



**VIZO FINANCIAL CORPORATE CREDIT UNION
2022 ANNUAL MEETING
June 15, 2022**

The 2022 annual meeting of Vizo Financial Corporate Credit Union (Vizo Financial) was held virtually on June 15, 2022. Chair Jerry King called the meeting to order at 10:00 a.m..

Chair King welcomed the board of directors, supervisory committee, credit committee, member credit unions, staff, and guests to the 2022 annual meeting of Vizo Financial.

Chair King reminded participants that only the Corporate's authorized representatives may address the meeting. In order to properly record the minutes of the meeting, member credit union authorized representatives were asked to identify themselves and the member credit union they represent, prior to addressing the meeting.

Chair King introduced himself as chair of Vizo Financial's board of directors, representing DEXSTA Federal Credit Union.

Chair King introduced the board of directors: Scott Woods, vice chair, South Carolina Federal Credit Union; Jeff Chelius, treasurer, Riverfront Federal Credit Union; Scott Weaver, secretary, Carolina Foothills Federal Credit Union; Dan Berry, director, Duke University Federal Credit Union; Genice DeCorte, director, HealthShare Credit Union; Paul Hughes, director, Greenville Federal Credit Union; and Mark Volponi, director, U\$X Federal Credit Union.

Chair King introduced the supervisory committee: Richard C. Burnett, chair, Belco Community Credit Union; Michal Parker, Secured Advantage Federal Credit Union; and Kimberly Witt, MTC Federal Credit Union.

Chair King introduced the credit committee: Genice DeCorte, chair; and Richard Socha-Mower, Member One Federal Credit Union.

Chair King introduced the corporate executive staff: David Brehmer, president/CEO; Janice Appleby, chief human resources officer; Joseph Bertotto, chief culture officer; Mark Brown, chief financial officer; Fred Eisel, chief investment officer; Lori Gall, chief risk officer; Rodney May, chief engagement officer; Jeffrey Stoner, chief technology and strategy officer; and Timothy Sustak, chief credit officer. Chair King noted that other corporate staff were also in attendance.

Chair King appointed Jaime Agostino, marketing and business development director, as the meeting moderator, and Bonnie Cameron as the recording secretary.

Chair King asked Secretary Weaver if a quorum was present. Mr. Weaver reported there was a quorum present.

Chair King asked if there were any corrections or changes to the minutes of the 2021 Vizo Financial annual meeting held on September 8, 2021. There were no corrections or changes, and no objections to approving the September 8, 2021, annual meeting minutes, as presented.

Report of the Chair:

In addition to the official written Chairman/Executives Report that was included in the 2021 Annual Report, Chair King shared additional comments. He discussed the challenges facing the industry over the past two years and then identified a number of collaborative initiatives that Vizo Financial had embraced:

- ✓ Collaborating with members to utilize our EBA account leading to more control over the size of our balance sheet and helping to stabilize our key financial ratios.
- ✓ Collaborating with our board, management, and NCUA to distribute \$59.7 million to our primary (PCC) members representing a reimbursement of capital written off during the financial crisis in 2009. A second distribution in 2022 fully reimbursed primary members for their capital write-downs from 13 years ago.
- ✓ Collaborating with other corporate credit unions to jointly invest in various credit union service organizations in an effort to provide a wider range of financial services including member business services through CU Business Group, brokered CDs through the SimpliCD program, and various payments platforms through Aptys and TranzCapture.
- ✓ Partnering with StrategyCorps to offer a share draft rewards program and, in 2022, with DoubleCheck to provide a consumer driven overdraft program alternative.
- ✓ Partnering with CU*Answers to form CUaxis, a community for credit unions with a shared core solution, credit union movement support and group buying power.
- ✓ Collecting and donating over \$64,000 to the Ukrainian Credit Union Displacement Fund thanks to member fundraising and our corporate matching contribution of \$25,000.
- ✓ And finally, working diligently to share credit union expertise – from both internal and external resources – through published articles in various credit union media outlets as well as the launch of our podcast called *Financial Minds: Meet the Experts*.

Chair King ended his remarks saying how proud he was to stand among the amazing institutions we get to call our members and thanked them for their support of our cooperative movement.

Chair King advised that the reports of the treasurer, credit committee and supervisory committee are printed in the annual report. There were no questions on the reports, and they were accepted as printed.

Report of the President/CEO:

Mr. Brehmer started his comments by reviewing the corporate's vision statement which emphasizes excellence, expertise and engaged partnerships and the organization's core values of integrity, passion for service, one unified team, and a culture of continuous learning. Vizo Financial exists to serve our member credit unions.

Mr. Brehmer provided a brief financial update remarking on the 100% payback of funds lost by our primary members. He stated that Vizo Financial had recovered just under 65% of the U.S. Central written off back in 2009, which amounted to \$207 million. Of that, \$96 million was paid back to members. Current estimates show we could end up recovering close to 90% of our lost capital, equating to potential future recoveries of \$84 million.

