



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

Downtown
705 East
12th 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 2023

Kasha Bartholomew
First Vice Chair
Term expires April 2023

Thomas Matthews
Second Vice Chair
Term expires April 2023

John Chomout
Secretary/ Treasurer
Term expires April 2022

Xavier Zarate
Member
Term expires April 2022

Mary Paredes
Member
Term expires April 2021

Lindsey J. Putman
Member
Term expires April 2021

John Ross
Member
Term expires April 2021

Carl Lynch, Director Emeritus



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.

In spite of great obstacles, Velocity Credit Union had another successful year and remains healthy and stable. As of December 2020, Velocity had a capital-to-asset ratio of 12.83%. Total consolidated assets at year end were \$969 million, and our return on average assets was .05%.

In March 2020, as we planned to complete our corporate move to the new headquarters at Quarry Lake Business Center in Northwest Austin, the COVID-19 pandemic began. The unprecedented event presented difficult challenges for all of us, but Velocity moved swiftly and surely to allow most employees to work from home as we closed our branch lobbies to the public for the safety and the health of our employees and members. We look forward to opening our branches to you and the public as soon as it is safe to do so. The pandemic's challenges were compounded by planning for our intensive March, 2021 core conversion, which would completely replace the fundamental computing systems and processes the credit union uses to conduct almost all transactions for our members.

All this while we continued to build a new downtown branch.

Through a combination of online and mobile banking, our drive-through lanes and ATMs (and our new VelocityLIVE ITMs, which offer a personalized experience akin to working directly with a teller), scheduled appointments in the branch, and curbside service, we have been able to continue to provide exceptional service to our members.

Last year, we served almost 86,000 members. We value each one of you — and we count on your participation as part of the cooperative that makes us who we are.

Velocity's commitment is to provide you with the best customer service 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 2020, the credit union granted almost 8,000 member loans. Loan advances totaled \$290,051,336 and, at year-end, net loans outstanding stood at \$581,536,331. We remain fully committed to ensuring a fair-minded and unbiased lending process for all members of the credit union. Thank you for allowing Velocity 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 John Chomout and Xavier Zarate.

Kasha Bartholomew, *Chairperson*

Board of Director Candidates *(listed alphabetically)*

Mary Paredes, L. Joe Putman, John Ross

Changes in Bylaws

Amended Articles of Incorporation (January 3, 2020)

Amended Bylaw 3.05 (July 6, 2020)

Changes in Senior Management

New Hires

Robert Cole, Sr. VP of Digital and Remote Strategies

Greg Shaver, Chief Lending Officer

Promotions

Sylvia Valenzuela, VP of Contact Center Operations

Separations

Felix Gonzalez, Sr. VP of Lending

Statement of Condition

<i>Assets</i>	December 2019	December 2020
Cash and Investments	\$183,847,361	\$306,433,223
Shares in Other Credit Unions	600,000	600,000
Total Loans to Members, Net	589,220,730	581,536,331
Collateral in Process of Liquidation	802,743	612,665
Other Receivables	438,409	1,874,328
Accrued Interest on Investments	206,516	266,119
Accrued Interest on Loans	2,026,817	2,097,999
Other Prepaid & Deferred Expenses	1,755,992	1,891,368
Land & Building	41,206,415	40,557,205
Furniture, Fixtures & Equipment	9,157,854	15,217,042
Other Assets	19,819,728	17,660,031
<hr/>		
Total Assets	\$849,082,564	\$968,746,312
<i>Liabilities & Equity</i>		
Accounts Payable	\$2,328,165	\$2,121,772
Dividends Payable	504,609	262,873
Notes Payable	10,000,000	10,000,000
Other Accrued Expenses	2,966,253	4,441,638
Deferred Income	2,075,910	238,457
Deferred Long-term gains	—	1,701,285
Other Liabilities	—	230,353
Member Deposits	723,363,362	839,896,523
Regular Reserves	11,294,236	11,294,236
Undivided Earnings	112,528,110	112,962,658
Unrealized Gain (Loss) on		
Available for Sale Securities	44,642	1,953,973
Pension Plan Gain/(Loss)	(16,022,723)	(16,357,457)
<hr/>		
Total Liabilities & Equity	\$849,082,564	\$968,746,312

