

## Minutes

### The 55th Annual Meeting of the Membership of Amplify Credit Union online meeting was held on Wednesday, May 18, 2022, at 5:00 PM

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#### 1. Call to Order

Chair Willie Everett called the 2022 Members Annual Meeting to order at 5:00 pm, stated that a quorum of members was present and that no questions would be taken during the meeting.

Chair Willie Everett introduced himself and stated the purpose of the Members Annual Meeting. He then introduced and thanked the 2020-2021 Amplify Board for Directors, 2021 Audit Committee members, and the 2021 Nominating Committee members.

#### 2. Action: Consider, discuss, and approve the 2021 Annual Meeting Minutes {Materials Included}<sup>1</sup>:

Chair Everett stated that a motion to approve the 2021 Annual Meeting Minutes was made and seconded. No discussion; motion carried.

#### 3. Chairman's Report

Chair Willie Everett reported on Amplify's community impact efforts with signature partners: Saint Louise House, Caritas of Austin, and the American Red Cross as well as other efforts including those impacted by the 2021 winter storm, and the launch of the community lender program. Mr. Everett reported on the COVID-19 impact discussing the 109 new Paycheck Protection Program (PPP) loans and the processing of 142 COVID related deferrals in 2021. {Materials Included}

#### 4. Audit Committee Report

On behalf of Audit Committee Chair, Kendel Martin, CEO/President Kendall Garrison reported the credit union is a sound financial institution and that primary duty of the Audit Committee is to engage a third-party accounting firm to conduct the credit union's annual audit of its consolidated financial statements. Amplify retained Doeren Mayhew CPAs to conduct this audit and received an unmodified opinion. {Materials Included}

#### 5. Nominating Committee Report

On behalf of the 2021 Nominating Committee Chair, Paul Trylko, Board Chair Willie Everett reported that the Nominating Committee interviewed three candidates and placed three names in nomination for the three vacant board of director positions: Mr. Sandy Dochen, Ms. Joyce J. Smith, and Mr. Lemuel C. Williams. He also reported that no additional nominations were received. {Materials Included}

Chair Everett declared by general consent and acclamation that Mr. Sandy Dochen, Ms. Joyce J. Smith, and Mr. Lemuel C. Williams would each hold a three-year term to the Amplify Credit Union Board of Directors.

**There being no further business, Chair Willie Everett adjourned the Members Annual Meeting.**

### Amplify Mission Statement

Our MISSION is to improve the lives of our members and the strength of our communities through our PURPOSE of helping members accumulate and reinvest savings within the community, allowing us to achieve our VISION of being a leader in Central Texas and of contributing to the long-term sustainability of the region.

<sup>1</sup>Materials available upon request

## Chairman & CEO Letter

Dear Members,

In 2022, we changed banking in Texas forever.

Fees have always been a problem in this industry, but the pandemic really shined a light on just how much money banks were collecting from their customers. In 2021, we took a hard look at our own fee structure and realized we could either be part of the problem or part of the solution. And on February 2, 2022, we launched fee-free banking in Texas, turning off over 40 fees related to our deposit accounts and putting millions of dollars back in the pockets of our members.

Fee-free banking has been a game changer for Amplify. We've had conversations about our feeless banking with the highest levels of local government and been featured in both local and national media. And as the markets became more uncertain at the end of 2022, it was our new members – those who joined the credit union because of our rejection of fees – that helped keep our credit union growing. Our hope has always been that people would form a personal connection to the philosophy behind fee-free banking, not just the personal benefits, and so far that is true.

But fee-free banking was not our only focus in 2022. With rates increasing throughout the year, the demands on our real estate team were not as high as they were in 2020 and 2021. That didn't stop our lending team from having one of the best years in Amplify history. Just as important, our lending team launched a new line of Federal Housing Administration (FHA) loans, opening doors to homeownership to more members of our community.

