

# membership report

December 2023



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# financial commentary

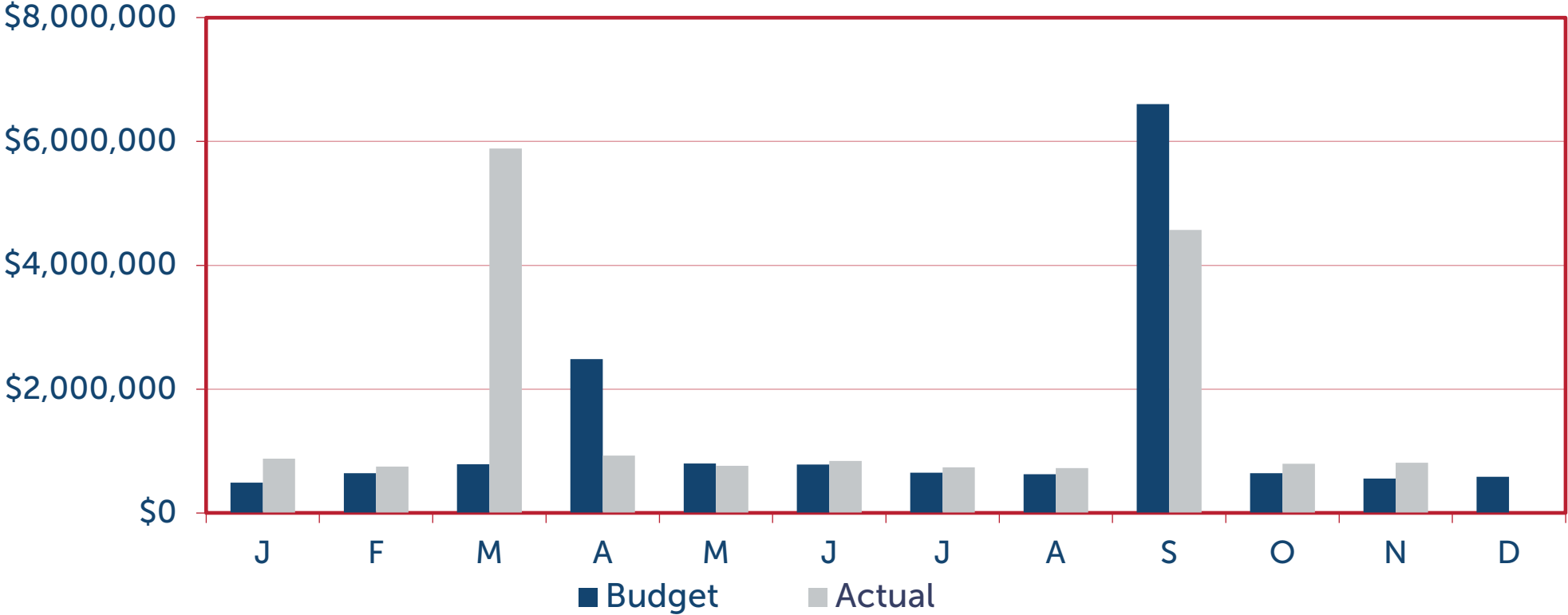
Net income for November was \$810,799, above budget by \$256,408 or 46.3% for the month. Net interest income was \$160,543 or 14.3% above budget due to the continued positive impact on our floating-rate investments and the higher than budgeted average assets for the month. Non-interest income was higher than budget by \$62,417 or 10.9% due to AIM and financial services income. Operating expenses were lower than budget by \$27,506 or 3.3%. CUSO loss was lower than budget due to the majority of the loss of our brokerage CUSO being recognized last month. PCC dividends were higher than budget by \$33,879 or 13.2%, as Millennium paid a 6.50% rate on the account. The year-to-date coverage ratio (fee income/operating expenses) is 66.8%, still lower than our goal of 69.7% for the year.

The year-to-date Return on Assets (ROA), including the net impact of the USC Estate, is higher than the budget through November. The ROA through November (on 334 days/365 basis) is 214.5 bps on average assets of \$900.7 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 \$906.3 million at the end of November, an increase of \$3.1 million or 0.3% from the previous month.

