

membership report

DECEMBER 2021



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

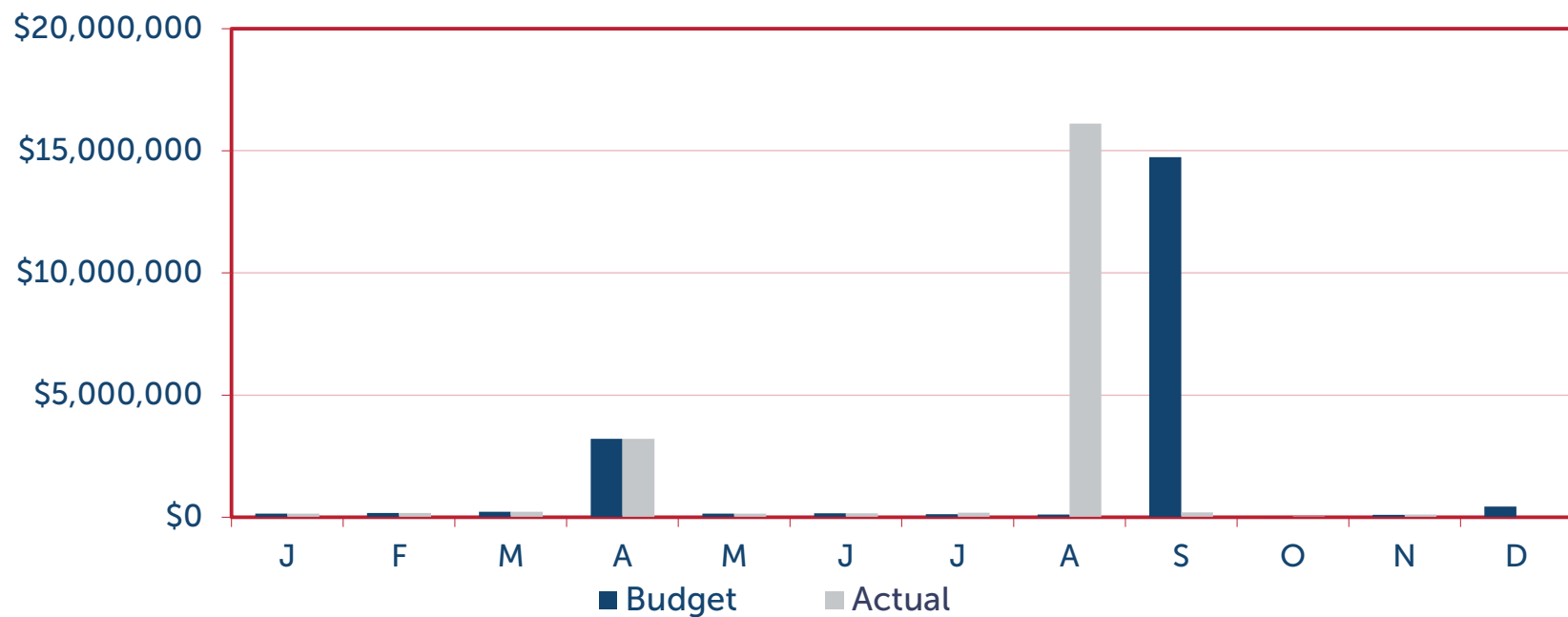
Net income for November was \$110,253, over budget by \$6,886 or 6.7% for the month. Net interest income was \$5,402 or 2.1% more than budget due to higher average assets. Non-interest income was higher than budget by \$29,539 or 6.8% due primarily to higher line-of-credit income and financial services income. Operating expenses were over budget by \$30,184 or 5.3% due primarily to an accrual for compensation related items and higher financial services expenses. CUSO income was higher than budget at \$2,130 or 106.5%. PCC dividends are right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.4%, higher than the goal of 78.6%.

The year-to-date Return on Assets (ROA), including the net impact of the USC estate, is higher than the revised budget as the ROA after November (on an actual/365 basis) is 133.3 bps on average assets of \$1,697.0 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 \$1,675.2 million at the end of November, an increase of \$13.9 million or 0.8% from the previous month. Monthly DANA has increased by \$457.4 million or 37.6% during the past year.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$43,699,620, representing a Retained Earnings ratio of 2.61% and a Tier 1 ratio of 5.65%.

