



2023

ANNUAL REPORT

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.

81ST ANNUAL GENERAL MEETING AGENDA

Moment of Silence

Quorum

Call to Order

Alberta Central Greetings

Approval of Agenda

Approval of Minutes of the 80th Annual General Meeting

Business Arising from the Minutes

Board Chair Report

Operations Report to Membership

Financial Summary

Employees and Board of Directors

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

Auditor's Report

New Business

Resolutions for Amendment

Adjournment

MINUTES OF THE 80th ANNUAL GENERAL MEETING

WELCOME | Kellen Snelgrove welcomed everyone to the 80th Annual General Meeting. He went over housekeeping items for the Vermilion Elks Hall.

INTRODUCTION OF DIRECTORS AND CEO | Kellen Snelgrove introduced the head table which included himself, David Eremko, Devon Whitten, Sherry Martin, Wayne Wright, and Ashley Yarmuch. He then introduced the other board members present.

INTRODUCTION OF GUESTS | Kellen Snelgrove then introduced our special guests in attendance:

Jason Anderson, Chief Financial & Governance Officer - AB Central
Rien Visscher, Manager, Regulation and Risk Assessment, CUDGC
Dennis Ronald, Manager, Regulation & Credit Risk Assessment, CUDGC
Dan Hautzinger, Chief Operating Officer, Vision Credit Union
Jeff Alliston, Metrix Group
Greg Thronson, Mayor of Vermilion

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

QUORUM REPORT | Kellen Snelgrove reported 62 members and 7 guests were in attendance, which represents quorum.

CALL TO ORDER | Kellen Snelgrove called the meeting to order at 7:03 p.m.

ALBERTA CENTRAL GREETINGS | Jason Anderson, the Chief Financial & Governance Officer at AB Central introduced himself and passed along greetings on behalf of everyone at AB Central. He commended David Eremko for all his hard work this past year and the employees of VCU for their great commitment. He praised VCU for their volunteer work in 2022 including the Lions Club, track and field at schools, community cleanup efforts, and the Vermilion light up parade. He also commended VCU for having a profit share of over 30% of annual profits and for receiving the Chamber Champion Award. He also extended his appreciation for the leadership with AB Central board of directors. He extended congratulations to David Eremko, the VCU team, and the VCU Board of Directors and concluded with saying that 2023 will be a great year and congrats on 80 years.

APPROVAL OF AGENDA | Willow Jaremco moved the agenda be accepted as presented, seconded by Arch Partington. All in favor; Carried.

PRESENTATION OF MINUTES FROM PREVIOUS MEETING | Trina Fisher moved the minutes be accepted as presented, seconded by Cole Goad. All in favor; Carried.

BOARD CHAIR REPORT | Devon Whitten presented his report on page 4 of the AGM report. He recognized that in 2022 the pressures presented with COVID mellowed and it was nice to return to a more traditional feel. He shared that we currently have a VCU board member who is also serving on the AB Central board. He indicated that the VCU had a successful year increasing net earnings to record levels which allowed VCU to give back more to their members and community. He thanked the management and staff for their continued support of the boards long-term vision and thanked the membership for their continued support.

OPERATIONS REPORT | David Eremko presented the operations report on page 5 of the AGM report. He welcomed everyone as VCU celebrates 80 years. He recognized all the changes and system involvement since VCU incorporated in 1943. He thanked the members who contributed \$5 in common shares when VCU started back in 1943. He expressed that he is looking forward to growing in the years to come and the journey ahead. The Credit Union system

MINUTES OF THE 80th ANNUAL GENERAL MEETING CONT'D

has grown so much over the years including being the first to lend to women in their own names in the 1960's, first to offer ATM's, and much more. VCU has now grown to incorporate online banking and mobile services, document imaging, and the current branch renovations.

FINANCIAL SUMMARY | David Eremko presented the financial summary on page 6 which shows stairways of great numbers. Deposits, capital, and income are up, assets are at an ultimate high, and patronage and dividends have increased from last year. He thanked all the board members, employees, and members over the last 80 years.

NOMINATING COMMITTEE REPORT | Sherry Martin presented the Nominating Committee Report on page 7 and shared that the VCU Board of Directors is comprised of 9 individuals who represent the members of VCU. Arch Partington, Kellen Snelgrove, and Carrie Boerrichter were the 3 individuals with expired terms this year and they all agreed to let their names stand for re-election. There was also one additional vacant position that needed to be filled. After an additional call for nominations was advertised in the community, one nomination was received. As a result, the three returning directors along with Cole Goad were elected by acclamation.