Millennium is defined as "**Well Capitalized**" and we ended the month with Retained Earnings of \$77,284,671, representing a Retained Earnings ratio of 8.53% and a Tier 1 ratio of 14.23%.

# 2023 budget/actual net income



# YTD actual/budget variance | dollars

November 2023   YTD	Actual	Budget	Variance
Net Interest Income	\$14,673,647	\$12,933,494	+ \$1,740,153
+ Non-Interest Income	\$6,485,347	\$6,396,914	+ \$88,433
- Operating Expenses	\$9,702,400	\$9,215,998	(\$486,402)
= Net Operating Income	\$11,456,594	\$10,114,410	+ \$1,342,184
- CUSO Gains/Losses	\$268,322	\$94,015	(\$174,307)
- PCC Dividends	\$2,801,461	\$2,743,099	(\$58,362)
- Potential Rebate	\$350,000	\$0	(\$350,000)
+ USC Estate (Net Gain)	\$9,642,128	\$7,781,310	+ \$1,860,818
= Net Income	\$17,678,939	\$15,058,606	+ \$2,620,333

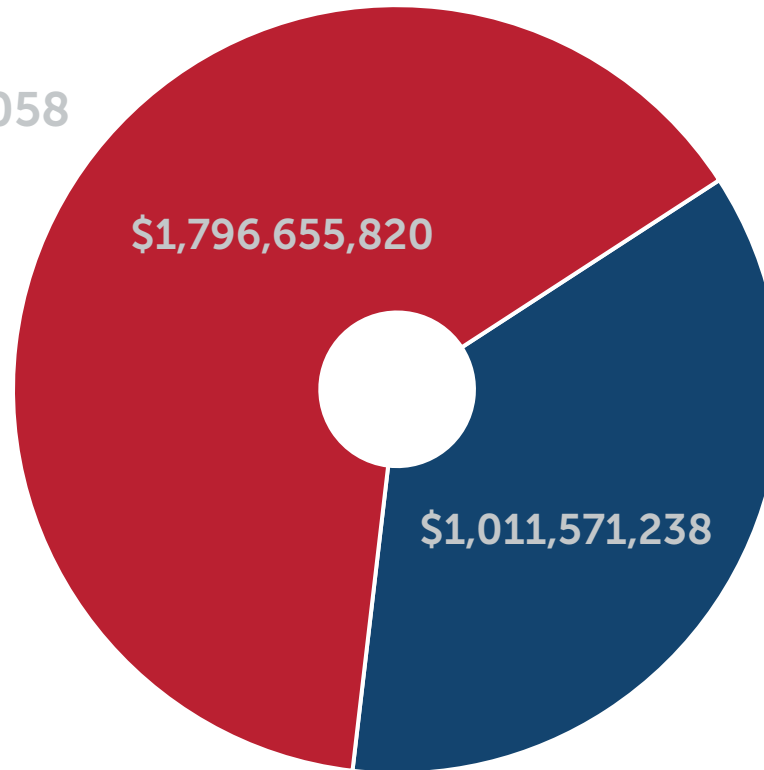
# YTD actual/budget variance | bps (Act/365)

November 2023   YTD	Actual	Budget	Variance
Net Interest Income	178.1 bps	133.5 bps	+ 44.6 bps
+ Non-Interest Income	78.7 bps	66.0 bps	+ 12.7 bps
- Operating Expenses	117.7 bps	95.1 bps	(22.6 bps)
= Net Operating Income	139.1 bps	104.4 bps	+ 34.7 bps
- CUSO Gains/Losses	3.2 bps	1.0 bps	(2.2 bps)
- PCC Dividends	34.0 bps	28.3 bps	(5.7 bps)
- Potential Rebate	4.3 bps	0.0 bps	(4.3 bps)
+ USC Estate (Net Gain)	116.9 bps	80.3 bps	+ 36.6 bps
= Net Income	214.5 bps	155.4 bps	+ 59.1 bps
Average Assets	\$900.7 M	\$1,059.1 M	(\$158.4 M)

