

membership report

September 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. Based on decisions at past meetings, an accrual was recorded on the August financials for distributing a portion of the USC Estate payout to members in the amount of \$11,960,063. The net impact to Millennium's August income was \$15,990,540. Millennium will be contacting each (Kansas Corporate, Missouri Corporate and Treasure State) member who had capital extinguished and providing information regarding their respective distribution amount in October.

Net income for August was \$16,110,193, over budget by \$16,002,294 for the month. Without the net impact of the USC estate, net income for August was \$119,653 – which was more than budget by \$11,754 or 10.9%. Net interest income, not including the U.S. Central distribution, was \$21,283 or 8.5% more than budget due to higher average assets and a better return on investments. Non-interest income was lower than budget by \$11,247 or 2.6% due primarily to lower commission income. Operating expenses were over budget by \$308 or 0.1%. CUSO income was higher than budget at \$2,032 or 101.6%. PCC dividends are right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 80.3%, lower than the goal of 80.9%.

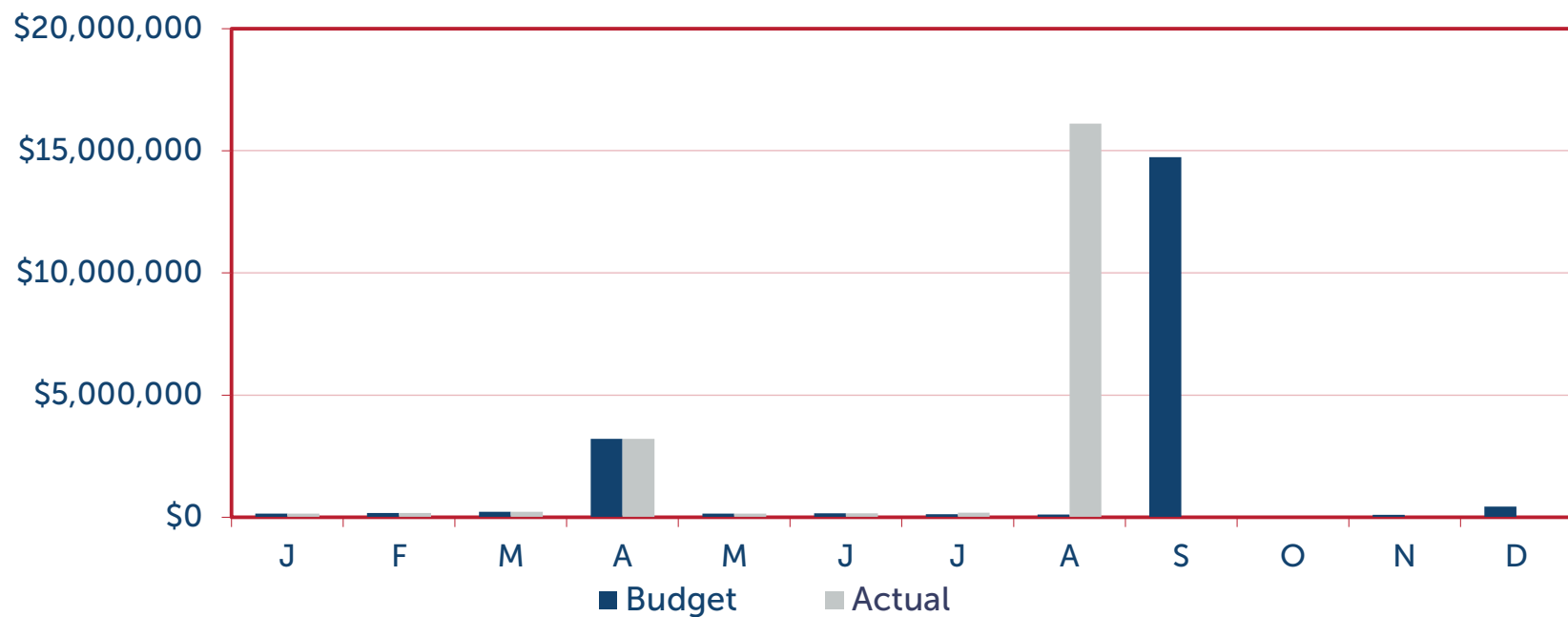
financial commentary

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 August (on an actual/365 basis) is 177.7 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 \$1,611.9 million at the end of August, 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 \$43,355,371, representing a Retained Earnings ratio of 2.69% and a Tier 1 ratio of 5.85%.