Since the pandemic, deposits jumped from \$4 billion to over \$10 billion. The Vizo Financial team collaborated with members and now roughly 200 credit unions are set up to use our EBA account to help us more effectively manage our assets. Assets in May were just over \$8 billion as we have seen outflows going into loans and term investments. Retained earnings have doubled as a result of the recoveries over the past two years. Tier 1 capital is also reflective of the significant increase in retained earnings. Tier 1 capital represents retained earnings plus member PCC less equity in CUSOs of approximately \$10.2 million. Our long-term plan is to achieve a retained earnings ratio of 5%, currently at 4.42%. Our long-term Tier 1 capital goal is to be between 7%-9%, currently at just over 8%.

Mr. Brehmer discussed earnings projections for the remainder of 2022 which he characterized as choppy. This being a result of timing mismatches between re-pricing of the assets and liabilities. When the Fed raises rates, we try to match them immediately on the liability side before all of our variable rate investments re-price. This maximizes what we can pay to members at the expense of net earnings, however, given that we have recorded net income of \$23.7 million through the end of May, he said we could definitely absorb uneven earnings through this year's Fed hikes. This trend may carry into 2023 depending on how quickly the Fed raises rates and when they take a pause. Currently, the only fixed rate investments we have are used to manage our member fixed rate term certificate program. Despite the re-price mismatches, over the long haul our portfolio is well positioned to meet the challenges of a rising rate environment.

Mr. Brehmer then referred back to our vision statement and Vizo Financial's goal of proven excellence. He stated we would rather be excellent in fewer services than average in many. We have narrowed our product focus on three key areas: money management, payments, and education/training. Our educational focus includes money management, payments, people/leadership development, risk management, technology, and innovation.

He then touched upon the expertise of the staff stating our goal is to provide the highest quality, most knowledgeable staff possible and then leverage that knowledge to provide a wide range of

educational resources for our members. This year over 70 CPE credits are available through our webinars and in-person events.

Most important, he stated, was having engaged partnerships with our members. As we look to achieve our long-term capital goals, we will focus on rewarding members for their usage of our products.

He closed his comments talking about renewed cooperation amongst corporate credit unions for the benefit of the credit union system. There are six corporate owners of CU Business Group and ten corporate owners of Primary Financial (SimpliCD program). In 2020, together with two other corporates, we purchased a payments fintech, Aptys, to work cooperatively on payment solutions for credit unions. Most recently, we bought into TranzCapture, a corporate CUSO providing a web-based deposit capture solution for credit unions. Mr. Brehmer added that Ms. Lori Gall, chief risk officer, is leading a corporate risk group to improve coordination and communication of efforts to help prevent fraud at our member credit unions. The Corporate Credit Union Alliance includes all eleven corporate credit unions who are working together to improve our regulatory environment.

He ended his comments saying Vizo Financial will always do what is best for its members and that safety and soundness remains our top priority. He thanked the members for their continued support and ongoing business.

Chair King asked if there were any items under old business to be presented. There were no old business items to address.

Chair King asked if there were any items under new business to be presented. There were no new business items to address.

Chair King introduced the nominating committee: Genice DeCorte, chair; Sue DeStephano, First Capital Federal Credit Union, and Brian Hedgepeth, Bronco Federal Credit Union.

Nominating Committee Report:

The nominating committee met in accordance with the corporate's bylaws and the following candidates for the 2022 election were selected: Jeff Chelius, Riverfront Federal Credit Union, Wyomissing, PA; Derek Fuzzell, PAHO/WHO Federal Credit Union, Washington, D.C.; and Scott Woods, South Carolina Federal Credit Union, North Charleston, S.C. No recommendations for nomination were rejected and no nominations by petition were received.

Chair King stated that according to our bylaws, the election of directors is by plurality vote, except when there is only one nominee for a vacant position. As is the case this year with three candidates for three open positions, no board election was held. There were no objections to approving the slate of candidates as presented.

Chair King extended his congratulations to the candidates who were elected and discharged the nominating committee, expressing his appreciation for their work during the 2022 nomination process.

Chair King acknowledged Ms. Alison DeTuncq who retired from the board in May 2022. Ms. DeTuncq has devoted over 32 years as a dedicated leader in the credit union system and the last 11 in the corporate credit union system, as well as for her credit union and community. She was recently awarded the James P. Kirsch Lifetime Achievement Award at the Virginia Credit Union League's annual convention. Ms. DeTuncq was recognized by the Vizo Financial board at its May board meeting for her leadership and service.

Chair King asked if there were any objections to adjourning the 2022 Vizo Financial annual meeting. There were no objections. The 2022 Vizo Financial annual business meeting adjourned at 10:38 a.m.

Respectfully submitted,

R. Scott Weaver, Secretary

Attest: _____
Jerry King, Chair