



**VIZO FINANCIAL CORPORATE CREDIT UNION
2018 ANNUAL MEETING
August 9, 2018**

The 2018 annual meeting of Vizo Financial Corporate Credit Union (Vizo Financial) was called to order by Chair Alison DeTuncq at 10:00 a.m. on August 9, 2018, in Classroom 50 at the University of Virginia Darden School of Business, 10 Duffy Boulevard, Charlottesville, Virginia. The meeting was conducted in-person, as well as online via video conferencing.

Chair DeTuncq welcomed the board of directors, supervisory committee, credit committee, member credit unions, staff and guests to the 2018 annual meeting of Vizo Financial.

Chair DeTuncq 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 DeTuncq stated motions and seconds for actions would not be taken, but rather, she would only request opposition to any actions being addressed. If there were no objections, the action item would carry. Chair DeTuncq provided contact information in the event those attendees participating virtually had any difficulty with the transmission or communication.

Chair DeTuncq appointed Christopher J. Pippett, Attorney At Law, Fox Rothschild LLP, as the parliamentarian for the 2018 Vizo Financial annual meeting.

Chair DeTuncq introduced herself as chair of Vizo Financial's board of directors, representing the University of Virginia Community Credit Union; Charlottesville, Va. Chair DeTuncq introduced the board of directors: Scott Woods, vice chair, South Carolina Federal Credit Union, N. Charleston, S.C.; Joan M. Moran, treasurer, Department of Labor Federal Credit Union, Washington, D.C.; Lucile Beckwith, secretary, Palmetto Trust Federal Credit Union, Columbia, S.C.; Bob Bruns, director, Charlotte Metro Federal Credit Union, Charlotte, N.C.; Jerry King, director, DEXSTA Federal Credit Union, Wilmington, Del.; James F. McCaw, director, Viriva Community Credit Union, Warminster, Pa.; James H. McDaniel, Sr., director, Heritage Trust Federal Credit Union, Charleston, S.C.; Brian J. Vittek, director, Destinations Credit Union, Baltimore, Md.; and R. Scott Weaver, director, Carolina Foothills Federal Credit Union, Greenville, S.C.

Chair DeTuncq introduced the supervisory committee: Richard C. Burtnett, chairman, Belco Community Credit Union, Harrisburg, Pa.; Michal Parker, member, Secured Advantage Federal Credit Union, Simpsonville, S.C.; and Mark Volponi, member, U\$X Federal Credit Union, Cranberry Township, Pa.

Chair DeTuncq introduced the credit committee: James McDaniel, chair, Heritage Trust Federal Credit Union, Charleston, S.C.; Dan Berry, member, Duke University Federal Credit Union, Durham, N.C.; and Kimberly Witt, member, MTC Federal Credit Union, Greenville, N.C.

Chair DeTuncq introduced the nominating committee: James McDaniel, chair, Heritage Trust Federal Credit Union, Charleston, S.C.; Sue DeStephano, member, First Capital Federal Credit Union, York, Pa.; and Steve Harkins, member, SC Telco Federal Credit Union, Greenville, S.C.

Chair DeTuncq introduced the Corporate's executive management team: Jay R. Murray, chief executive officer, Vizo Financial; David Brehmer, president, Vizo Financial; Janice Appleby, chief human resources officer, Vizo Financial; Joseph Bertotto, chief culture officer, MY CU Services, LLC; Mark Brown, chief financial officer, Vizo Financial; Fred Eisel, chief investment officer, Vizo Financial; Lori Gall, chief risk officer, Vizo Financial, and president/chief executive officer, Sollievo Group, LLC; Drew Kishbaugh, president/chief executive officer, MY CU Services, LLC; Rodney May, chief engagement officer, Vizo Financial; Michael Ruzicka, divisional president/core processing, MY CU Services, LLC; Jeffrey Stoner, chief strategy officer, Vizo Financial; and Timothy Sustak, chief credit officer, Vizo Financial.

Chair DeTuncq also introduced Jaime Agostino, marketing director, Vizo Financial, and Erin Doan, administration and community relations director, Vizo Financial. Chair DeTuncq appointed Jaime Agostino as the meeting moderator and Erin Doan as the recording secretary.

Chair DeTuncq asked Secretary Beckwith if a quorum was present. Ms. Beckwith reported there was a quorum present.

Chair DeTuncq asked if there were any objections to approving the minutes of the 2017 Vizo Financial annual meeting held on August 10, 2017. There were no objections. The motion was approved.

Chair's Report:

Chair DeTuncq stated connection is a powerful force. It is the tie that binds two things together, no matter how subtle that connection might be. She noted credit unions are connected to each other and follow the same regulations, work for a common goal and put resources together to benefit the people we serve. For Vizo Financial, 2017 was about making even stronger connections with our member credit unions and our movement.

