

membership report

August 2021



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

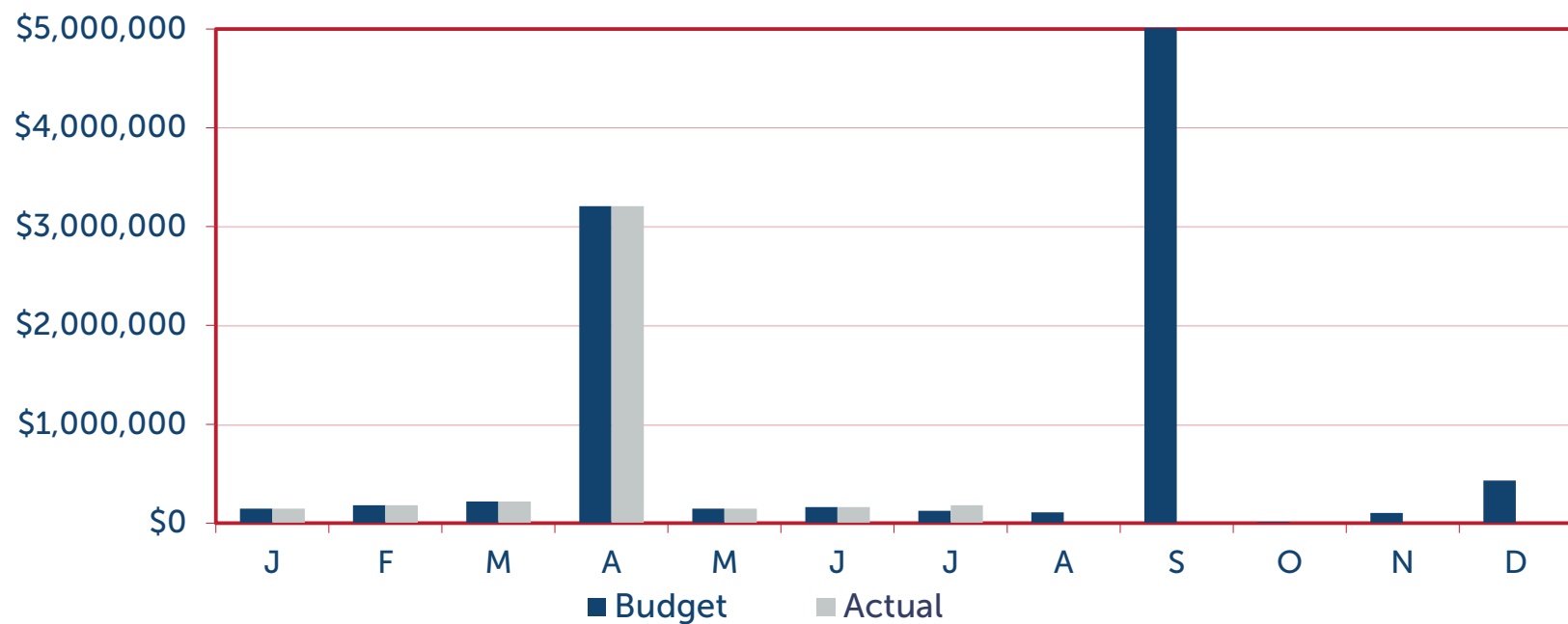
Net income for July was \$181,783, above the revised budget by \$55,950 or 44.5% for the month. Net interest income was \$60,991 or 23.1% above the revised budget due to higher average assets and higher return on the Fed account. Non-interest income was higher than the revised budget by \$1,310 or 0.3% due to higher financial services income. Operating expenses were above the revised budget by \$6,350 or 1.1% due to financial service expenses and travel/conference expenses. CUSO income and PCC dividends are right on the revised budget. The year-to-date coverage ratio (fee income/operating expenses) is 80.8%, higher than the goal of 78.6%.

