Minutes

The 53rd Annual Meeting of the Membership of Amplify Credit Union first ever online meeting was held on Thursday, May 21, 2020 at 12:30 p.m.

Call to Order
At 12:30 pm, Mr. Willie Everett, Chairman of the Board of Directors, called the Annual Meeting to order. Mr. Everett welcomed members to the meeting. He stated the meeting would be conducted according to Robert's Rules of Order, that the recording secretary would be Ms. Delores Stoner and that there would be no questions from the floor.

Recognition & Introduction of Volunteers
Mr. Everett introduced and thanked the Board of Directors who had served during the past year: Mr. Ron Gregg, Vice-Chair; Mr. Sam Robertson, Secretary; Mr. Allen Jensen, Treasurer; Mr. Sandy Dochen, Director; Ms. Joyce Smith, Director; Mr. Lemuel Williams, Director; and Ms. Kendel Martin, Advisory Director.

Mr. Everett then introduced the Audit Committee members: Ms. Joyce Smith, Chair; Ms. Kendel Martin, Secretary; Mr. Sandy Dochen, Board Director; and Mr. Ron Gregg, Board Director. Past committee members include the previous chair, Ms. Louise Hrncir, as well as Ms. Tracy Cornelius, Secretary, and Mr. Gordon Fossum.

Mr. Everett then introduced the Nominating Committee members: Mr. Leslie Lenn, Chair; Ms. Susan Jenkins; Mr. Mark Northrup; and Dr. Eric Giesler.

Determination of Quorum
Mr. Everett then verified there was a quorum for the conduct of business at the meeting.

Approval of 2019 Annual Meeting Minutes
Mr. Everett asked for a motion for the acceptance of the minutes of the 2019 Annual Meeting. A motion was made and seconded to accept the minutes, and the motion was unanimously approved.

Chairman’s Report
Mr. Everett addressed the membership on the accomplishments of the credit union for 2019. This was a year of transition in preparation for the future of Amplify Credit Union. Just to mention a few of these accomplishments, Amplify reached the $1B mark in member assets, completed our core banking system upgrade, and increased the impact of our “Safe Place to Call Home” campaign with over 1,000 volunteer hours donated. Mr. Everett then turned the meeting over to our President/CEO, Mr. Kendall Garrison.

President’s Report
Mr. Garrison addressed the Membership by introducing the Senior leadership team. At Amplify, he noted, we have four core values. Every decision that we have made in everything that we are doing is driven by our core values. These core values are service first, which is our primary goal; growth-oriented; quality driven; future focused, which is a long-term goal for the credit union. Mr. Garrison then returned the meeting to Mr. Everett.

Audit Committee’s Report
Mr. Everett provided an update from our Audit Committee courtesy of the chair of that committee, Ms. Joyce Smith. The report is as follows:

“The Audit Committee of your credit union report again this year that Amplify Credit Union is a sound financial institution. 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 consolidated financial statements […] present fairly, in all material respects, the financial position of Amplify Credit Union and its subsidiaries as of December 31, 2019, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.’”

Nominating Committee Report
The Nominating Committee interviewed two candidates and placed two names in nomination for the two vacant Board positions: Ms. Kendel Martin and Mr. Sam Robertson. 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.

Annual Election Results
Mr. Everett announced since there were no other nominations, and in accordance with the by-laws of Amplify Credit Union, a balloted election was not necessary. He declared Ms. Martin and Mr. Robertson elected for three-year terms to Amplify’s Board of Directors by general consent and acclamation.

Adjournment
Mr. Everett stated that since there had been no items submitted for new business, he asked for a motion to adjourn the 2020 Members Annual Meeting. A motion was made and seconded to adjourn the business meeting, and the motion was unanimously approved. Mr. Everett thanked everyone for attending.
Chairman & CEO Letter

Dear Members,

We don't need to tell you that this past year was a difficult one. As we reflect on 2020, we are reminded of the personal challenges and how the COVID-19 pandemic redefined the financial industry. In many ways, this was the most challenging time we've seen in our combined 70 years in banking.

