



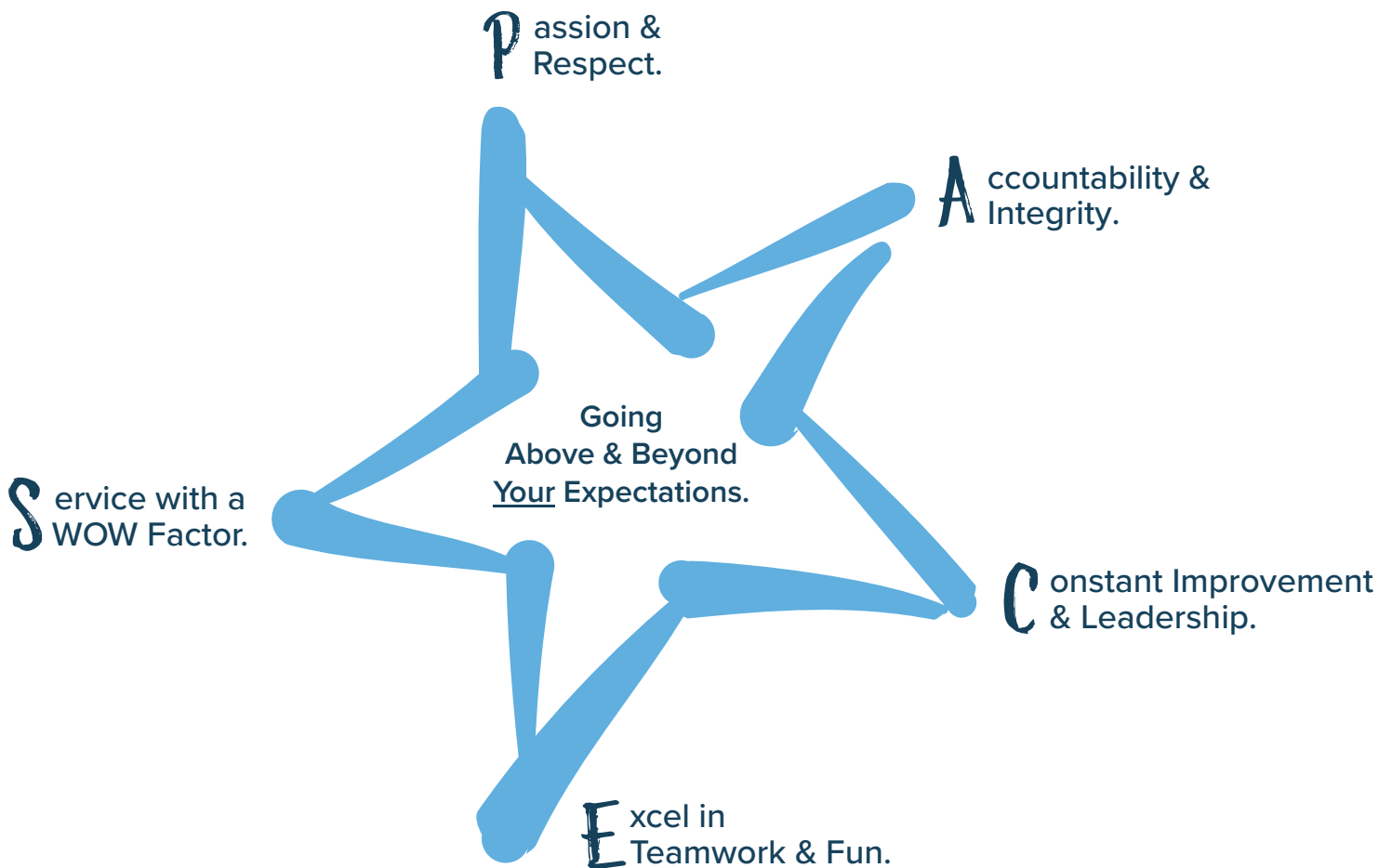
ANNUAL REPORT 2020

3101 Harrisburg Blvd., Houston, TX 77003 | Phone: 713-222-1244
SpaceCityCU.com



9 Core Values

These core values of our organization form the foundation on which we perform work, conduct ourselves, and service our members.