Return on Assets (ROA) – including the net impact of the USC estate – is higher than the revised budget as the year-to-date ROA after July (on an actual/365 basis) is 42.0 bps on average assets of \$1,742.6 million.

Millennium Corporate's daily average net assets (DANA) for the previous 12-month period – which is used for the calculation of our capital ratios – was \$1,588.8 million at the end of July, an increase of \$17.8 million or 1.1% from the previous month.

Millennium Corporate is defined as "Adequately Capitalized" and we ended the month with Retained Earnings of \$27,245,178, representing a Retained Earnings ratio of 1.72% and a Tier 1 ratio of 4.92%.

2021 revised budget/actual net income



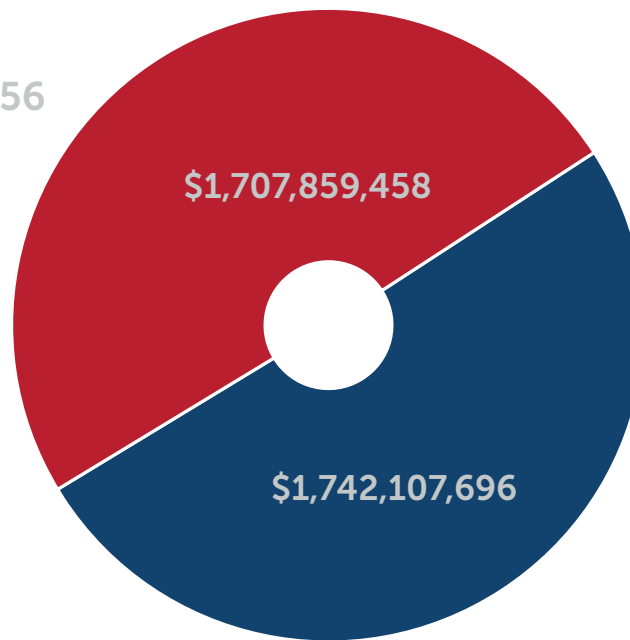
YTD actual/revised budget variance | dollars

July 2021 YTD <i>(In Thousands)</i>	Actual	Revised Budget	Variance
Net Interest Income	\$2,098.5	\$2,037.5	+ \$61.0
+ Non-Interest Income	\$3,418.7	\$3,417.4	+ \$1.3
- Operating Expenses	\$4,229.2	\$4,222.9	(\$6.3)
= Net Operating Income	\$1,288.0	\$1,232.0	+ \$56.0
+ CUSO Gains/Losses	\$19.7	\$19.7	\$0.0
- PCC Dividends	\$157.4	\$157.4	\$0.0
+ Other Gains/Losses	\$3,093.8	\$3,093.8	\$0.0
= Net Income	\$4,244.1	\$4,188.1	\$56.0

