

# Austin Telco Federal Credit Union

## 2018 Annual Report

### 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

#### 2014 – 2018 Asset Growth

2015: \$1.353 Billion  
2016: \$1.419 Billion  
2017: \$1.460 Billion  
2018: \$1.555 Billion  
2019: \$1.819 Billion

### 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.

## Treasurer's Report

### Gross Income

2017: \$50,518,038

2018: \$59,199,892

2019: \$69,429,468

### Operating & Provision Expense

2017: \$27,937,933

2018: \$29,660,232

2019: \$32,215,186

### Net Income

2017: \$16,889,148

2018: \$21,261,125

2019: \$22,200,152

### Dividends

2017: \$6,092,608

2018: \$8,322,828

2019: \$15,057,719

### Undivided Earnings

2017: \$185,820,131

2018: \$207,081,257

2019: \$229,281,409

### Regular Reserves

2017: \$5,133,801

2018: \$5,133,801

2019: \$5,133,801

### Allowance for Loan Loss

2017: \$1,641,186

2018: \$1,960,484

2019: \$2,383,488

### Total Equity

2017: \$190,953,932

2018: \$212,215,058

2019: \$234,415,210

### Total Assets

2017: \$1,460,986,894

2018: \$1,555,294,593

2019: \$1,819,435,867

#### Member Savings

2017: \$1,270,769,015

2018: \$1,346,974,718

2019: \$1,583,889,799

#### Number of Loans Outstanding

2017: 35,009

2018: 38,415

2019: 44,907

#### Loans Outstanding

2017: \$927,899,592

2018: \$1,155,592,646

2019: \$1,351,644,809

#### Delinquent Loans

2017: \$1,863,788

2018: \$1,923,299

2019: \$4,050,172

#### Number of Members

2017: 84,630

2018: 86,570

2019: 88,112

#### Number of Checking Accounts

2017: 51,895

2018: 54,188

2019: 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, Board 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