



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 W. Round Rock Ave.
Round Rock, TX 78681

South Austin

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

Brodie Oaks

4220 South Lamar
Suite 100
Austin, TX 78704

Board of Directors

Carl Lynch
Chairman
Term expires April 2016

Thomas Matthews
First Vice Chair
Term expires April 2017

James Chapman
Second Vice Chair
Term expires April 2017

John Chomout
Secretary/ Treasurer
Term expires April 2016

Mary Paredes
Member
Term expires April 2018

John Ross
Member
Term expires April 2018

A photograph of the Austin skyline at night, with several tall buildings illuminated against a dark sky, reflected in a body of water in the foreground.

Annual Report 2015



VelocitySM
CREDIT UNION

Chairman and President's Report

To our valued members:

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

Velocity Credit Union had another successful year and remains healthy and stable. As of December 2015, Velocity was very well-capitalized with a net worth of 12.5% — which is well above the industry standard. We had strong deposit and loan growth of 10.8% and 16.9%, respectively. We grew our assets to a record \$811 million, exceeding our 2015 budgeted goal by \$7.6 million. Our return on assets was 2% — doubling the industry goal of 1%.

Due to successfully building our capital in recent years, we are back in an expansion mode. As of the date of this annual meeting, we are just a few weeks away from opening our sixth Austin-area location. Our new branch is located in Cedar Park, at the corner of 183-A and New Hope Drive. We're already exploring additional options for new branches in the future.

Our membership reached more than 81,000 last year. We count on each one of you as an owner — and we count on your participation as part of the cooperative that makes us who we are. We are proud to report that Velocity is as stable and strong as ever.

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,
Carl Lynch
Chairman of the Board

Debbie Mitchell
President/CEO

Loan Officer's Report

In 2015, the credit union granted more than 13,000 member loans. Loan advances totaled \$337,462,163 and at year-end net loans outstanding stood at \$625,324,387. We remain fully committed to ensuring a fair-minded and unbiased lending process for all members of the credit union. Thank you for allowing our 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 John Ross and Mary Paredes.

James Chapman, *Chairman*

Board of Director Candidates *(listed alphabetically)*

Carl Lynch

John Chomout

Changes in Senior Management

New Hires

Jack Jordan, Chief Lending Officer,
June 2015

J.L. Baralt, VP Deposit Product & Card
Services, October 2015

Separation

Mike Fisher, Chief Lending Officer,
May 2015

Changes in Bylaws

No changes in credit union Bylaws.

Statement of Condition

Assets	December 2014	December 2015
Cash and Investments	\$140,168,634	150,936,453
Shares in Other Credit Unions	-	859,591
Total Loans to Members, Net	534,697,929	625,324,387
Collateral in Process of Liquidation	309,213	490,483
Other Receivables	1,525,635	635,394
Accrued Interest on Investments	298,778	203,634
Accrued Interest on Loans	2,030,160	2,386,287
Other Prepaid & Deferred Expenses	659,432	605,001
Land & Building	7,642,280	9,384,175
Furniture, Fixtures & Equipment	442,407	695,733
Other assets	21,241,230	19,721,463
Total Assets	\$709,015,698	811,242,601
Liabilities & Equity		
Accounts Payable	\$1,353,281	1,455,346
Dividends Payable	375,493	457,577
Notes Payable	12,000,000	35,000,000
Other Accrued Expenses	1,861,330	2,466,388
Deferred Income	635,389	621,309
Member Deposits	614,464,768	680,908,054
Regular Reserves	11,294,236	11,294,236
Undivided Earnings	75,062,760	90,273,019
Unrealized Gain (Loss) on		
Available for Sale Securities	703,270	341,296
Prior Service Cost Reserve	(8,734,829)	(11,574,625)
Total Liabilities & Equity	\$709,015,698	811,242,601

2015 Loan Review

Loan Type	Number of Loans Outstanding	Dollar Amount Outstanding
New Auto & Truck	10,162	257,354,481
Used Auto & Truck	11,258	201,922,357
Unsecured	8,000	23,430,315
Certificate Secured	111	892,146
Share Secured	785	4,176,816
New & Used Boats	57	1,025,336
New Household Goods	12	56,523
Owner Occupied Real Estate	23	1,099,561
Home Improvement	1,147	16,244,283
Home Equity	435	14,903,443
Other Real Estate	2,048	101,863,694
Commercial Loans	25	3,030,120
Other Loans	339	2,858,811
Grand Total of Outstanding Loans	34,402	628,857,887
Allowance for Loan Loss		(3,533,500)
Total Loans, Net		\$625,324,387

68th Annual Meeting Order of Business

April 26, 2016

- I. Welcome and Introduction
Carl Lynch, Chair, Board of Directors
- II. Invocation
- III. Meeting Called to Order
Carl Lynch
- IV. Approval of Minutes From 67th Annual Meeting
Carl Lynch
- V. Presentation of Chairman and President's Report
- VI. Unfinished Business
- VII. New Business
- VIII. Adjournment



Income Statement

December 31, 2015

Interest Income	
Loan Interest	\$31,248,482
Investments	\$1,892,063
Corporate Account Income	\$1,301

Total Interest Income \$33,141,846

Interest Expense	
Members' Shares and Deposit Accounts	\$3,533,268
Non-Member Dividends	\$233,507
Borrowings	\$389,929

Total Interest Expense \$4,156,704

Net Interest Income Before Provision for Loan Losses	\$28,985,142
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Provision for Loan Losses	\$3,356,761
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Provision for Share Losses	\$321,833
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Net Interest Income after Provision for Losses	\$25,306,549
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Operating Income	
Fee Income	\$11,667,088
Other Operating Income	\$360,230

Total Operating Income \$12,027,318

The board of directors engaged CPAs, CliftonLarsonAllen, LLP to audit the financial statements, year ended September 30, 2015. 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	\$10,041,317
Employee Benefits	\$1,677,419
Travel and Conference	\$156,534
Association Dues	\$110,567
Office Occupancy	\$1,170,839
Office Operations	\$2,758,430
Education and Promotion	\$682,228
Loan Servicing	\$1,089,309
Professional and Outside Services	\$1,157,599
Member Insurance	\$0
Federal Supervision and Examination	\$62,157
Cash short and over	(\$11,921)
Annual Meeting	\$0
Member Demand Deposit Services	\$3,013,311
Other Operating Expense	\$132,186

Total Operating Expense \$22,039,975

Non-Operating Income and Expense	
Gain on Loan Participations Sold	\$721
Gain and Loss on Investments	(\$84,854)
Gain and Loss on Fixed Asset Dispositions	\$500
Gain and Loss in NCUSIF	\$0

Total Non-Operating Income and Expense (\$83,633)

Net Income \$15,210,259

Minutes of the 67th Annual Meeting

The 67th annual meeting of the credit union was held Tuesday, April 28, 2015 at Velocity Credit Union's main office. There were 48 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 Joe Putman as 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: Thomas Matthews, 1st vice chair; James Chapman, 2nd vice chair; John Chomout, secretary/treasurer; Mary Paredes, director; John Ross, 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 11:55 a.m.

IV. APPROVAL OF MINUTES

Carl Lynch reported that the minutes of the April 29, 2014 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 Mary Paredes to approve the minutes as printed. The motion carried unanimously.

V. PRESENTATION OF CHAIRMAN AND PRESIDENT'S REPORT

Carl Lynch 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 elect Mary Paredes and John Ross to the board of directors for the two regularly expiring three-year terms. 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 12:01 p.m.

CARL LYNCH
Chairman

JOHN CHOMOUT
Secretary/Treasurer