total assets | on- and off-balance sheet

July 2021

Total Managed Assets - \$3,451,967,156



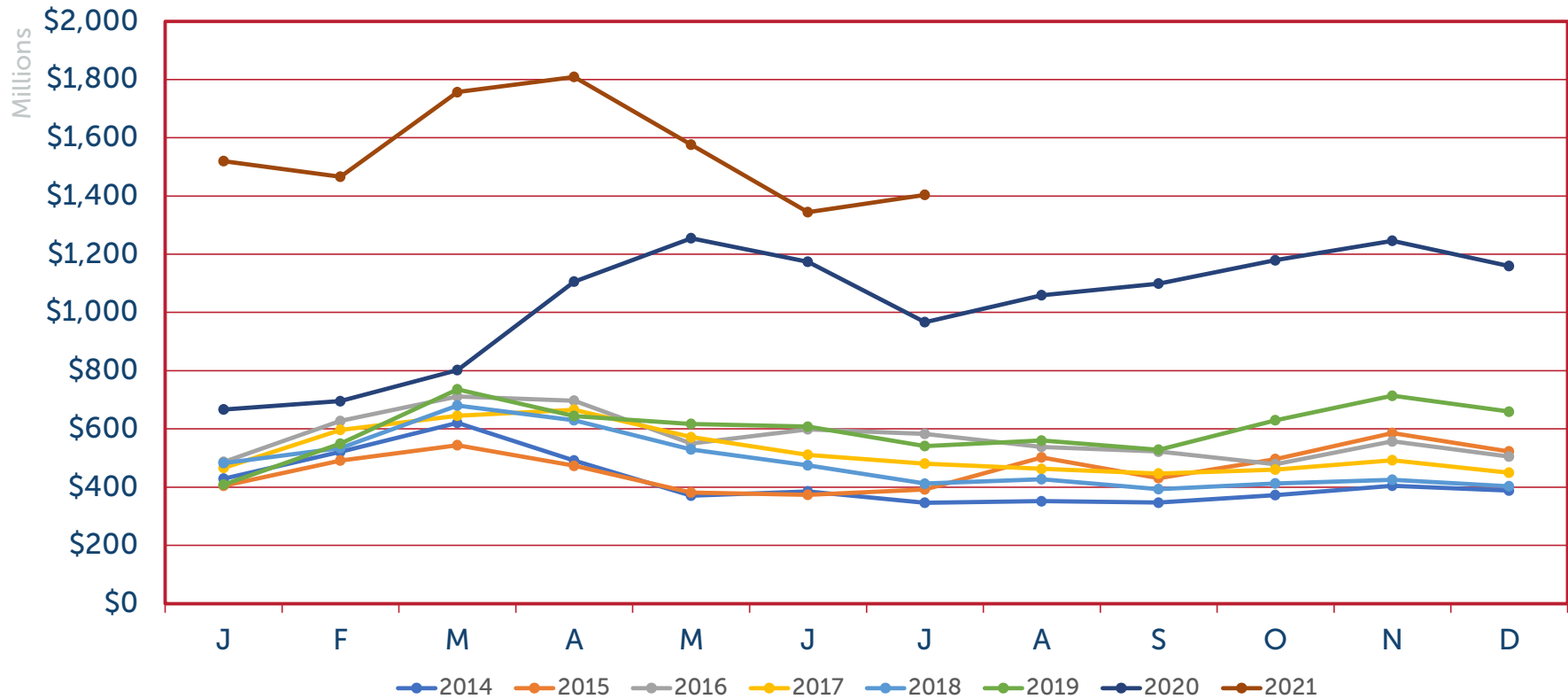
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