That’s the bad news. The good news is what made all those challenges worthwhile.

The effort and sacrifices made by our team are without precedent. They reimagined our retail environment in a matter of days to keep employees and members safe while sustaining our services. They helped members adapt loan payment arrangements to keep as many people as possible in their homes and cars. They helped our small business members secure PPP loans to keep their businesses afloat when they couldn’t earn revenue. Our team worked day and night through the largest mortgage refinance boom in history, helping make members’ mortgages more affordable while driving income crucial for the credit union.

It was—and still is—nothing short of inspiring, and we couldn’t be prouder of our team. Thanks to their efforts, we ended 2020 in a stronger position than we could have imagined this time last year, and we’ve hit the ground running in 2021. The infographic in this report will highlight just a few of our successes throughout this past year.

The lessons we learned over the past year have forever changed our credit union. We now know that no problem or challenge is insurmountable if we maintain our cooperative spirit, think creatively, and focus on the well-being of our members.

Best of all, despite the challenges of 2020, your credit union never stopped delivering for the community. While volunteering looked different in 2020, our team pivoted like champs to the new environment. As you’ll see in the report, we invested more hours than ever into our partners and the people they serve. We often say that as a credit union, we make money to give it away. Last year, even when making money became more challenging than ever, your support ensured we could deliver on our promises.

Thanks for that goes to you, because it’s your relationship with us that makes our community impact possible. You can have bank accounts and loans anywhere, and you’ve chosen us. That means you’re doing more than getting great rates. You’re making the lives of those in our community better. The next time you swipe your Amplify debit card or make a loan payment, we hope you feel a spark of pride in the positive difference you’re making.

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 $4.4M of Net Income in 2020, our tenth consecutive year of strong profitability following the Great Recession from 2007-2010. Net income for 2020 was down slightly from $5.1M in 2019 due to the Covid-19 pandemic which negatively impacted bottom line results. Net Interest Income fell by over $3.3M from the prior year due to margin compression, which resulted from a collapse in loan yields due to the fall in market interest rates to all-time lows in 2020. Provision for Loan Losses increased by just over $1.0M from the prior year due to an increased in projected commercial loan losses as many small businesses struggled from the pandemic and closures.

On the positive side, Non-Interest Income grew by $4.2M over 2019 as our loan production reached record levels, generating considerable loan fee and loan sale income. Further, Operating Expenses were well managed, increasing by just 1% over 2019. Note that Net Income results improved throughout the year as initial projected loan losses made early in the pandemic proved to be too pessimistic. As a result, we earned 84% of our 2020 Net Income in the second half of the year, exiting 2020 with a $7.0M+ annual Net Income run rate.

On the Balance Sheet, Total Assets finished 2020 at $1.1B, a record level, and up over 10% compared to the year prior. Asset growth was led by very strong member deposit growth of $80M or +10% year-over-year. Cash and Investments reached $248M at yearend 2020, up $100M or 80% from the prior year. As mentioned above, loan production reached record levels in 2020, finishing the year at $719M loans granted, which was over 50% higher than our original 2020 budget. Strong demand for real estate loans, including first mortgages, second mortgages, and home equity loans drove our loan growth. We are actively leveraging the housing boom in Texas. Our ending 2020 Allowance for Loan Losses was $6.3M, up over $1.5M from 2019, which management believes well positions us to absorb potential loan losses in 2021.

Looking ahead, interest rate margin compression and unpredictable commercial loan losses remain our two biggest financial concerns. However, continued strong loan production will generate third-party fee income that will allow us to outpace the margin compression, and allow us to increase the bottom line without fee increases to our 60,000 members. We enter 2021 with considerable earnings momentum supported in turn by a very strong balance sheet. Our Net Worth Ratio was 8.90% at yearend, which is considered a WELL CAPITALIZED rating by our regulators. So despite continued pandemic concerns, we are optimistic that 2021 will generate very robust results for our member owners.

