

membership report

June 2023



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

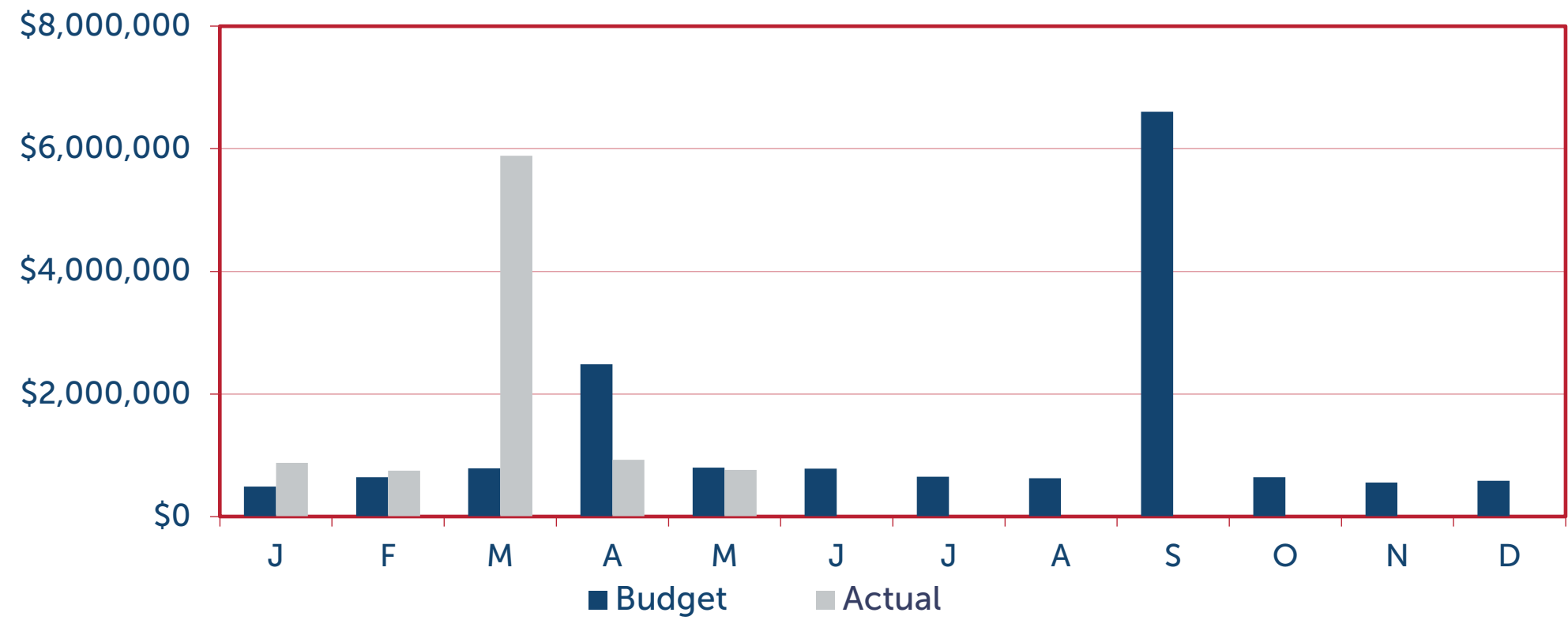
Net income for May was \$760,857, below budget by \$38,685 or 4.8% for the month. Net interest income was \$78,061 or 5.9% below budget due to lower average assets - \$334.2 million or 29.1% lower than budgeted for the month. Non-interest income was below budget by \$18,436 or 3.2% and operating expenses were below budget by \$44,477 or 5.4%. CUSO income was more than budget by \$1,803 or 120.2%. PCC dividends were slightly lower than budget as Millennium paid a 5.50% rate on the account. The year-to-date coverage ratio (fee income/operating expenses) is improving at 65.4%, but still lower than the 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 due to the higher amount received with most recent distribution of the USC Estate. The ROA through May (on 151 days/365 basis) is 250.3 bps on average assets of \$888.4 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 \$966.0 million at the end of May, a decrease of \$39.6 million or 3.9% from the previous month.

Millennium is defined as **"Well Capitalized"** and we ended the month with Retained Earnings of \$68,806,269, representing a Retained Earnings ratio of 7.12% and a Tier 1 ratio of 12.44%.

