

membership report

April 2023



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financial commentary

Millennium received its fifth distribution from the U.S. Central (USC) Estate in March. In accordance with the decisions made by Millennium's Board in April 2021, an accrual was recorded on the March financials for paying to the members their remaining Paid-In Capital (PIC) in Millennium of \$1.3 million which occurred in April. The 2023 budget projected receiving this fifth distribution in April. Therefore, Millennium will be significantly under budget in the April financials.

Net income for March was \$5,887,594, above budget by \$5,102,270 for the month. Without the net impact of the USC estate, net income for March was \$612,632 – which was less than budget by \$172,692 or 22.0%. Net interest income was \$116,500 or 8.8% above budget due to higher rates on our floating rate investment portfolio. Non-interest income was under budget by \$6,597 or 1.1%. Operating expenses were above budget by \$160,429 or 17.7% due to accruals for certain expenses which were accelerated and continuation of an accrual for potential future fee rebates. CUSO income was more than budget by \$2,853. PCC dividends were right at budget. A continuation of an unbudgeted potential rebate was accrued for member/users. The year-to-date coverage ratio (fee income/operating expenses) is 60.1%, which is lower than the goal of 69.7% for the year, but it will improve throughout the year.

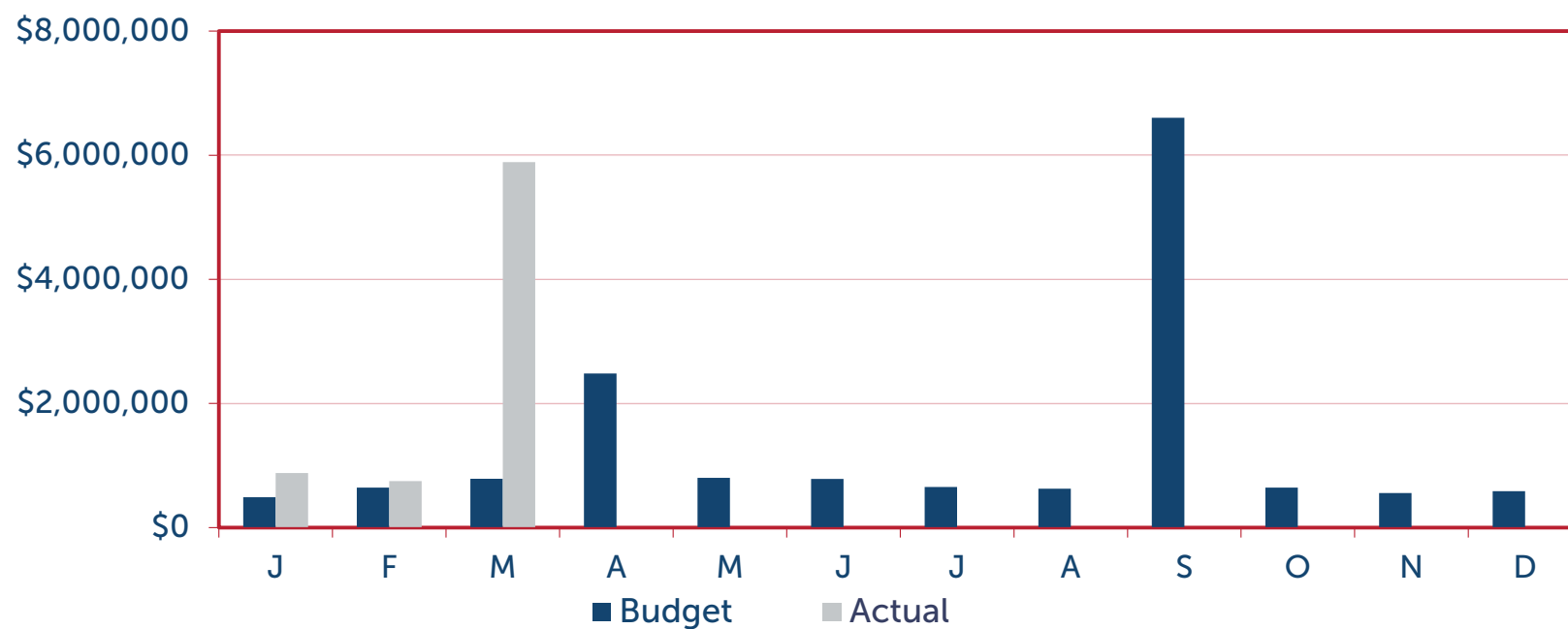
The year-to-date Return on Assets (ROA), including the net impact of the USC Estate, is higher than the budget due to the timing of the projected fifth distribution of the USC Estate. The ROA through March (on an actual/365 basis) is 3.36 bps on average assets of \$905.8 million.