AUDIT AND FINANCE COMMITTEE REPORT | Wayne Wright presented the Audit and Finance Committee Report on page 8 and shared that the committee consisted of Willow Jaremco, Mike Schmidt, Sherry Martin, Ted Wheat, Devon Whitten, and himself. There were 3 internal audits as well as an external audit by Metrix Group LLP performed in the past year all with positive outcomes. Wayne Wright thanked staff, fellow committee members, and Board of Directors.

CREDIT COMMITTEE REPORT | Laura Tyner presented the Credit Committee Report on page 9 where she introduced the committee and highlighted that as of October 31, 2022, the loan portfolio was \$177M, an increase of \$5.6M from the last fiscal year, and the VCU dispersed 363 loans for a total of \$37M. She also shared that the loan delinquency was at .00%.

Toland Cochrane moved that all the reports be moved en mass and be accepted as presented, seconded by Brenda Jackson. All in favor. Carried.

WEALTH MANAGEMENT PORTFOLIO | David Eremko presented the Wealth Management Portfolio on page 10 which shows the off-book balance sheet from three companies under the Aviso umbrella. VCU members have \$19M in mutual funds at Credential Asset Management Inc. and \$3.6M held at Qtrade Direct Investing and Qtrade Guided Portfolios.

COMMUNITY SPONSORSHIP | David Eremko presented the Sponsorship and Donations Report on page 11 which shows the donations and community support by VCU. Giving back to the community is an intrinsic part of who VCU is and VCU will continue supporting the community because they support VCU.

PROFIT SHARING | David Eremko presented the Profit Sharing report on page 12 where he highlighted the record high dividends and patronage rebates that were given back to thank VCU members.

FINANCIAL LITERACY | David Eremko presented the Financial Literacy report on page 13 where he noted that we have added an educational value where we communicate sound financial advice. 10 presentations for students to seniors were put on by VCU educated staff.

MEMBERSHIP GRAPHS | David Eremko presented the membership graphs displayed on pages 14-15 where it shows the length of memberships for individuals, organizations, and businesses, and the members by branch for both Vermilion and Mannville. David Eremko presented the Profit Sharing report on page 12 where he highlighted the record high dividends and patronage rebates that were given back to thank VCU members. Wayne Wright moved the Auditor's Report and Financial Statement be accepted as presented, seconded by Laura Tyner. All in favor; Carried.

MINUTES OF THE 80th ANNUAL GENERAL MEETING CONT'D

EMPLOYEES AND BOARD OF DIRECTORS | David Eremko presented the employees and board of directors shown on page 16 where he highlighted 3 staff members who celebrated years of service milestones. Elaine Poliakiwski celebrated 45 years, Trina Fisher celebrated 25 years, and Laurie Barlow celebrated 15 years. He then thanked all the staff for their commitment.

Martha Wessel thanked VCU for opening the Mannville branch 20 years ago and thanked the Mannville staff for all their hard work.

AUDITOR'S REPORT AND FINANCIAL STATEMENT | Jeff Alliston presented the Auditor's Report and Financial Statement on pages 18-24. He thanked VCU for having him and presented the independent audit findings. He acknowledged the staff for being so helpful and making the audit go so smoothly. He congratulated VCU for having a record high year and for the patronage and dividends given back to members. The audit required shows the financial position as of October 31, 2022. The board of directors approved the audit, and it is now presented here tonight. He thanked the staff again for ease with the audit.

Wayne Wright moved the Auditor's Report and Financial Statement be accepted as presented, seconded by Laura Tyner. All in favor; Carried.

NEW BUSINESS | Devon Whitten asked if there was any new business or questions from the floor. Toland Cochrane asked how many Credit Unions are small like VCU out of the current 12 in Alberta and David Eremko responded. Devon Whitten then thanked everyone for coming to the AGM.

Hugh Fleming thanked Mannville staff for their great service.

THANKS | Kellen Snelgrove thanked everyone for attending the 80th AGM.

ADJOURNMENT | Kellen Snelgrove moved for adjournment at 7:36 pm, seconded by Ted Wheat.

BOARD CHAIR:  DocuSigned by:
CFAF880273FE46E...

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

Although not without challenges, 2023 has been another great year for the Vermilion Credit Union. The Board continues to remain focused on supporting and meeting the needs of our members and communities.

Once again through the commitment of our Membership, the dedication of our Staff and the leadership of our Management team, Vermilion Credit Union was able to achieve record net earnings. These earnings give us the ability to continue to offer back higher patronage rebates & dividends, support community initiatives and employ our wonderful staff.