2023 budget/actual net income



YTD actual/budget variance | dollars

May 2023 YTD	Actual	Budget	Variance
Net Interest Income	\$6,945,543	\$5,910,481	+ \$1,035,062
+ Non-Interest Income	\$2,910,332	\$2,904,381	+ \$5,951
- Operating Expenses	\$4,452,051	\$4,151,272	(\$300,779)
= Net Operating Income	\$5,403,824	\$4,663,590	+ \$740,234
+ CUSO Gains/Losses	\$28,233	\$10,908	+ \$17,325
- PCC Dividends	\$1,156,482	\$1,179,064	+ \$22,582
- Potential Rebate	\$350,000	\$0	(\$350,000)
+ USC Estate (Net Gain)	\$5,274,962	\$1,703,310	+ \$3,571,652
= Net Income	\$9,200,536	\$5,198,744	+ \$4,001,792

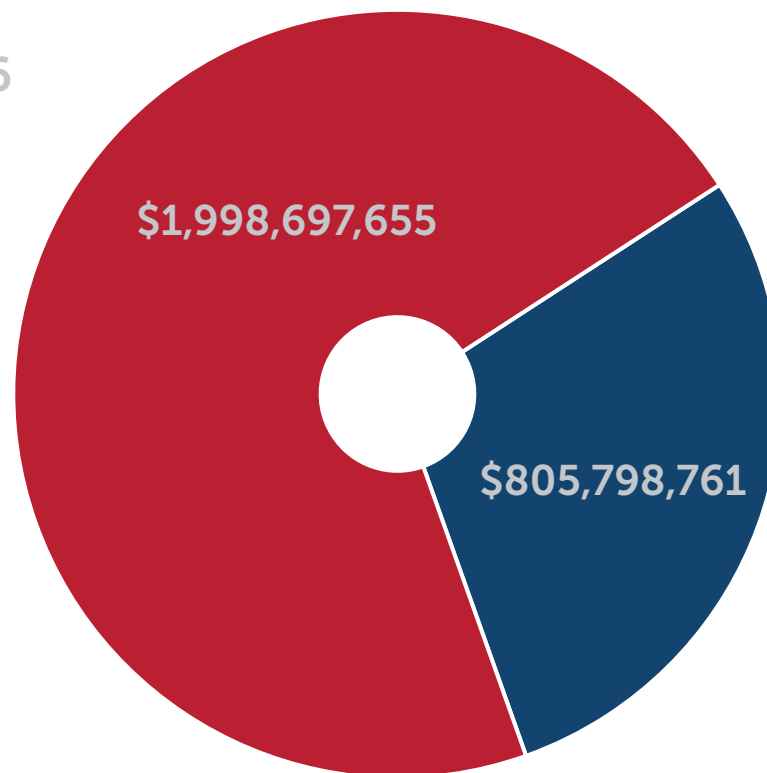
YTD actual/budget variance | bps (Act/365)

May 2023 YTD	Actual	Budget	Variance
Net Interest Income	189.0 bps	126.4 bps	+ 62.6 bps
+ Non-Interest Income	79.2 bps	62.1 bps	+ 17.1 bps
- Operating Expenses	121.1 bps	88.8 bps	(32.3 bps)
= Net Operating Income	147.1 bps	99.7 bps	+ 47.4 bps
+ CUSO Gains/Losses	0.7 bps	0.2 bps	+ 0.5 bps
- PCC Dividends	31.5 bps	25.2 bps	(6.3 bps)
- Potential Rebate	9.5 bps	0.0 bps	(9.5 bps)
+ USC Estate (Net Gain)	143.5 bps	36.4 bps	+ 107.1 bps)
= Net Income	250.3 bps	111.2 bps	+ 139.1 bps
Average Assets	\$888.4 M	\$1,130.1 M	(\$241.8 M)