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 \$1,059.3 million at the end of March, a decrease of \$70.6 million or 6.2% from the previous month.

Millennium is defined as "**Well Capitalized**" and we ended the month with Retained Earnings of \$67,117,984, representing a Retained Earnings ratio of 6.34% and a Tier 1 ratio of 11.18%.

2023 budget/actual net income



YTD actual/budget variance | dollars

March 2023 YTD	Actual	Budget	Variance
Net Interest Income	\$4,365,809	\$3,309,727	+ \$1,056,082
+ Non-Interest Income	\$1,709,583	\$1,745,135	(\$35,552)
- Operating Expenses	\$2,844,045	\$2,477,858	(\$366,187)
= Net Operating Income	\$3,231,347	\$2,577,004	+ \$654,343
+ CUSO Gains/Losses	\$24,907	\$7,908	+ \$16,999
- PCC Dividends	\$668,964	\$668,867	(\$94)
- Potential Rebate	\$350,000	\$0	(\$350,000)
+ USC Estate (Net Gain)	\$5,274,961	\$0	+ \$5,274,961
= Net Income	\$7,512,251	\$1,916,045	+ \$5,596,206

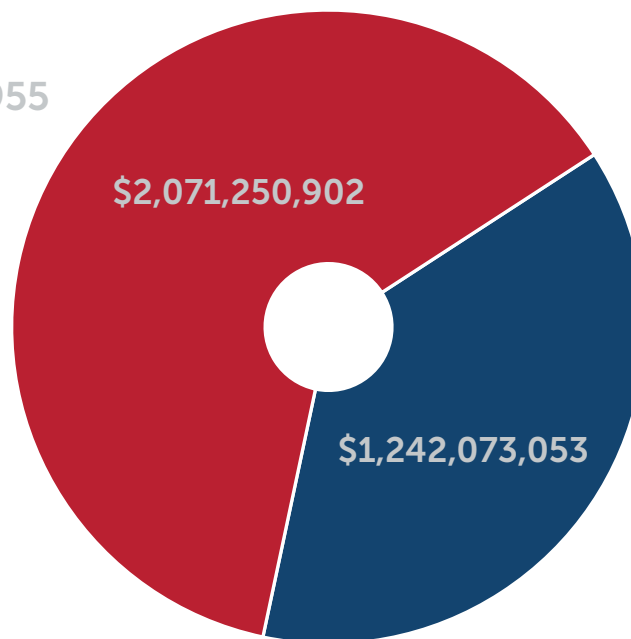
YTD actual/budget variance | bps (Act/365)

March 2023 YTD	Actual	Budget	Variance
Net Interest Income	195.5 bps	122.0 bps	+ 73.5 bps
+ Non-Interest Income	76.5 bps	64.3 bps	+ 12.2 bps
- Operating Expenses	127.3 bps	91.4 bps	(35.9 bps)
= Net Operating Income	144.7 bps	94.9 bps	+ 49.8 bps
+ CUSO Gains/Losses	1.1 bps	0.3 bps	+ 0.8 bps
- PCC Dividends	30.0 bps	24.7 bps	(5.3 bps)
- Potential Rebate	15.7 bps	0.0 bps	(15.7 bps)
+ USC Estate (Net Gain)	236.2 bps	0.0 bps	+ 236.2 bps
= Net Income	336.3 bps	70.5 bps	+ 265.8 bps
Average Assets	\$905.8 M	\$1,100.0 M	(\$194.2 M)