As a board we are extremely proud of this organization's ability to constantly demonstrate that there is a place for a profitable, community minded, cooperative financial organization of our size to continue to operate in the ever-changing fiscal services and cooperative landscape.

Respectfully submitted,

Devon Whitten
Chair, Board of Directors

“ **The board continues to remain focused on supporting and meeting the needs of our members and communities.** ”

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 81st 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.

We were able to continue rewarding our membership with a payment representing 34% of our gross income by way of patronage and dividend payments totaling \$808,125 of which the dividend represented a very attractive rate of 6.00% for the year. This now represents a combined total of \$8.2 million that, has been returned to our members since inception in 1999.

“ We truly thank our members and community for continuing to support and believe in the value of a locally owned independent financial institution.”

The past year of operations saw assets climb to a new high of \$248,628,358 as of October 31, 2023, representing a healthy increase of \$16,250,790. Profitability ended the year with net income of \$2,107,112 an improvement of \$309,590 over the previous fiscal year. Capital and retained earnings saw further improvement to \$27,247,400 which met all provincial regulatory levels of capital and provides strength and security for our membership.

During the year we completed a successful branch renovation which saw the main banking floor area upgraded as well as general refresh throughout the office. The upgrade has been well received and we appreciate the patience of the membership during the upheaval.

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

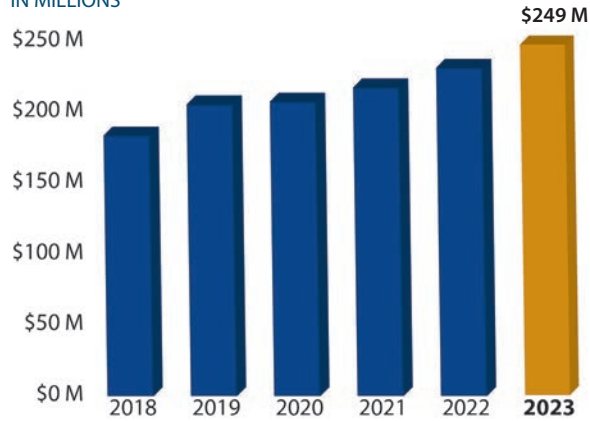
Thank you to our membership for your continued support, patronage, and loyalty as well as our valued staff whose dedication and efforts have resulted in a successful year for your Vermilion Credit Union.