total assets | on- and off-balance sheet

May 2023

Total Managed Assets - \$2,804,496,416



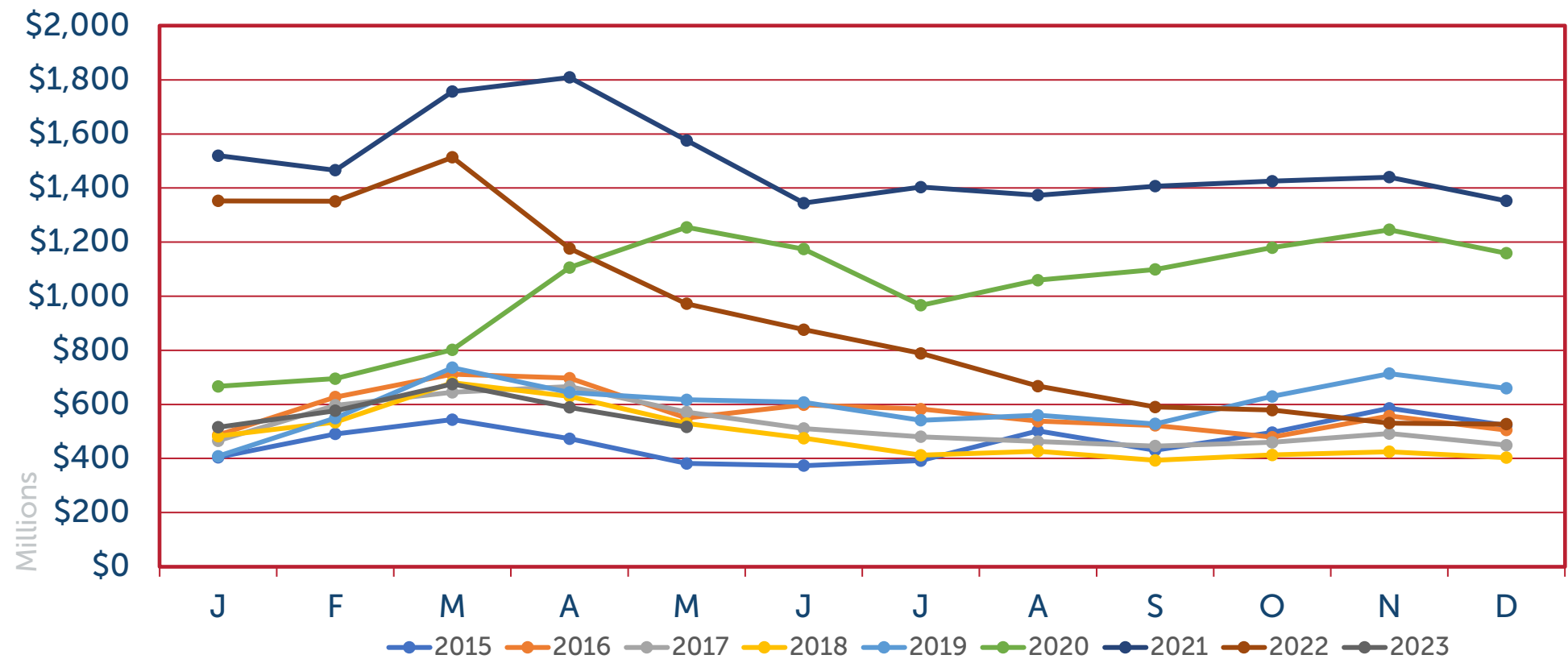
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

