

The background of the cover is a close-up, slightly blurred photograph of golden wheat stalks. A large blue shape, resembling a stylized 'V' or a banner, is positioned in the lower-left quadrant. A yellow shape, also resembling a stylized 'V' or a banner, is positioned in the lower-right quadrant, overlapping the blue one.

Annual Report

2022

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

Vermilion Credit Union will be guided by the following values:

- Cooperative principles are the basis of our operating principles.
- We will be supportive of our community.
- We will treat our members and our employees with compassion.
- We will adhere to an ethical business philosophy.
- We will conduct our business in a fair and equitable manner.

80TH ANNUAL GENERAL MEETING AGENDA

Moment of Silence

Quorum

Call to Order

Alberta Central Greetings

Approval of Agenda

Approval of Minutes of the 79th Annual General Meeting

Business Arising from the Minutes

Board Chair Report

Operations Report to Membership

Financial Summary

Nominating Committee Report

Audit and Finance Committee Report

Credit Committee Report

Approval of Reports

Wealth Management Portfolio

Sponsorship & Donations Report

Profit Sharing

Financial Literacy

Membership Graphs

Employees and Board of Directors

Auditor's Report

New Business

Adjournment

MINUTES OF THE 79th ANNUAL GENERAL MEETING

Dave Eremko welcomed everyone to the 79th Annual General Meeting. He went over the housekeeping items for the virtual meeting regarding use of the chat, on screen voting and how the meeting items will be moved. Dave Eremko then introduced the board members and presenters for the evening.

There was a moment of silence to recognize our members we lost over the past year.

QUORUM REPORT | Devon Whitten reported 51 members and 14 guests were in attendance, which represents quorum.

CALL TO ORDER | Devon Whitten called the meeting to order at 7:09 pm

APPROVAL OF AGENDA | Devon Whitten moved the agenda be accepted as presented, seconded by Kelsey Rose. All in favor; Carried.

BUSINESS ARISING FROM MINUTES | There were none.

BOARD CHAIR REPORT | Devon Whitten presented his report on page 4 of the report, recognizing the continued effects of COVID this past year and how we navigate the challenges that face our community and credit union. He indicated that supporting the needs of our members and community through these difficult times remained one of the top focuses. He thanked the membership for their continued support and participation in Vermilion Credit Union.

OPERATIONS REPORT | Dave Eremko welcomed the guests in attendance which represented Credit Union Deposit Guarantee Corporation, Credit Union Central of Alberta, Encompass Credit Union, Lakeland Credit Union and Rocky Credit Union. He presented the Operations Report on pages 5-6, recognizing the challenges faced over the past year as a result of COVID. There was continued positive growth for the organization, highlighting growth in assets, net income as well as capital and retained earnings. Dave also mentioned the payment to the membership by way of patronage and dividends which totaled over \$500,000.

Dave Eremko then recognized the staff with long term service awards which were Rebecca Hochhausen with 10 years and himself with 25 years at the credit union. He then discussed the successful conversion of the Xpress Digital Banking platform to our members, highlighting some of the key features and functionality.

Dave Eremko then presented the membership statistics, highlighting the length of membership across both branches as well as the breakdown of our membership by age as well as type (personal, business and organization). He also discussed the Wealth Management products and services offered at Vermilion Credit Union, indicating that members hold \$20.9 million in mutual funds with Credential Asset Management as well as \$4.8 million in Qtrade and Virtual Wealth.

AUDITOR'S REPORT AND FINANCIAL STATEMENT | Trevor Dodd from Metrix Group LLP presented the Auditor's Report from pages 16-21, indicating a change from previous years with a summary of the financial statements included in the package. The full financial statements are available with the credit union if anyone needs them. Trevor Dodd reported that there were no errors or material misstatement within the financial information. He indicated that the financial results for the credit union were very good, the best the credit union has had during his time as auditor. Trevor Dodd thanked the credit union for working with them as auditor.

MINUTES OF THE 79th ANNUAL GENERAL MEETING CONT'D

NOMINATING COMMITTEE REPORT | Kellen Snelgrove presented the Nominating Committee Report on page 7, informing the group that the board is comprised of 9 directors, each year the term for three directors expires and this year those were Directors Devon Whitten, Wayne Wright and Michael Schmidt. These three directors agreed to let their names stand and it was advertised for an additional call for nominations which closed on January 7, 2022. As a result, there were no additional nominees therefore the three directors were elected by acclamation. Kellen thanks the directors for letting their names stand.

AUDIT AND FINANCE COMMITTEE REPORT | Wayne Wright presented the Audit and Finance Committee Report on page 7, indicating that the committee consisted of Carrie Boerrichter, Mike Schmidt, Ted Wheat, Devon Whitten and himself. He indicated that the external audit report was clean and positive feedback was received from Metrix Group LLP. As well, the internal audit done by Alberta Central was also clean. He thanked the staff and management for their efforts over the past year.