Respectfully submitted,

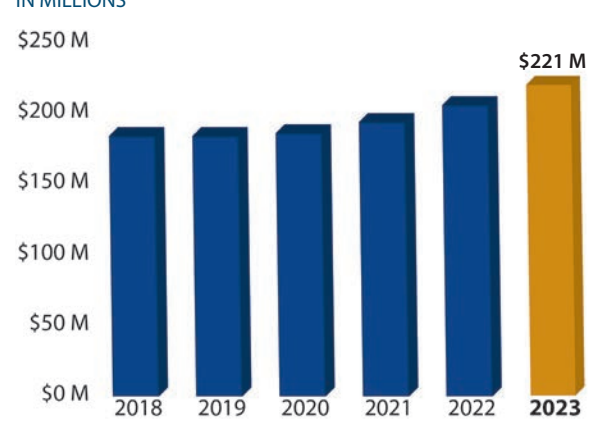
David Eremko
Chief Executive Officer

FINANCIAL SUMMARY

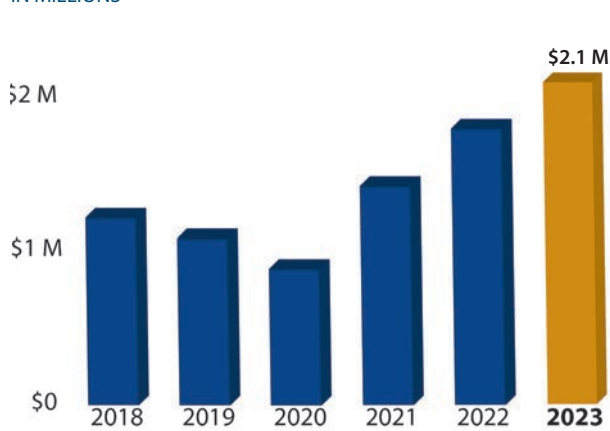
ASSETS IN MILLIONS



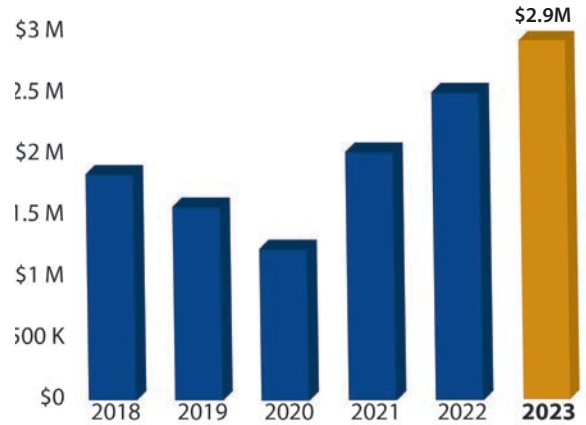
DEPOSITS IN MILLIONS



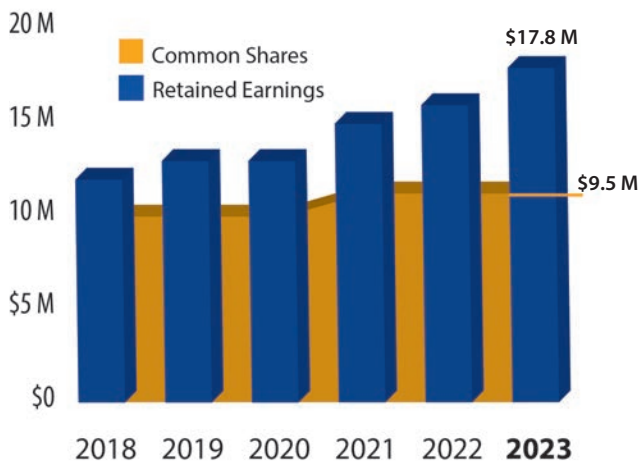
NET INCOME IN MILLIONS



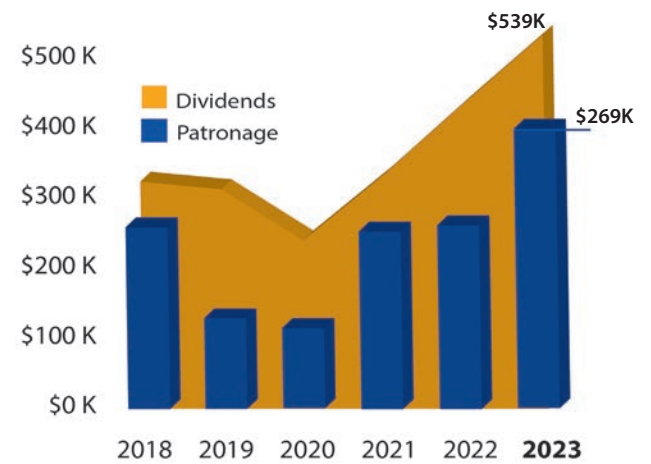
INCOME BEFORE ALLOCATION IN MILLIONS



COMMON SHARES & RETAINED EARNINGS IN MILLIONS



MEMBER DIVIDEND / PATRONAGE PMTS IN THOUSANDS



OUR FRIENDLY & PROFESSIONAL **EMPLOYEES**

Vermilion

Alta Matters	Harm Tjardes
Ashley Roberts	Katrina de Nevers
Ashley Yarmuch	Kelsey Rose
Ashton Stuparyk — 15 years	Laura Tyner
Bobbi Jo Lysons	Laurie Barlow
Brenda Jackson	Laurie Simonet
Celina Savic	Leanne Lupul
Christa Grocock	Misty McLaughlin
Connie Wilkinson	Shelby Cartier
Corrine Minish — 10 years	Tanya Whelan
David Eremko	Tracey Rogers
Delainey Selte	Trina Fisher
Elaine Poliakiwski	Wendy Gill

Mannville

Michael Myhovich
Rachel Stavely
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
Ted Wheat
Wayne Wright
Willow Jaremco

Committees

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

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 Sherry Martin, Ted Wheat, and Willow Jaremco.

As chair of the nominating committee I spoke with Sherry, Ted, and Willow individually about their intentions to seek another term on the board. Ted and Willow agreed to let their names stand for re-election and Sherry stepped down from her director position.

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 for Gerald Martin was obtained and nominations were closed on January 5, 2024. As a result, Gerald Martin was elected by acclamation and joins our two returning directors, Willow Jaremco and Ted Wheat.

