

Austin Telco Federal Credit Union

2023 Annual Report

Financial Statements

Assets

Cash & Investments: \$631,257,382

Net Loans: \$1,726,715,152

Fixed Assets (net): \$51,570,484

Other Assets: \$67,306,614

Total Assets: \$2,476,849,632

Liabilities & Equity

Total Deposits: \$2,057,377,006

Total Liabilities: \$178,483,484

Members' Equity: \$240,989,142

Total Liabilities & Equity: \$2,476,849,632

Income Statement

Interest on Loans: \$67,688,879

Income from Investments: \$11,406,832

Total Interest Income: \$79,095,711

Dividends to Members: \$33,324,986

Interest on Borrowings: \$2,455,529

Total Dividends and Interest: \$35,780,515

Net Interest Income: \$43,315,196

Provision for Credit Losses: \$1,312,802

Non-Interest Income: \$15,101,735

Operating Expenses: \$39,441,883

Net Income: \$17,662,245

Board Chairman & President/CEO Report

David Westlund – Chairman, Board of Directors

Robert Hernandez – President/CEO

As we reflect upon 2023 at Austin Telco, a year marked by both challenges and growth, we are filled with a sense of pride and optimism. The steady progress we've achieved is a testament to our enduring commitment to serving our members and ensuring financial stability in an ever-changing economic environment. Despite the economic challenges, particularly the record inflation experienced in 2023,

Austin Telco has stood strong as a safe and sound credit union. Our resilience during these times underscores our role as a reliable financial partner for our members.

A key highlight of 2023 was our partnership with Austin FC. This partnership has been a vibrant addition to our community initiatives, featuring the creation of two striking murals at Q2 Stadium's Austin Telco Terrace. This collaboration has also brought exclusive experiences to our members, such as the Austin Telco Terrace Tickets Sweepstakes, and Member Merch Day, enriching the bond between Austin Telco and the community. As we move into 2024, we are excited to deepen this partnership, offering more unique opportunities and experiences to our members.

In line with our mission to foster financial literacy among the younger members of our community, we introduced the True Youth Accounts. These innovative accounts include a savings account, a high-yield 12-Month share certificate, and a checking account with a debit card, each designed with features specifically tailored for young savers. The share certificate allows for dividends to be automatically rolled over into the savings account and accepts additional deposits, fostering a habit of saving and financial planning. The checking account is equipped with a unique debit card, which has a daily spending limit, transaction limit, and does not allow international purchases or overdrafts. Our True Youth Accounts ensures a safe and educational financial experience for our younger members, setting the foundation for responsible financial habits early in life.

Building on our dedication to enhancing member experiences, 2023 also marked the rollout of our newly designed contactless cards. This update not only modernizes the look of our cards but also introduces a contactless feature, offering our members a more convenient way to make payments.

In the Fall of 2023, Austin Telco opened its first branch in Burnet County in the city of Marble Falls. To celebrate the grand opening, we had an event filled with treats, entertaining games, and a chance to win prizes. We are excited to reach the Burnet County community and assist them with their financial needs.

Our community involvement continued with various initiatives. We were part of Habitat for Humanity's "House that Credit Unions Built" project, where we collaborated with local credit unions to build a home for a family in need, and supported Caritas of Austin, Coats for Kids, and the Brown and Blue Santa Toy Drives. Our financial education programs expanded to include not only Success High School but also Pillow Elementary School, bringing financial knowledge to students, including a surprise appearance from Austin FC players at Pillow Elementary School. Our engagement in community projects like the back-to-school drives, including a significant backpack program with CBS Austin and Univision, and our sponsorship of KXAN's Simple Health program, further solidified our commitment to the community.

In 2023, we were excited to enhance our senior management team with the addition of Kevin Lockingen as CFO and Jason Goodman as COO, both of whom bring over two decades of credit union expertise to their roles. Their extensive leadership experiences have introduced fresh perspectives and invigorated our strategic approach.