9 Supporting Values

Be Accessible • Courage • Culture of Warmth • Embrace Change
Empathy • Empower Others • Humble • Trust • Quality

PRESIDENT'S REPORT



Thank you for making it a priority to review our 2020 Annual Report, as it demonstrates active interest in your credit union.

You know, you are one of the most important people in the credit

union industry: a member-owner. Your initial deposit was your share in Space City Credit Union and it empowered your voice in your financial institution. Credit unions operate on a "one member, one vote" principle, so when you participate in the voting process, you are contributing to the growth and potential of your credit union.

Every person in America and every financial institution has had to face the challenges of the COVID-19 pandemic. Space City Credit Union is no different. Your health and safety, and the health and safety of our staff are important to us. So, in 2020 we enacted certain protocols to minimize exposure, especially for our high-risk staff and members, while ensuring you have access to your money and our full array of services whenever you need them.

Remember, Space City Credit Union has a variety of online capabilities that minimize your need to visit us in branches unless necessary. We hope the technical advancements we have made will help you feel confident about the security of your money and your ease of access to it.

Additional precautions we implemented include:

- Social distancing
- Wearing masks
- Gloves for handling money
- Shorter lobby hours (and closed the lobby for a period of time)
- Drive-thru only transactions

As your financial first responder, your credit union went to great lengths to help members and our community through the most challenging year in modern times. Because that is what we're here for: your financial well-being.

Unfortunately, the pandemic is not over. Virologists and medical experts warn that Americans will continue to deal with new infections and deaths before we've reached sufficient herd immunity and mass vaccination numbers. We are optimistic that, thanks to modern medical science, protective equipment for first responders, and a national plan to help those most in need, all of us together will save millions of lives, and we'll soon be able to resume normal in-person credit union operations free of masks and social distancing.

Because of our cooperative business model, we're able to return profits to our members in the form of competitive rates, new products, enhanced services, and additional points of service to make it easier for you to reach your financial objectives. Our highest and best purpose in serving you includes some of the following objectives:

PRESIDENT'S REPORT CONTINUED

- Our commitment to serving our community where we can make the greatest impact. Helping with financial literacy and the account management for our members who are most vulnerable, such as young adults, retirees, and our elderly through our BALANCE Financial Fitness Program, are some of the ways we can do that.
- Our commitment to being a knowledge center that allows our members to trade peer advice and insights about budgeting, buying, retiring, and saving.
- Our commitment to offering more and better resources that ensure our members are using the safest, most secure, and most convenient technology available.
- Our commitment to growing our community impact through loan interest refund payouts, financial capability programs, payment deferral during community emergencies (such as the pandemic), and working with members that face challenges in whatever life phase they might be in; and
- Our commitment to helping you finance your life activities, such as education, small businesses, housing, and transportation in a responsible way.

standing receive bonus rewards points throughout the year on their qualifying purchases. In total, Space City CU gave back \$100,000 to our members! This is just one way our members can enjoy the benefits of belonging to a credit union where profits are returned to our member-owners.

As we navigate the challenges of 2021, we promise that Space City Credit Union will continue to grow responsibly while listening and responding to your needs. As our member-owners, you are integral to our credit union family, and we are sincerely grateful that you have chosen Space City Credit Union as your financial partner. We wish you a healthy and prosperous 2021.

Thank you,
Craig Rohden, CEO

Though the credit union needs to make a profit to keep the doors open, our sole interests are our members' interests, and whenever we can, in keeping with our credit union mission, we will distribute profits back to you. On December 31, 2020, members who paid loan interest received a 2% interest refund to their share account. Also, checking account holders in good

CHAIRMAN'S REPORT



Welcome to the 56th annual meeting of Space City Credit Union. I want to thank you for joining us, and I commend you for taking an active interest in our one-member, one-vote structure and philosophy.

