

membership report

October 2021



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

Millennium received its second pro-rata share of the partial distribution from the U.S. Central Estate in August, a month earlier than we projected in the revised budget, therefore the September results were under the revised budget. The overall year-to-date numbers are favorable for the year.

Net income for September was \$196,953, under budget by \$14,535,810 for the month. Net interest income was \$38,446 or 15.8% more than budget due to higher average assets and a better return on the Federal Reserve account. Non-interest income was higher than budget by \$87,874 or 20.3% due primarily to higher commission income and financial services. Operating expenses were over budget by \$19,725 or 3.5% due to higher incentives and higher financial services. CUSO income was higher than budget at \$526 or 26.3%. PCC dividends are right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 81.2%, higher than the goal of 80.9%.

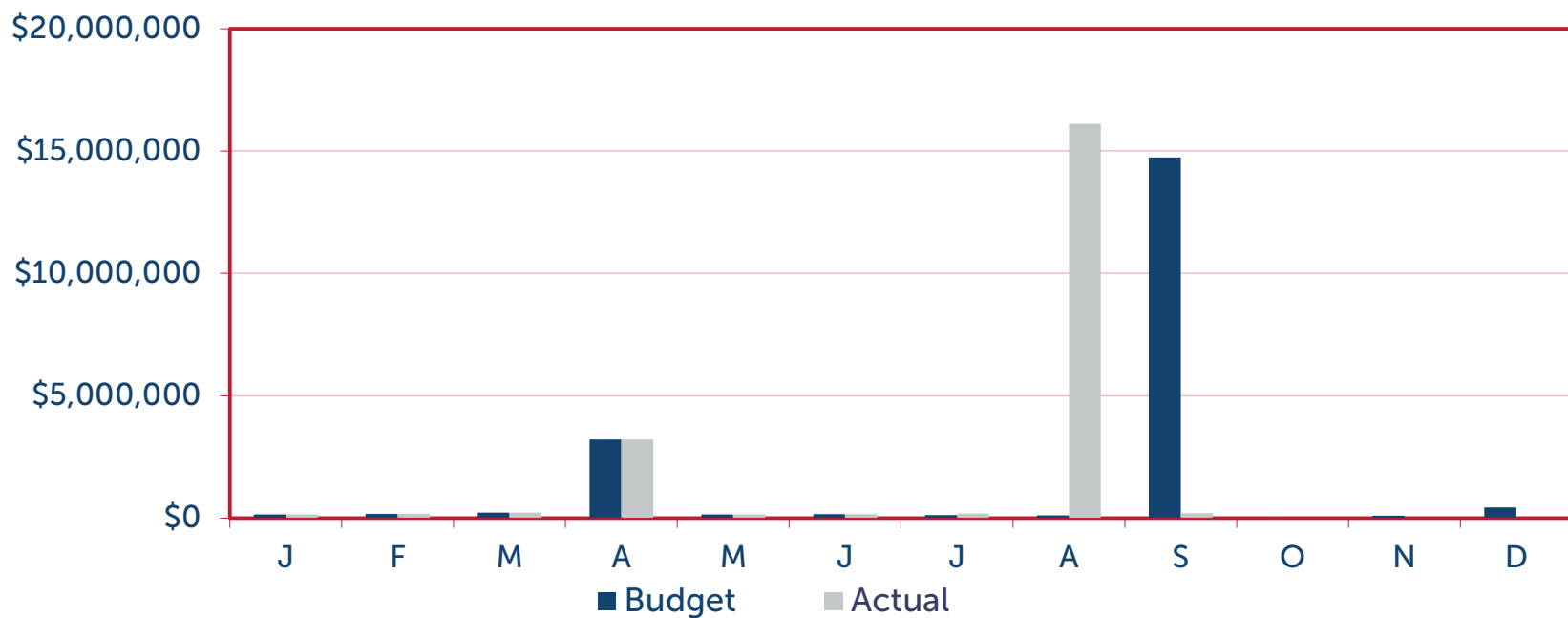
The year-to-date Return on Assets (ROA) – including the net impact of the USC estate – is higher than the revised budget as the ROA after September (on an actual/365 basis) is 160.9 bps on average assets of \$1,708.1 million.

financial commentary

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 \$1,638.8 million at the end of September, an increase of \$26.9 million or 1.7% from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$43,552,324, representing a Retained Earnings ratio of 2.66% and a Tier 1 ratio of 5.76%.

