

Austin Telco Federal Credit Union

2022 Annual Report

Statement of Financial Condition

Assets

Net Loans: \$1,660,971,958
Loans Held for Sale: \$0
Cash on Hand: \$11,939,781
Investments: \$701,837,664
Land & Building: \$46,601,004
Furniture & Equipment: \$1,886,043
Other Assets: \$27,187,638
Total Assets: \$2,450,424,088

Liabilities & Equity

Total Deposits: \$2,229,669,067
Liabilities: \$10,383,023
Undivided Earnings: \$305,228,942
Unrealized G/L (AFS) Securities: (\$88,953,456)
Other Comprehensive Income: (\$5,903,488)
Total Liabilities & Equity: \$2,450,424,088

Distribution of Income

Total Gross Income: \$76,862,278
Operating Expense: \$38,701,593
Gain [Loss] on Sale of Foreclosed Assets: -
Gain [Loss] on Disp of Assets: \$213,193
Gain [Loss] on Investments: \$47,194
Dividend Expense: \$10,909,370
Provision for Loan Losses: \$542,693
Change to Undivided Earnings: \$26,969,009

2016 – 2020 Asset Growth

2018: \$1.555 Billion
2019: \$1.819 Billion
2020: \$2.152 Billion
2021: \$2.369 Billion
2022: \$2.450 Billion

Board Chairman & President/CEO Report

Steve Read – Chairman, Board of Directors
Robert Hernandez – President/CEO

As we continue to navigate the ever-changing economy, 2022 was a year full of changes and goodbyes, the most notable one being the retirement of our long-standing CEO of 40 years, James Poplin. He had witnessed the growth of Austin Telco and brought it up to the large credit union we know today. He truly left his mark, and while he will be dearly missed, we are also excited for his new journey into retirement.

After an extensive nationwide search, the board elected former Senior Vice President/CFO Robert Hernandez to take over and guide Austin Telco under his leadership. Robert has served as Senior Vice President/CFO at Austin Telco FCU since 2010 and was previously the Senior Vice President/CFO at Greater Texas Federal Credit Union; he has a total of 28 years' experience in the credit union industry.

community we serve and the financial health of our members. With this rebranding, we developed the slogan, "We Build True Financial Futures" and released a new commercial that aligns with this vision. From youth to adults, we want to be true to our members, true to our mission, and true to our community. Austin Telco has always been a strong and safe financial institution and now we want to help educate and prepare members of all ages to be fiscally prepared. The rebranding initiative has influenced our outreach projects and product development this year.

Austin Telco understands that community involvement is vital for a growing credit union, so this year we started a great program with Success High School where we teach them about financial literacy and life skills such as budgeting and how to do well in job interviews. We will also be awarding two students with a scholarship towards a college or trade school they wish to attend from the Telco True Success Club in May 2023. We became a sponsor with KXAN on their Simple Health program, which helps educate everyone on topics such as money management, deposit accounts, and the credit union difference. As usual, we made donations to both Meals on Wheels and the Central Texas Food Bank; ran a coat drive for Coats for Kids and a toy drive for Blue and Brown Santa during the holidays, as well as teamed up with Habitat for Humanity where many of our employees and other local credit unions volunteered their time to help build a home for a family in need. Our commitment to community outreach and financial literacy education will continue in 2023. We want everyone to be financially fit for the new year.

Once again, Austin Telco beat out other large financial institutions and was voted Best Credit Union in the Austin American Statesman's 2022 Best of the Best Choice Awards – a feat that would not be possible without our amazing members. We truly thank you for trusting us as your financial institution and hope to continue this relationship for many years to come.

2023 will be another year of change for Austin Telco as we look ahead to determine what products and services need improvement to better serve our members. In addition, we are incredibly excited to become "The Official Credit Union of Austin FC", a partnership we can't wait to explore with you all and be a part of the excitement.