2021 revised budget/actual net income



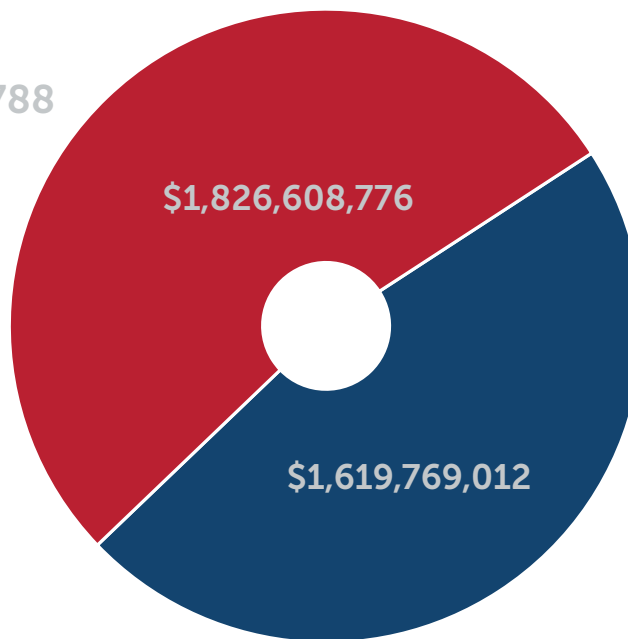
YTD actual/revised budget variance | dollars

November 2021 YTD <i>(In Thousands)</i>	Actual	Revised Budget	Variance
Net Interest Income	\$3,201.6	\$3,049.5	+ \$152.1
+ Non-Interest Income	\$5,288.1	\$5,163.9	+ \$124.2
- Operating Expenses	\$6,663.3	\$6,585.3	(\$78.0)
= Net Operating Income	\$1,826.4	\$1,628.1	\$198.3
+ CUSO Gains/Losses	\$35.9	\$27.7	+ \$8.2
- PCC Dividends	\$248.0	\$248.0	\$0.0
+ Other Gains/Losses	\$19,084.3	\$17,736.7	\$1,347.6
= Net Income	\$20,698.5	\$19,144.5	\$1,554.1

total assets | on- and off-balance sheet

November 2021

Total Managed Assets - \$3,446,637,788



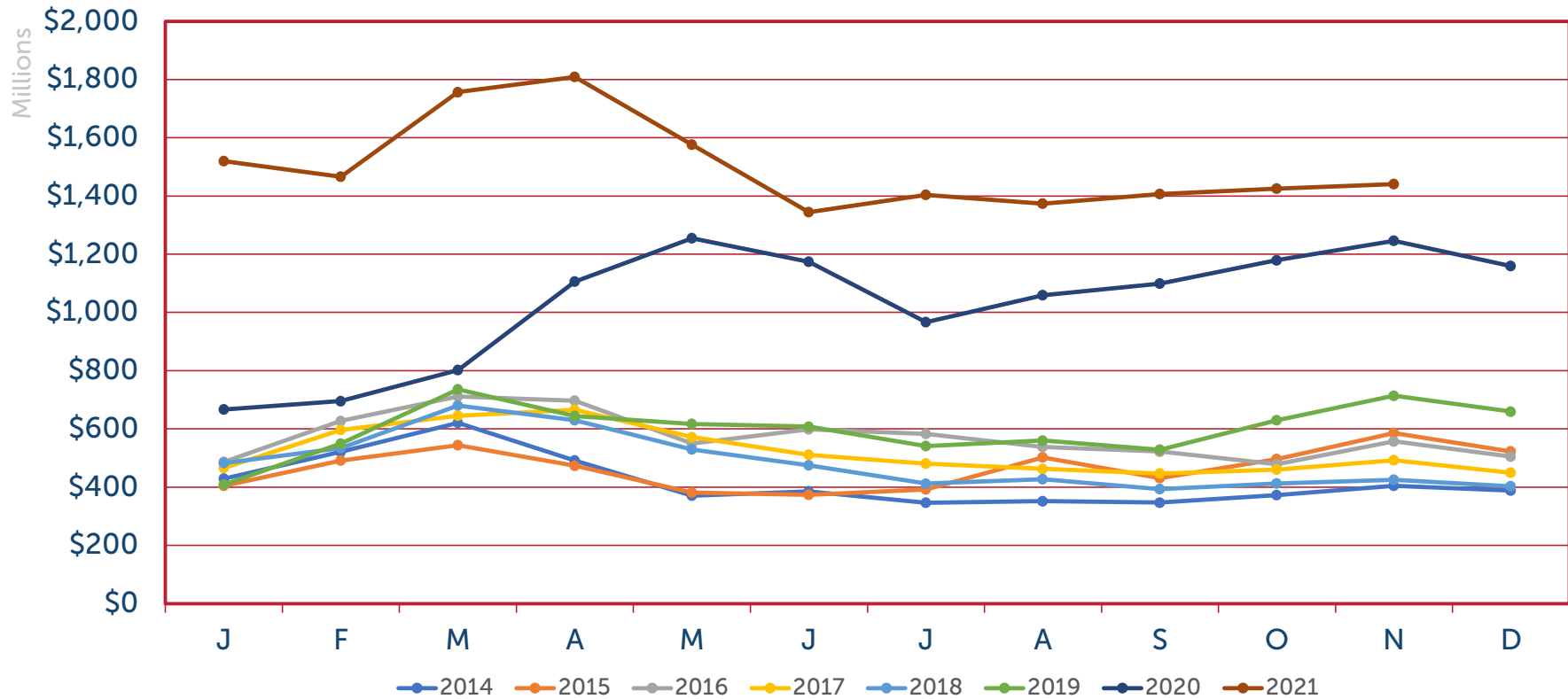
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