2021 revised budget/actual net income



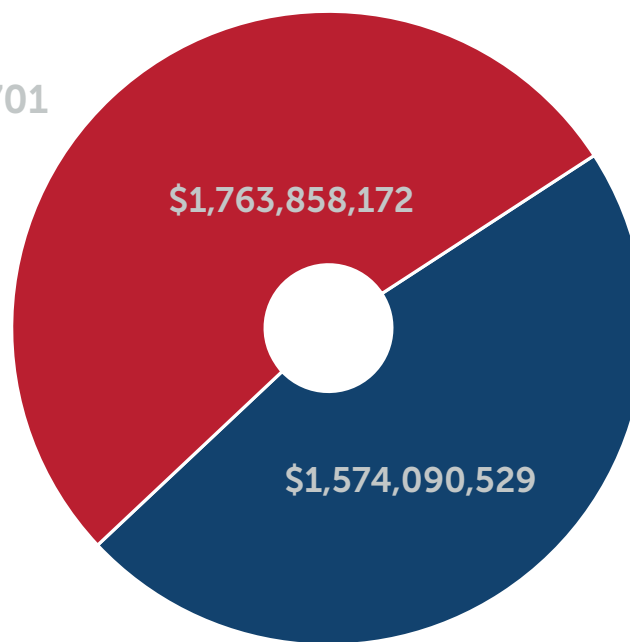
YTD actual/revised budget variance | dollars

August 2021 YTD <i>(In Thousands)</i>	Actual	Revised Budget	Variance
Net Interest Income	\$2,371.1	\$2,288.8	+ \$82.3
+ Non-Interest Income	\$3,845.2	\$3,855.2	(\$10.0)
- Operating Expenses	\$4,789.7	\$4,783.1	(\$6.6)
= Net Operating Income	\$1,426.6	\$1,360.9	+ \$65.7
+ CUSO Gains/Losses	\$23.7	\$21.7	+ \$2.0
- PCC Dividends	\$180.4	\$180.4	\$0.0
+ Other Gains/Losses	\$19,084.3	\$3,093.8	+ \$15,990.5
= Net Income	\$20,354.2	\$4,296.0	\$16,058.2