2021 revised budget/actual net income



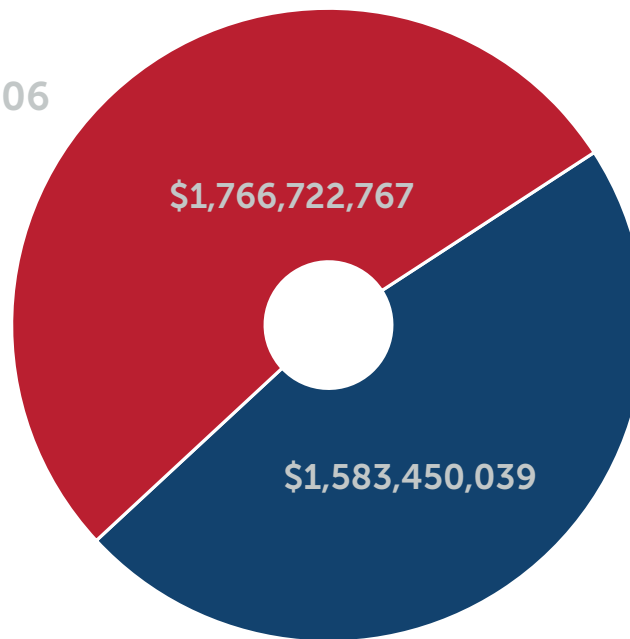
YTD actual/revised budget variance | dollars

September 2021 YTD <i>(In Thousands)</i>	Actual	Revised Budget	Variance
Net Interest Income	\$2,653.2	\$2,532.5	+ \$120.7
+ Non-Interest Income	\$4,366.3	\$4,288.4	+ \$77.9
- Operating Expenses	\$5,376.2	\$5,349.8	(\$26.4)
= Net Operating Income	\$1,643.3	\$1,471.1	\$172.2
+ CUSO Gains/Losses	\$26.3	\$23.7	+ \$2.6
- PCC Dividends	\$202.7	\$202.7	\$0.0
+ Other Gains/Losses	\$19,084.3	\$17,736.7	\$1,347.6
= Net Income	\$20,551.2	\$19,028.8	\$1,522.4

total assets | on- and off-balance sheet

September 2021

Total Managed Assets - \$3,350,172,806



■ On-Balance Sheet ■ Off-Balance Sheet

key factors driving results

Balances

- Actual balances are higher than the revised budget by \$27.1 million or 1.6% due to 2021 stimulus payments
- Net Interest Income is above the revised budget by \$120,719 or 4.8% due to more invested funds and an increase in the rate paid by the Fed on both required and excess reserves

Fees/Operating Expenses

- Non-interest income up 1.8% due to higher financial services due to more usage and higher activity for both SimpliCD and marketable securities
- Overall Operating Expenses are 0.5% higher primarily due to increased usage of financial services which increases our costs that we pay to partners/vendors
- Coverage Ratio is 81.2% better than budgeted and 2nd highest of all corporate CUs