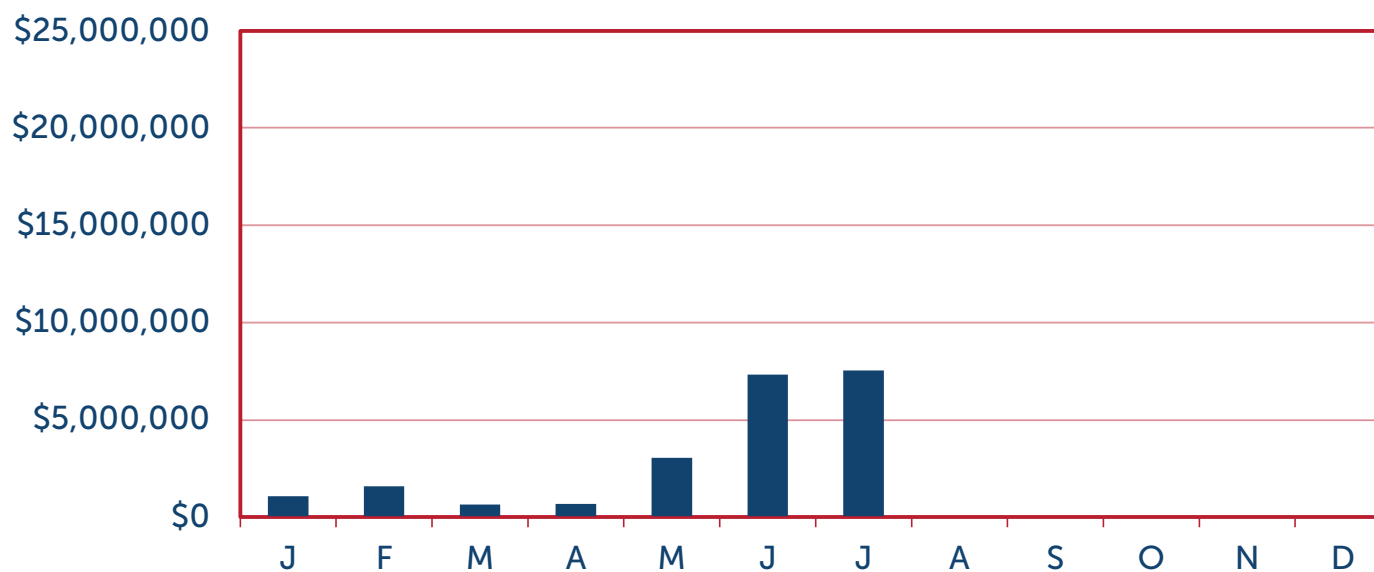
Millennium Corporate did not access our FHLB line-of-credit (LOC) in July 2021. Millennium Corporate currently has a collateralized LOC of \$462.0 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- July 2021 month-end figures show SimpliCD issuance totals of \$77.7 million / 18 program users.
- Average loan balances are provided below-
 - February 2021 - \$1.6 million
 - March 2021 - \$0.6 million
 - April 2021 - \$0.7 million
 - May 2021 - \$3.0 million
 - June 2021 - \$7.3 million
 - July 2021 - \$7.5 million
 - August (to date) - \$5.9 million

historical member overnight deposits



2021 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results June 2021						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	-	-	-	-	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$85,185,324	-	-	5.43%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$81,323,367	(\$3,861,957)	(4.53%)	5.21%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS

Millennium Corporate passes both the required minimum NEV ratio and the maximum change limitation in the +300 rate shock scenario.

capital commentary

- Increase to Retained Earnings during the past 12 months, through July 2021, is \$5,218,624
- Retained Earnings ratio is 1.72% as of July 2021 versus 2.17%, one year ago
- Like all financial institutions, the surge in overnight deposits at Millennium due to the government stimulus payments and the Federal Open Market Committee (FOMC) actions to lower interest rates have negatively impacted our capital ratios, however Millennium is categorized as “Adequately Capitalized”.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s July 2021 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	July 2021	Minimum Requirement
Retained Earnings	1.72%	0.45%
Tier 1 Capital	4.92%	4.00%
Tier 1 Risk-Based Capital	56.19%	4.00%
Total Risk-Based Capital	56.19%	8.00%
GAAP Capital	5.13%	

board meeting recap

Board of Director's Meeting | August 27, 2021

- Approved July 2021 Financial Statements & Committee Reports
- Approved June 2021 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Discussed recent correspondence with regulatory agencies and Liquidating Agent for USC Estate
 - Off-balance sheet products (securities sales, SimpliCD, EBA) remain at high levels - \$1.7 billion and 62.8% higher than a year ago
 - Safekeeping remains at high levels - \$2.2 billion and 78.7% higher than a year ago
 - Corporate CU Alliance had a conference call to address the rising risks of ransomware and plan for September meetings with NCUA Board Members and staff
 - Federal Reserve Bank of Kansas City conducted their annual review to verify that Millennium is in compliance with our responsibilities as an EBA Agent
 - Update on sponsorship activities over the next month
 - After receiving the call report data for June 2021, Millennium's market share of investments increased to 24.6% - exceeding the goal of the year and up by 3.2% from Sep 2020
 - Board reviewed the June 2021 corporate credit unions call report data

board meeting recap

Old Business – Reviewed the financial results of our CUSO investments as of June 2021