Furthermore, we'd like to thank our hardworking staff who continue to provide excellent service to our members, our volunteer members of the Board of Directors, and the Supervisory Committee for their dedication to the credit union movement. We'd also like to thank our members once again for putting their trust in Austin Telco as their financial institution and look forward to sharing with you all the changes coming in 2023.

Treasurer Report

Fran Berns – Treasurer

We are excited to announce that our shares and assets have continued to thrive at a healthy rate, despite the ongoing economic challenges. These results are a testament to our financial stability and the unwavering support of our members. Furthermore, to assist our members in affording their needs, our loan rates remained highly competitive throughout 2022, shown by their net growth of 15.35%. As the Federal Reserve raised rates, Austin Telco responded by increasing the dividend rates for our deposit accounts, enabling members to earn more on their money.

As of the end of 2022, our total deposits increased to \$2,229,669,067, and our assets rose to \$2,450,424,088, representing an annual increase of 3.42%. These impressive financial outcomes include undivided earnings of \$305,228,942.

In conclusion, the exceptional commitment and expertise of our Board of Directors, Supervisory Committees, and professional management team guarantee that Austin Telco will remain a secure financial institution that always prioritizes the best interest of our members.

Supervisory Committee Chairman Report

Mary Brooks, – Chairman

The Board of Directors appoints the Supervisory Committee to represent the membership's best interest, ensuring safe and sound business practices and confirming adherence to proper internal controls. This committee meets monthly and communicates with members by sending letters to confirm transactions and addressing feedback as necessary.

To maintain and protect the credit union and its members, the Supervisory Committee conducts regular audits to review management practices and the financial condition of Austin Telco. In addition, external firms are engaged to evaluate the credit union's financial condition, and monthly internal audits are performed by the Cornerstone Credit Union League Resources group, while the annual CPA audit was performed by a separate group.

In 2022, the comprehensive annual CPA audit confirmed that Austin Telco maintains the highest level of financial standards. Our committee is pleased to report that the credit union remains financially healthy and sound. A credit union committed to serving the financial needs of the Austin Metro community for many years to come.

The Supervisory Committee would like to express our appreciation to our dedicated management team and staff for their service to the credit union and a special thanks to our loyal members for their continued trust and support of Austin Telco.

Fiscal Report

Gross Income

2020: \$70,595,394

2021: \$67,430,653

2022: \$76,862,278

Operating & Provision Expense

2020: \$35,225,110

2021: \$34,139,733

2022: \$39,244,286

Net Income

2020: \$20,185,074

2021: \$23,659,649

2022: \$26,969,009

Dividends

2020: \$15,273,151

2021: \$9,671,539

2022: \$10,909,370

Undivided Earnings

2020: \$249,466,483

2021: \$273,126,132

2022: \$305,228,943

Regular Reserves

2020: \$5,133,801

2021: \$5,133,801

2022: -

Allowance for Loan Loss

2020: \$3,712,308

2021: \$3,058,890

2022: \$3,058,528

Total Equity

2020: \$254,600,284

2021: \$278,259,933

2022: \$305,228,943

Total Assets

2020: \$2,152,751,234

2021: \$2,369,309,954

2022: \$2,450,424,088

Total Deposits

2020: \$1,890,083,430

2021: \$2,094,414,353

2022: \$2,229,669,067

Number of Loans Outstanding

2020: 49,055

2021: 44,405

2022: 53,460

Loans Outstanding

2020: \$1,467,804,661

2021: \$1,431,679,780

2022: \$1,654,431,975

Delinquent Loans

2020: \$1,495,260

2021: \$1,826,131

2022: \$3,696,661

Number of Members

2020: 89,230

2021: 90,905

2022: 90,880

Number of Checking Accounts

2020: 56,896

2021: 58,554

2022: 58,589

2023 Annual Meeting Agenda

Invocation

Call Meeting to Order

Determination of a Quorum

Reading and Approval of 2022 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
Brenda Monteith, Secretary
David DeOme, Member
Lea Luchsinger, Board Liaison Officer

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