# total assets | on- and off-balance sheet

**November 2023**

Total Managed Assets - \$2,808,227,058



■ On-Balance Sheet ■ Off-Balance Sheet

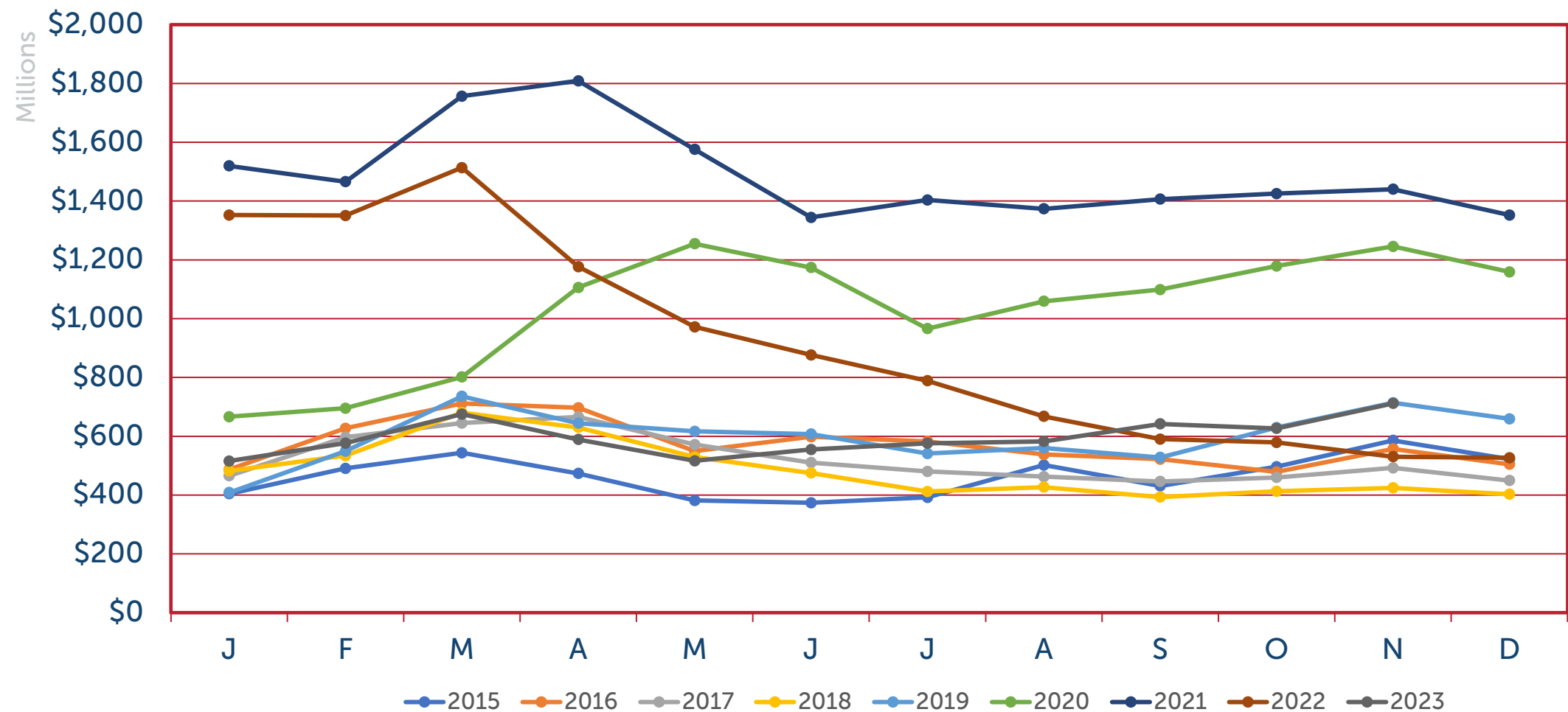
# liquidity commentary

Millennium Corporate did not access the FHLB LOC or the FRB LOC in November or in December month-to-date. Millennium currently has a collateralized LOC of \$405.1 million with FHLB and a collateralized LOC of \$74.5 million with the Federal Reserve Bank of Kansas City.