total assets | on- and off-balance sheet

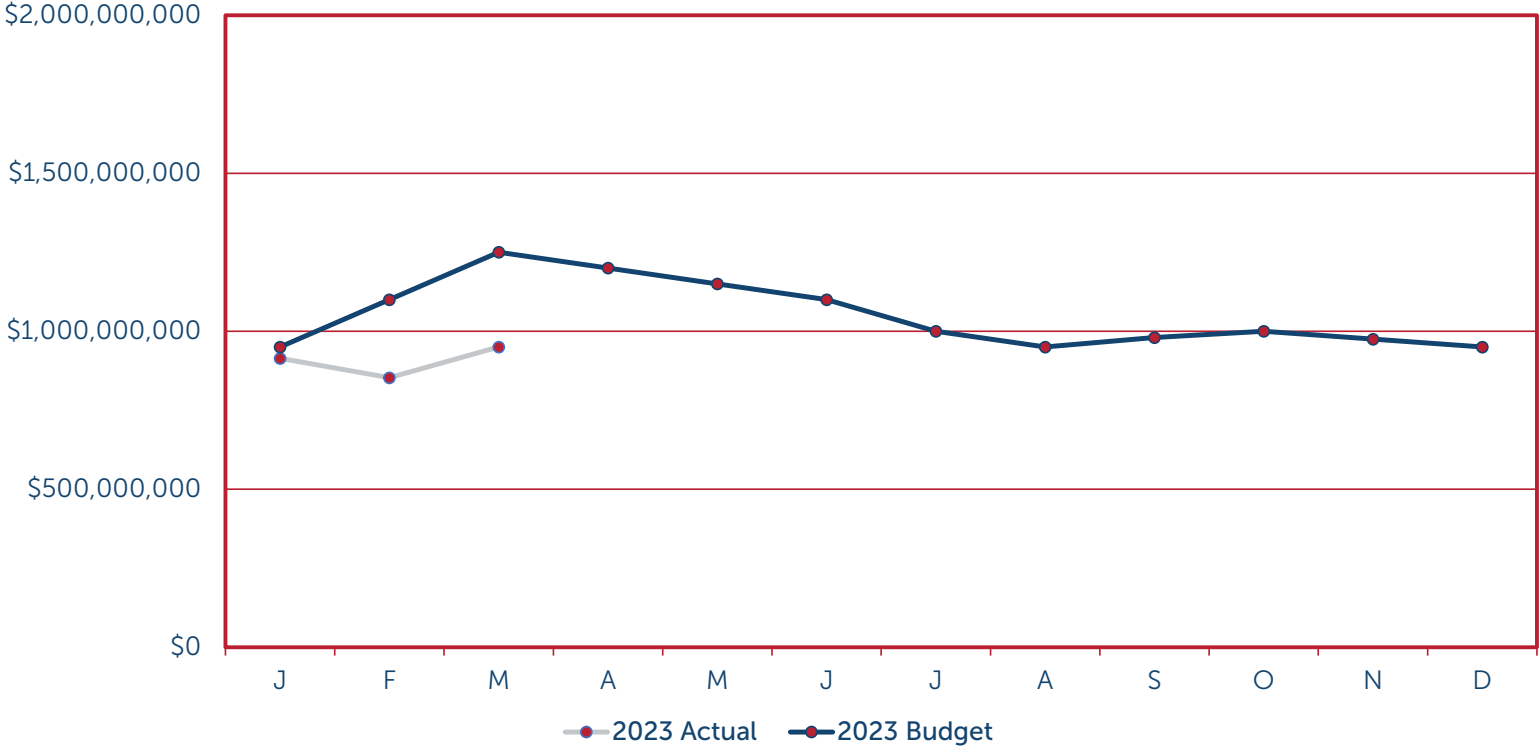
March 2023

Total Managed Assets - \$3,313,323,955



■ On-Balance Sheet ■ Off-Balance Sheet

daily average net assets | monthly



key factors driving results

Balances

- Actual balances were lower than expected in the budget by \$194.2 million or 17.7%.
- Net Interest Income is higher than the budget by \$1,056,082 or 31.9% due to the positive impact on our floating-rate investments.

Fees/Operating Expenses

- Non-interest income is lower than the budget at \$35,552 or 2.0% due to a slightly lower usage of our item processing and lower commission income.
- Overall Operating Expenses are \$366,187 or 14.8% higher primarily due an acceleration of budgeted salary to be paid in Spring of 2024; accruals for 2024 annual meeting and the remaining accruals of the 2023 board planning session.
- Coverage Ratio is 60.1% lower than the budgeted 69.7% - but that will improve throughout the rest of the year.

