



Annual Report 2021



VelocitySM
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 ongoing obstacles, Velocity Credit Union had another successful year and remains healthy and stable. As of December 2021, Velocity had a capital-to-asset ratio of 13.95%. Total consolidated assets at year end were \$1.1 billion. Our return on assets was 2.35%.

In March 2021, as the COVID-19 pandemic continued, we successfully completed our core conversion (years in the planning) which completely replaced the fundamental computing systems and processes the credit union uses to conduct almost all transactions for our members.

We opened our beautiful, new downtown branch just as all of our branch lobbies reopened to the public, with safety measures in place to protect the health of our employees and members. As the pandemic wore on, our online and mobile banking, drive-through lanes and ATMs/ITMs provided responsive, convenient, and safe service to our members.

While opportunities to participate in physical events were frustratingly few in 2021, Velocity continued to support our long-time charitable partners including the Central Texas Food Bank, Humane Society, CASA for Children, United Way of Greater Austin, and Habitat for Humanity — actively helping to construct “The House that Credit Unions Built!”

Last year, we served more than 85,000 members. We value each one of you — and we count on your participation as part of the cooperative that makes us who we are.

This year, we've already rolled out the much-requested Zelle® digital payments network, and just implemented a new Mortgage Lending program so that we can offer our standard level of outstanding service to members seeking home financing.

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

74th Annual Meeting Order of Business

April 26, 2022

- I. Welcome and Introduction
James Chapman, Chair, Board of Directors
- II. Invocation
- III. Meeting Called to Order
James Chapman
- IV. Approval of Minutes From 73rd Annual Meeting
James Chapman
- V. Presentation of Chairman and President's Report
- VI. Unfinished Business
- VII. New Business
- VIII. Adjournment

Income Statement

December 31, 2021

Interest Income

Loan Interest	\$27,800,838
Investments	2,627,482
Corporate Account Income	25

Total Interest Income **\$30,428,345**

Interest Expense

Members' Shares and Deposit Accounts	(\$2,784,256)
Borrowings	(88,280)

Total Interest Expense **(\$2,872,536)**

Net Interest Income Before

Provision for Loan Losses **\$27,555,809**

Provision for Loan Losses (858,728)

Provision for Share Losses (132,492)

Net Interest Income After

Provision for Losses **\$26,564,589**

Operating Income

Fee Income	\$4,870,721
Other Operating Income	8,914,208

Total Operating Income **\$13,784,929**

Operating Expense

Employee Compensation	(\$15,049,565)
Employee Benefits	(5,567,713)
Travel and Conference	(71,780)
Association Dues	(151,992)
Office Occupancy	(4,338,578)
Office Operations	(6,699,004)
Education and Promotion	(834,857)
Loan Servicing	(1,176,951)
Professional and Outside Services	(1,811,874)
Federal Supervision and Examination	(67,053)
Cash Short and Over	(6,926)
Member Demand Deposit Services	(3,580,964)
Other Operating Expense	(161,309)

Total Operating Expense **(\$39,518,568)**

Non-Operating Income and Expense

Gain and Loss on Investments	\$125,217
Gain and Loss on Fixed Asset Dispositions	22,631,533
Other Non-Operating Income	738,353

Total Non-Operating Income and Expense **\$23,495,103**

Net Income **\$24,326,053**

The board of directors engaged CPAs, CliftonLarsonAllen, LLP to audit the financial statements, year ended September 30, 2021. 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).

Minutes of the 73rd Annual Meeting

**The 73rd Annual Meeting of the Credit Union was held Tuesday, April 27, 2021 via Zoom webinar.
There were 38 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 parliamentary 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; Debbie Mitchell, President/CEO; Lisa Back EVP/CFO; and Jack Jordan EVP/COO.

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 August 25, 2020 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 Tom Matthews 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

Kasha Bartholomew 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. Bartholomew made a motion to re-elect Mary Paredes, Joe Putman, and John Ross to the Board of Directors for the three regularly expiring three-year terms. John Chomout seconded this motion. James Chapman 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

Statement of Condition

<i>Assets</i>	December 2020	December 2021
Cash and Investments	\$306,433,223	\$421,185,046
Shares in Other Credit Unions	600,000	600,000
Total Loans to Members, Net	581,536,331	557,748,555
Collateral in Process of Liquidation	612,665	538,706
Other Receivables	1,874,328	1,091,033
Accrued Interest on Investments	266,119	367,725
Accrued Interest on Loans	2,097,999	1,764,399
Other Prepaid & Deferred Expenses	1,891,368	1,241,550
Land & Building	40,557,205	43,324,724
Furniture, Fixtures & Equipment	15,217,042	11,693,714
Other Assets	17,660,031	25,791,785

Total Assets	\$968,746,312	\$1,065,347,237
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Liabilities & Equity

Accounts Payable	\$2,121,772	\$2,903,988
Dividends Payable	262,873	153,400
Notes Payable	10,000,000	0
Other Accrued Expenses	4,441,638	4,332,814
Deferred Income	238,457	157,323
Deferred Long-term gains	1,701,285	1,481,924
Other Liabilities	230,353	\$0
Member Deposits	839,896,523	918,329,146
Regular Reserves	11,294,236	11,294,236
Undivided Earnings	112,962,658	137,288,711
Unrealized Gain (Loss) on		
Available for Sale Securities	1,953,973	(3,374,836)
Pension Plan Gain/(Loss)	(16,357,457)	(7,219,469)

Total Liabilities & Equity	\$968,746,312	\$1,065,347,237
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2021 Loan Review

<i>Loan Type</i>	Number of Loans Outstanding	Dollar Amount Outstanding
New Auto & Truck	5,682	\$130,383,080
Used Auto & Truck	11,729	219,414,615
Unsecured	11,275	33,255,834
Certificate Secured	50	328,960
Share Secured	2,116	7,664,891
New & Used Boats	32	564,501
New Household Goods	4	7,795
Owner Occupied Real Estate	99	47,277,126
Home Improvement	418	14,864,625
Home Equity	375	17,032,156
Other Real Estate	886	88,777,707
Commercial Loans	9	1,888,383
Other Loans	165	2,885,882

Grand Total of Outstanding Loans	32,840	\$564,345,555
Allowance for Loan Loss		(6,597,000)

Total Loans, Net		\$557,748,555
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Lending Report

In 2021 the credit union granted more than 8,000 member loans. Loan advances totaled \$294.7 million and, at year-end, loans outstanding stood at \$564.3 million. 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 Thomas Matthews and Mary Paredes.

Kasha Bartholomew, *Chairperson*

Board of Director Candidates

John Chomout

Changes in Bylaws

Bylaw Section 3.01 Reorganization of Field of Membership

Changes in Senior Management

New Hires

Lindsey Record, Vice President of Mortgage Lending

Promotions

Daniel Penberg, Chief Information Officer

Retirements

Jack Jordan, Executive Vice President/Chief Operations Officer



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

Cedar Park
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
Resigned April 2022

Mary Paredes
Member
Term expires April 2024

Lindsey J. Putman
Member
Term expires April 2024

John Ross
Member
Term expires April 2024