

2019 Annual Report



AUSTIN TELCO
FEDERAL CREDIT UNION

Statement of Financial Condition

Assets

| | |
|-----------------------|------------------|
| Net Loans | \$ 1,357,834,205 |
| Loans Held for Sale | \$ 162,481 |
| Cash on Hand | \$ 12,038,189 |
| Investments | \$ 369,527,653 |
| Land & Building | \$ 42,423,266 |
| Furniture & Equipment | \$ 1,772,679 |
| Other Assets | \$ 35,677,394 |
| Total Assets | \$ 1,819,435,867 |

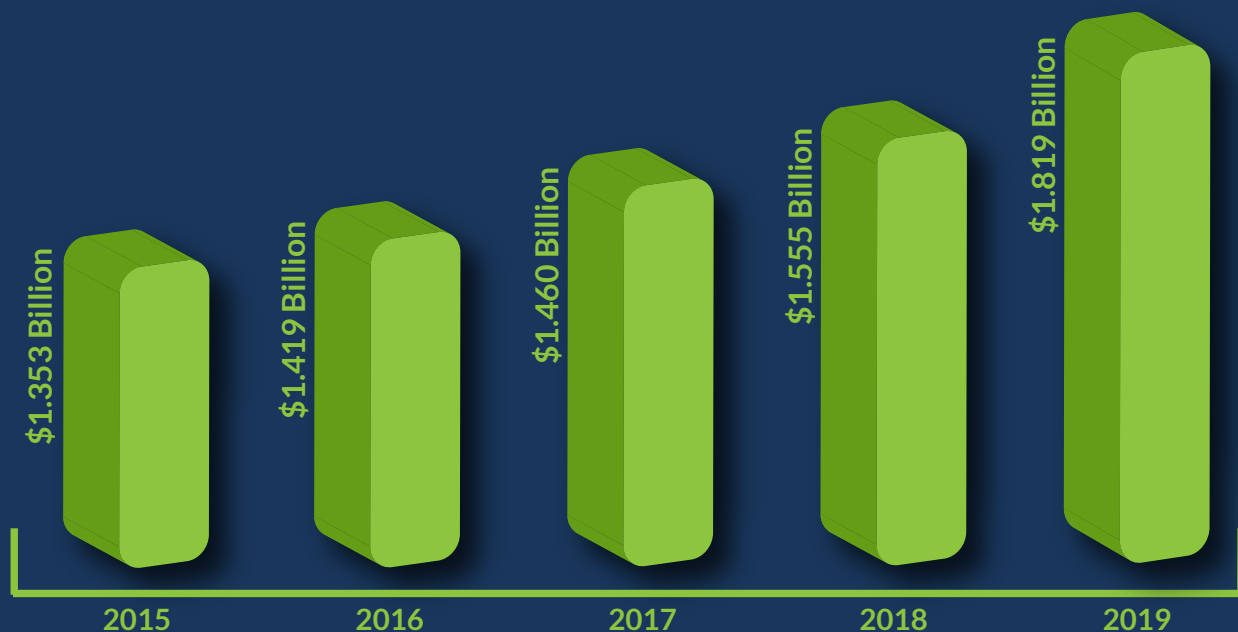
Liabilities & Equity

| | |
|---------------------------------|------------------|
| Total Deposits | \$ 1,583,889,799 |
| Liabilities | \$ 7,440,860 |
| Regular Reserves | \$ 5,133,801 |
| Undivided Earnings | \$ 229,281,409 |
| Unrealized G/L (AFS) Securities | [\$ 1,662,175] |
| Other Comprehensive Income | [\$ 4,647,827] |
| Total Liabilities & Equity | \$ 1,819,435,867 |

Distribution of Income

| | |
|-------------------------------|---------------|
| Total Gross Income | \$ 69,429,468 |
| Operating Expense | \$ 30,727,176 |
| Gain [Loss] on Disp of Assets | \$ 11,832 |
| Gain [Loss] on Investments | \$ 31,757 |
| Dividend Expense | \$ 15,057,719 |
| Provision for Loan Losses | \$ 1,488,010 |
| Change to Undivided Earnings | \$ 22,200,152 |

2015 - 2019 Asset Growth



Board Chairman & President/CEO Report



Paul Paulsen
Chairman
Board of Directors



James D. Poplin
President/CEO

Austin Telco had strong financial performance in 2019 with significant growth in loans and total assets. Total loans grew to \$1,351,644,809 while total assets increased to \$1,819,435,867. This growth is a significant indicator that our members value the competitive rates and excellent member service we offer.

Austin Telco ranked 21st healthiest out of 5,392 credit unions in America by depositaccounts.com, owned by LendingTree. This ranking shows our dedication to being a financially resilient organization. Austin Telco was also recognized as the “Best Credit Union in Austin” in the Austin American Statesman’s 2019 Best of the Best Choice Awards. We want to thank our members for making Austin Telco #1 in the Austin area.

In 2019, we updated our Mobile Banking app to deliver innovation and added convenience in the rapidly growing mobile banking space. We added features such as Quick View for checking account balances, first time enrollment, password reset, a secure message center and more. As we move into 2020, we will continue to explore new products and solutions to enhance the member experience.

We want to thank management and staff for their dedicated service to our members. In the last few years, many things have changed at Austin Telco, but the one constant is our staff’s commitment to providing you the best service possible.