Chair DeTuncq reported the first half of the year was spent working towards implementing and unifying our membership onto a common core system. In June, Vizo Financial successfully moved all credit union members to one core platform. Thanks to the hard work of our staff and

the cooperation of our members, we were able to launch this major system transition smoothly and without any interruptions to the membership.

Chair DeTuncq stated internally, we made great progress in merging our organizational policies, strategies, systems and culture together as one. Although the merger that created Vizo Financial took place in 2016, there was still a great deal to be done to get all of our locations and processes united.

Chair DeTuncq noted one of Vizo Financial's main goals in 2017 was to connect with our member credit unions by providing an increased number of educational and networking opportunities. We held in-person training events, such as the Financial Strategies Workshops, IT & Security Conference, Financial Conference and Payments Conference in various locations, and multiple member appreciation events as our way of showing our dedication and gratitude to our credit unions. In addition, our staff and partners hosted dozens of educational webinars throughout the year. As a result, we were able to be more present and act as a greater resource for our credit unions, as well as foster new connections with current and potential members.

Chair DeTuncq reported in our communities, we made connections with several charitable organizations, giving donations and volunteering with local food banks, Toys for Tots, Adopt a Family, Ronald McDonald Houses, Children's Miracle Network (CMN) Hospitals and Victory Junction, while also financially supporting the work of the credit union foundations within our membership region. Vizo Financial staff also spent time working with students and other participants at several financial reality fair events. The reality fairs were hosted by credit unions to demonstrate how to save, budget and achieve financial stability to members of the community.

Chair DeTuncq emphasized Vizo Financial understands the sheer power of the connections we make, whether they be to credit unions, our communities or our peers. We do our best to foster those connections, as they are bonds we value greatly.

Chair DeTuncq stated we will continue to encourage our connections through support, engaged partnerships and open communication. We hope that your credit union values our partnership as much as we do so that, together, we can make great things happen!

Treasurer's Report:

Ms. Moran stated this past year was another financial success for Vizo Financial. As of December 31, 2017, Vizo Financial's total assets amounted to \$4.2 billion.

Ms. Moran reported Vizo Financial's total capital reached \$301.2 million by the end of 2017, maintaining its position as one of the leading corporate credit unions in the nation.

Ms. Moran noted of the Corporate's 2017 total capital, \$235.9 million is considered to be tier-one capital. Tier-one capital consists of \$80.2 million in retained earnings and \$155.7 million in perpetual contributed capital, less \$4.7 million of investments in minority-owned non-consolidated subsidiaries. Total capital includes tier-one capital, \$56.4 million in perpetual

contributed capital not included in tier-one capital, and \$8.9 million in non-perpetual capital accounts.

Ms. Moran reported Vizo Financial exceeded all four regulatory capital requirements at year-end 2017. The Corporate's retained earnings ratio grew to 2.07 percent and the leverage ratio (which is similar to the net worth ratio) remained strong, increasing to 6.17 percent, or 2.17 percent above the four percent minimum regulatory requirement.

Ms. Moran stated the Corporate's tier-one risk weighted capital ratio was at 20.4 percent and the total risk weighted capital ratio was at 26.05 percent for the year. Both of these ratios far exceed their regulatory requirements and demonstrate the high credit quality of Vizo Financial's investment portfolio.

Ms. Moran noted Vizo Financial earned \$24.0 million in net interest income despite a prolonged period of low interest rates and an unyielding adherence to a safety, liquidity and then yield investment philosophy. The Corporate's non-interest income and non-interest expense combined with the net interest income to produce \$13.7 million in net income for 2017. After distributing over \$2.5 million of its net income to members as dividend payments on Perpetual Contributed Capital accounts, Vizo Financial contributed \$11.2 million to undivided earnings in 2017.

Ms. Moran thanked the membership for its continued support of Vizo Financial and their contribution to the financial success we experienced in 2017. Thanks to the members, Vizo Financial can continue our role as a trusted partner and resource for credit unions.

Credit Committee Report:

Mr. McDaniel stated the credit committee is responsible for reviewing and approving credit line requests and is committed to ensuring that all of Vizo Financial's decisions consider the creditworthiness of borrowers, as well as financial market conditions and credit constraints. The committee also provides advice and guidance to the Vizo Financial board and management team regarding lending policies and procedures.

Mr. McDaniel noted during 2017, the credit committee met quarterly to review requests for credit union line changes and evaluate the creditworthiness of borrowers, and on an as-needed basis to address specific member needs.

Mr. McDaniel reported at year-end 2017, Vizo Financial had \$2.6 billion in approved lines of credit. Outstanding member loans at year-end were \$18.4 million. There were no member loan delinquencies in 2017. Vizo Financial has never suffered a loss of principal on any member loan.