CREDIT COMMITTEE REPORT | Laura Tyner presented the Credit Committee Report on page 8, indicating that the committee also includes Dave Eremko, Brenda Jackson, Mike Myhovich and Kelsey Rose. She highlighted that member loans have increased by 6.07%, with increases seen mostly in the residential mortgages and commercial loans. Laura Tyner also mentioned that the credit union was also able to provide the CEBA loans to an additional 44 members as well as the upsize CEBA loans to 149 members. The strength and resiliency of the membership is shown with the very low delinquency at year end of 0.04%.

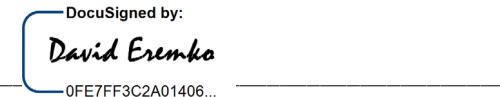
Devon Whitten moved that all the reports and minutes be moved in aggregate be accepted as presented, seconded by Sonia Matichuk. All in favor. Carried.

COMMUNITY SPONSORSHIP | Dave Eremko presented the sponsorships and donations found on page 10, recognizing that the credit union is proud to support the charities and organizations in the community that reflect the values of our members and to promote the health and wellbeing, education and overall enrichment for everyone. The credit union is proud to continue to look for the opportunities and encourages people to seek out our support as we believe it is a key role for the credit union.

NEW BUSINESS | Devon Whitten asked if there was any new business or questions from the floor – there was none.

ADJOURNMENT | Devon Whitten thanked everyone for taking the time to attend the virtual meeting and thanked the management and staff of the credit union. The meeting was adjourned at 7:30 pm.

BOARD CHAIR:  DocuSigned by:
Devon Whitten
CFAF880273FE46E...

SECRETARY:  DocuSigned by:
David Eremko
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MESSAGE FROM **THE BOARD CHAIR**

This past year it was once again my privilege to be the Chair of our Vermilion Credit Union Board.

2022 brought with it the opportunity to return to a more traditional feel as the pressures presented with COVID mellowed. As a Board we have been able to increase our in-person presence for meetings but have also continued to seize opportunities to tap into our virtual meeting formats. We have also been able to take advantage of in person system meetings and education opportunities, which offer a far greater value in their networking opportunities.

This year for the first time in its history, the Vermilion Credit Union also has a board member actively serving on the Alberta Central board.

As always, the board remains focused on supporting and meeting the needs of our Members and Communities. Through strengthening financial margins and strong interest earnings on investments the Vermilion Credit Union was able to once again increase its net earnings to record levels, which allowed us to give more back directly to members and our communities.

The continued success of the Credit Union is only possible because of the strong management and staffing teams that support our daily operations and long-term vision.

Thank you to our membership for your continued support and participation in the Vermilion Credit Union. Without the support of a strong and driven membership we wouldn't be able to continue to make the community focused decisions we do.

Respectfully submitted,

Devon Whitten
Chair, Board of Directors

“ **The continued success of the Credit Union is only possible because of the strong management and staffing teams that support our daily operations and long-term vision.** ”

MESSAGE FROM THE CEO

On behalf of the board and staff of Vermilion Credit Union, I am pleased to present the results of our past year to our 80th Annual Meeting. The past year represents our most successful year of operation and for that we truly thank our members and community for continuing to support and believe in the value of a locally owned independent financial institution.

dividend payments totaling \$616,225 of which the dividend represented a very attractive rate of 5.00% for the year. This now represents a combined total of \$7.4 million that, has been returned to our members since inception in 1999.

Our 9-member board of directors remains fully committed to providing sound guidance and oversight to the organization on behalf of the

“ **The past year represents our most successful year of operation and for that we truly thank our members and community...** ”

The past year of operations saw assets climb to a new high of \$232,377,568 as at October 31, 2022. Profitability experienced a healthy increase as net income rose to \$1,797,592, which represents an improvement of \$379,968 over the previous fiscal year. A rising interest rate environment supported the overall increase in interest and investment revenue over the course of the year. Expense control was maintained with a small increase in operating of \$137,000 during the last year of operation. Capital and retained earnings saw further improvement to \$25,267,580 which met all provincial regulatory levels of capital and provides strength and security for our membership.

We were able to continue rewarding our membership with a payment representing 34% of our gross income by way of patronage and

membership they represent. To ensure further accountability the board continues to engage independent professional bodies to complete external audits, quarterly by Alberta Central, and annually by Metrix Group LLP, with positive feedback being maintained.

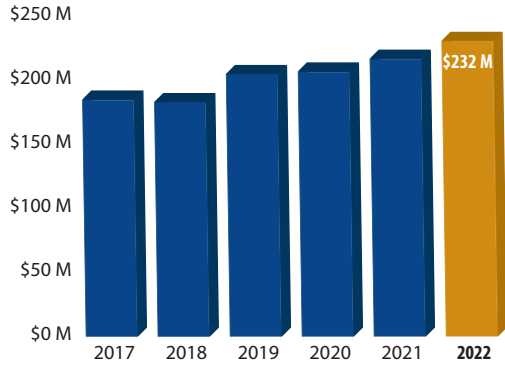
Thank you to our membership for your continued support, patronage, and loyalty as well as our valued staff whose dedication and efforts have resulted in a successful year for your Vermilion Credit Union.