- Primary Financial Company, LLC (SimpliCD) had net income of \$125,108 for the first half of 2021. The company has total equity of \$21.5 million, representing an equity ratio of 57.3%. Millennium ended June with outstanding SimpliCD balances of \$425.0 million and SimpliCD issuance of \$78.8 million, an option used by Millennium members to generate additional liquidity. Millennium's current ownership percentage is 12.0% and our investment amount is \$2,585,532.
- CU Business Group, LLC (CUBG) had net income of \$259,689 for the first half of 2021. Total equity is \$3.4 million, representing an equity ratio of 63.6% as of June 2021. During the past quarter CUBG had several reviews (loan review, SSAE, financial audit) with no material exceptions. Millennium's current ownership percentage is 4.41% and our investment amount is \$120,000.
- CU Investment Solutions, LLC (ISI) year-to-date income is \$1,201,166. ISI's fiscal year runs from October 2020 through September 2021. This is the eight straight quarter of strong income as overall liquidity has increased. As of June 2021, ISI had retained earnings of \$3,038,805, reflecting an equity ratio of 61.3%. Millennium's current ownership percentage is 22.2% and our investment amount is \$593,407.
- CULedger Heartland, LLC had a net loss of \$4,245 based on limited activity. Millennium's current ownership percentage is 7.69% and our investment amount is \$10,231.

board meeting recap

Board of Director's Meeting – August 27, 2021

- Management reviewed the status of the revised Measures and Targets for Millennium's 2021-2023 Strategic Plan.
- Kip Poe, VP-Information & Technology, presented the Millennium Security Program Board Report (per the guidelines set in NCUA – Part 748 Appendix A, Sect III, F).
- At previous Board meetings, the Millennium Board recommended any future return of capital or similar distribution to our members would be based on total projected recoveries on the USC Estate. The Millennium Board has approved a process for distributing a portion of the USC Estate interim distribution back to the members and we have accrued for the potential distributions in our financials. After this long process, we have received final guidance and the Board approved a distribution of \$2.3 million to members for capital extinguished that would be paid based on priority (MCS first). We will now implement our plan which includes the process of contacting each CU that experienced a loss of member capital; providing information and their respective amount the week of September 6th.
- Last month, the Board instructed management to study the current Board of Directors structure and present options ensuring current geographical representation. The Board reviewed the options and will make a final decision at next month's meeting.

credit committee recap

Credit Committee Meeting – August 18, 2021

- The Committee reviewed and approved 44 lines-of-credit
- The Committee reviewed the Monitor Report
- Performed the semi-annual net worth ratio review
- Canceled one line-of-credit due to a merger
- Current Advised LOC status – 241 Lines/\$976.7 million
- Next meeting – October 20, 2021

supervisory committee recap

Supervisory Committee Meeting – August 30, 2021

- Committee reviewed the results of the internal audits for Investment Post Purchase and Wire Transfer Procedures
- Committee reviewed the risk assessment for Jack Henry (Symitar)
- Committee reviewed the successful results of the Centurion Contingency Test Exercise
- Reported that the Federal Reserve Bank of Kansas City conducted their annual review to verify that Millennium is in compliance with our responsibilities as an EBA Agent
- Reviewed the status of the items on Millennium's matrix report of all issues or recommendations from regulatory examinations; internal and external audits; and internal risk assessments. All items are being addressed within adequate timeframes.
- Reviewed BSA monitoring reports since last meeting
- Next meeting – October 25, 2021

events calendar

September 2021

- **1-2 Wednesday/Thursday** | Take the Lead (Leadership Program – MT)
- **6-Monday** | Observation of Labor Day
- **8-Wednesday** | Kansas Department Credit Union Council Meeting
- **8-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **9-Thursday** | St. Louis Chapter Legislative Reception
- **16-Thursday** | FedNow Pilot Meeting
- **23-24 Thursday/Friday** | CEO/Manager Roundtable Meeting - MT
- **23-Thursday** | Millennium ALCO & Board Meeting
- **30-Thursday** | FedNow Pilot Meeting