The Nominating Committee; Devon Whitten, Kellen Snelgrove, Cole Goad, along with myself, would like to express our appreciation to the returning directors for allowing their names to stand and would like to welcome Gerald as our newest member to the Vermilion Credit Union Board of Directors.

Sincerely,

Arch Partington

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, 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 Brightside Consulting Services Ltd. 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 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, Brightside Consulting Services Ltd. was engaged to complete Internal Audits on two occasions during the fiscal year. Metrix Group LLP, the Credit Union's external auditor, completed the Fourth Quarter Audit and the year-end Financial Statement as of October 31, 2023. 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.

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

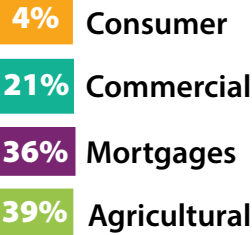
As of October 31, 2023 the loan portfolio was \$181,255,135, an increase of \$5,170,156 or 2.92% from the last fiscal year end. Vermilion Credit Union disbursed 360 loans for a total of \$38,795,554 last fiscal year. The overall increase in the portfolio is attributed mostly to our residential mortgages, commercial loans and agricultural mortgages.

Loan delinquency as of October 31, 2023 was at .05% of the total loans and authorized overdrafts, which were delinquent in excess of 60 days.

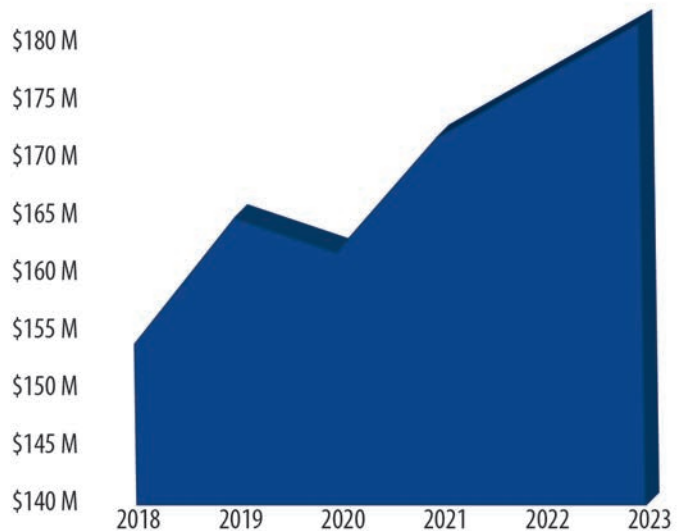
Respectfully Submitted,

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

\$18,725,352

IN MUTUAL FUNDS AT CREDENTIAL ASSET MANAGEMENT INC.

AND

\$3,400,374

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 \$6,336 for the Fat Cat Accelerated Reading Program.

\$33,665
INVESTED IN OUR COMMUNITIES

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 2023. We are proud to play a role in supporting these organizations and the great work they do 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

— \$9,081



Charities

— \$510



Clubs

— \$4,340



Education

— \$9,856



Groups & Associations

— \$1,137



Sports & Recreation

— \$8,741

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



2
Staff Members
are currently trained to be a coach and trainer for the Each One Teach One Program



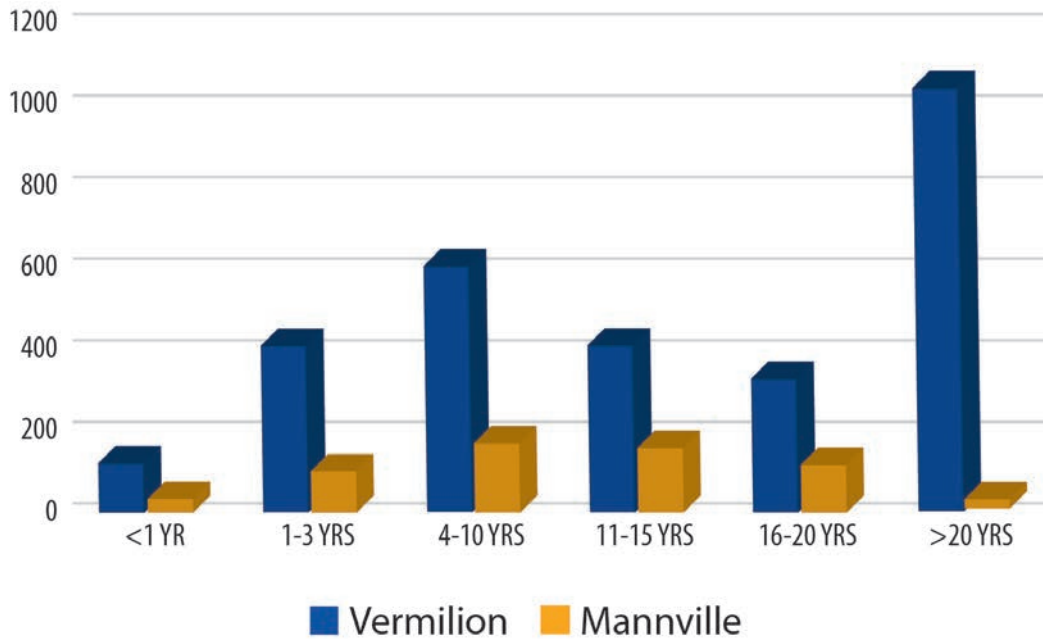
10
Presentations
were put on by our trainers