As you will see in the Annual Report, Space City Credit Union performed well in fiscal year 2019–2020. Some of the highlights of that report include:

- As our credit union membership grows, so do our assets, which is one of the primary indicators of how well our members are receiving the products and services we offer. Our current assets are \$106,400.258, up from \$89,100,957 in 2019.
- I'm pleased to announce that Space City Credit Union continues to be a well-capitalized financial institution, with a strong net worth ratio of 8.57 percent. To put that in perspective, a net worth position above 7.00 percent is considered well capitalized by our regulators.
- You, the member-owners of this institution, have borrowed more than \$30,853,798 which added more than 1,290 new loans in the 2019–2020 fiscal year and reflects some optimism in our economy and trust in your credit union. We thank you for that.

As a financial cooperative, we recognize that we most effectively serve you and strengthen the credit union movement when we are actively engaging with the vast network of organizations and service groups

available—even if it is in terms of virtual connections, as has been so critical during the past year of a public health crisis. For instance, our membership in Cornerstone League, our regional credit union association, allows us to benefit from the advocacy, education, tools, and resources that are designed to support our endeavors and, by extension, you—our members.

I'd like to recognize my fellow board members for their dedication to this credit union. United in leadership, we are responsible for ensuring your credit union has a capable, qualified, and transparent management team, and I can say without hesitation that we do. The strength of this board's commitment to the highest standards of governance and management is integral to Space City Credit Union's well-being, sustainability, and prosperity.

I'd like to express my deepest confidence in the leadership of our management team, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because, as this last year has shown, Space City Credit Union is well positioned to face any challenge and seize any opportunity that presents itself in 2021.

Thank you, ladies and gentlemen for your membership. I wish you and your families the very best in 2021.

Sincerely,
Mick Lay, Chairman

CHIEF OPERATIONS OFFICER REPORT



Let me tell you a little about the state of our industry. Texas has 437 federally and state-chartered credit unions with almost 9.5 million members and total assets of more than \$124 billion. Even though the American economy has suffered setbacks during

2020, these figures reflect a robust and healthy credit union system, of which Space City Credit Union is a part.

From a business perspective, your credit union continues its steady trajectory forward and upward, with our focus finely tuned to the things that really matter to our members. As such, we were able to bring our “people helping people” philosophy to life in ways that helped not only our members, but our communities.

As has been the case for several years, one of the ongoing issues our industry faced in 2020 was data breaches and privacy concerns, because merchants across the country continue to be needlessly vulnerable. Yet, it is not the merchant who must bear the cost of a breach or reissuing new cards to their affected customers. That responsibility falls on your credit union, despite that we would have had nothing to do with the breach. But we are only here for you and won't hesitate to quickly reissue your new cards, so you're inconvenienced as little as possible.

The good news is that your financial institution suffered no data breaches in 2020, and we continue to ensure that your data remains secure. We'll be joining our trade association, Cornerstone League and Credit Union National Association, to lobby Congress to enact a federal data security law that helps securedata, protect your privacy, and foster fair-share responsibility. With the continued success of Space City Credit Union, we can offer beneficial savings and

wealth-building tools and other financial products and services that enhance your life, improve our delivery channels, and expand our community outreach. Therefore, in 2021 we are implementing the following products and services to benefit you and your families:

- Virtual Branch Next - The new platform will feature a more streamlined user interface with enhanced features to improve your banking experience.
- Check Free Bill Pay - an intuitive Bill Pay system that can provide same and next day payments for many vendors. It also provides the functionality to transfer funds to and from other financial institutions to Space City Credit Union.
- Zelle - a fast, safe and easy way to send money directly between almost any bank accounts in the U.S., typically within minutes. With just an email address or U.S. mobile phone number, you can send money to people you trust, regardless of where they bank. Members will be able to access Zelle through online banking or our mobile app.
- The newly upgraded ATM at our Harrisburg branch will be enhanced with check and cash deposit taking functionality.

