



P.O. Box 1089, Austin, TX 78767
velocitycu.com

Downtown

610 East
11th Street
Austin, TX
78701

North Austin

1201 West
Braker Lane
Austin, TX
78758

Round Rock

900 West
Round Rock Ave.
Round Rock, TX
78681

South Austin

9300 South IH-35
(at Slaughter Lane)
Austin, TX
78748

Brodie Oaks

4220 South Lamar
Blvd., Suite 100
Austin, TX
78704

New Hope

1230 East
New Hope Dr.
Cedar Park, TX
78613

Board of Directors

James Chapman
Chairman

Term expires April 2020

Kasha Bartholomew
First Vice Chair

Term expires April 2020

Thomas Matthews
Second Vice Chair

Term expires April 2020

John Chomout
Secretary/ Treasurer

Term expires April 2019

Carl Lynch
Member

Term expires April 2019

Xavier Zarate
Member

Term expires April 2019

Mary Paredes
Member

Term expires April 2021

John Ross
Member

Term expires April 2021



Annual Report 2018



Velocity
CREDIT UNION

Chairman and President's Report

To our valued members:

The board of directors and employees of Velocity Credit Union are pleased to report another year of upholding our commitment to the ideals of the credit union movement, while providing you, our members, a secure financial institution and local banking alternative.

Velocity Credit Union had another successful year and remains healthy and stable. As of December 2018, Velocity was very well-capitalized with a net worth of 13.76% — which is well above the industry standard. Total consolidated assets at year end were \$840 million. Our return on assets was 1.27% above industry goal of 1%.

In 2018, the credit union began the process of selling some of our current downtown properties. Be assured, this does not mean that Velocity will be abandoning its downtown location — the credit union remains committed to maintaining an office at its current location for decades to come. However, to better leverage the value of our downtown real estate assets, and provide much needed room for our staff at the main office, Velocity is in the process of selling some of this property and has purchased a new headquarters in north Austin, with plenty of room for future growth. We will construct a brand new branch facility at our current downtown location. In this way, more of the assets of the credit union are put to work for the benefit of the membership and to provide room for growth for years to come.

Our membership reached more than 88,000 last year. We value each one of you — and we count on your participation as part of the cooperative that makes us who we are. We are proud to report that your credit union remains stable and strong.

Velocity's commitment is to provide you with the best banking experience possible, whether that's through our personal service or more high-tech conveniences. We appreciate the faith you place in us to meet your financial needs and will continue to work hard to make Velocity Credit Union worthy of being your trusted financial partner for years to come.

Sincerely,

James Chapman
Chairman of the Board

Debbie Mitchell
President/CEO

Lending Report

In 2018, the credit union granted more than 10,000 member loans. Loan advances totaled \$265,151,218 and at year-end, net loans outstanding stood at \$630,336,381. We remain fully committed to ensuring a fair-minded and unbiased lending process for all members of the credit union. Thank you for allowing the credit union to serve your lending needs.

Nominating Committee's Report

The bylaws of the credit union call for a nominating committee to be appointed by the board of directors each year for the purpose of interviewing candidates for election to the board of directors. The process included careful screening of all candidate qualifications. Based on the review process, which considers both qualifications and willingness to serve, the names below were placed in nomination for available positions on the board of directors. I wish to thank the other members of the nominating committee who contributed their time and talents in fulfilling the committee's responsibility of offering qualified nominees to fill board positions. Other members of the nominating committee were Mary Paredes and Kasha Bartholomew.

James Chapman, *Chairman*

Board of Director Candidates *(listed alphabetically)*

John Chomout, Carl Lynch, Xavier Zarate

Changes in Bylaws

Adopted Credit Union Department Standard Bylaws
(February 1, 2018)

Amended Bylaw 3.06 (February 5, 2018)

Amended Bylaw 5.07 (February 5, 2018)

Amended Bylaw 6.02 (February 5, 2018)

Amended Bylaw 3.04 (March 5, 2018)

Amended Bylaw 5.01 (September 28, 2018)

Changes in Senior Management

Promotions

Dan Penberg, Sr. VP Information Technology

Austin Ahlrich, VP Operations

Kim Schaefer, VP Retail Delivery

Amanda Robbins, VP Compliance/Risk Management

Separations

JL Baralt, Sr. VP Retail Delivery

Statement of Condition

Assets	December 2017	December 2018
Cash and Investments	\$177,849,957	\$133,529,910
Shares in Other Credit Unions	600,000	600,000
Total Loans to Members, Net	641,653,018	630,336,381
Collateral in Process of Liquidation	953,536	1,197,069
Other Receivables	1,183,025	737,656
Accrued Interest on Investments	219,927	193,205
Accrued Interest on Loans	2,381,983	2,188,196
Other Prepaid & Deferred Expenses	1,008,811	1,385,966
Land & Building	11,372,360	42,018,934
Furniture, Fixtures & Equipment	825,415	939,896
Other Assets	25,183,274	26,538,222
Total Assets	\$863,231,305	\$839,665,434
<i>Liabilities & Equity</i>		
Accounts Payable	1,933,321	2,010,556
Dividends Payable	402,578	450,529
Notes Payable	65,000,000	27,000,000
Other Accrued Expenses	2,446,585	2,941,730
Deferred Income	457,747	376,486
Member Deposits	701,209,743	703,147,689
Regular Reserves	11,294,236	11,294,236
Undivided Earnings	93,585,979	104,279,878
Unrealized Gain (Loss) on		
Available for Sale Securities	(399,822)	(1,103,777)
Prior Service Cost Reserve	(12,699,062)	(10,731,893)
Total Liabilities & Equity	\$863,231,305	\$839,665,434