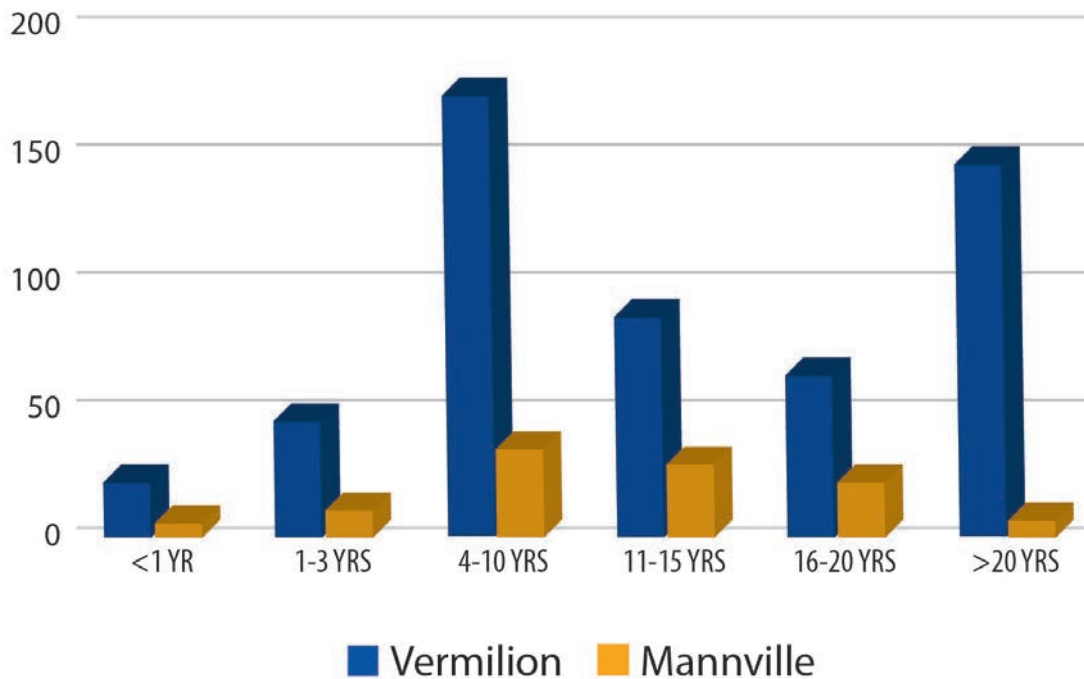
202
Participants
attended the workshops

MEMBER LOYALTY

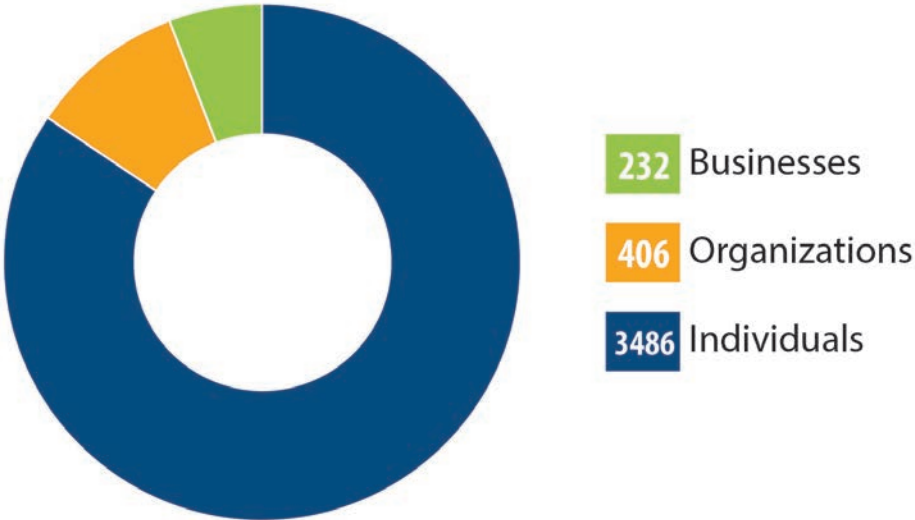
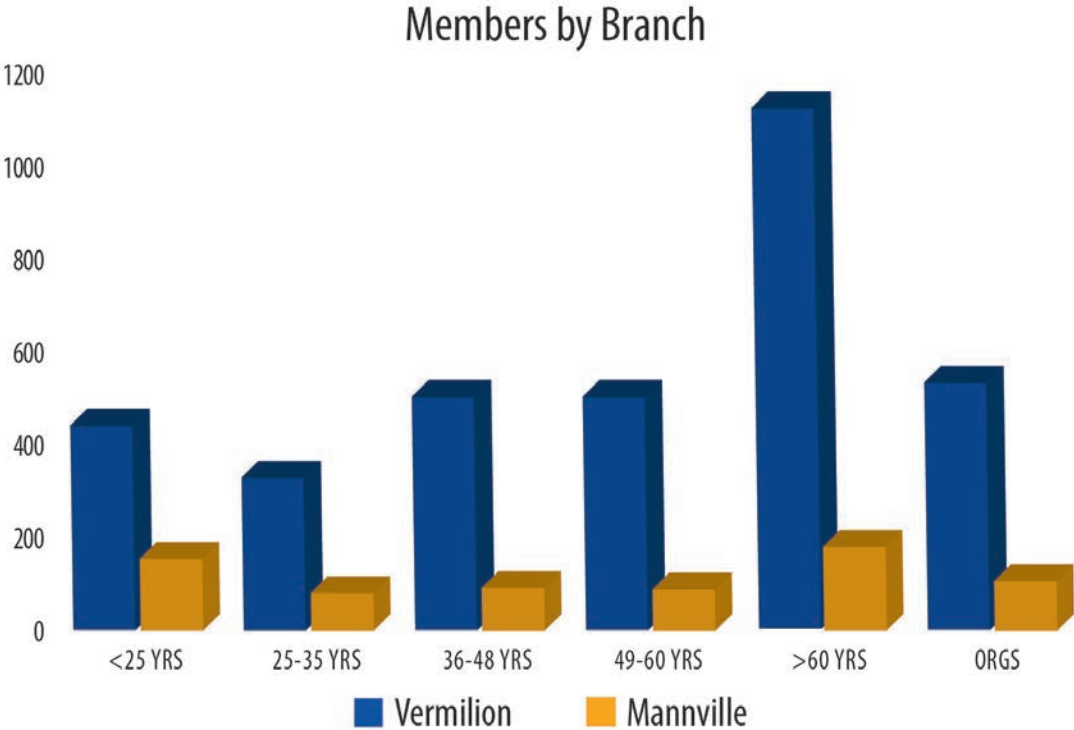
Length of Membership - Individual Members



Length of Membership - Organizations & Businesses



MEMBERSHIP COMPOSITION





Summary Financial Statements
FOR YEAR ENDED OCTOBER 31, 2023

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, 2023 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, 2023, 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 24, 2024



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 24, 2024

DocuSigned by:
David Eremko
0FE7FF3C2A01406...

David Eremko
Chief Executive Officer

DocuSigned by:
Kelsey Rose
9FE8A533B36D420...

Kelsey Rose
Manager of Finance and Risk

50 Street
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6455
www.vermilioncreditunion.com

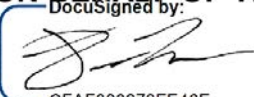
Head Office
5019-50 Avenue
Vermilion, Alberta T9X 1A7
Phone: (780) 853-2822
Fax: (780) 853-4361

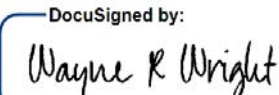
Mannville Branch
P.O. Box 609, 5023-
Mannville, Alberta
Phone: (780) 763-
Fax: (780) 763-6451

Vermilion Credit Union Ltd.
Statement of Financial Position
As at October 31, 2023