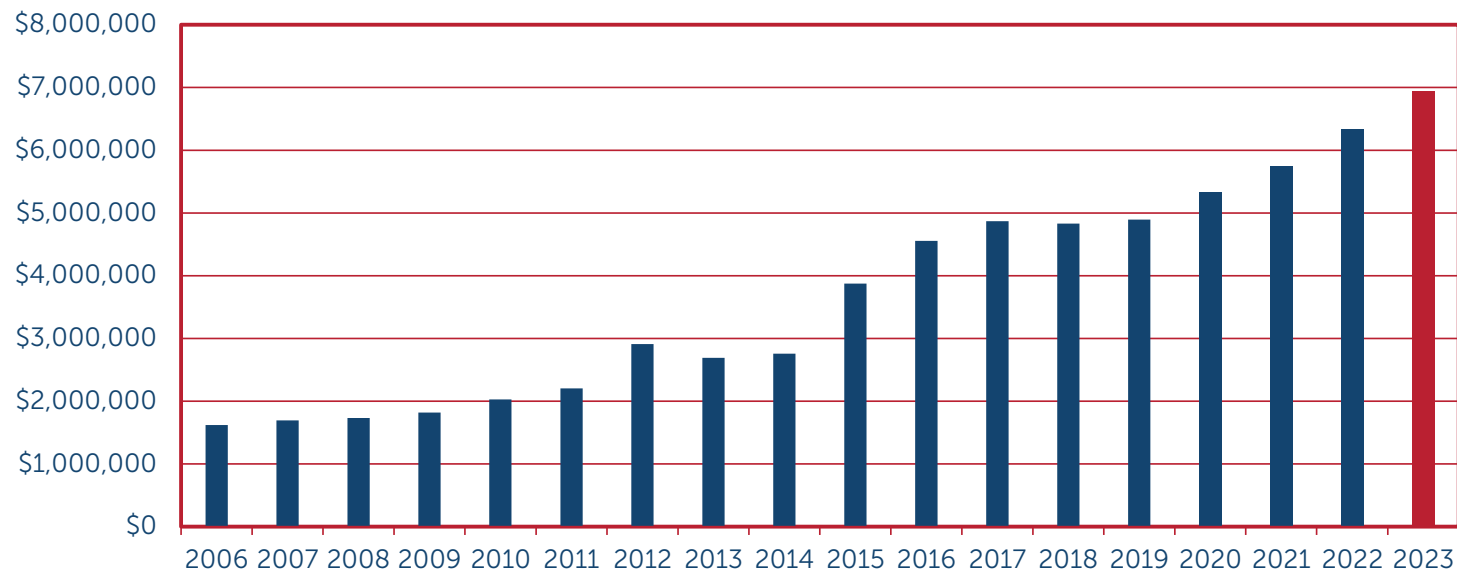
Other Gains/Losses

- Biggest factor driving results is another partial payment to USC Estate, a month earlier than budgeted and higher than expected – a positive net impact of \$5.3 million.
- Management has accrued \$350,000 for potential future fee rebates to item processing users.

PCC Dividends

- PCC dividends were in-line with expectations.

annualized non-interest income trends



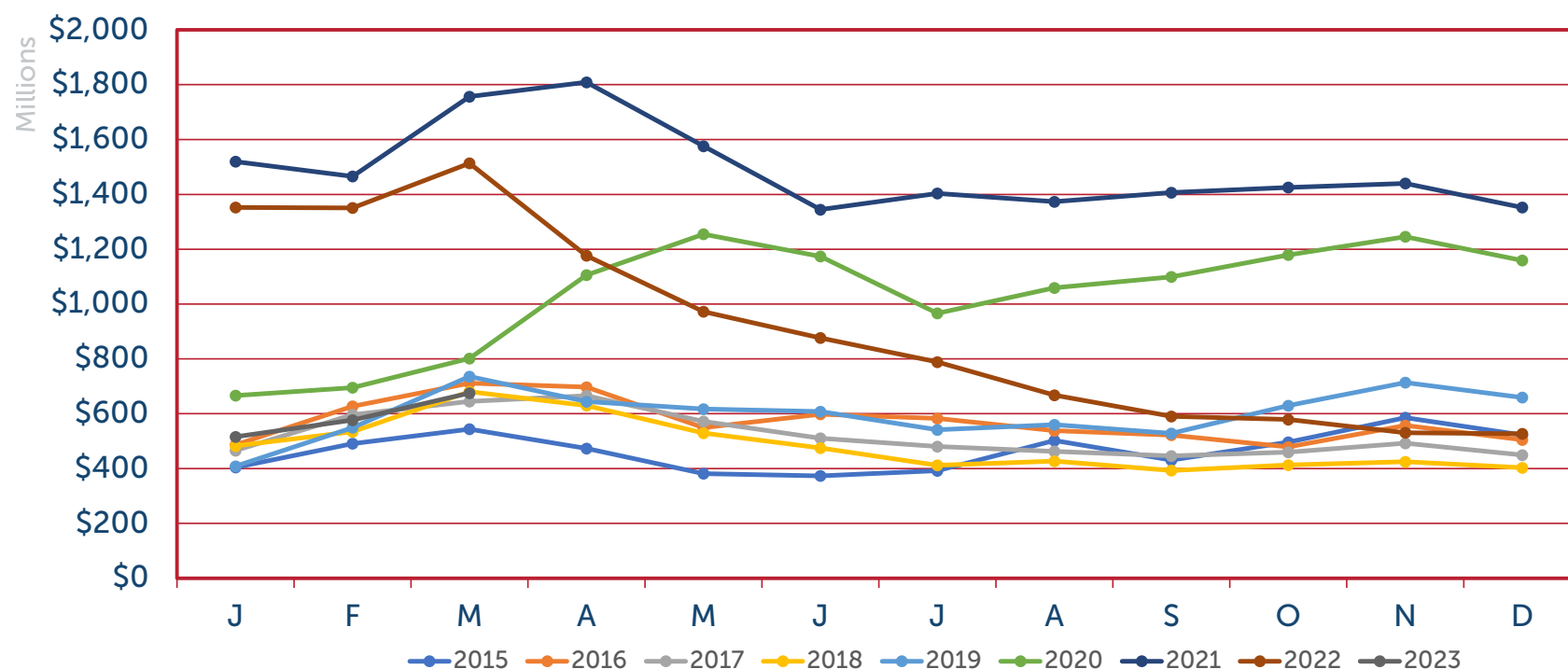
The 2023 budget projected an increase in Non-Interest Income due to full year of the related income and expense. Additionally, the first quarter has the fewest days in a quarter. Non-interest after the first quarter is \$35,552 or 2.0% lower than budget and we are still on-pace to exceed \$7 million in non-interest income which would be a record high for Millennium.