We are proud of how far we have come, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and servant hearts of everyone involved in the leadership and operation of this credit union. Because of the work we have all done together, this credit union is doing very well, despite the pandemic.

Thank you,
Nikki Moore, COO

TREASURER'S REPORT



In 2020, Space City Credit Union had total net income of \$328,861 after business expenses, dividends, and our loan interest refund to membership. The Credit Union's capital to asset ratio remains solid at 8.57 percent, and Space City Credit Union remains a financially sound and federally insured financial institution.

For a more comprehensive snapshot of the Credit Union's financial performance, please review our consolidated statements of income and financial condition.

Regards,
Jerry Garcia, Treasurer

Statement of Income		
For Period Ending December 31, 2020		
	2020	2019
Income		
Loans	\$3,735,983	\$3,751,895
Investments	\$44,197	\$94,029
Other	\$1,919,358	\$1,771,408
Total Income	\$5,699,538	\$5,617,332
Non-Operating Income/Expense	\$42,997	\$13,061
Income Before Dividends	\$5,742,535	\$5,630,393
Less: Dividends	\$978,012	\$757,894
Less: Int on Borrowed Funds	\$0	\$0
Expenses		
Employee Compensation	\$1,933,423	\$2,144,181
Office Operations	\$966,104	\$985,334
Provision for Loan Losses	\$420,249	\$624,479
Operating Expenses	\$1,115,886	\$1,283,562
Net Income (Loss)	\$328,861	(\$165,057)
Allocation of Net Income		
To Regular Reserves	\$0	\$0
To Undivided Earnings	\$328,861	(\$165,057)

Statement of Financial Condition		
For Period Ending December 31, 2020		
	2020	2019
Assets		
Loans	\$66,266,076	\$68,860,376
Allowance for Loan Loss	(\$481,526)	(\$418,136)
Net Loans	\$65,784,450	\$68,442,240
Cash	\$929,805	\$1,038,108
Investments	\$29,380,473	\$9,366,104
Fixed Assets	\$5,282,883	\$5,373,403
Other Assets	\$5,022,647	\$4,881,102
Total Assets	\$106,400,258	\$89,100,957
Liabilities		
Notes Payable		
Accounts Payable	\$665,084	\$668,592
Other Liabilities	\$502,956	\$335,601
Total Liabilities	\$1,168,040	\$1,004,193
Savings Equity		
Shares	\$96,585,603	\$79,779,010
Regular Reserves	\$472,173	\$472,173
Undivided Earnings	\$5,516,863	\$5,188,002
Equity Acquired from Merger	\$2,657,579	\$2,657,579
Total Liabilities & Equity	\$106,400,258	\$89,100,957

CREDIT COMMITTEE REPORT



The Credit Committee is appointed by the Board of Directors to regularly review current Credit Union loan policies, identify loan trends ensure the safety and soundness of loan underwriting. The committee also ensure that the

current roster of loan offerings meet the credit needs of the membership. We are committed to making financial decisions to balance the cost of bringing the latest technology to our membership while remaining competitive with our interest rate and fee structure.

2020 was a financially trying year for many families. We are thankful that you entrusted your business to Space City Credit Union. We value your membership and are grateful to help our members meet the financial commitment for important life decisions. For example, it is a testament to our strength as a financial institution that so many of you are turning to your credit union for your home loan needs. In fiscal year 2020-2021, our loan officers wrote over \$1,337,843 in mortgage loans and \$2,226,961 in home equity loans, and we've only just begun. Real estate is often the largest financial commitment made in a lifetime, and we are grateful to be the chosen partner for so many members.

One of the main ways we can impact the financial soundness of our members is through prudent and cost-effective lending practices. Space City Credit Union delinquencies remain low at 0.33 percent, as compared to other Credit Unions our size with an

average delinquency of 0.60 percent. This reflects the competitive rates we are able to offer and your strong commitment to honoring your financial obligations.