2022 was also the biggest year ever for our commercial lending team. While our commercial real estate programs are often overshadowed by our success with fee-free banking and home loans, we believe these investments in infrastructure are critical to the long-term health of the community. By financing commercial development and affordable housing, we can help ease the strain on Austin's real estate market. This past year has proven that we have a big role to play going forward.

Meanwhile, our team remained committed to our community partners. We continued to provide financial and volunteer support to our Signature Partners – Caritas of Austin, Saint Louise House, and the American Red Cross – and added new relationships in 2022 designed to help us change the financial landscape of Central Texas. Partnerships with organizations like Financial Health Pathways and Wonders & Worries keep us connected to the members of our community who need our financial support the most. Altogether, Amplify employees completed a total of 1,753 volunteer hours in 2022.

But of course, these accomplishments would not be possible without the continued trust and support of our members. Thank you for trusting us to put your financial needs first and allowing us to be a force for change in Austin. We look forward to what we will accomplish together in 2023 and beyond.

Thank you for letting us serve you,

**Willie E. Everett**

Chairman of the Board

**Kendall Garrison**

President & Chief Executive Officer

## Chief Financial Officer Report

Amplify earned \$12.5M of net income in 2022, achieving the second most profitable year in our history while simultaneously becoming the first credit union to go completely fee-free. As both the broader and local economies continued to manage through volatile economic conditions in the aftermath of the Covid-19 pandemic, the Texas economy remained resilient. Amplify was well poised to support our members during this period of rising inflation and interest rates through fee-free checking, savings, and business banking accounts. Additionally, the credit union worked to support our members through mortgage products, consumer loans, and business lending services as much as possible, although mortgage and business lending activities were managed tightly in the year's second half as the industry dealt with constrained liquidity. A strong real estate market benefited from continued migration to Texas with limited housing supply available, creating upward pressure on home prices through much of the year, even with the conditions of a rising interest rate environment.

Total assets finished 2022 at \$1.53B, up from \$1.36B in the prior year. Asset growth was driven by an increase of approximately \$183M in loans held by the credit union, which was funded from cash as well as an increase in total deposits. Cash and investments gave back prior year increases and ended the year at \$147M, down \$48M or 25%. Deposits increased by approximately \$45M, supported by the issuance of non-member certificates of deposit. Loan production reached record levels in 2021, finishing the year at \$1.174M in loans granted and 64% higher than in 2020. In 2022, monthly loan production exceeded the prior year's same-period production through June 2022, when it tapered as the credit union tightly managed production through industry-wide liquidity challenges. Amplify ended the year at \$1.078M in loans granted while maintaining a net worth ratio of 8.18% as of year-end, which is considered well-capitalized by our regulators.

Net interest income grew by almost 24%, benefiting from loans held rather than sold. Loan sales completed during the year's first quarter generated significant income and contributed to our mortgage servicing portfolio growth. Leadership continued to diligently manage expenses holding to less than a 1% increase in total operating expenses, excluding compensation. Loan quality in residential real estate and commercial lending continued, supporting a release to income from our provision for loan losses of \$364K. We know a volatile economic outlook remains, particularly with increased stress on the banking industry as the government and regulatory boards work to stabilize market fears after several regional banking institutions collapsed. In line with NCUAs supervisory priorities over the past several years, Amplify is confident in the robust management structure in place at our credit union supporting capital, interest rate risk, liquidity risk, and credit risk. In 2023, Amplify is well-positioned to continue to put wealth-building power into the hands of our almost 60,000 members. While there are headwinds to work through, our digital-first fee-free banking platform and award-winning lending will continue to support our members.

We continue to be inspired to live up to our mission to improve the financial lives of our members in the broader Texas community by changing the way we do business to fee-free, which we estimate continues to put at least \$2M into the pockets of our members each year, where it can drive positive community impact.

As always, we sincerely thank you for your business and confidence in Amplify Credit Union.