We want to also recognize the Board Members for their leadership, devotion, and enthusiasm for Austin Telco. The strength of their commitment is key to our long-term sustainability and prosperity. To our members, we are exceedingly humbled by the trust you’ve placed in us. Austin Telco will continue to listen and respond to the needs of our membership.



Treasurer Report



David Westlund
Treasurer

The Austin metro and surrounding areas continue to experience strong economic growth. This growth has helped Austin Telco Federal Credit Union remain one of the largest credit unions in the area and the State of Texas. Our size and financial stability allow us to continue offering exceptional products and services, along with competitive rates.

Austin Telco closed the year at a phenomenal \$1,819,435,867 in total assets. Loans increased by an outstanding 16.97%, increasing our total loan portfolio to \$1,351,644,809. Our membership grew to an impressive 88,112 during this past year. Austin Telco was rated 21st healthiest out of 5,392 credit unions in the nation, according to depositaccounts.com, which is owned by LendingTree.

Moving into 2020, Austin Telco will continue to thrive and develop its products and services to fulfill the needs of our growing membership. We will continue to work vigorously to be a reputable and established financial institution for our members and remain competitive with our rates. I want to praise the Board of Directors, Supervisory Committee, and staff for an exceptional year of achievements during 2019. The Board of Directors and management team at Austin Telco thank you for your membership. Your support makes all of this success possible.

| | 2017 | 2018 | 2019 |
|-------------------------------|------------------|------------------|------------------|
| Gross Income | \$ 50,518,038 | \$ 59,199,892 | \$ 69,429,468 |
| Operating & Provision Expense | \$ 27,937,933 | \$ 29,660,232 | \$ 32,215,186 |
| Net Income | \$ 16,889,148 | \$ 21,261,125 | \$ 22,200,152 |
| Dividends | \$6,092,608 | \$8,322,828 | \$15,057,719 |
| Undivided Earnings | \$ 185,820,131 | \$ 207,081,257 | \$ 229,281,409 |
| Regular Reserves | \$ 5,133,801 | \$ 5,133,801 | \$ 5,133,801 |
| Allowance for Loan Loss | \$ 1,641,186 | \$ 1,960,484 | \$ 2,383,488 |
| Total Equity | \$ 190,953,932 | \$ 212,215,058 | \$ 234,415,210 |
| Total Assets | \$ 1,460,986,894 | \$ 1,555,294,593 | \$ 1,819,435,867 |
| Total Deposits | \$ 1,270,769,015 | \$ 1,346,974,718 | \$ 1,583,889,799 |
| Number of Loans Outstanding | 35,009 | 38,415 | 44,907 |
| Loans Outstanding | \$ 927,899,592 | \$ 1,155,592,646 | \$ 1,351,644,809 |
| Delinquent Loans | \$ 1,863,788 | \$ 1,923,299 | \$ 4,050,172 |
| Number of Members | 84,630 | 86,570 | 88,112 |
| Number of Checking Accounts | 51,895 | 54,188 | 55,963 |

Supervisory Committee Chairman Report



Irene Guerra
*Chairman
Supervisory Committee*

The Supervisory Committee is composed of volunteers who are appointed by the Board of Directors to ensure that internal controls, policies, and procedures are being adhered to appropriately. The Committee oversees that Austin Telco is in compliance with the National Credit Union Administration (NCUA) regulations.

Our yearly CPA audit is conducted by the CPA firm of CliftonLarsonAllen, LLP., while Credit Union Resources, Inc. performs monthly internal audits. The Committee also reviews internal controls and communicates with auditors and federal regulators regarding suggested improvements to the operations of Austin Telco. We respond to any comments, concerns, questions or criticisms that a member may have.

Austin Telco once again achieved the highest rating possible on this year's examination by our federal regulators, the National Credit Union Administration, and ranks high when compared to peer credit unions across Texas and the United States. The Committee is pleased to report that Austin Telco is in excellent financial condition.

We wish to express our gratitude to the Board of Directors, management, and staff, for their continued support and service. It has been our pleasure to serve the members of Austin Telco as volunteers elected from the membership. We look forward to continued prosperity and success throughout the years to come.

Supervisory Committee

Irene Guerra, Chairman
Robert Benevides, Secretary
Mary Brooks, Member
David DeOme, Member



Board of Directors



Paul Paulsen
Chairman



Steve Read
Vice Chairman



David Westlund
Treasurer



Fran Berns
Secretary



Joe Bain Jr.
Security/Safety Officer



Paul Tidrick
Membership Officer



Lea Luchsinger
Member

Management

James D. Poplin, President/CEO
Tony Rawls, SVP, Lending/CLO
Karen Smith, SVP, Human Resources & Branch Operations
Robert Hernandez, SVP, Finance/CFO
Jim Howey, VP, Lending
Raye Anne Cawthon, VP, Accounting
Pamela W. Cotton, VP, Member Services
Christopher Mraz, VP, Information Technology/CIO
Kathleen Miller, AVP, Administrative Services
Sandie Peña, AVP, Branch Operations
Chad Winkelmann, AVP, Lending
Katrina Levenick, AVP, Marketing
Charlie Angulo, AVP, Finance

2020 Annual Meeting Agenda

Invocation
Call Meeting to Order
Determination of a Quorum
Reading and approval of 2019 minutes
Officers' Reports
New Business
Election of the Board of Directors
Unfinished Business
Adjournment of the Meeting