2020 Loan Review

<i>Loan Type</i>	Number of Loans Outstanding	Dollar Amount Outstanding
New Auto & Truck	7,223	\$156,513,376
Used Auto & Truck	12,225	206,857,686
Unsecured	10,625	32,546,173
Certificate Secured	73	466,505
Share Secured	1,837	6,480,841
New & Used Boats	32	577,334
New Household Goods	6	19,376
Owner Occupied Real Estate	72	37,298,008
Home Improvement	581	22,483,597
Home Equity	396	16,772,349
Other Real Estate	1,136	97,898,139
Commercial Loans	152	10,180,069
Other Loans	189	3,242,879
<hr/>		
Grand Total of Outstanding Loans	34,547	\$591,336,331
Allowance for Loan Loss		(9,800,000)
<hr/>		
Total Loans, Net		\$581,536,331

73rd Annual Meeting Order of Business

April 27, 2021

- I. Welcome and Introduction
James Chapman, Chair, Board of Directors
- II. Invocation
- III. Meeting Called to Order
James Chapman
- IV. Approval of Minutes From 72nd Annual Meeting
James Chapman
- V. Presentation of Chairman and President's Report
- VI. Unfinished Business
- VII. New Business
- VIII. Adjournment

Income Statement

December 31, 2020

Interest Income	
Loan Interest	\$31,052,033
Investments	2,224,250
Corporate Account Income	64

Total Interest Income \$33,276,346

Interest Expense	
Members' Shares and Deposit Accounts	(\$3,992,687)
Non-Member Dividends	—
Borrowings	(140,009)

Total Interest Expense (\$4,132,696)

Net Interest Income Before Provision for Loan Losses \$29,143,650

Provision for Loan Losses (5,986,734)

Provision for Share Losses (179,741)

Net Interest Income After Provision for Losses \$22,977,175

Operating Income	
Fee Income	\$5,917,541
Other Operating Income	8,837,769

Total Operating Income \$14,755,309

The board of directors engaged CPAs, CliftonLarsonAllen, LLP to audit the financial statements, year ended September 30, 2020. 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	(\$14,119,444)
Employee Benefits	(5,387,501)
Travel and Conference	(86,918)
Association Dues	(148,147)
Office Occupancy	(4,189,564)
Office Operations	(5,716,099)
Education and Promotion	(792,190)
Loan Servicing	(1,521,941)
Professional and Outside Services	(2,583,933)
Federal Supervision and Examination	(85,827)
Cash Short and Over	(10,081)
Member Demand Deposit Services	(3,243,340)
Other Operating Expense	(206,386)

Total Operating Expense (\$38,091,372)

Non-Operating Income and Expense	
Other Non-Operating Income	\$793,436

Total Non-Operating Income and Expense \$793,436

Net Income \$434,548

Minutes of the 72nd Annual Meeting

The 72nd Annual Meeting of the Credit Union was held Tuesday, August 25, 2020 via Zoom webinar. There were 32 members in attendance.

I. WELCOME AND INTRODUCTION

James Chapman, Board Chairman, welcomed all members and guests of the Credit Union. Mr. Chapman announced that he had appointed Kaitlin Strosser as parliamentarian and recording officer. He also stated that the meeting would be conducted according to Robert's Rules of Order. Mr. Chapman introduced staff and members of the Board of Directors: Kasha Bartholomew, 1st Vice Chair; Thomas Matthews, 2nd Vice Chair; John Chomout, Secretary/Treasurer; Mary Paredes, Director; Joe Putman, Director; John Ross, Director; Xavier Zarate, Director; and Debbie Mitchell, President/CEO.

II. INVOCATION

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

III. MEETING CALLED TO ORDER

James Chapman stated that he had been informed a quorum was present and called the business meeting to order at 12:00 p.m.

IV. APPROVAL OF MINUTES

James Chapman reported that the minutes of the April 30, 2019 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 Joe Putman and duly seconded by John Ross to approve the minutes as printed. The motion carried unanimously.

V. PRESENTATION OF CHAIRMAN AND PRESIDENT'S REPORT

James Chapman, 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

James Chapman 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

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

Ms. Mitchell made a motion to re-elect James Chapman, Kasha Bartholomew, and Thomas Matthews to the Board of Directors for the three regularly expiring three-year terms. John Ross seconded this motion. Ms. Mitchell declared each nominee elected by general consent.

VIII. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:08 p.m.

JAMES CHAPMAN
Chairman

JOHN CHOMOUT
Secretary/Treasurer