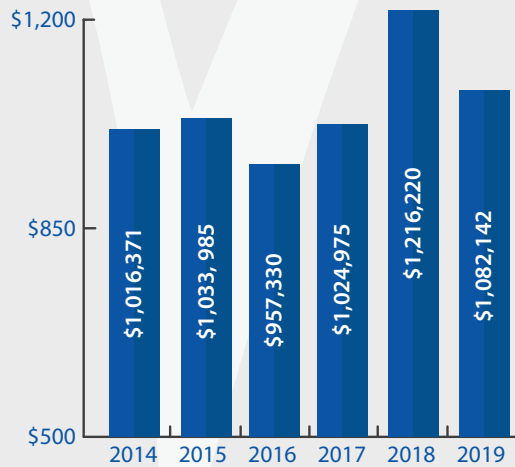
deposits



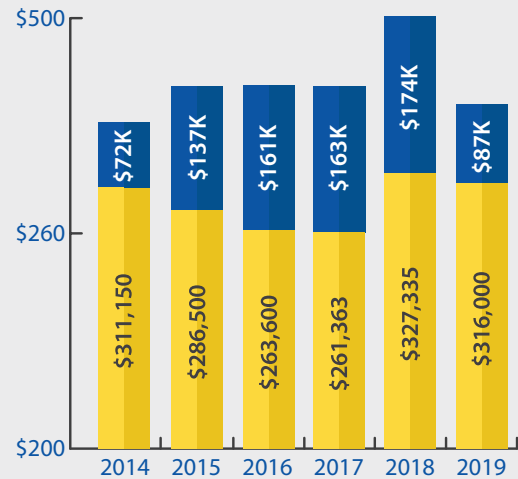
common shares retained earnings



income before allocations & taxes



net income



dividends patronage

NOMINATING COMMITTEE REPORT

The Vermilion Credit Union Board of Directors is made up of nine individuals who represent the members of the Vermilion Credit Union. The terms of three Directors expire each year and Carrie Boerrichter, Charlene McFarlane and Kellen Snelgrove's terms expire this year.

Charlene decided to not seek reelection but we would like to thank her for the past six years she served as a director, bringing great insight and knowledge to the position. Charlene's keen interest in taking the professional development training courses allowed her to complete the full requirements of the Credit Union Director Achievement Program during the two terms she served on the Board. Both Carrie and Kellen agreed to submit their names for nomination this year.

A call for nominations from the membership at large was advertized in the local papers, on social media, and in the Mannville and Vermilion branches. As a result of the notices and the work of the Nominating Committee, Cole Goad and Arch Partington submitted their names for nomination.

An election was conducted through in-branch voting from February 5th to February 26th with election results counted and verified by Leckie & Associates.

The Nominating Committee would like to express their appreciation to the candidates for allowing their names to stand for nomination and election.

In keeping with Vermilion Credit Union policy, the members in attendance at the Annual General Meeting shall be advised of the names of the individuals who have been elected to fill the three Board of Director positions.

Sincerely,
Larry Bingham
Chair, Nominating Committee



AUDIT & FINANCE COMMITTEE REPORT



During the past year, the Vermilion Credit Union Audit and Finance Committee consisted of Mike Schmidt, Charlene McFarlane, Kellen Snelgrove, Devon Whitten and Wayne Wright with the committee meeting on four separate occasions to complete the tasks and responsibilities assigned to it by the Board. The committee reviewed Quarterly Financial Reports prepared by management for the to ensure industry and Vermilion Credit Union benchmarks and goals are being met.

On behalf of the Board of Directors, Credit Union Central of Alberta was engaged to complete Internal Audits for the first three quarters of the fiscal year, January, April, and July. Metrix Group LLP, the Credit Union's external auditor, completed the Fourth Quarter Audit and the year-end Financial Statement as of October 31, 2019.

The Audit and Finance Committee reviewed all audit reports along with management's responses and were satisfied with the integrity of systems and controls, which are supported by all external bodies.

Meetings were held independent of the CEO and management with Credit Union Central to discuss and review the audit process after each audit.

Discussion was held throughout the year on the work of the Enterprise Risk Management committee as well as the Credit Union's progress towards complying with the new IFRS reporting standards, which our Credit Union has adopted.

On behalf of the Audit and Finance Committee, we thank the staff and management for all their efforts during this past year as the audit reports received are a result of their hard work and attention to following policies and procedures.

Thank you to my fellow committee members, Board of Directors, management and staff.