	2023	2022
Assets		
Cash and cash equivalents	\$ 24,947,727	\$ 18,027,952
Investments	39,143,594	35,583,185
Derivative assets	24,940	62,251
Member loans	182,435,447	177,265,291
Other assets	187,911	201,214
Deferred income tax asset	3,878	-
Property and equipment	1,722,177	1,053,788
Intangible assets	162,684	183,887
	\$ 248,628,358	\$ 232,377,568
Liabilities		
Accounts payable and accrued liabilities	\$238,090	\$223,720
Deferred income tax liability	-	1,049
Derivative liabilities	24,940	62,251
Income taxes payable	11,610	166,864
Member deposits	220,837,443	206,479,254
Patronage allocation payable to members	268,875	176,850
	\$221,380,958	\$ 207,109,988
Members' Equity		
Allocation distributable	539,250	439,375
Member shares	8,946,529	8,769,205
Retained earnings	17,761,621	16,059,000
	27,247,400	25,267,580
	\$ 248,628,358	\$ 232,377,568

ON BEHALF OF THE BOARD:

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Vermilion Credit Union Ltd.

**Statement of Net Income & Comprehensive Income
For The Year Ended October 31, 2023**

	2023	2022
Financial Income		
Interest from member loans	\$ 8,157,927	\$ 6,380,150
Investment income	2,136,631	677,886
	10,294,558	7,058,036
Financial Expense		
Interest on member deposits	3,826,653	1,501,142
Interest on financing	-	255
	3,826,653	1,501,397
Financial Margin Before Impairment Charges	6,467,905	5,556,639
Net Investment Impairment Charges	779	659
Net Member Loan Impairment Charges	102,080	55,199
Off Balance Sheet Impairment Charges	592	3,587
Financial Margin After Impairment Charges	6,364,454	5,497,194
Other Income	1,030,824	1,058,974
Gross Margin	7,395,278	6,556,168
Operating Expenses		
Personnel	2,687,043	2,457,893
Occupancy	198,210	151,937
Security	155,471	142,913
Organization	105,217	119,492
General	1,299,476	1,167,165
	4,445,417	4,039,400
Income Before Patronage Allocation & Income Taxes	2,949,861	2,516,768
Patronage Allocation	268,875	176,850
Income Before Income Taxes	2,680,986	2,339,918
Income Taxes		
Current	578,801	558,876
Deferred (Recovery)	(4,927)	(16,480)
	573,874	542,396
Net Income and Comprehensive Income	\$ 2,107,112	\$ 1,797,522

Vermilion Credit Union Ltd.

**Statement of Changes in Members' Equity
For the Year Ended October 31, 2023**

	<u>Allocation Distributable</u>	<u>Member Shares</u>	<u>Retained Earnings</u>	<u>Total</u>
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	(355,800)	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
Net Income and Comprehensive Income	-	-	2,107,112	2,107,112
Dividends Paid Through Issuance of Member Shares	(439,375)	425,438	13,937	-
Dividends Accrued	539,250	-	(539,250)	-
Income Tax Recovery, Dividends Declared	-	-	120,822	120,822
Issuance Of Member Shares	-	74,979	-	74,979
Redemption Of Member Shares	-	(323,093)	-	(323,093)
Balance, October 31, 2023	\$ 539,250	\$ 8,946,529	\$ 17,761,621	\$ 27,247,400

Vermilion Credit Union Ltd.

**Statement Of Cash Flows
For the Year Ended October 31, 2023**

	2023	2022
Operating Activities		
Interest received from member loans	\$ 7,909,316	\$ 6,225,601
Interest received from investments	1,664,441	455,452
Dividends received	36,250	36,250
Other income received	1,030,824	1,058,974
Interest paid to members	(2,745,303)	(1,324,933)
Income taxes paid	(613,233)	(329,417)
Net operating expenses paid	(4,346,203)	(4,058,091)
Patronage allocation paid	(176,850)	(170,675)
Net change in member loans	(4,998,258)	(5,548,870)
Net change in member deposits	13,276,837	12,489,717
	11,037,821	8,834,008
Investing Activities		
Purchase of property and equipment	(744,684)	(15,367)
Net change in investments	(3,125,248)	(27,830,063)
	(3,869,932)	(27,845,430)
Financing Activities		
Issue of member shares	500,417	708,731
Redemption of member shares	(323,093)	(374,283)
Dividends on common shares	(425,438)	(354,449)
Interest paid on financing	-	(255)
	(248,114)	(20,256)
Net Increase (Decrease) in Cash and Cash Equivalents	6,919,775	(19,031,678)
Cash and Cash Equivalents, Beginning of Year	18,027,952	37,059,630
Cash and Cash Equivalents, End of Year	\$ 24,947,727	\$18,027,952



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