Our financial strength will serve us well in 2021 and beyond. This financial strength enabled us to work with our borrowers in 2020 to keep them in their homes, their businesses, and their vehicles, as we extended loan payment terms as needed while we navigated the pandemic together. By yearend 2020, delinquency and charge-off ratios were at their lowest levels of the year. Further, Amplify has provided over $13M of PPP loans to date to small businesses, enabling them to pay their employees and ride out the financial storm. This past year clearly demonstrated the value of your membership with Amplify as we partnered to create win-win solutions together. Amplify was founded in 1967 and we remain committed to working with you in good times and bad. As a financial cooperative that is what we do – we take good care of our members, our employees, our stakeholders, and our community. As always, we sincerely thank you for your business with and confidence in Amplify Credit Union.

John Orton, Sr. Vice President/CFO
Chief Financial Officer Report

NET INCOME:
- 2018: $7M
- 2019: $6M
- 2020: $5M

TOTAL ASSETS:
- 2018: $1.5B
- 2019: $1B
- 2020: $950M

TOTAL SHARES:
- 2018: $850M
- 2019: $800M
- 2020: $850M

LOAN & DEPOSIT GROWTH:
- 2018: NET LOANS: $750M, MEMBER DEPOSITS: $700M
- 2019: NET LOANS: $750M, MEMBER DEPOSITS: $650M
- 2020: NET LOANS: $700M, MEMBER DEPOSITS: $600M
Audit Committee Report
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 consolidated financial statements [...] present fairly, in all material respects, the financial position of Amplify Credit Union and its subsidiaries, as of December 31, 2020 and 2019, 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.” The members of the Audit Committee are pleased to volunteer our time for Amplify. We look forward to working with the Board and Management in the year ahead.

Nominating Committee Report
Leslie Lenn, Chair, Nominating Committee

The Nominating Committee interviewed two candidates and placed two names in nomination for the two vacant Board positions: Mr. Willie Everett and Mr. Allen Jensen. 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.

Treasurer of the Board Report
Allen Jensen, Treasurer, Board of Directors

Despite the global pandemic, Amplify and Central Texas enjoyed a strong year in 2020, as Austin continues to lead Texas and nation economically. Low unemployment, increased real estate values, and major corporate relocations have turbo-charged the Austin market and economy.

Amplify delivered positive financial results for the tenth year in a row. Net Income exceeded $4.4M for 2020, down from $5.1M in 2019, due to reduced loan rates and higher loan losses from the pandemic. New loans to members totaled $719M for the year, a record level of production driven by strong real estate lending. Member Deposits grew over $80M or 10% from 2019. Liquidity increased as well, with yearend Cash and Investments of $248M, up $100M from the prior year, representing over 20% of Total Assets. In turn, Total Assets reached a record $1.1B, up $100M or 10% from 2019. Our Net Worth Ratio at yearend was 8.90%, earning us a Well-Capitalized rating from our regulators.

Locally, unemployment was 5.7% at the end of 2020, up from 2019 but still among the lowest rates in Texas and the nation. Central Texas median home prices reached a record level of $369,000 in 2020, if you could even find one to buy. Local home inventory reached all-time lows of one-month or less, when a normal market is a six-month supply. Central Texas passed 2.2M people in 2020, with 1.2M in Austin. Numerous reports continue to rate Austin and Central Texas as one of the very best places to live in the United States, giving Amplify continued momentum heading into 2021.
Financials