Respectfully submitted,

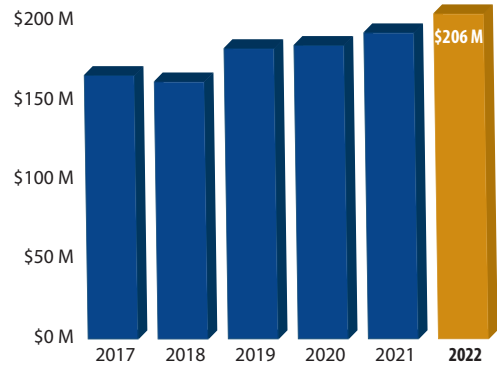
David Eremko
Chief Executive Officer

FINANCIAL SUMMARY

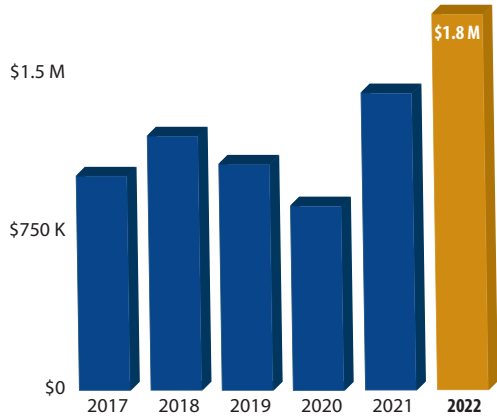
ASSETS
IN MILLIONS



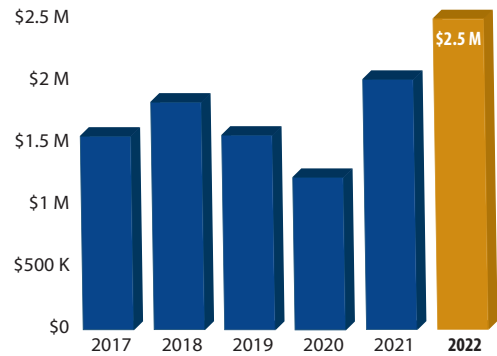
DEPOSITS
IN MILLIONS



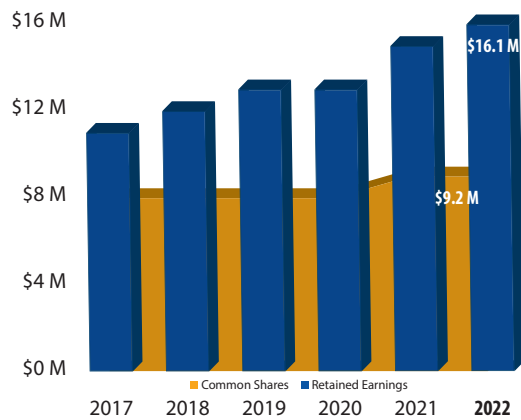
NET INCOME
IN MILLIONS



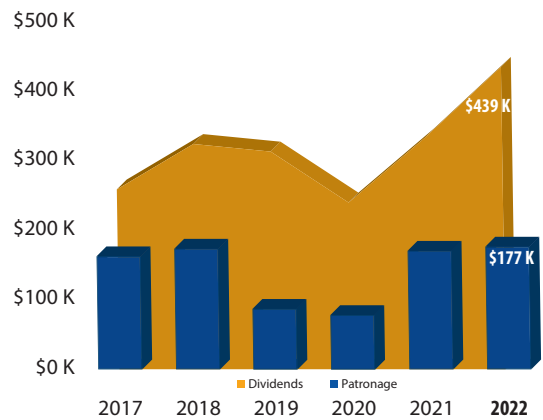
INCOME BEFORE ALLOCATION
IN MILLIONS



COMMON SHARES & RETAINED EARNINGS
IN MILLIONS



MEMBER DIVIDEND / PATRONAGE PMTS
IN THOUSANDS



NOMINATING COMMITTEE REPORT

The Vermilion Credit Union Board of Directors is comprised of nine individuals who represent the members of the Vermilion Credit Union. Every year the terms of three individual Directors expire, and this year those Directors were Arch Partington, Kellen Snelgrove, and Carrie Boerrichter. We had one additional vacant position, which also needed to be filled.

As chair of the nominating committee I spoke with Arch, Kellen, and Carrie individually about their intentions to seek another term on the board. All three directors agreed to let their names stand for re-election.

In accordance with our bylaws, an additional call for nominations from the membership at large was advertised in the local papers, on social media, and in the Mannville and Vermilion branches. One nomination was obtained, and nominations were closed on January 6, 2023. As a result, the three returning directors: Arch Partington, Kellen Snelgrove, Carrie Boerrichter along with Cole Goad were elected by acclamation.