We will remain vigilant representatives of our members' interests, ensuring continued safety and soundness for your money as the Credit Union strives to provide you and your family with excellent member service. Below you will find a consolidated breakdown of total loans booked in 2020 for your review.

Thank you,
Steve Hines
Chairman, Credit Committee

2020 LOANS

Loan Type	YTD # Loans	Amount	Percentage
New Auto	142	\$ 5,782,173.13	19%
Used Auto	430	\$ 11,388,228.45	37%
Signature	472	\$ 2,152,536.53	7%
Other Secured	197	\$ 3,051,958.67	10%
Real Estate, HE	38	\$ 3,564,804.67	12%
RE MBLs <50k	0	\$ -	0%
RE MBLs >50k	0	\$ -	0%
Instrument Loans <50k	5	\$ 114,169.83	0%
Instrument Loans >50k	6	\$ 486,309.56	2%
Credit Card Advances	-	\$ 5,913,746.74	19%
Loan Add	-	\$ 445,444.22	1%
Refinances	-	\$ (2,045,574.24)	-7%
Total	1290	\$ 30,853,797.56	100%

AUDIT COMMITTEE REPORT



Space City Credit Union's Audit Committee consists of four Credit Union members who volunteer their time to serve the membership. The Committee has the responsibility of working with the Management Team and the Board of Directors to ensure that Space City is operating in a safe and prudent manner and in the best interests of our members. To fulfill our responsibilities, we work with management to engage an auditing firm, currently Doeren Mayhew, to perform internal audits. We also utilize internal staff to perform audit functions and have the benefit of Federal examinations.

Space City Credit Union underwent over 150 hours of internal auditing. Members of the Audit Committee met with our independent auditors and are pleased to report that all findings were minimal and immediately rectified by management. Based on our last examiners' report, internal audit reports, and the positive results

received from our independent auditors, the Audit Committee remains confident that Space City Credit Union maintains adequate controls, complies with applicable laws and regulations, and is well managed and fiscally sound.

We appreciate the opportunity to serve the membership and encourage all members to take advantage of the many services and benefits offered by your credit union.

Sincerely,

Jack Patton - Chairperson, Matt Hayslip, Rod Tejada,
Stephen Quezada



SPACE CITY CHARITIES

The mission of Space City Charities is to help others achieve their dreams through financial literacy and furthering their education. The primary method we use to achieve this goal is by providing scholarships to deserving students in and around the Houston area.

The main source of funding for these scholarships is the Annual Wolf Scholarship Golf Classic's sponsorships, players, and donations. The Annual Wolf Scholarship Golf Classic was established in 2009 to honor Verna Wolf who served on the board of Space City Credit Union for 40 years (1965 – 2005). Mrs. Wolf passed in 2016, and this golf tournament continues to honor her dedication to the credit union movement and the philosophy of "people helping people."

Space City Charities gave away its first scholarship in 2011, and since then has given away over \$204,850 to students eager to further their education. We seek to provide financial assistance to students, encourage academic excellence, and to recognize achievements both in and out of school. Each year the charities staff works hard to fundraise and increase awareness of both scholarship availability and charity activities. It is only through these activities that we are able to continue to give back to students seeking to further their education.

The 2020 tournament had over 100 golfers and will allow Space City Charities to give away \$32,500 in scholarships in 2021. The scholarship recipients can be found below:

2020 Scholarship Recipients

Annie V.	\$2,500 Space City Charities Scholarship
David H.	\$2,500 Space City Charities Scholarship
Angela G.	\$2,500 Space City Charities Scholarship
Charles B.	\$2,500 Space City Charities Scholarship
Pooja A.	\$2,500 Space City Charities Scholarship
Tori M.	\$2,500 Space City Charities Scholarship
Andrew B.	\$2,500 Space City Charities Scholarship
Pavan A.	\$2,500 Space City Charities Scholarship
Adele C.	\$2,500 Space City Charities Scholarship
Ian R.	\$2,500 Space City Charities Scholarship
Kimberly B.	\$2,500 B.C. "Buddy" Holcombe Scholarship
Xavier R.	\$2,500 Verna Wolf Scholarship
Caleb J.	\$2,500 Space City Charities Scholarship
Total Scholarships 2020 Awarded	\$32,500

For more information on Space City Charities, please visit www.SpaceCityCharities.org.