**STATEMENT OF INCOME** (in thousands)

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<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET INTEREST INCOME</td>
<td>$31,798</td>
<td>$33,012</td>
<td>$29,694</td>
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<tr>
<td>SERVICE &amp; FEE INCOME</td>
<td>$14,978</td>
<td>$16,289</td>
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<td>OPERATING EXPENSES</td>
<td>$36,517</td>
<td>$41,850</td>
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<td>LOAN LOSS PROVISION</td>
<td>$4,600</td>
<td>$3,700</td>
<td>$4,751</td>
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<tr>
<td>OTHER GAINS/(LOSSES)</td>
<td>$1,362</td>
<td>$1,305</td>
<td>$924</td>
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<tr>
<td><strong>NET INCOME</strong></td>
<td>$7,021</td>
<td>$5,057</td>
<td>$4,414</td>
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**STATEMENT OF CONDITION** (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>CASH &amp; INVESTMENTS</td>
<td>$125,820</td>
<td>$137,598</td>
<td>$248,080</td>
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<tr>
<td>NET LOANS</td>
<td>$770,177</td>
<td>$800,083</td>
<td>$772,135</td>
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<td>OTHER ASSETS</td>
<td>$61,531</td>
<td>$56,784</td>
<td>$80,490</td>
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<td>TOTAL ASSETS</td>
<td>$957,528</td>
<td>$994,465</td>
<td>$1,100,705</td>
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<tr>
<td>MEMBER DEPOSITS</td>
<td>$764,030</td>
<td>$802,916</td>
<td>$884,027</td>
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<tr>
<td>OTHER LIABILITIES</td>
<td>$103,317</td>
<td>$98,106</td>
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<td>MEMBER EQUITY</td>
<td>$90,181</td>
<td>$93,443</td>
<td>$97,857</td>
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<tr>
<td>TOTAL LIABILITIES &amp; EQUITY</td>
<td>$957,528</td>
<td>$994,465</td>
<td>$1,100,705</td>
</tr>
</tbody>
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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.

John Orton, Sr. Vice President/CFO
Allen Jensen, Treasurer Board of Directors

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

**Board of Directors**

Willie Everett, Chair (2021)
Sam Robertson, Vice-Chair (2023)
Joyce J. Smith, Secretary (2022)
Allen Jensen, Treasurer (2021)
Sandy Dochen, Director (2022)
Lemuel Williams, Director (2022)
Kendel Martin, Director (2023)
Veronica Stidvent, Adv. Director (2022)
Shaku Selvakumar, Adv. Director (2022)

**Audit Committee**

Kendel Martin, Chair
Lemuel Williams, Secretary
Sandy Dochen, Director

**Management Team**

Kendall Garrison, President & CEO
Stacy Armijo, SVP, Chief Experience Officer
Alan Hansford, SVP, Chief Risk Officer
* Mike Koch, SVP, Chief Lending Officer
Charlotte Morrison, SVP, Chief Information Officer
John Orton, SVP, Chief Financial Officer

* Resigned 2020
Together We Gave Back

Member

- $2.0 BILLION
  - Assets under management
- $4.4 MILLION
  - Growth in member equity
- $719 MILLION
  - Total loans funded
- 3,519
  - New borrowers
- 2,203
  - COVID loan deferments
- 284
  - PPP loans
- $9.9 MILLION
  - PPP loans funded
- 1,443
  - Paychecks protected

Community

- **SAINT LOUISE HOUSE**
  - 1 Furnished apartment
  - 9 Pieces of furniture donated
  - 8 Families sponsored for the holidays
  - 400+
    - Lunches served
  - 1,347
    - Pounds of food donated
  - $1,100
    - In HEB gift cards donated

- **CARITAS OF AUSTIN**
  - 37 Units of blood collected
  - 1,000 Thank you cards to veterans
  - 200+
    - Employee CPR trainings
  - 100
    - Hours donated
  - 10
    - Gift baskets donated

- **AMERICAN RED CROSS**
  - 37
    - Units of blood collected

- **HABITAT FOR HUMANITY**
  - 100
    - Hours donated
  - 10
    - Gift baskets donated