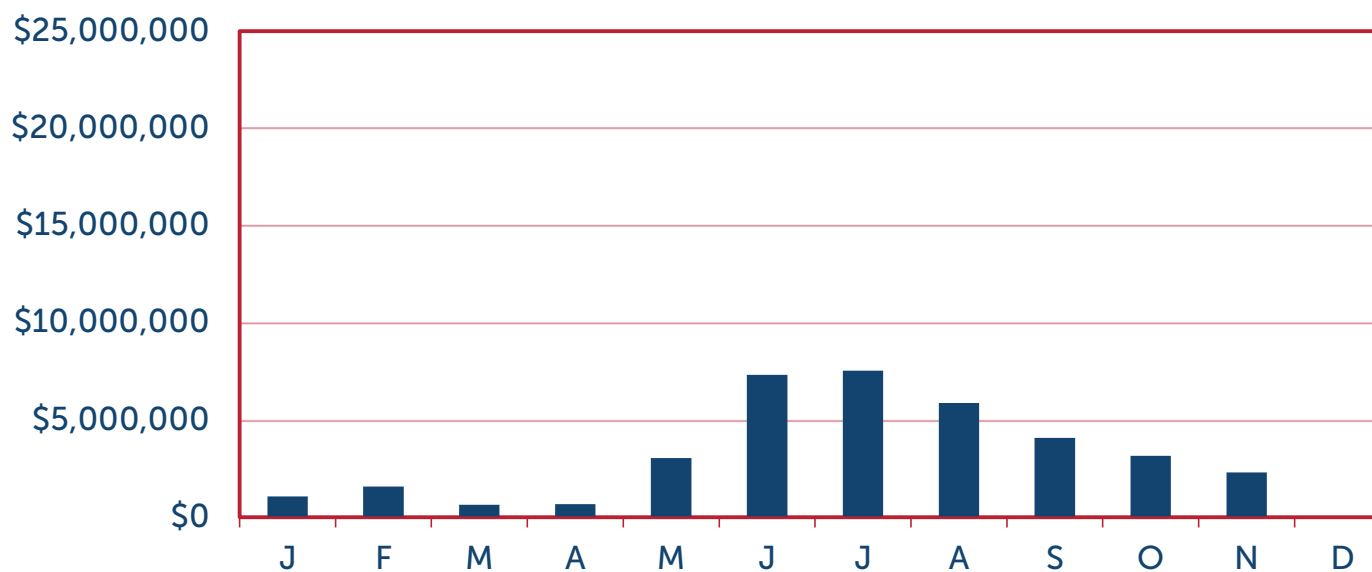
Millennium Corporate did not access our FHLB line-of-credit (LOC) in November 2021. Millennium Corporate currently has a collateralized LOC of \$488.5 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- November 2021 month-end figures show SimpliCD issuance totals of \$101.1 million/17 program users.
- Average loan balances are provided below-
 - June 2021 - \$7.3 million
 - July 2021 - \$7.5 million
 - August 2021 - \$5.9 million
 - September 2021 - \$4.1 million
 - October 2021 - \$3.2 million
 - November 2021 - \$2.3 million
 - December (to date) - \$2.1 million

historical member overnight deposits



2021 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results October 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	\$100,031,996	-	-	5.68%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$96,651,335	(\$3,380,661)	(3.38%)	5.52%	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 November 2021, is \$21,169,113
- Retained Earnings ratio is 2.61% as of November 2021 versus 1.85%, one year ago
- Millennium is categorized as **“Well Capitalized”**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s November 2021 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	November 2021	Minimum Requirement
Retained Earnings	2.61%	0.45%
Tier 1 Capital	5.65%	4.00%
Tier 1 Risk-Based Capital	65.74%	4.00%
Total Risk-Based Capital	65.74%	8.00%
GAAP Capital	5.84%	

