

Minutes

The 56th Annual Meeting of the Membership of Amplify Credit Union online meeting was held on Wednesday, April 12, 2023, at 5:00 PM.

1. Call to Order

Chair Willie Everett called the 2023 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 2022-2023 Amplify Board for Directors, 2022-2023 Audit Committee members, and the 2022 Nominating Committee members.

2. Action: Consider, discuss, and approve the 2022 Annual Meeting Minutes {Materials Included}¹:

Chair Everett stated that a motion to approve the 2022 Annual Meeting Minutes was made and seconded. No discussion: motion carried.

3. Chairman's Report

Chair Willie Everett reported on Amplify's partnership with new organizations to help raise awareness for fee-free banking as well as looked for more ways to give back to the community. {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 2022 Nominating Committee Chair, Paul Trylko, Board Chair Willie Everett reported that the Nominating Committee interview 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 Stidvent. He also reported that no additional nominations were received. {Materials Included}

Chair Everett declared by general consent and acclamation that Ms. Kendel Martin, Mr. Samuel Robertson, and Ms. Veronica Stidvent. 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 board of directors at 5:20 pm.

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.

¹Materials available upon request

Chairman & CEO Letter

Dear Members,

Nobody can say we don't live in interesting times.

Last year was full of ups and downs across the industry, from the very public failure of several high-profile banks to the continued ups and downs of the national economy. But when we reflect on 2023, what stands out most are the opportunities we created to help more Texans gain access to the financial products and services they needed most.

While the real estate market cooled off considerably compared to previous years, our team used 2023 to help spread our message of affordable housing throughout Central Texas. In May, we hosted our inaugural Affordability Summit in partnership with Mayor Kirk Watson, where we discussed with local community leaders the need to provide access to affordable housing to future generations of Central Texans. Amplify also made national headlines in October for our work with Mustard Seed Community, a one-of-a-kind affordable housing community in Round Rock.

On the deposit side, the launch of fee-free banking coincided with an inflection point for the banking industry. Our fee-free program continues to save members an estimated \$2 million dollars a year in unwanted fees. As we continue to challenge the need for bank fees in our industry, we've seen public opinion around fees shift significantly, with the highlight being some pointed commentary about junk fees in last year's State of the Union address. As a result, we're seeing a gradual shift in the way financial institutions treat their fees, and continue to encourage other Texas-based banks and credit unions to follow in our footsteps.

But perhaps our biggest change in 2023 was the launch of our virtual branch. From account openings to money management, our new remote branch was designed to provide full-service support to members and business members. Thanks to the dedication of our bankers, our virtual branch now rivals our in-person branches in terms of the volume of our business, meaning easier access for both individuals and businesses outside our immediate branch footprint.

As we scaled up our financial products, we made sure not to lose sight of the direct support we offer our communities. To that end, 2023 was a year of leveling up our educational resources for the community. Last fall, we created two new Community Banker roles, certified financial counselors who can provide informed and customized advice to current and future members. We also partnered with organizations like Workforce Solutions to ensure that people at every stage of their professional career have access to equitable financial tools and advice.

And we continued to make a difference with local nonprofits by empowering our team members to make a difference locally. Amplify facilitates community-minded individuals' engagement through our Community Care Hours (CCH) program, which offers employees up to 40 hours of dedicated volunteer hours to support the organizations that matter most to them. Altogether, 120 of our employees across the country contributed a total of 2,160 hours of CCH, making a real, impactful difference in the communities we serve.

So while 2023 may not have been the year any of us were expecting, we're proud of what our team accomplished for Central Texas consumers. As we look to the future, we're grateful to have the continued support of the Amplify community. We say this all the time, but without you, none of what we do is possible, and not a day goes by where we take that trust for granted.

Kendel Martin
Chairman of the Board

Kendall Garrison
President & Chief Executive Officer

Chief Financial Officer Report

In 2023, Amplify maintained its steadfast commitment to supporting our members despite the persistent challenges of inflation and rising interest rates affecting the economy. By offering fee-free checking, savings, and business banking accounts, we ensured accessible financial services for all. Further, the credit union remained dedicated to supporting our members through a robust set of mortgage products, consumer loans, and business lending services.