total assets | on- and off-balance sheet

August 2021

Total Managed Assets - \$3,337,948,701



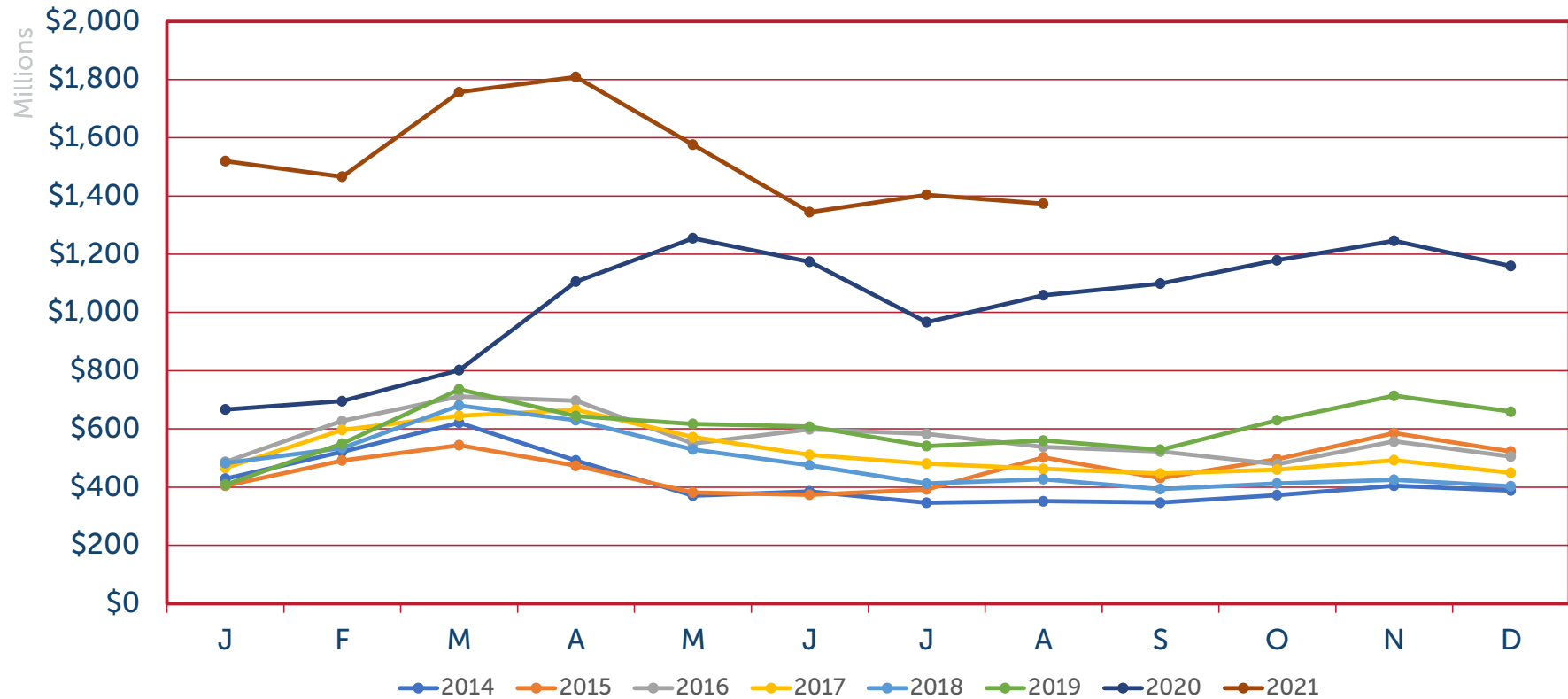
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

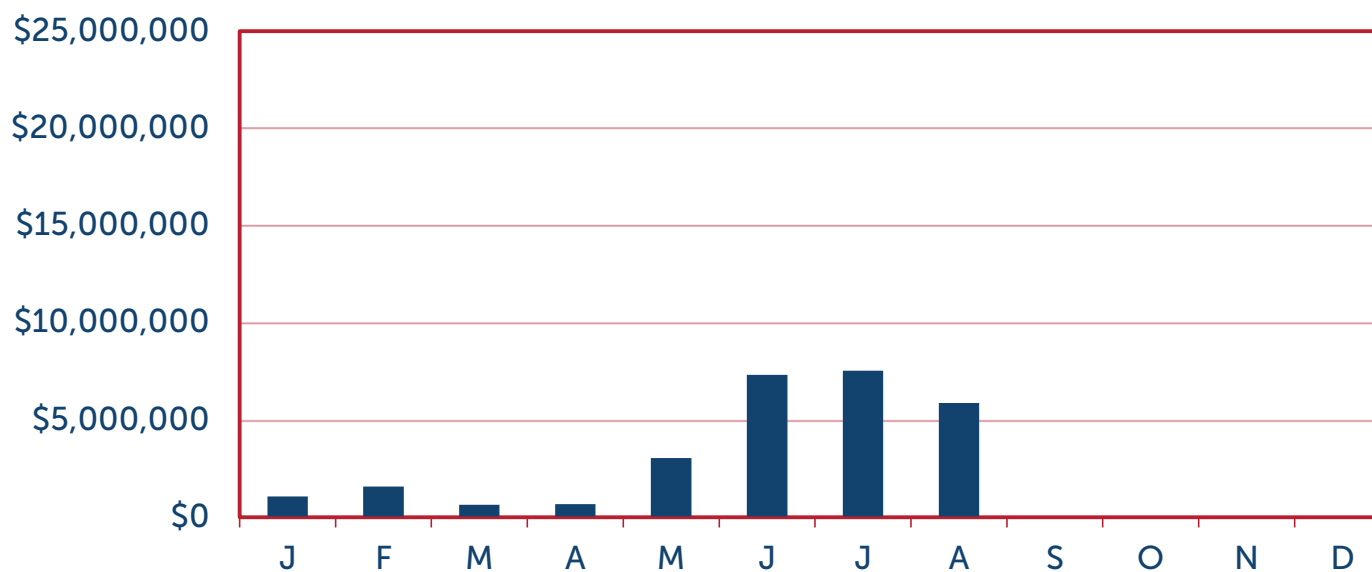
Millennium Corporate did not access our FHLB line-of-credit (LOC) in August 2021. Millennium Corporate currently has a collateralized LOC of \$466.0 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- August 2021 month-end figures show SimpliCD issuance totals of \$87.3 million / 18 program users.
- Average loan balances are provided below-
 - 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 2021 - \$5.9 million
 - September (to date) - \$4.1 million