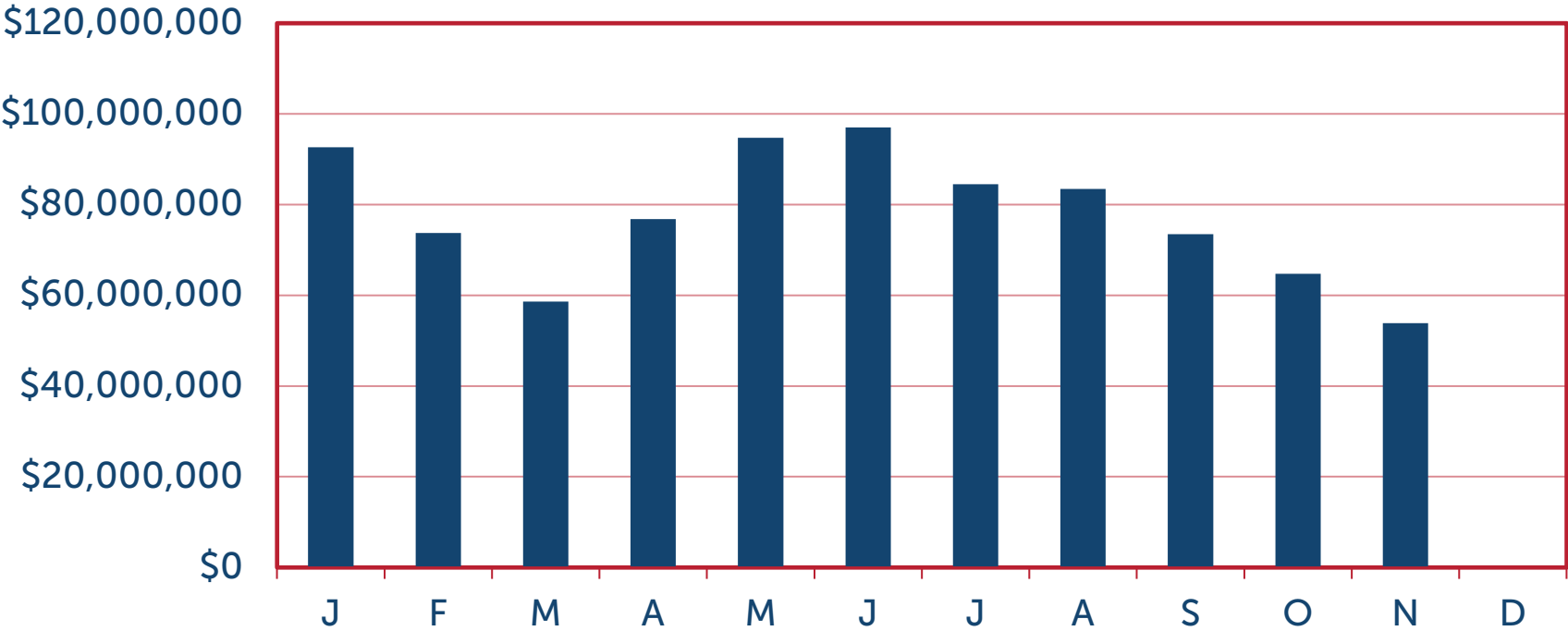
- Millennium's liquidity options remain sufficient to meet member needs.
- November 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$158.6 million with 20 member users.
- Average member loan balances are provided below:
  - June 2023 - \$97.0 million
  - July 2023 - \$84.5 million
  - August 2023 - \$83.5 million
  - September 2023 - \$73.5 million
  - October 2023 - \$64.7 million
  - November 2023 - \$53.8 million
  - December (to date) - \$56.1 million



# historical member overnight deposits



# 2023 average monthly member borrowings



# IRR | net economic value (NEV)

NEV Testing Results   October 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$119,684,314	+ \$2,769,357	+ 2.37%	12.75%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$116,914,957	-	-	12.56%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$111,448,812	(\$5,466,145)	(4.68%)	12.11%	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 2023, is \$15,159,364.
- Retained Earnings ratio is 8.527% as of November 2023 versus 4.750%, one year ago
- Millennium is categorized as “**Well Capitalized**”.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium’s November 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	November 2023	Minimum Requirement
Retained Earnings	8.53%	0.45%
Tier 1 Capital	14.23%	4.00%
Tier 1 Risk-Based Capital	100.98%	4.00%
Total Risk-Based Capital	100.98%	8.00%
<b>GAAP Capital</b>	<b>14.52%</b>	