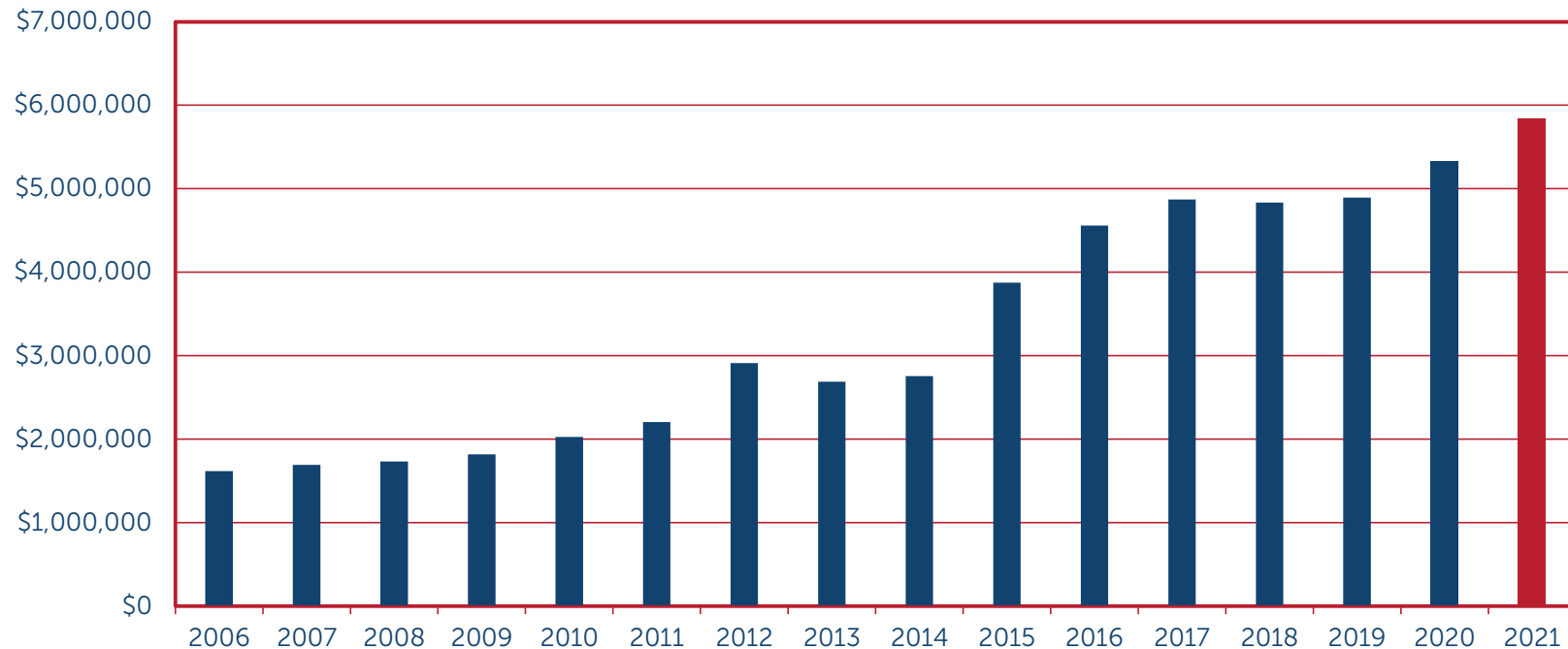
Other Gains/Losses

- Biggest factor driving results is the partial payment of USC Estate – net impact of \$19.1 million
- CUSO income is higher than revised budget and Millennium will recognize our revised budgeted gain on our ISI investment in the last quarter of the year