Sincerely,
Wayne R Wright
Chair, Audit & Finance Committee

CREDIT COMMITTEE REPORT

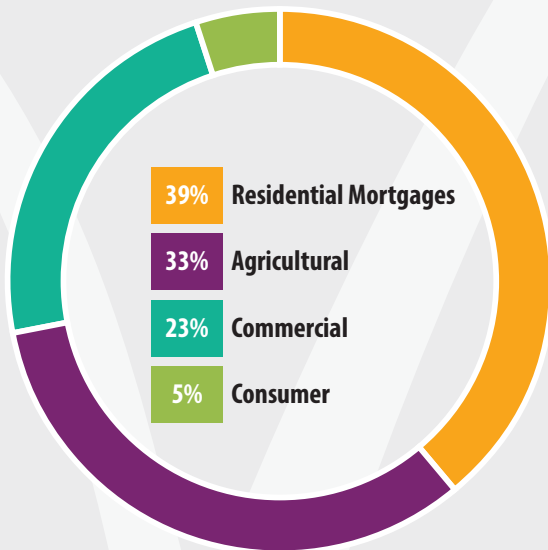
As of October 31st, 2019 the loan portfolio was \$165,424,646, an increase of \$11,890,467 or 7.19 percent from the last fiscal year end. Vermilion Credit Union disbursed 275 loans for a total of \$30,164,283 last fiscal year.

The overall increase in the portfolio is attributed to our commercial and agricultural loans and mortgages and our residential mortgages.

Loan delinquency as of October 31, 2019 was at .14 percent of the total loans and authorized overdrafts, which were delinquent in excess of 60 days. This represents a total dollar value of \$231,975.

Respectfully Submitted
Laura Tyner
Manager of Lending Services

Loan Portfolio Breakdown October 31st, 2019



SPONSORSHIPS & DONATIONS

The Vermilion Credit Union takes pride in strengthening our community by supporting organizations, charities, and events which reflect the values of our members, our employees, and values. Major recipients in 2019 were the Vermilion, St. Jerome's, Clandonald, and Mannville Elementary Schools receiving \$6,204 for the Fat Cat Accelerated Reading Program. The Annual Charity Golf Tournament raised \$3,000 each for the Mannville Minor Ball, Rusylvia Ukrainian Cultural Association, and the Vermilion Roar Lacrosse.

By providing service charge free accounts for our non profit and community based organizations, that means that an additional benefit of \$18,954 was provided to these valued community members in 2019. We are proud to play a role in supporting these organizations and they great work they do in our communities.

\$47,000

INVESTED IN OUR COMMUNITIES

Areas of Interest

Eligible projects that further the strategic goals of community investment for our credit union include, but are not limited to activities in any of the following fields of interest:

- Arts & Culture
- Charities
- Clubs
- Education
- Groups & Associations
- Sports & Recreation

Priorities

In awarding investment, particular consideration is given innovative projects and programs which engage in one or more of the following:

- Capital projects
- Contribute to strengthening the community, especially by encouraging the participation of diverse groups and individuals
- Building effective partnerships within the community



Arts & Culture

— \$6,232.34



Charities

— \$820



Clubs

— \$3,785.01



Education

— \$8,774.16



Groups & Associations

— \$16,073.28



Sports & Recreation

— \$12,339.89

VOLUNTEERING IN THE COMMUNITY

We are pleased to say our staff gave over 1,000 volunteer hours to various sports teams, school events, and other organizations within our communities over the past year.

1,050 hrs

FINANCIAL LITERACY

Each One Teach One 2019 Stats



EMPLOYEE LISTING

Mannville

Dawn Jackson
Gail Ruttan
Michael Myhovich — 15 years
Rebecca Hochhausen

Vermilion

Alta Matters
Ashton Stuparyk
Brenda Jackson
Carol Therrien — 15 years
Carrie Barlow
Charlotte Wasyluk
Christa Grocock — 10 years
Connie Wilkinson
Corrine Rehmann
Darlene Balash
David DeVos
David Eremko
Dorie Jackson
Elaine Poliakiwski
Jennifer Warren
Jonathon Rees
Kaitlyn Gausvik
Kayla Norsworthy
Laura Tyner
Laurie Barlow
Lyle Worobec — 15 years
Makayla Moen
Mitzi Isley — 10 years
Nicole Warman
Rania Pitre
Roselyn Sikora
Trina Fisher

BOARD OF DIRECTORS

Our Credit Union is governed by an elected representation of the membership and each Director brings valuable insight and perspective when developing the strategy for our business. The Board of Directors is a unique and important part of the credit union structure.

The Directors are responsible to ensure the financial viability of the credit union well into the future.

Board

Devon Whitten - Board Chair
Kellen Snelgrove – Vice Chair
Larry Bingham
Carrie Boerrichter
Willow Jaremco
Sherry Martin
Charlene McFarlane
Mike Schmidt
Wayne Wright

Board Committees

Executive Committee
Audit and Finance Committee
Credit Committee
Nominating Committee
Enterprise Risk Management Committee



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