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

Sincerely,

Sherry Martin

Chair, Nominating Committee

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

AUDIT & FINANCE COMMITTEE REPORT

During the past year, the Vermilion Credit Union Audit and Finance Committee consisted of Willow Jaremco, Mike Schmidt, Sherry Martin, Ted Wheat, Devon Whitten and myself, Wayne Wright.

The Audit and Finance Committee met on four separate occasions to complete the tasks and responsibilities assigned to it by the board.

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.

On behalf of the Audit and Finance Committee, we thank the staff and management for all their efforts

 **On behalf of the Audit and Finance Committee, we thank the staff and management for all their efforts during this past year.** 

The committee also reviewed Quarterly Financial Reports prepared by management for the board, 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 3 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, 2022. 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.

during this past year. 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.

Respectfully submitted,

Wayne R Wright

Chair of the Audit & Finance Committee

CREDIT COMMITTEE REPORT

As of October 31, 2022 the loan portfolio was \$177,265,291, an increase of \$5,644,632 or 3.18% from the last fiscal year end. Vermilion Credit Union disbursed 363 loans for a total of \$37,006,363 last fiscal year. The overall increase in the portfolio is attributed mostly to our residential mortgages, commercial loans and agricultural loans and mortgages.

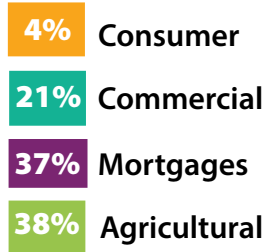
Loan delinquency as of October 31, 2022 was at .00% of the total loans and authorized overdrafts, which were delinquent in excess of 60 days.

Respectfully submitted,

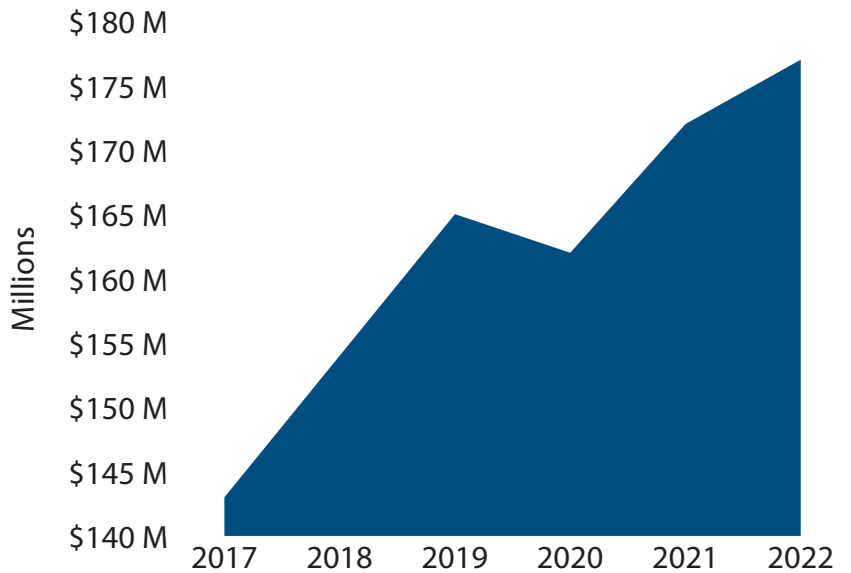
Laura Tyner
 Manager of Lending Services



LOAN PORTFOLIO MIX



MEMBER LOANS (\$ Millions)



WEALTH MANAGEMENT PORTFOLIO

Our members are able to access products and services from three companies under the Aviso umbrella.

Credential Asset Management Inc. offers mutual funds managed by some of Canada's largest mutual fund companies; Fidelity Investments, CI Investments, Mackenzie Investments, AGF, NEI, and Franklin Templeton. Our licensed representatives will recommend a portfolio tailored to your personal goals and objectives.

Qtrade Direct Investing™ is our Discount Brokerage Division. This self-directed service allows investors to construct portfolios using individual stocks and bonds available on North American major exchanges.

Qtrade Guided Portfolios™ is our one stop shop offering that allows investors to choose a portfolio that meets their risk profile. This low cost product is most suitable to investors just starting out that are looking for a hands off approach with their investments.

VERMILION CREDIT UNION MEMBERS HAVE

\$19,052,807

IN MUTUAL FUNDS AT CREDENTIAL ASSET MANAGEMENT INC.

AND

\$3,619,161

HELD AT QTRADE DIRECT INVESTING AND QTRADE GUIDED PORTFOLIOS

Mutual funds are offered through Credential Asset Management Inc. Online brokerage services are offered through Qtrade Direct Investing, a division of Credential Qtrade Securities Inc. Qtrade, Qtrade Direct Investing and Qtrade Guided Portfolios are trade names and/or trademarks of Aviso Wealth.