# board meeting recap

## Board of Director's Meeting | December 21, 2023

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report and Board Resolution adopting the De Minimis Cap.
- Approved November 2023 Financial Statements
- Approved October 2023 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
  - Discussion regarding liquidity trends amongst Millennium membership
  - Discussed the results of the December NCUA Board meeting (including the CLF budget); update of the 3Q CU system performance; and on December 7<sup>th</sup> Millennium provided a report at the KDCU CU Council meeting.
  - Update on Millennium's "System Modernization Project". We are 7 weeks into Phase Two and it's going well. This Phase involves 53 CUs and 106 locations. As of December 14<sup>th</sup>, 31 CU's (58%) and 75 locations (71%) have been installed. We still anticipate completing this phase by the end of January 2024.
  - In November, Millennium announced another Item Processing Member Appreciation Rebate based on October activity and 40% of item processing fees. To date in 2023, Millennium has provided \$118,000 in rebate to users.
  - Discussed the December 12<sup>th</sup> Corporate Alliance meeting with NCUA/ONES and CLF
  - Update on FedNow activities over the past month
  - Update on our sponsorship activities and future activities with our League partners
  - Millennium December webinars included CU Innovation (Filene Research Institute) and Economic Update (Dr. Elliot Eisenberg)

# board meeting recap

## New Business | December 21, 2023

- Steve Borchers, Millennium's independent risk expert, presented and the Board approved, the Enterprise Risk Management (ERM) 4Q Board Report accepting the current residual risk level of \$3,452,761, which is 4.47% of the November 2023 Retained Earnings balance of \$77,284,671.
- Both the Supervisory Committee and the Board reviewed the fidelity bond and all other insurance coverages for 2024. At their December 11<sup>th</sup> meeting, the Supervisory Committee recommended and at the December 21<sup>st</sup> meeting, the Board passed a resolution approving the purchase of fidelity bond coverage of \$8 million and other insurance coverages for 2024.
- The 2023 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.

# board meeting recap

## New Business | December 21, 2023

- The Board approved the 2024 Millennium Strategic Plan. The plan includes three pillars: Member Growth; Product/Service Enhancements; and Talent Development. The plan includes seven initiatives for Member Growth; five initiatives for Product/Service Enhancements; and three initiatives for Talent Development. In addition to the initiatives, the plan includes the purpose, objectives, milestones, owners and projected completion date. The Board will be updated on progress through the year and formally be updated on a quarterly basis.
- The Board was provided training for accessing our new portal – CU Boardroom. The other Millennium volunteers will receive training at future committee meetings.

# supervisory committee recap

## Supervisory Committee Meeting | December 11, 2023

- Committee reviewed the results of three internal audits – coreCONNECT Security; Authority Level Review; and the updated Liquidity Plan.
- Committee reviewed four audits completed by TraceSecurity (Internal Penetration Test, Firewall Configuration, Wireless Penetration Test, FFIEC Tier 2 Information Technology Audit).
- Committee reviewed two Risk Assessments – Notification Systems (EARNs) and the wire transfer risk assessment.
- 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 2024.
- Reviewed the positive results of the Telephone Contingency Test.
- 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 – February 20, 2024



# credit committee recap

## Credit Committee Meeting | December 19, 2023

- Committee reviewed and approved 43 lines-of-credit
- Committee reviewed the Monitor Report
- Current Advised LOC status – 232 Lines/\$1,414,164,097
- Committee reviewed the October 2023 cash flow graphs and LOC coverage projections report
- Next meeting – February 13, 2024

# events calendar

## January 2024

- **1-Monday** | Millennium Closed – New Year's Day Observance
- **2-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **9-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **10-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **15-Monday** | Millennium Closed – Martin Luther King Jr. Day
- **16-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **17-18-Wednesday/Thursday** | MonDak Roundtable Meeting
- **23-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **25-Thursday** | Millennium ALCO & Board Meeting
- **29-Monday** | Enterprise Risk Management Committee Meeting
- **30-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting