

Austin Telco Federal Credit Union

2020 Annual Report

Statement of Financial Condition

Assets

Net Loans: \$1,476,197,503
Loans Held for Sale: \$0
Cash on Hand: \$12,433,940
Investments: \$596,913,569
Land & Building: \$41,839,452
Furniture & Equipment: \$2,274,186
Other Assets: \$23,092,584
Total Assets: \$2,152,751,234

Liabilities & Equity

Total Deposits: \$1,890,083,430
Liabilities: \$13,133,973
Regular Reserves: \$5,133,801
Undivided Earnings: \$249,466,483
Unrealized G/L (AFS) Securities: \$5,078,739
Other Comprehensive Income: [\$10,145,192]
Total Liabilities & Equity: \$2,152,751,234

Distribution of Income

Total Gross Income: \$70,595,394
Operating Expense: \$32,679,224
Gain [Loss] on Sale of Foreclosed Assets: \$28,962
Gain [Loss] on Disp of Assets: \$22,185
Gain [Loss] on Investments: \$36,794
Dividend Expense: \$15,273,151
Provision for Loan Losses: \$2,545,886
Change to Undivided Earnings: \$20,185,074

2016 – 2020 Asset Growth

2016: \$1.419 Billion
2017: \$1.460 Billion
2018: \$1.555 Billion
2019: \$1.819 Billion
2020: \$2.152 Billion

Board Chairman & President/CEO Report

Paul Paulsen – Chairman, Board of Directors

James D. Poplin – President/CEO

First, we would like to thank our hardworking and dedicated staff for this last year. We were all faced with unique obstacles and new challenges during the pandemic, and due to the attention and diligence of the Austin Telco team, they were able to adapt quickly to multiple changes without sacrificing member service. Austin Telco was able to adjust to the unique challenges rapidly with our outstanding call distribution system and our top-of-the-line online services in place, including online banking and our mobile app, which offer remote deposit and online loan applications.

Despite all of the trials this past year, Austin Telco continued on a strong path of growth. We saw total loans increase to \$1,467,804,661 and total assets ended the year at \$2,152,751,234. Our great rates and excellent member service were evident by the number of people choosing to utilize the services of Austin Telco in 2020. Our member growth was impressive, ending the year with 89,230 members. Austin Telco's growth was also attributed to the addition of Burnet County as part of our field of membership in June of 2020.

Austin Telco has always been an active partner in the communities we serve through participation in community events and support of local organizations that benefit those communities. The COVID-19 pandemic devastated the nation and Central Texas, leaving hundreds of thousands out of work and unable to feed themselves or their families. To help those struggling, Austin Telco donated \$10,000 to the Central Texas Food Bank. Austin Telco then launched fundraiser pages for both Meals on Wheels Central Texas and Central Texas Food Bank. Thanks to our generous members, we surpassed our \$5,000 goal for both organizations. We raised \$5,277 for the Meals on Wheels Central Texas and \$9,905.14 for the Central Texas Food Bank. We could not have done it without the fantastic support of our members!

This past fall, Austin Telco participated in the House that Credit Unions Built project along with other Austin Credit Unions. Austin Telco and other area credit unions came together to sponsor a Habitat home for a deserving and hardworking family in our community. Many of our employees volunteered their time to help build the house, which was an enriching experience for all of them.

Austin Telco was recognized once again as the "Best Credit Union in Austin" in the Austin American Statesman's 2020 Best of the Best Choice Awards. This is the second year Austin Telco has won this honor, and we are truly thankful to our members for their amazing support.

As we reflect on our year, it is clear that our philosophy and our commitment to our members has remained unchanged even as the world shifted around us. We grew and adapted to the needs of our members and community and are extremely grateful to our members. There would be no Austin Telco without them.

We would also like to thank the Board and Supervisory Committee members for their leadership in Austin Telco. The strength of their commitment is key to our long-term sustainability and prosperity.

We look forward to serving the financial needs of the Austin Metro community for many years to come.

Treasurer Report

David Westlund – Treasurer

It is a pleasure to report that 2020 was a strong and steady financial year for Austin Telco. We have continued to grow in assets, loans, and number of members. A low expense ratio and loan growth were two key factors in producing a strong net income for 2020. Net income of \$20,185,074, increased our total assets to \$2,152,751,234. Our loan portfolio grew to \$1,467,804,661 representing an 8.59% increase. We ended the year with total capital of more than \$254 million, which was an increase of 8.61%. These results allow us to continue providing very competitive auto, home equity, and commercial real estate loan rates.

Austin Telco's return on assets last year was above peer at 1.02%, and we ended the year with a net worth ratio of 11.83%. These figures show the very strong earnings performance for 2020. Austin Telco also saw a continuing increase in membership to 89,230. More people in the Austin Metro are learning about the value of a credit union and making Austin Telco their primary financial institution. We are grateful for the continued support of our membership and the trust they demonstrate in the staff and board of directors.

Supervisory Committee Chairman Report

Mary Brooks, – Chairman

The Supervisory Committee is appointed by the Board of Directors to monitor and report on the activities of the credit union on behalf of the members. Our two main objectives are to ensure that the financial responsibilities of the credit union are met, and to make sure that the credit union is protecting and being responsible with our members' assets of more than \$2.1 billion.

We achieve these objectives through the annual verification of member accounts, the ongoing internal audits performed by the Cornerstone Credit Union League Resources group, and our annual CPA audit. In addition to our audit functions, we also monitor policies and procedures to protect members from fraud and errors, review internal controls, meet with auditors and federal regulators, consider suggestions for improvement to the operations of Austin Telco, and respond to any concerns or complaints that members may direct to our committee.

Once again, we received the highest rating possible on this year's examination from our federal regulators, the National Credit Union Administration (NCUA). The CPA firm of CliftonLarsonAllen, LLP, was retained by the Supervisory Committee to perform our annual audit. As in previous years, our committee is delighted to report that the financial condition of ATFCU is strong and sound; a credit union that will continue to serve the financial needs of the Austin Metro community.

We would like to thank everyone that took part in our success. To the volunteer members of the Supervisory Committee and Board of Directors, thank you for your dedicated service to Austin Telco. Also, I would like to extend a special thanks to the management team, staff, and loyal members for another outstanding year.

Fiscal Report

Gross Income

2018: \$59,199,892

2019: \$69,429,468

2020: \$70,595,394

Operating & Provision Expense

2018: \$29,660,232

2019: \$32,215,186

2020: \$35,225,110

Net Income

2018: \$21,261,125

2019: \$22,200,152

2020: \$20,185,074

Dividends

2018: \$8,322,828

2019: \$15,057,719

2020: \$15,273,151

Undivided Earnings

2018: \$207,081,257

2019: \$229,281,409

2020: \$249,466,483

Regular Reserves

2018: \$5,133,801

2019: \$5,133,801

2020: \$5,133,801

Allowance for Loan Loss

2018: \$1,960,484

2019: \$2,383,488

2020: \$3,712,308

Total Equity

2018: \$212,215,058

2019: \$234,415,210

2020: \$254,600,284

Total Assets

2018: \$1,555,294,593

2019: \$1,819,435,867

2020: \$2,152,751,234

Total Deposits

2018: \$1,346,974,718

2019: \$1,583,889,799

2020: \$1,890,083,430

Number of Loans Outstanding

2018: 38,415

2019: 44,907

2020: 49,055

Loans Outstanding

2018: \$1,155,592,646

2019: \$1,351,644,809

2020: \$1,467,804,661

Delinquent Loans

2018: \$1,923,299

2019: \$4,050,172

2020: \$1,495,260

Number of Members

2018: 86,570

2019: 88,112

2020: 89,230

Number of Checking Accounts

2018: 54,188

2019: 55,963

2020: 56,896

2021 Annual Meeting Agenda

Invocation

Call Meeting to Order

Determination of a Quorum

Reading and Approval of 2020 Minutes

Officers' Reports

New Business

Election of the Board of Directors

Unfinished Business

Adjournment of the Meeting

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

Supervisory Committee

Mary Brooks, Supervisory Chairman
Robert Benevides, Secretary
David DeOme, Member

Management

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