Through these efforts, Amplify earned \$6.7M in Net Income during 2023, ending the year in a strong capital position demonstrated by a net worth ratio of 9.25%, which is well above the required rate needed to be considered well-capitalized by our regulators.

The Texas real estate market continued to benefit from migration to Texas with limited housing supply available, creating upward pressure on home prices throughout the year, even in a rising interest rate environment. However, asset growth was restricted during 2023 to support liquidity and interest rate risk management.

Total assets finished 2023 at \$1.42B, down from \$1.53B in the prior year, with the decrease of \$135M in loans held by the credit union (including loans held for sale) supporting a \$29M increase in cash and investments and \$113M of short-term debt repayment. Deposits remained relatively flat, showing a decrease of only \$3M, supported by the issuance of non-member deposit certificates.

Interest income grew by approximately 35%, benefiting from loan and investment rates. However, the income was offset by the rising cost of borrowed funds, resulting in a 3.4% decrease in net interest income. Although we achieved significant income from loan sales throughout the period, the valuation of our mortgage servicing portfolio suffered a setback of approximately \$2.8 million due to the surge in market rates. Leadership managed expenses diligently, successfully reducing operating expenses by an impressive 10.5%.

Cost reductions included a reduction in our real estate team workforce as we worked to right-size production capabilities to match the constrained economic conditions of 2023, expected to continue into 2024. Loan quality in residential real estate and commercial lending continued to be a focus, supporting a release to income from our provision for loan losses of \$926K.

In 2024, Amplify is well-positioned to continue to put wealth-building power into the hands of our almost 50,000 members. We know the rising cost of funds will continue to challenge net interest margins for financial institutions across the industry, and we are pleased with the progress made during 2023 to support liquidity and reduce reliance on higher-rate borrowings.

We expect the market to continue to stabilize as the year progresses and as inflation trends closer to the stabilized 2% preferred by the Federal Open Market Committee. We believe that as this is achieved, liquidity and other challenges facing Amplify, and other financial institutions, will improve.

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

Lemuel Williams, 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, 2023, and 2022, 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

Lemuel C. Williams, Veronica V. Stidvent, and Sandy Dochen (Nominating Committee)

The Nominating Committee reviewed the application for current board member Willie Everett who is seeking another term. The Nominating Committee unanimously approved Willie Everett for another term. 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)

	2021	2022	2023
NET INTEREST INCOME	\$31,325	\$38,699	\$37,374
SERVICE & FEE INCOME	\$31,583	\$24,634	\$14,729
OPERATING EXPENSES	\$48,702	\$51,165	\$46,307
LOAN LOSS PROVISION	\$1,573	(364)	(926)
OTHER GAINS	\$1,758	-	-
NET INCOME	\$14,391	\$12,532	\$6,722

STATEMENT OF CONDITION (in thousands)

	2021	2022	2023
CASH & INVESTMENTS	\$195,578	\$146,762	\$176,051
NET LOANS	\$947,264	\$1,127,707	\$1,089,528
OTHER ASSETS	\$112,361	\$143,267	\$143,800
LOANS HELD FOR SALE	\$105,152	\$107,918	\$11,569
TOTAL ASSETS	\$1,360,355	\$1,525,654	\$1,420,948
MEMBERS DEPOSITS	\$981,538	\$1,026,039	\$1,022,951
OTHER LIABILITIES	\$266,581	\$388,133	\$275,524
MEMBER EQUITY	\$112,236	\$111,482	\$122,473
TOTAL LIABILITIES & EQUITY	\$1,360,354	\$1,525,654	\$1,420,948

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.

Amplify Leadership

2023 - 2024 Board of Directors

Officers

Kendel Martin, Chair (2026)
Sam Robertson, Vice-Chair (2026)
Joyce J. Smith, Secretary (2025)

Directors

Willie Everett (2024)
Sandy Dochen (2025)
Veronica V. Stidvent (2026)
Lemuel C. Williams (2025)

Advisory Directors*

Shaku Selvakumar (2024)

Executive Review Committee

Kendel Martin, Chair
Willie Everett, Vice-Chair
Sandy Dochen, Director

Audit Committee

Lemuel C. Williams, Chair
Veronica V. Stidvent, Secretary
Joyce J. Smith, Director

Executive Management Team

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