liquidity commentary

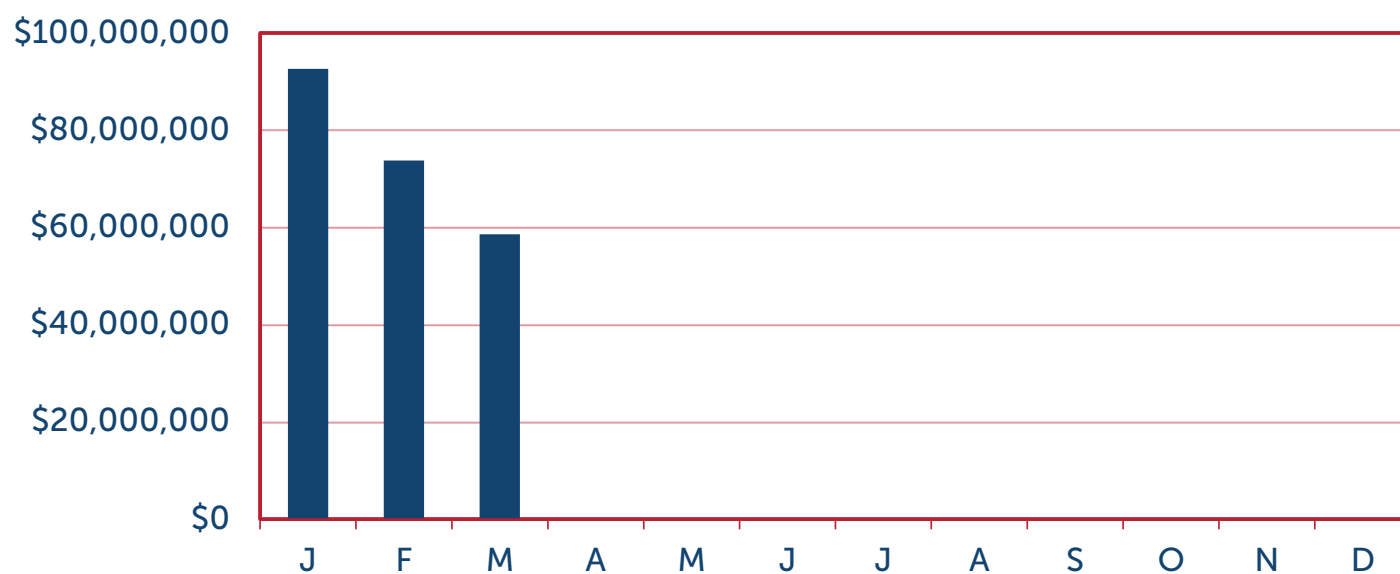
Millennium Corporate did not access the FHLB LOC in March except for the quarter-end weekend for strategic purposes. Millennium currently has a collateralized LOC of \$451.0 million with FHLB and a collateralized LOC of \$51.0 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- March 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$185.0 million with 21 member users.
- Average loan balances are provided below:
 - October 2022 - \$49.7 million
 - November 2022 - \$45.2 million
 - December 2022 - \$91.2 million
 - January 2023 - \$92.6 million
 - February 2023 - \$73.8 million
 - March 2023 - \$58.6 million
 - April (to date) - \$78.6 million