Mr. McDaniel stated in our efforts to provide member-owner credit unions with reliable sources of liquidity, Vizo Financial's credit committee remains committed to continually reviewing our lending program to maximize the benefits to members, ensuring the safety of our corporate and making certain that Vizo Financial is one of our members' primary liquidity sources.

Supervisory Committee Report:

Mr. Richard C. Burtnett, supervisory committee chairman, referenced the supervisory committee report found on page seven of the annual report.

Vizo Financial Corporate Credit Union's supervisory committee is pleased to inform the membership that your Corporate is safe and sound.

Vizo Financial's financial statements are presented in accordance with accounting principles generally accepted in the United States of America established by the Financial Accounting Standards Board and officially recognized by the American Institute of Certified Public Accountants (AICPA).

Throughout 2017, the supervisory committee was involved in reviewing numerous audits and examinations to ensure Vizo Financial was in compliance with the rules and regulations of the National Credit Union Administration and North Carolina Credit Union Division.

The supervisory committee engaged Doeren Mayhew, CPAs and Advisors (Doeren Mayhew) for the year ended December 31, 2017. Doeren Mayhew expressed an unmodified opinion on the consolidated financial statements. The firm also conducted an audit regarding the effectiveness of internal controls over the preparation of financial reporting. The auditors expressed an unmodified opinion for this audit. In addition, no significant deficiencies were noted in either audit.

The accounting firm of PBMares carried out the internal audit function. Working closely with the supervisory committee, the audit team was able to independently assess the adequacy and effectiveness of the Corporate's internal controls. The results of all internal audits were reviewed by the Committee and reported to the board of directors. We are pleased to report that no material weaknesses in Vizo Financial's internal controls were identified as a result of these audits.

The information security firm, Digital Defense, Inc., performed monthly security assessments and intrusion testing of Vizo Financial's computer network. The testing is designed to detect both external and internal vulnerabilities. Digital Defense, Inc., provides the information technology and security staff of Vizo Financial with recommendations of additional measures that will further protect sensitive member information.

Mr. Burtnett thanked the board of directors; Jay Murray, chief executive officer; David Brehmer, president; Lori Gall, chief risk officer; and the entire management and staff of Vizo Financial for their dedication to ensuring the safety and soundness of the assets entrusted to them.

Executives' Report:

Mr. Brehmer stated Vizo Financial's vision of "driving credit union success through proven excellence, unmatched expertise and engagement partnerships. He emphasized the focus on people through this vision statement. Mr. Brehmer noted the Corporate's core values are integrity above all, passion for service, one unified team and continue to learn.

Mr. Brehmer reported most of Vizo Financial's member credit unions are below \$100 million in assets. The Corporate is committed to helping smaller asset-sized credit unions, but also needs the larger asset-sized members as well.

Mr. Brehmer reviewed the key strategies for 2018, including continue building capital strength, improve employee engagement, improve the member experience, maintain a secure operating environment, enhance product quality and improve operational efficiencies.

Mr. Murray explained in order to help credit unions succeed, Vizo Financial is focused on five pillars of business, including managing liquidity and investments, managing technology, managing payments, managing risk and managing/leading people.

Mr. Murray discussed the importance of relevancy in today's financial environment and the impact of cooperation on the Corporate's payment services volumes, deposits, loans and risk management services. He noted by working together, Vizo Financial has remained relevant to multi-billion dollar asset-sized credit unions and members under \$1 million in assets.

Mr. Murray noted the cooperative operating principles of democratic control, members economic participation, social responsibility and financial sustainability.

Mr. Murray emphasized Vizo Financial's commitment to its membership to live our core values, remain dedicated to principles of safety and soundness and make a difference together in our communities.

Chair DeTuncq reported there were no items outstanding under old business.

Chair DeTuncq called for new business to be presented to the board of directors. There were no items under new business to address.

Chair DeTuncq stated as outlined in the April 24, 2018 election mailing to the membership, during the merger, the newly created Vizo Financial board was expanded to include 12 directors in 2016 – six from each merging corporate. It was the consensus of the current Vizo Financial board to reduce the board size to nine directors by 2019. In order to promote a smooth transition in reducing the size of the board to nine (9) directors, it was determined that one (1) board seat would be eliminated in each of the following three (3) years, beginning in 2017. Consequently, there were only three (3) board seats available in the 2017 election, which reduced the total number of Vizo Financial board seats to 11 for this year.

On March 8, 2018, Mr. Steve Smith resigned from the board of directors. Mr. Smith's term was scheduled to expire in 2019. Rather than appoint someone to fill Mr. Smith's vacated seat, the board determined that seat would be eliminated immediately, thus accelerating the plan to reduce the number of directors to nine (9) this year. In addition to the elimination of Mr. Smith's vacated seat, one (1) additional seat will also be eliminated in this election cycle, in accordance with the original reduction plan set forth in 2016.