2018 Loan Review

Loan Type	Number of Loans Outstanding	Dollar Amount Outstanding
New Auto & Truck	10,251	\$234,792,510
Used Auto & Truck	13,113	227,346,199
Unsecured	11,412	30,227,214
Certificate Secured	80	642,142
Share Secured	968	6,641,023
New & Used Boats	51	819,212
New Household Goods	10	49,318
Owner Occupied Real Estate	7	453,998
Home Improvement	728	20,360,731
Home Equity	405	15,217,056
Other Real Estate	1,592	101,252,956
Commercial Loans	15	2,622,558
Other Loans	898	3,211,462
Grand Total of Outstanding Loans	39,530	643,636,381
Allowance for Loan Loss		(13,300,000)
Total Loans, Net		\$630,336,381

71st Annual Meeting Order of Business

April 30, 2019

- I. Welcome and Introduction
James Chapman, Chair, Board of Directors
- II. Invocation
- III. Meeting Called to Order
James Chapman
- IV. Approval of Minutes From 70th Annual Meeting
James Chapman
- V. Presentation of Chairman and President's Report
- VI. Unfinished Business
- VII. New Business
- VIII. Adjournment



Income Statement

December 31, 2018

Interest Income	
Loan Interest	\$33,709,576
Investments	3,100,363
Corporate Account Income	856

Total Interest Income \$36,810,795

Interest Expense	
Members' Shares and Deposit Accounts	(\$3,497,000)
Non-Member Dividends	(151,249)
Borrowings	(1,042,079)

Total Interest Expense (\$4,690,328)

Net Interest Income Before Provision for Loan Losses \$32,120,467

Provision for Loan Losses (7,954,072)

Provision for Share Losses (158,316)

Net Interest Income After Provision for Losses \$24,008,079

Operating Income	
Fee Income	\$12,931,636
Other Operating Income	3,819,570

Total Operating Income \$16,751,205

The board of directors engaged CPAs, CliftonLarsonAllen, LLP to audit the financial statements, year ended September 30, 2018. The audit opinion stated that Velocity's financial statements present fairly the financial position, results of its operations and its cash flows in accordance with Generally Accepted Accounting Principles (GAAP).

Operating Expense	
Employee Compensation	(\$12,022,856)
Employee Benefits	(3,936,877)
Travel and Conference	(193,359)
Association Dues	(139,259)
Office Occupancy	(2,587,454)
Office Operations	(4,195,017)
Education and Promotion	(830,455)
Loan Servicing	(1,384,976)
Professional and Outside Services	(1,851,938)
Federal Supervision and Examination	(57,487)
Cash Short and Over	(41,699)
Member Demand Deposit Services	(3,337,699)
Other Operating Expense	(215,707)

Total Operating Expense (\$30,794,782)

Non-Operating Income and Expense	
Other Non-Operating Income	\$729,397

Total Non-Operating Income and Expense \$729,397

Net Income \$10,693,899

Minutes of the 70th Annual Meeting

The 70th annual meeting of the credit union was held Tuesday, April 24, 2018 at Velocity Credit Union's main office. There were 44 members in attendance.

I. WELCOME AND INTRODUCTION

Carl Lynch, board chairman, welcomed all members and guests of the credit union. Mr. Lynch announced that he had appointed Ray Ruis, sergeant at arms and Amanda Robbins as parliamentarian and recording officer. He also stated that the meeting would be conducted according to Robert's Rules of Order. Mr. Lynch introduced staff and members of the board of directors: James Chapman, 1st vice chair; Thomas Matthews, 2nd vice chair; John Chomout, secretary/treasurer; Mary Paredes, director; John Ross, director; Kasha Bartholomew, director; and Debbie Mitchell, president/CEO.

II. INVOCATION

Debbie Mitchell, president/CEO of Velocity, gave the invocation.

III. MEETING CALLED TO ORDER

Carl Lynch stated that he had been informed a quorum was present and called the business meeting to order at 12:01 p.m.

IV. APPROVAL OF MINUTES

Carl Lynch reported that the minutes of the April 25, 2017 annual meeting were printed in the annual report and asked if there were any comments or questions. There being none, a motion was made by John Ross and duly seconded by James Chapman to approve the minutes as printed. The motion carried unanimously.

V. PRESENTATION OF CHAIRMAN AND PRESIDENT'S REPORT

Carl Lynch, Chairman, stated that the Chairman and President's Report was printed in the annual report. There being no questions, the report was accepted as submitted.

VI. UNFINISHED BUSINESS

There were no items of unfinished business to be considered by the members.

VII. NEW BUSINESS

A. New Business Other Than Elections

Carl Lynch asked if there were any new business items, other than elections, to be submitted.

There were no new business items to be considered by the members.

B. Nominating Committee Report

James Chapman reported that the nominating committee was formed in the fall of last year to interview candidates for positions on the board of directors. He thanked the members of the nominating committee for serving Velocity in this important capacity.

James Chapman made a motion to re-elect Mary Paredes and John Ross to the board of directors for the two regularly expiring three-year terms and elect Xavier Zarate as advisory director for a one-year term. John Chomout seconded this motion. Carl Lynch declared each nominee elected by general consent.

VIII. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:07 p.m.

JAMES CHAPMAN
Chairman

JOHN CHOMOUT
Secretary/Treasurer