PCC Dividends

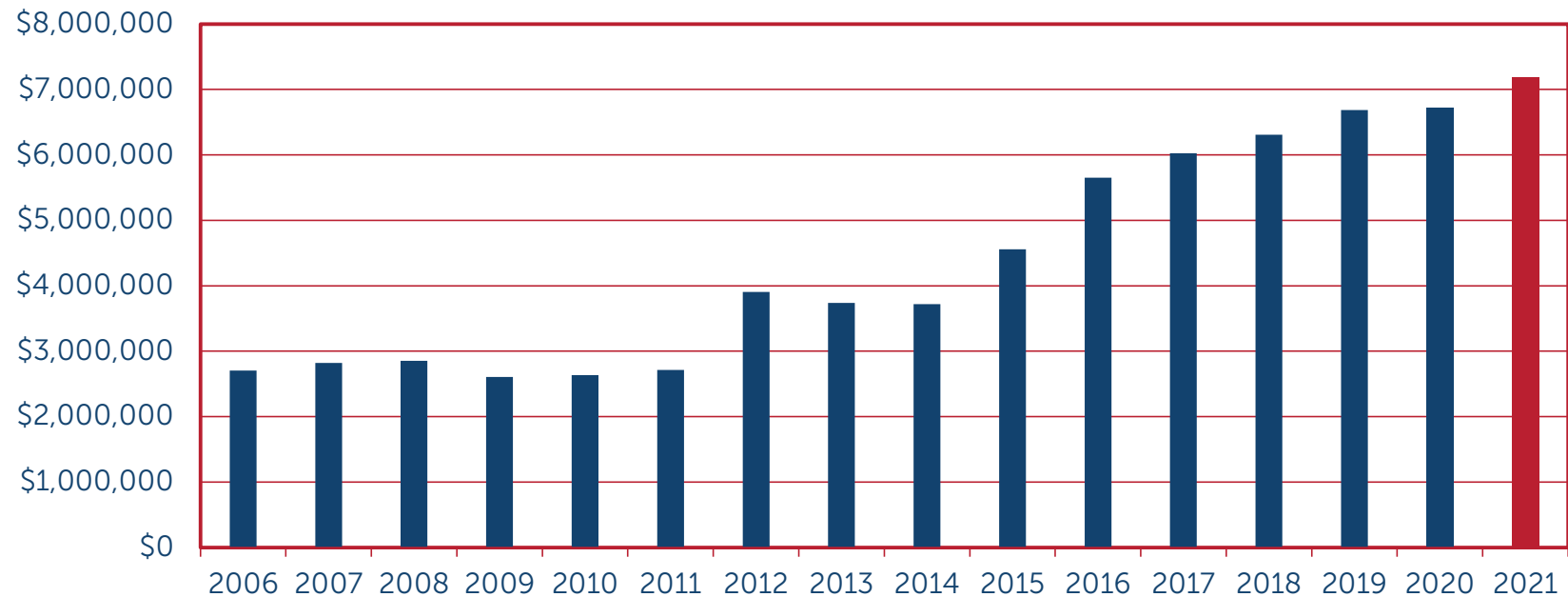
- PCC dividends are right on target with the revised budget

annualized non-interest income trends



The 2021 original budget projected a modest increase in Non-Interest Income compared to the previous year. However non-interest income is exceeding last year significantly – driven primarily by higher-than-expected income from commission for security sales and financial services. On an annualized basis, non-interest income is on pace to earn more than \$5.8 million for the year which would be a record high.