**Jackie York**  
Chief Financial Officer

### Chief Financial Officer Report\*



\*In thousands

\*Including loans held for sale

## Committee Reports

### **Audit Committee Report**

**Director Kendel Martin, Chair (Audit Committee)**

One of the Audit Committee's primary duties is to engage a third-party accounting firm to conduct the credit union's annual audit of its consolidated financial statements. We retained Doeren Mayhew CPAs to conduct this audit. Amplify received an unmodified opinion. As noted in Doeren Mayhew's final report, "In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Amplify Credit Union and its subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Nominating Committee Report**

**Paul Trylko, Chair (Nominating Committee)**

The Nominating Committee interviewed three candidates and placed three names in nomination for the three vacant board of director positions: Ms. Kendel Martin, Mr. Samuel Robertson, and Ms. Veronica V. Stidvent. In addition to those recommended by the Nominating Committee, members had the opportunity to place other names in nomination by petition. No additional nominations were received.

## Financials

### STATEMENT OF INCOME (in thousands)

	2020	2021	2022
NET INTEREST INCOME	\$29,694	\$31,325	\$38,699
SERVICE & FEE INCOME	\$20,844	\$31,583	\$24,634
OPERATING EXPENSES	\$42,297	\$48,702	\$51,165
LOAN LOSS PROVISION	\$4,751	\$1,573	(\$364)
OTHER GAINS	\$923	\$1,758	-
NET INCOME	\$4,414	\$14,391	\$12,532

### STATEMENT OF CONDITION (in thousands)

	2020	2021	2022
CASH & INVESTMENTS	\$248,080	\$195,578	\$146,752
NET LOANS	\$772,135	\$947,264	\$1,127,707
OTHER ASSETS	\$77,582	\$112,361	\$143,267
LOANS HELD FOR SALE	\$2,908	\$105,152	\$107,918
TOTAL ASSETS	\$1,100,705	\$1,360,355	\$1,525,644
MEMBERS DEPOSITS	\$884,027	\$981,538	\$1,026,039
OTHER LIABILITIES	\$118,821	\$266,581	\$388,133
MEMBER EQUITY	\$97,857	\$112,236	\$111,482
TOTAL LIABILITIES & EQUITY	\$1,100,705	\$1,360,354	\$1,525,654

This report and related financial statements are true and correct to the best of our knowledge and belief, and present fairly the financial condition and statement of income for the periods covered.



Jackie York, Chief Financial Officer

The notes to the financial statements are an integral part of the financial statements. The financial statement notes are available by request or at [goamplify.com/financialnotes](http://goamplify.com/financialnotes).

## Amplify Leadership

### 2022 - 2023 Board of Directors

#### Officers

Willie Everett, Chair (2024)  
Sam Robertson, Vice-Chair (2023)  
Joyce J. Smith, Secretary (2025)

#### Directors

Sandy Dochen (2025)  
Kendel Martin (2023)  
Veronica V. Stidvent (2023)  
Lemuel C. Williams (2025)

#### Advisory Directors\*

Shaku Selvakumar (2023)

#### Director Emeritus\*

Allen Jensen (2023)

#### Executive Review Committee

Willie Everett, Chair  
Sam Robertson, Vice-Chair  
Sandy Dochen, Director

#### Audit Committee

Kendel Martin, Chair  
Lemuel C. Williams, Secretary  
Joyce Smith, Director

#### Executive Management Team

Kendall Garrison, President & CEO  
Stacy Armijo, Chief Experience Officer  
Alan Hansford, Chief Risk Officer\*\*  
Kristin Keller, SVP Real Estate Lending  
Charlotte Morrison, Chief Information Officer  
John Orton, Chief Financial Officer\*\*  
JC San Pedro, SVP Loan Administration  
Angela Shaw, SVP Talent\*\*\*  
Jackie York, Chief Financial Officer\*\*\*

\*Denotes non-voting

\*\*Resigned in 2022

\*\*\* Joined Executive Management in 2022