Aviso Wealth Inc. ('Aviso') is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. The following entities are subsidiaries of Aviso: Credential Qtrade Securities Inc. (including Credential Securities, Qtrade Direct Investing, Qtrade Advisor, Qtrade Guided Portfolios and Aviso Correspondent Partners), Credential Asset Management Inc., Credential Insurance Services Inc., Credential Financial Strategies Inc., and Northwest & Ethical Investments L.P.

SPONSORSHIP & DONATIONS

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 were the Vermilion and Mannville Elementary Schools receiving \$6,216 for the Fat Cat Accelerated Reading Program and the Vermilion & District Housing Foundation receiving \$15,000 towards the Living Well Capital Campaign.

By providing service charge free accounts for our non profit and community based organizations, that means that an additional benefit of **\$25,000** was provided to these valued community members in 2022. We are proud to play a role in supporting these organizations and they great work they do in our communities.

\$39,114

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 areas of interest:

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

Priorities

In awarding investment, particular consideration is given to 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 & Events

— \$5,350



Charities

— \$505



Clubs

— \$780



Education

— \$7,816



Groups & Associations

— \$19,293



Sports & Recreation

— \$5,370

PROFIT SHARING **WITH OUR MEMBERS**

At Vermilion Credit Union you are a member and an owner. This is beneficial to you because when we make a profit, so do you. As a reward to you for trusting us with your financial business, the more business you do with us, the bigger your share of the profits!

Earnings returned to member-owners can be in the form of:

- Patronage rebates on service charges and interest paid on loans, or a bonus on the interest earned on deposits. Patronage rebates are placed directly to your chequing or savings accounts.
- Dividends on the common share purchased at the time of membership opening or invested at a later date increase the amount of your common share. (Speak to a VCU team member if you are interested to hear about investment options.)

The decision as to how much is allocated and paid out in the month of December is made annually by your Board of Directors.



FINANCIAL LITERACY IN OUR COMMUNITIES

We recognize that people’s financial well-being depends on their ability to understand and use financial information in a way that helps them make good decisions. That’s why we are proud to promote and facilitate a valuable financial literacy initiative. The innovative program, Each One Teach One, was created to help families and individuals build lives of financial stability and independence. We were happy to host 10 literacy sessions this past year, and we look forward to sharing knowledge and financial literacy throughout our communities in the upcoming years.

Each One Teach One Stats



3
Staff Members
are currently trained to be a coach and trainer for the Each One Teach One Program



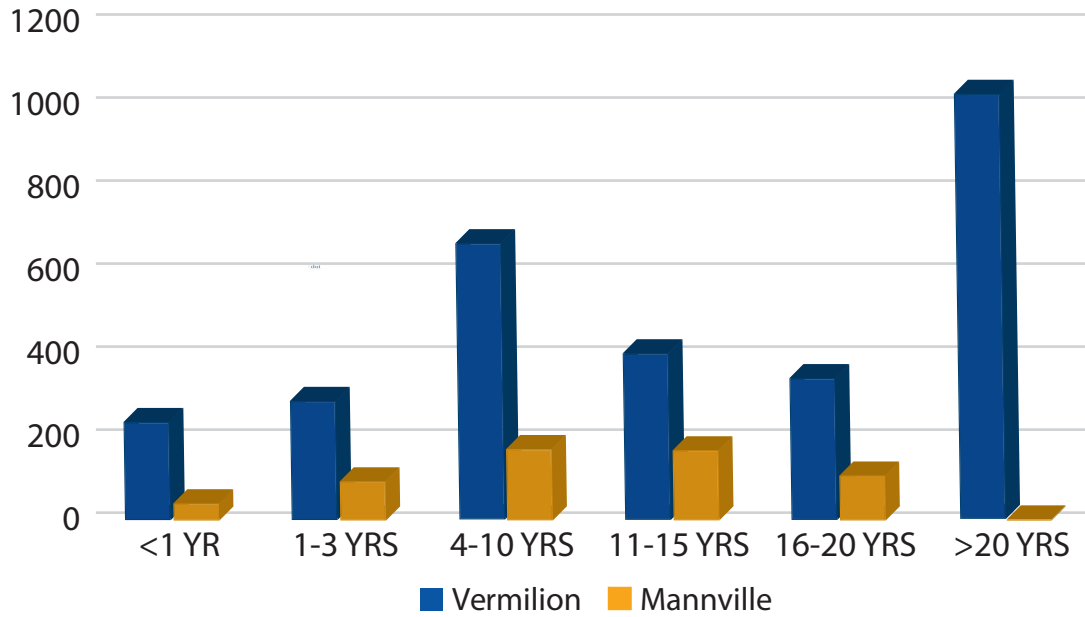
10
Presentations
were put on by our trainers