SPACE CITY CU
YEAR IN REVIEW

2020

NEW PRODUCTS

CASHIER'S CHECKS LAUNCHED
LASER TEMPORARY CHECKS LAUNCHED



7 EXTERNAL AUDITS
2 INTERNAL
160 INTERNAL AUDIT HOURS

TECHNOLOGY



ENHANCED IT
INFRASTRUCTURE &
MIGRATION TO NEW FIRM

OPERATIONS



MIGRATION TO
NEW PAYROLL, HR &
BENEFITS FIRM

\$415,639 and 355



DORMANT ACCOUNTS

DORMANT ACCOUNTS REDUCED TO \$1,804 and 108

NEW REAL ESTATE LENDING



\$2 MILLION REAL ESTATE LOANS BOOKED THIS YEAR

CORONAVIRUS RELIEF

1,350 SKIP PAYS PROCESSED

\$17.3 MILLION



INCREASE IN ASSETS



ADDING VALUE

\$61,809

LOAN INTEREST
REFUNDED TO MEMBERS

\$51,544

IN UCHOOSE REWARDS
PRIZE REDEMPTIONS

OVER 95%

OF MEMBERS SURVEYED HAPPY WITH SERVICE

BOARD OF DIRECTORS



Mick Lay
Chairman
Board Member Since 1975



Steve Hines
Vice Chairman
Board Member Since 1985



Judy Langford
Secretary
Board Member Since 1982



Jerry Garcia
Treasurer
Board Member Since 1979



Jack Patton
Assistant Secretary
Board Member Since 2010



Robert Sander
Director
Board Member Since 1980



Craig Rohden
President/CEO Since 1994
Board Member Since 2001



Matt Hayslip
Audit Committee
Member Since 2008



Mark Heitker
Director
Board Member Since 2006



Bryon Hodges
Director
Board Member Since 2008



Rod Tejada
Audit Committee
Member Since 2017



Stephen Quezada
Audit Committee
Board Member Since 2020

MANAGEMENT TEAM



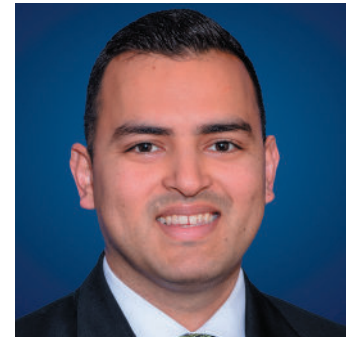
Nikki Moore
Chief Operations Officer
Team Member Since 2008



Paula Newkirk
VP of Lending & Collections
Team Member Since 2007



Jorge Amaya
AVP of Member Services
Team Member Since 2017



Aldo Aguilar
Senior Teller / Branch
Operations
Team Member Since 2007



Monique Avellaneda
Branch Operations Manager
Team Member Since 2019



Rony Reed
La Porte Assistant Branch
Manager
Team Member Since 2018



Jennifer Tran
VP of Accounting
Team Member Since 2021

E-Service Enrollment
as of December 31, 2020
Total Members: 8,850

	Members Enrolled	Penetration %
Online Banking	4723	53.37%
Bill Pay	427	4.82%
Mobile Banking (App/Web/Text)	3461	39.11%
Mobile Deposit	3302	37.31%
Finance Wizard	1698	19.19%
Pop Money	735	8.31%
Credit Sense	2300	25.99%
E-Statements	4962	56.07%
E-Receipts	5663	63.99%
E-Notices	3271	36.96%
Debit Cards	5174	58.46%
Uchoose Rewards	2817	31.83%
Credit Card Online Access	193	2.18%
Credit Card Estatements	28	0.32%
Card Valet	1985	22.43%