annualized operating expense trends



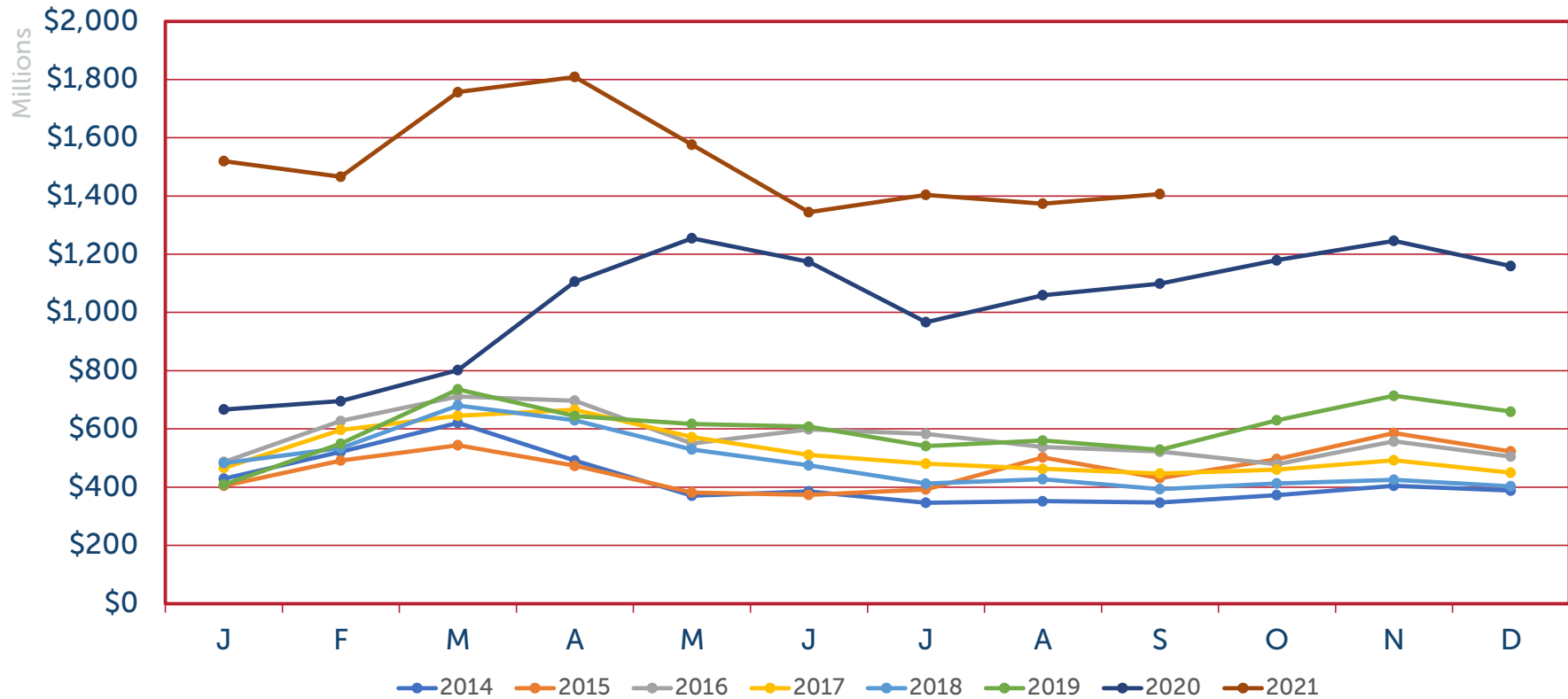
Operating expenses are higher than the revised budget primarily due to increased usage of financial services which also increases our costs that we pay to partners/vendors. Overall, our operating expenses are only 0.5% higher than the revised budget. Despite the higher expenses, Millennium's coverage ratio of 81.2% is better than budgeted and is the 2nd highest of all corporates.

liquidity commentary

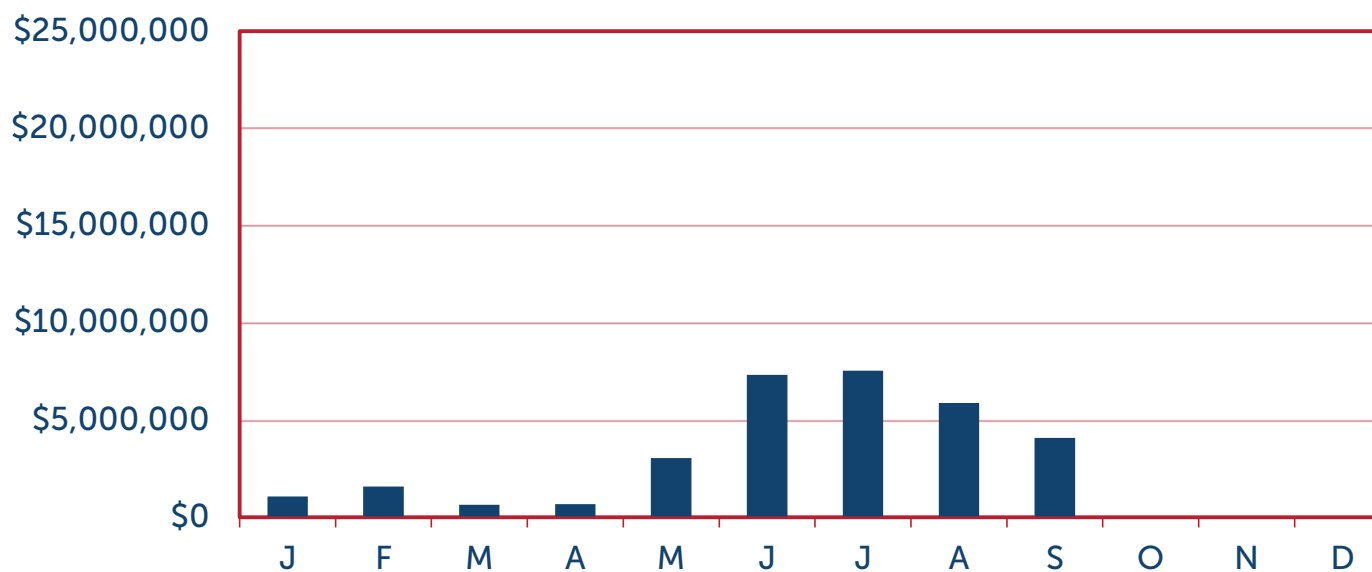
Millennium Corporate did not access our FHLB line-of-credit (LOC) in September 2021. Millennium Corporate currently has a collateralized LOC of \$467.0 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- September 2021 month-end figures show SimpliCD issuance totals of \$111.5 million / 18 program users.
- Average loan balances are provided below-
 - April 2021 - \$0.7 million
 - May 2021 - \$3.0 million
 - June 2021 - \$7.3 million
 - July 2021 - \$7.5 million
 - August 2021 - \$5.9 million
 - September 2021 - \$4.1 million
 - October (to date) - \$3.3 million