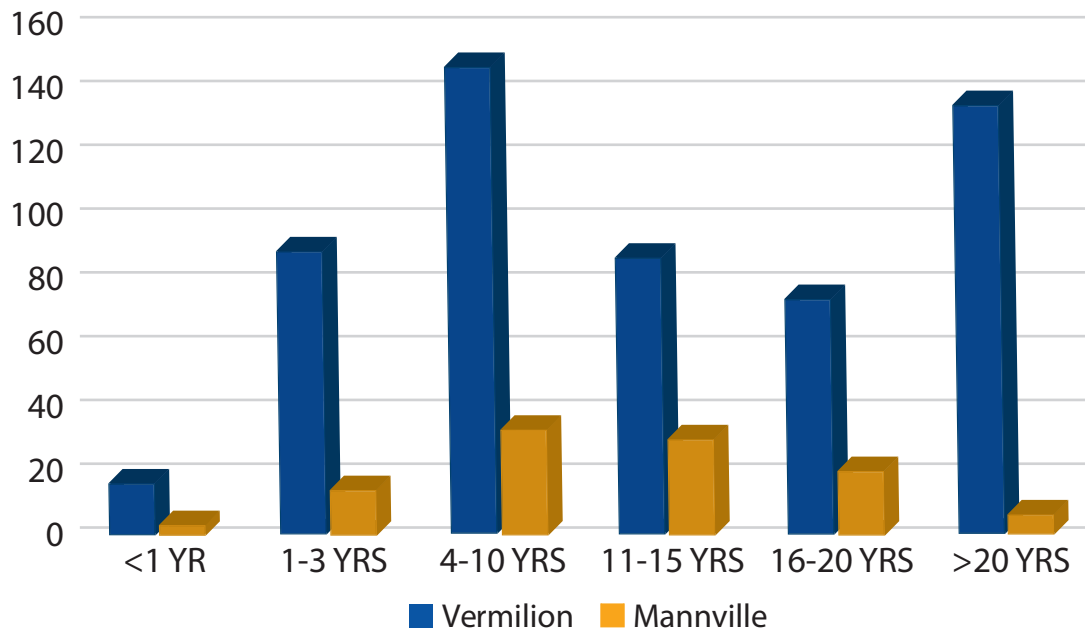
172
Participants
attended the workshops

MEMBER LOYALTY

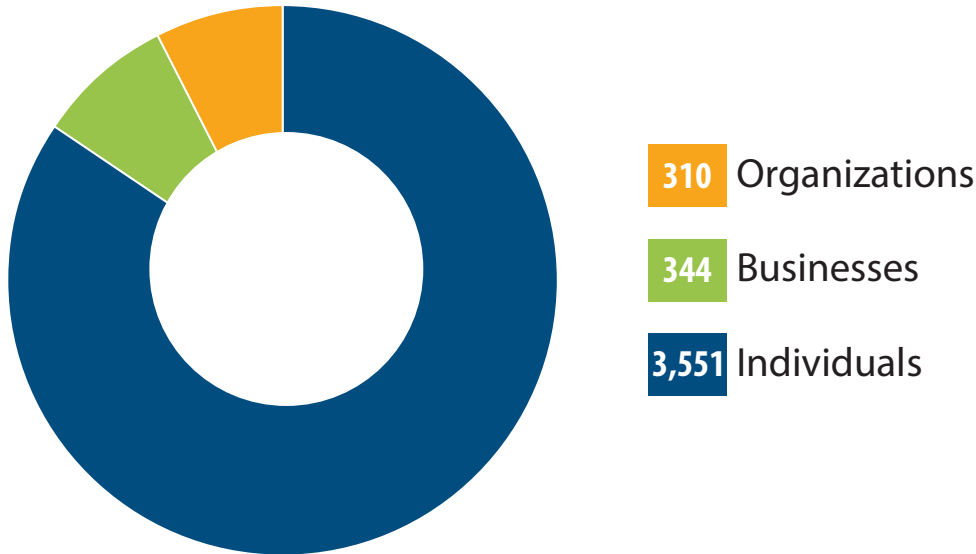
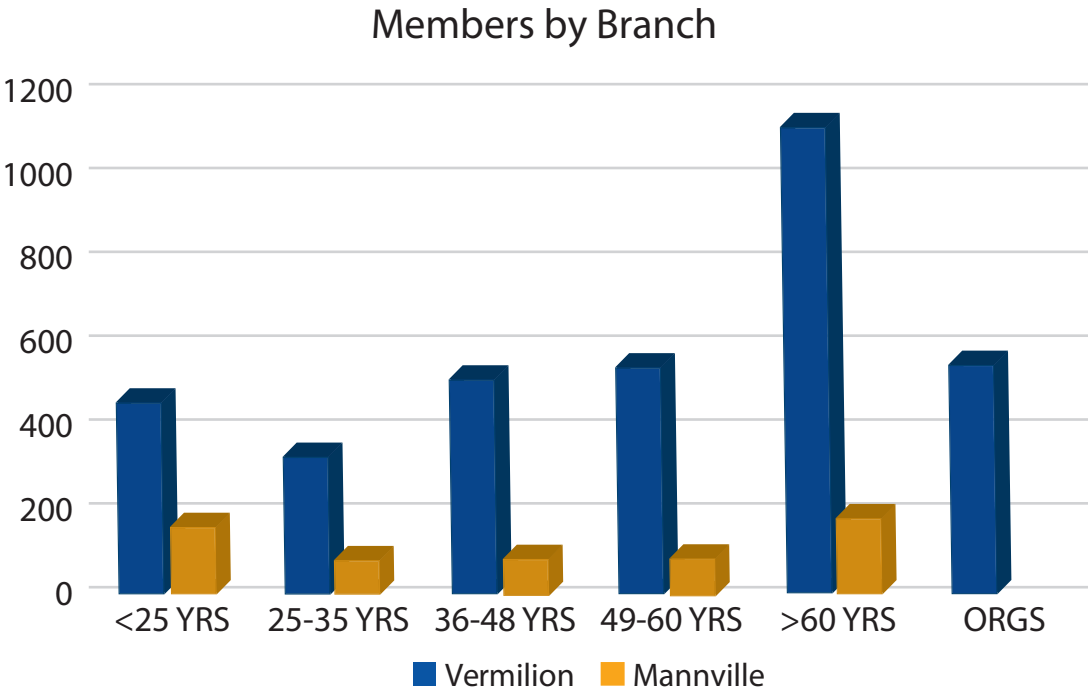
Length of Membership - Individual Members