historical member overnight deposits



2023 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results February 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$113,391,443	+ \$3,954,487	+ 3.61%	12.61%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$109,436,956	-	-	12.30%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$104,359,668	(\$5,077,543)	(4.64%)	11.87%	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 March 2023, is \$15,302,525.
- Retained Earnings ratio is 6.34% as of March 2023 versus 3.09%, one year ago
- Millennium is categorized as **"Well Capitalized"**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium's March 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	March 2023	Minimum Requirement
Retained Earnings	6.34%	0.45%
Tier 1 Capital	11.18%	4.00%
Tier 1 Risk-Based Capital	81.66%	4.00%
Total Risk-Based Capital	81.66%	8.00%
GAAP Capital	11.46%	

board meeting recap

Board of Director's Meeting | April 27, 2023

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report; quarterly ACH originator report and Nominating Committee minutes.
- Approved March 2023 Financial Statements & Committee Reports
- Approved February 2023 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Correspondence/information from KDCU and NCUA since the last board meeting which included the upcoming joint KDCU/NCUA exam team, and the items requested for the exam.
 - Discussed communication to members regarding the final distribution from the USC Estate to members who previously had capital depleted.
 - Management reported on a recent meeting with the Corporate Alliance and NCUA staff. Topics included CLF update, status of Reg 704 proposed changes, observations from SVB/Signet failures, FRB Term Bank Funding Program and other relevant topics.
 - Continued discussion regarding liquidity trends amongst Millennium membership.
 - Update on opportunities with association partners and upcoming annual meetings in May and June; FedNow Pilot activities; and Millennium's "System Modernization Project".
 - Update on Millennium's Annual Meeting scheduled May 2 – 4, in Kansas City, MO. More than 100 attendees and speakers will discuss innovation, economy, planning, FedNow, Central Liquidity Facility, and our CUSO partners. Business meeting will include 2022 results and board elections.

board meeting recap

New Business

- The Board approved a minor revision to the Enterprise Risk Management Policy which increased the participants in the Enterprise Risk Management Committee.
- The Board approved two minor revisions to the Internal Operations & Controls Policy. Annually the Supervisory Committee reviews the internal audit plan. This revision removes the fourth quarter time frame. Currently the Committee has been reviewing and approving the plan following the annual meeting ensuring any new members can participate in the planning the audits. The other revision to the policy removes the statement that the budget is presented and approved prior to the end of the calendar year. The budget is presented at the January Board meeting.
- The Board held an Executive Session.

supervisory committee recap

Supervisory Committee Meeting | April 24, 2023

- Committee reviewed the results of three risk assessments: the Bank Secrecy Act, Juniper Payments and Safekeeping.
- Committee was presented with the results of the annual financial statement audit by J. Tenbrink & Associates.
- Committee reviewed the results of two internal audits – Investment Reconciliation and Investment Post Purchase.
- Committee reviewed the Enterprise Risk Management (ERM) first quarter Board Report and the annual Bank Secrecy Act and ACH Compliance Audits engagement letter with J. Tenbrink & Associates.
- 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 – June 26, 2023

events calendar

May 2023

- **2-4 Tue/Wed/Thur** | Millennium Corporate Credit Union Annual Meeting, Kansas City, MO
- **9-10 Tue/Wed** | Dakota CU Association Annual Summit, Fargo, ND
- **9-11 Tue/Wed/Thur** | Foundation Cup, Lake of the Ozarks, MO
- **10-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **11-Thursday** | Capitol Club Classic – Benefiting NE CU Advocacy Fund, Eagle, NE
- **17-18 Wed/Thur** | Montana Credit Unions Power Up, Great Falls, MT
- **25-Thursday** | Millennium ALCO & Board Meeting
- **29-Monday** | Memorial Day | Millennium Corporate Offices Closed
- **30-Tuesday** | Enterprise Risk Management Committee Meeting