historical member overnight deposits



2021 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results August 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	\$99,649,700	-	-	6.32%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$94,085,744	(\$5,563,956)	(5.58%)	6.01%	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 September 2021, is \$21,274,144
- Retained Earnings ratio is 2.66% as of September 2021 versus 2.00%, one year ago
- Millennium is categorized as **“Well Capitalized”**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s September 2021 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	September 2021	Minimum Requirement
Retained Earnings	2.66%	0.45%
Tier 1 Capital	5.76%	4.00%
Tier 1 Risk-Based Capital	66.73%	4.00%
Total Risk-Based Capital	66.73%	8.00%
GAAP Capital	5.97%	

board meeting recap

Board of Director's Meeting | October 29, 2021

- Approved September 2021 Financial Statements & Committee Reports
- Approved August 2021 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Off-balance sheet assets have increased by \$639.1 million or 556.7% versus on-balance assets growth of \$525.4 million or 47.2% during the past year – demonstrating controlled growth
 - KDCU Administrator approved the Certificate of Amendment to Millennium's bylaws changing the number of board members
 - Discussed the summary of NCUA's October meeting; NCUA's Risk Alert regarding cybercriminals targeting organizations using cloud-based email services to conduct email scams; and guidance from regulatory agencies regarding the LIBOR transition
 - Discussed the recent Corporate CU Alliance meeting with key NCUA ONES staff, NCUA Vice Chairman Kyle Hauptmen and Board Member Hood's Senior Advisor – topics included making CLF changes permanent and potential enhancements on Regulation 704
 - Reported on Millennium's third quarter marketing initiatives
 - Progress update regarding the FedNow Pilot Program meetings
 - Reviewed the quarterly budget to actual comparison

board meeting recap

Board of Director's Meeting – October 29, 2021

- The Board held an Executive Session.
- After the Board meeting, Board members toured the remodeled Wichita facility.

credit committee recap

Credit Committee Meeting – October 20, 2021

- The Committee reviewed and approved fifty-one lines of credit
- The Committee reviewed the Monitor Report
- Canceled one line-of-credit due to a merger
- Current Advised LOC status – 241 Lines/\$1.0 billion
- Next meeting – December 14, 2021

supervisory committee recap

Supervisory Committee Meeting – October 25, 2021

- Committee reviewed the results of two internal audits for Authority Level and ACH Procedures
- Committee reviewed the annual ACH risk assessment
- Committee reviewed the results of the ACH Recovery Test Exercise held on September 23, 2021
- Discussed the 3rd Quarter Enterprise Risk Management Board Report
- 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 – December 6, 2021

events calendar

November 2021

- **8-Monday** | FedNow Pilot Meeting
- **11-6 Thursday** | Millennium Closed - Observation of Veteran's Day
- **15-Monday** | FedNow Pilot Session
- **17-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **18-Thursday** | Millennium ALCO & Board Meeting
- **22-Monday** | Enterprise Risk Management Committee Meeting
- **25-Thursday** | Millennium Closed – Observation of Thanksgiving Day