board meeting recap

Board of Director's Meeting | December 16, 2021

- Approved November 2021 Financial Statements & Committee Reports.
- Approved October 2021 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management-
 - Millennium celebrated its 70th year of existence on November 27th as a wholesale financial provider that is owned and controlled by our members, to meet our members' financial needs independently of their competitors from the banking sector.
 - Off-balance sheet assets have continued to increase to \$1,826.6 million at the end of November an increase of \$641.3 million or 54.1% in the past year.
 - Participated in the Kansas CU Council meeting and presented a report on Millennium.
 - In a joint letter, the NCUA Board members requested that Congress make permanent the enhancements to the Central Liquidity Facility (CLF). The Corporate CU Alliance sent follow-up letters of our own making a similar request to the House Committee on Financial Services and the Senate Committee on Banking.
 - Update on association activities and Millennium's participation in the FedNow pilot program.
 - Third quarter call report data as of September 2021 showed Millennium's market share of investments was 23.1% - exceeding 2021 goal of 22.5% and up by 1.7% from a year ago (up by 5.1% from three years ago).

board meeting recap

Board of Director's Meeting | December 16, 2021

- One of our initiatives has been to identify and research CECL solutions for our members. Millennium/AIM staff have identified a cost-effective solution, participated in several demos and have performed appropriate due diligence. Millennium has chosen CECLution – a credit union developed service that we think can fit most of our members CECL needs and budget. It's online, on-demand, comprehensive yet simplified, and will be available in 1Q 2022.
- There's no daunting task of building historical databases, no long-term contracts locking you into a solution and partner unfamiliar with CU regulations. Additional benefits include option to create and save customized assumption sets (balances, rates, maturity terms, pre-payments); automatic monthly upload of economic data; save and stored CU forecasts; quick and easy model adjustments; CECLution captures and maintains CU historical data.
- Millennium staff will handle all member interaction – sales, demos, admin/onboarding and ongoing client support. Members interested in learning more can email aim@aimcusolutions.org.

board meeting recap

New Business | December 16, 2021

- Due to a finding in a recent audit, the Board approved a minor revision in the Millennium Information Security Policy.
- The Board approved Millennium's Liquidity Plan. By regulation the plan must evaluate the potential liquidity needs of its membership in a variety of economic scenarios; regularly monitor and demonstrate accessibility to sources of internal and external liquidity; keep a sufficient amount of cash to support its payment systems obligations; demonstrate that the accounting classification of investment securities is consistent to meet potential liquidity demands; and develop a contingency funding plan that addresses alternative funding strategies in successively deteriorating liquidity scenarios.
- Both the Supervisory Committee and the Board reviewed the fidelity bond and all other insurance coverages for 2022. After review, the Board passed a resolution approving the purchase of fidelity bond coverage at \$8 million and other insurance coverages for 2022.

board meeting recap

New Business | December 16, 2021

- Steve Borchers, Millennium's independent risk expert, presented and the Board approved, both the quarterly and annual ERM Board Report accepting the current residual risk level of \$1,663,960, which is 3.18% of the November 2021 Retained Earnings of \$43,699,620.
- The 2021 audit plan letter was provided to the Board. The letter details the objectives of the financial audit and the audit of internal controls over financial reporting. The letter further describes Millennium's responsibilities; the auditor's responsibilities; the scope of the audit; areas of emphasis; communication of significant findings and the audit timetable. The auditors will issue a written report upon completion of the integrated audit.

supervisory committee recap

Supervisory Committee Meeting | December 6, 2021

- Committee reviewed the results of two internal audits – Wire Call Back Threshold and the International Services.
- Committee was presented the Employee Corporate VISA Credit Limit Review.
- Committee reviewed the Wire Transfer Risk Assessment.
- Committee was provided the results of the monthly Phishing Campaign that was completed by Stickley on Security.
- Committee reviewed the insurance and bond presentation from Lockton Companies. The Committee made a recommendation for approval to the Board for a fidelity bond of \$8 million and other necessary insurance coverages for the year.
- Matrix of findings and updated responses from the ACAT review, 2021 Trace Security IT Audit and the 2021 examination were discussed and accepted.
- Reviewed BSA monitoring reports since last meeting.
- Next meeting – February 22, 2022

credit committee recap

Credit Committee Meeting | December 14, 2021

- Committee reviewed and approved 41 lines-of-credit
- Committee reviewed the Monitor Report
- Committee cancelled one line-of-credit due to a merger
- Current Advised LOC status – 240 Lines/\$1,042,928,096
- Committee reviewed the November 2021 cash flow graphs and LOC coverage projections report
- Next meeting – February 15, 2022

events calendar

January 2022

- **1-Saturday** | New Year's Day
- **5-Wednesday** | FedNow Pilot Showcase Session
- **12-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **17-Monday** | Martin Luther King, Jr.'s Birthday – Millennium Offices Closed
- **20-Thursday** | Millennium ALCO & Board Meeting
- **27-Thursday** | FedNow Pilot Meeting
- **31-Monday** | ERM Committee Meeting