We have since been informed by Mr. Jim McDaniel that he would be resigning from his board seat, effective as of this annual business meeting. At present, Mr. McDaniel still has two (2) years remaining on his term as director. Rather than appoint someone to fill Mr. McDaniel's vacated seat who would then have to stand election after a one (1) year term, the board has determined to have Mr. McDaniel's seat open for election this year for a term of (2) years, which is equal to the term remaining on Mr. McDaniel's board seat.

Therefore, four (4) director seats were open for election this year. Three (3) of those seats have a term of three (3) years and one (1) seat has a term of two (2) years. The board believes this approach to be not only more desirable for the continuity of the board but more consistent with the reduction plan while allowing the membership to elect all four (4) board seats.

Chair DeTuncq introduced James McDaniel, nominating committee chair.

Nominating Committee Report:

Mr. McDaniel reported the nominating committee met in accordance with Vizo Financial's bylaws. The following candidates for the 2018 election were selected: Lucile P. Beckwith (incumbent), Palmetto Trust Federal Credit Union, Columbia, South Carolina; Robert E. Bruns (incumbent), Charlotte Metro Federal Credit Union, Charlotte, North Carolina; Jeff Chelius, Riverfront Federal Credit Union, Reading, Pennsylvania; Cosby M. Davis, Allegacy Federal Credit Union, Winston-Salem, North Carolina; Jerry King (incumbent), DEXSTA Federal Credit Union, Wilmington, Delaware; James F. McCaw (incumbent), Viriva Community Credit Union, Warminster, Pa; and Blake Sobolewski, The ONE Federal Credit Union, Meadville, Pa. No recommendations for nomination were rejected. No nominations by petition were received.

Chair DeTuncq reported the American Arbitration Association compiled the election results for three positions on the board of directors, each for a three-year term, which expires in 2021 and for one position on the board of directors, for a two-year term, which expires in 2020. Chair DeTuncq announced the results: The three, three-year terms go to Lucile Beckwith, Palmetto Trust Federal Credit Union; Jerry King, DEXSTA Federal Credit Union; and James F. McCaw, Viriva Community Credit Union. The one, two-year term goes to Robert E. Bruns, Charlotte Metro Federal Credit Union.

Chair DeTuncq extended her congratulations to the candidates who were elected and discharged the nominating committee, expressing her appreciation for their work during the 2018 nomination process.

Chair DeTuncq acknowledged two retiring board directors. Unfortunately, Steve Smith, Sharonview Federal Credit Union, could not be present at the annual meeting, but was presented with a resolution and plaque in July 2018 for his service. Mr. Smith devoted over 20 years as a dedicated leader in the

credit union movement. He was appointed to the First Carolina Corporate Credit Union (First Carolina) board in 2011, serving as treasurer, and as chair of First Carolina's asset-liability management committee (ALCO) from 2011 to 2016. Mr. Smith became part of the newly-formed Vizo Financial Corporate Credit Union board of directors from the merger of First Carolina and Mid-Atlantic Corporate in 2016 and served as vice chair of the ALCO. Mr. Smith's leadership and dedication will be remembered.

Chair DeTuncq presented James McDaniel with a plaque, stating at the conclusion of the 2018 annual meeting, Mr. McDaniel will be retiring from the Vizo Financial board of directors.

Mr. McDaniel has been an active and dedicated credit union leader for over 30 years. He was appointed to the First Carolina board in 1998. He served as treasurer from 2001 to 2002, and as board chair from 2006 to 2007, and as credit committee chair from 2010 to 2011. Mr. McDaniel also served as a member of First Carolina's ALCO from 2001 to 2016, holding the position of chair from 2001 to 2002, and vice chair in 2010. Mr. McDaniel actively participated in and became part of the newly created Vizo Financial board of directors in 2016, serving as chair of the credit committee from 2017 to 2018.

Chair DeTuncq noted First Carolina and Vizo Financial have both benefitted from Mr. McDaniel's leadership during one of the most critical times for this nation's financial industry and culminating in the successful merger of First Carolina and Mid-Atlantic Corporate, and beyond. He is highly respected for his leadership, dedication and integrity over his many years of service to the credit union community. Chair DeTuncq thanked Mr. McDaniel for his dedication and integrity, and leadership provided to the entire credit union movement.

Mr. McDaniel thanked the board of directors, supervisory committee, credit committee, CUSOs, the entire Vizo Financial staff, his fellow member credit unions and his wife for their support over the years. He noted serving on the Vizo Financial board of directors has been a wonderful opportunity.

Chair DeTuncq asked if there were any objections to adjourning the 2018 Vizo Financial annual meeting. There were no objections. The 2018 Vizo Financial annual business meeting adjourned at 10:55 a.m.

Respectfully submitted,

R. Scott Weaver, Secretary

Attest: _____
James F. McCaw, Chair