Looking ahead, we are thrilled about the launch of our new digital banking platform in Spring 2024. This platform will introduce innovative features like account consolidation and CardSwap, along with enhanced financial tools, like credit score monitoring, to assist our members in setting financial goals.

As we move into a new year, we reaffirm our commitment to providing competitive rates on loans and deposits, and to fostering financial literacy in our community. We remain focused on being a leading credit union in Austin, dedicated to serving our members and the community.

In closing, I would like to extend my heartfelt gratitude to our dedicated staff, Board of Directors, Supervisory Committee, and most importantly, our members. Your trust and support are the foundation of our success. Together, we look forward to a year of innovation, growth, and continued commitment to our community.

Treasurer Report

Steve Read – Treasurer

We are pleased to share that in 2023, our shares and assets have continued to grow despite the economy's condition. This growth is a clear indicator of our financial resilience and the solid support from our community of members. Moreover, we have consistently offered competitive loan and dividend rates to support our members' financial needs, reflecting our commitment to their welfare. In response to the Federal Reserve's interest rate adjustments, Austin Telco has proactively increased the dividend rates on our deposit accounts, allowing our members to maximize their earnings.

The year 2023 witnessed a significant advancement in our loan portfolio, with total loan growth reaching 4.08%, demonstrating our capacity to effectively meet our members' borrowing needs. Furthermore, our total assets experienced an increase, climbing to \$2.477 billion by year's end.

The dedicated efforts and strategic leadership of our Board of Directors, Supervisory Committees, and management team ensure that Austin Telco remains a steadfast and member-focused financial institution. Our priority is, and always will be, serving the best interests of our members and securing their trust and financial well-being for years to come.

Supervisory Committee Chairman Report

Mary Brooks – Chairman

The Supervisory Committee, appointed by the Board of Directors, serves to safeguard the interests of our members by ensuring that Austin Telco adheres to mindful business practices and maintains rigorous internal controls. We gather monthly and engage directly with our members, verifying transactions through letters and responding to their input when needed.

Our duty to uphold the integrity of the credit union and its membership involves conducting systematic audits to scrutinize our management approaches and assess the financial stability of Austin Telco. To this end, we collaborate with external auditors and conduct monthly internal reviews with the assistance of the Cornerstone Credit Union League Resources group. Furthermore, our annual financial review is meticulously carried out by an independent CPA firm.

The 2023 annual CPA audit results attest to our commitment to upholding the highest financial standards, confirming Austin Telco's robust economic health. It is with pride that we report our credit union's sustained soundness and dedication to fulfilling the financial needs of the Austin Metro community for the foreseeable future.

We extend our heartfelt thanks to our diligent management and staff for their unwavering commitment to the credit union. Additionally, our deepest gratitude goes to our members, whose steadfast trust and support continue to be the cornerstone of Austin Telco's success.

Board of Directors

David Westlund, Chairman
Fran Berns, Vice Chairman
Steve Read, Treasurer
Lea Luchsinger, Secretary
Joe Bain, Jr., Security/Safety Officer
Paul Tidrick, Membership Officer
Paul Paulsen, Member

Supervisory Committee

Mary Brooks, Supervisory Chairman
Brenda Monteith, Secretary
Patricia Richerson, Member
Julia Menegay, Member
Fran Berns, Board Liaison Officer

Management

Robert Hernandez, President/CEO
Tony Rawls, SVP, Lending/CLO
Christopher Mraz, SVP, Information Technology/CIO
Kevin Lockingen, SVP, Finance/CFO
Jason Goodman, SVP, Operations/COO
Tammy Carter, VP, Human Resources
Raye Anne Cawthon, VP, Accounting
Pamela W. Cotton, VP, Member Services
Chad Winkelmann, VP, Lending
Sandie Peña, VP, Branch Operations
Charlie Angulo, VP, Finance
Katrina Levenick, VP, Marketing & Business Development