Length of Membership - Organizations & Businesses



MEMBERSHIP COMPOSITION



OUR FRIENDLY & PROFESSIONAL **EMPLOYEES**

Vermilion

Alta Matters
Ashley Roberts
Ashley Yarmuch
Ashton Stuparyk
Bobbi Jo Jackson
Brenda Jackson
Carol Therrien
Celina Savic
Christa Grocock
Connie Wilkinson
Corrine Minish
David Eremko
Delainey Selte
Elaine Poliakiwski — **45 years**

Hannah Dyjur
Harm Tjardes
Katrina de Nevers
Kelsey Rose
Kenzie Smith
Laura Tyner
Laurie Barlow — **15 years**
Laurie Simonet
Leanne Lupul
Misty Mclaughlin
Tanya Whelan
Tracey Rogers
Trina Fisher — **25 years**
Wendy Gill

Mannville

Michael Myhovich
Rania Pitre
Rebecca Hochhausen

OUR COMMITTED **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 Directors

Devon Whitten — **Board Chair**
Kellen Snelgrove — **Vice Chair**
Arch Partington
Carrie Boerrichter
Cole Goad
Sherry Martin
Ted Wheat
Wayne Wright
Willow Jaremco

Committees

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

A photograph of a wooden barn roof against a blue sky with clouds. The barn is made of dark, weathered wood and has a gabled roof. A small window with a metal mesh is visible in the gable. The sky is a clear, bright blue with scattered white clouds.

Summary Financial Statements

FOR YEAR ENDED OCTOBER 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Vermilion Credit Union Limited

Opinion

We have audited the financial statements of Vermilion Credit Union Limited (the Credit Union), which comprise the statement of financial position as at October 31, 2022 and the statement of net income and comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at October 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

(continues)



Independent Auditors' Report to the members of Vermilion Credit Union Limited (*continued*)

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
January 26, 2023



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying financial statements, including significant accounting judgments and estimates in accordance with International Financial Reporting Standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary accounting systems and related internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Board of Directors of Vermilion Credit Union Limited are composed entirely of individuals who are neither management nor employees of the Credit Union. The Board of Directors have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors are also responsible for the appointment of the Credit Union's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by The Board of Directors to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with the internal audit staff, other management staff, and the Audit & Risk Committee of the Board and management to discuss their audit findings.

Vermilion, Alberta
January 26, 2023

DocuSigned by:

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David Eremko
Chief Executive Officer

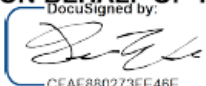
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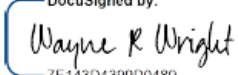
9FE8A533B36D420...
Kelsey Rose
Manager of Finance and Risk

Vermilion Credit Union Ltd.
Statement of Financial Position
 October 31, 2022

	2022	2021
Assets		
Cash and cash equivalents	\$18,027,952	\$37,059,630
Investments	35,583,185	7,567,597
Derivative assets	62,251	83,421
Member loans	177,265,291	171,620,659
Other assets	201,214	214,760
Property and equipment	1,053,788	1,099,437
Intangible assets	183,887	206,916
	\$232,377,568	\$217,852,420
Liabilities		
Accounts payable and accrued liabilities	\$223,720	\$340,001
Deferred income tax liability	1,049	17,529
Derivative liabilities	62,251	83,421
Income taxes payable	166,864	42,749
Member deposits	206,479,254	193,813,330
Patronage allocation payable to members	176,850	170,675
	\$207,109,988	\$194,467,705
Members' Equity		
Allocation distributable	\$439,375	\$335,800
Member shares	8,769,205	8,434,757
Retained earnings	16,059,000	14,614,158
	25,267,580	23,384,715
	\$232,377,568	\$217,852,420
Commitments		