historical member overnight deposits



2021 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results July 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	\$85,341,480	-	-	4.89%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$82,025,648	(\$3,315,832)	(3.89%)	4.72%	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 August 2021, is \$21,205,398
- Retained Earnings ratio is 2.69% as of August 2021 versus 2.08%, 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 - Millennium is categorized as **“Well Capitalized”**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s August 2021 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	August 2021	Minimum Requirement
Retained Earnings	2.69%	0.45%
Tier 1 Capital	5.85%	4.00%
Tier 1 Risk-Based Capital	67.18%	4.00%
Total Risk-Based Capital	67.18%	8.00%
GAAP Capital	6.05%	

board meeting recap

Board of Director's Meeting | September 30, 2021

- Approved August 2021 Financial Statements & Committee Reports
- Approved July 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 assets have increased by \$650 million or 58.4% versus on-balance assets growth of \$546 million or 51.2% during the past year – demonstrating controlled growth
 - Update on an upcoming Corporate CU Alliance meeting with NCUA Board members
 - Upcoming events in which Millennium will be participating: Heartland CU Association Annual Meeting; Montana CUs “Be Resilient Fall Conference” and the Dakota CU Association’s “New Ideas” meeting
 - Staff continue to participate in FedNow pilot program meetings
 - Update on sponsorship activities over the next month

board meeting recap

Board of Director's Meeting – September 30, 2021

- Over the past two meetings the Board has discussed decreasing from eleven to nine members over time, with three members expiring each year while protecting the guaranteed designated state seats. The Board approved to amend the bylaws and submit the Certificate of Amendment to Millennium Corporate Credit Union Bylaws to the Credit Union Administrator, State of Kansas for approval.
- Board completed training for Anti-Money Laundering/Bank Secrecy Act conducted by Lori Domian, Millennium Compliance Officer.
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the ERM Third Quarter Board Report accepting the current residual risk level of \$1,618,831 which is 5.94% of the July 2021 Retained Earnings of \$27,245,178.

events calendar

October 2021

- **4-Monday** | ERM Committee Meeting
- **4-6 Mon/Tue/Wed** | Dakota CU Association New Ideas Conference
- **6-8 Wed/Thu/Fri** | Heartland CU Association Annual Meeting Events
- **11-Monday** | Observation of Columbus Day
- **13-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **20-Wednesday** | Credit Committee Meeting
- **21-Thursday** | FedNow Pilot Meeting
- **25-Monday** | Supervisory Committee Meeting
- **29-Friday** | Millennium ALCO & Board Meeting