ON BEHALF OF THE BOARD:

DocuSigned by:

 CFAF880273FE46E Director

DocuSigned by:

 7E143D4200D0480 Director

Vermilion Credit Union Ltd.
Statement of Net Income & Comprehensive Income
October 31, 2022

	2022	2021
Financial Income		
Interest from member loans	\$6,380,150	\$5,889,971
Investment income	677,886	182,831
	<u>7,058,036</u>	<u>6,072,802</u>
Financial Expense		
Interest on member deposits	1,501,142	1,415,926
Interest on financing	255	-
	<u>1,501,397</u>	<u>1,415,926</u>
Financial Margin Before Impairment Charges	5,556,639	4,656,876
Net Investment Impairment Charges	659	96
Net Member Loan Impairment Charges (Recovery)	55,199	(146,373)
Off Balance Sheet Impairment Charges	3,587	4,289
Financial Margin After Impairment Charges	5,497,194	4,798,864
Other Income	1,058,974	1,130,937
	<u>6,556,168</u>	<u>5,929,801</u>
Gross Margin		
Operating Expenses		
Personnel	2,457,893	2,428,746
Occupancy	151,937	143,710
Security	142,913	135,578
Organization	119,492	80,258
General	1,167,165	1,114,242
	<u>4,039,400</u>	<u>3,902,534</u>
Income Before Patronage Allocation & Income Taxes	2,516,768	2,027,267
Patronage Allocation	176,850	170,675
Income Before Income Taxes	2,339,918	1,856,592
Income Taxes		
Current	558,876	365,953
Deferred (Recovery)	(16,480)	68,992
	<u>542,396</u>	<u>434,945</u>
Net Income and Comprehensive Income	<u>\$1,797,522</u>	<u>\$1,421,647</u>

Vermilion Credit Union Ltd.
Statement of Changes in Members' Equity
 October 31, 2022

	Allocation Distributable	Member Shares	Retained Earnings	Total
Balance, October 31, 2020	\$242,325	8,110,621	13,457,970	\$21,810,916
Net Income and comprehensive income			1,421,647	1,421,647
Dividends Paid Through Issuance of Member Shares	(242,325)	251,277	(8,952)	
Dividends Accrued	335,800		(335,800)	
Income Tax Recovery, Dividends Declared			79,293	79,293
Issuance Of Member Shares		647,945		647,945
Redemption Of Member Shares		(575,086)		(575,086)
Balance, October 31, 2021	\$335,800	8,434,757	14,614,158	23,384,715
Net Income and comprehensive income			1,797,522	1,797,522
Dividends Paid Through Issuance of Member Shares	(335,800)	354,449	(18,649)	
Dividends Accrued	439,375		(439,375)	
Income Tax Recovery, Dividends Declared			105,344	105,344
Issuance Of Member Shares		354,282		354,282
Redemption Of Member Shares		(374,283)		(374,283)
Balance, October 31, 2022	\$439,375	\$8,769,205	\$16,059,000	\$25,267,580

Vermillion Credit Union Ltd.
Statement Of Cash Flows
 October 31, 2022

	2022	2021
Operating Activities		
Interest received from member loans	\$6,225,601	\$6,000,408
Interest received from investments	455,452	144,031
Dividends received	36,250	51,690
Other income received	1,058,974	1,130,937
Interest paid to members	(1,324,933)	(1,768,347)
Income taxes paid	(329,417)	(174,352)
Net operating expenses paid	(4,058,091)	(3,763,872)
Patronage allocation paid	(170,675)	(77,800)
Net change in member loans	(5,548,870)	(9,792,053)
Net change in member deposits	12,489,717	8,092,100
	8,834,008	(157,258)
Investing Activities		
Purchase of property and equipment	(15,367)	(22,525)
Purchase of intangible assets	-	(167,998)
Proceeds on disposal of foreclosed property	-	288,629
Net change in investments	(27,830,063)	(300,000)
	(27,845,430)	(201,894)
Financing Activities		
Issue of member shares	708,731	899,222
Redemption of member shares	(374,283)	(575,086)
Dividends on common shares	(354,449)	(251,277)
Interest paid on financing	(255)	-
	(20,256)	72,859
Net Increase (Decrease) in Cash and Cash Equivalents	(19,031,678)	(286,293)
Cash and Cash Equivalents, Beginning of Year	37,059,630	37,345,923
Cash and Cash Equivalents, End of Year	\$ 18,027,952	\$ 37,059,630



Vermilion Credit Union Ltd.

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