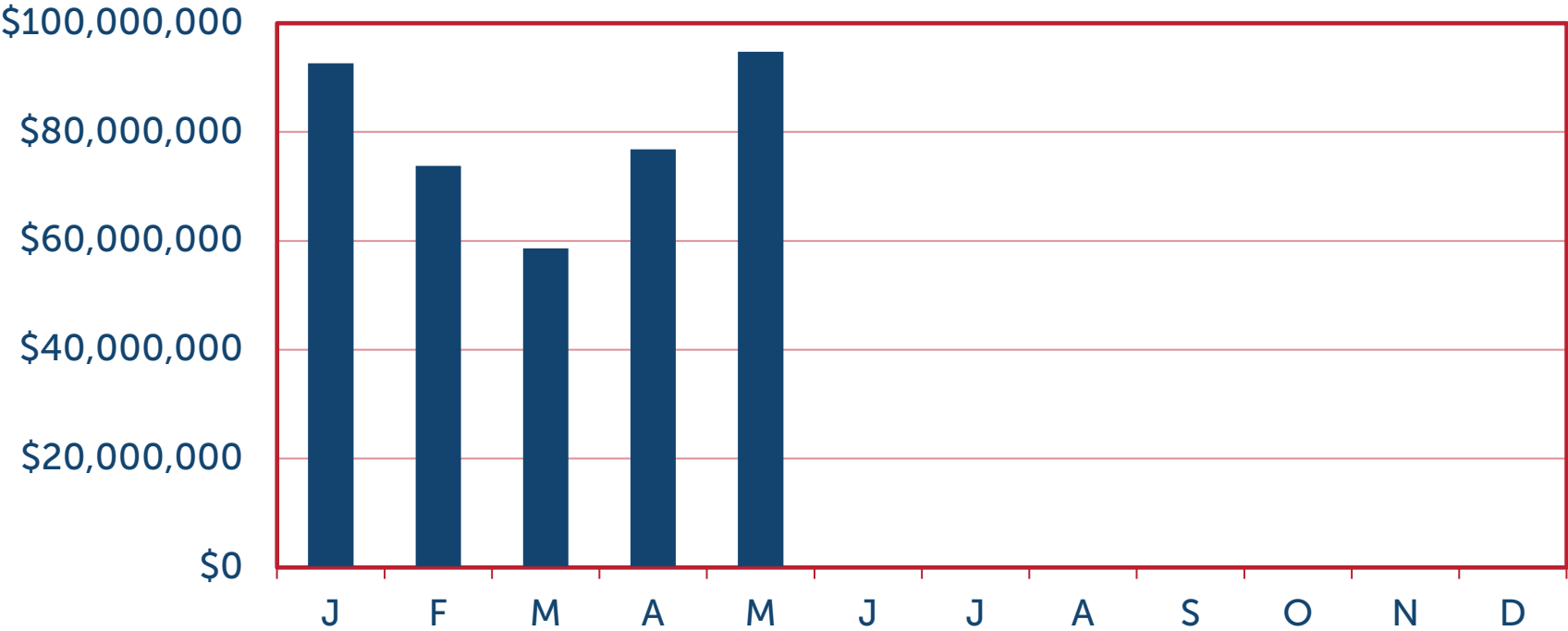
Millennium Corporate did access the FHLB LOC for four days in May and we plan to access the FHLB LOC for the quarter-end weekend for strategic purposes (June 30-July 2). Millennium currently has a collateralized LOC of \$444 million with FHLB and a collateralized LOC of \$36.0 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- May 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$180.4 million with 19 member users.
- Average member loan balances are provided below:
 - December 2022 - \$91.2 million
 - January 2023 - \$92.6 million
 - February 2023 - \$73.8 million
 - March 2023 - \$58.6 million
 - April 2023 - \$76.8 million
 - May 2023 - \$94.7 million
 - June (to date) - \$96.6 million

historical member overnight deposits



2023 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results April 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$119,544,102	+ \$3,913,757	+ 3.39%	12.50%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$115,630,345	-	-	12.22%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$111,743,468	(\$3,886,877)	(3.36%)	11.93%	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 May 2023, is \$16,435,633.
- Retained Earnings ratio is 7.12% as of May 2023 versus 3.27%, one year ago
- Millennium is categorized as **"Well Capitalized"**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium's May 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	May 2023	Minimum Requirement
Retained Earnings	7.12%	0.45%
Tier 1 Capital	12.44%	4.00%
Tier 1 Risk-Based Capital	84.94%	4.00%
Total Risk-Based Capital	84.94%	8.00%
GAAP Capital	12.78%	

board meeting recap

Board of Director's Meeting | June 22, 2023

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report and the ERM report.
- Approved May 2023 Financial Statements
- Approved April 2023 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Continued discussion regarding liquidity trends amongst Millennium membership
 - Discussed update on the CLF and the Corporate Alliance annual meeting
 - Update on opportunities with association partners July and August and the NE annual meeting
 - Update on FedNow Pilot activities; and Millennium's "System Modernization Project"
 - KDCU and NCUA conducted a joint exam from June 5th – June 16th. The exam team met with the Board Chair, Supervisory Committee Chair and the Management Team at the end of the exam and we anticipate receiving the final report at the August board meeting.

board meeting recap

New Business

- Steve Borchers, Millennium's independent risk expert, presented and the Board approved the Enterprise Risk Management 2023 Second Quarter Report, accepting the current residual risk level of \$3,545,056 which is 5.15% of the May 2023 Retained Earnings balance of \$68,806,269.
- The Board held an Executive Session.

supervisory committee recap

Supervisory Committee Meeting | June 26, 2023

- Steve Grooms, CEO of 1st Liberty FCU, was elected as Chair of the Committee
- The Committee reviewed the Supervisory Committee Charter and the Internal Audit Charter
- Committee reviewed the results of five risk assessments: Jack Henry; Convera; Fidelity Information Services (FIS); Viewpointe; and My CU Services
- Committee reviewed the results of two internal audits – Item Processing and Information Security Program Policy
- Committee reviewed the Enterprise Risk Management (ERM) second quarter Board Report, results of the May 11th Operations Recovery Test Exercise and preliminary results of the KDCU and NCUA exam
- 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 – August 28, 2023

credit committee recap

Credit Committee Meeting | June 13, 2023

- Gerry Veis, VP of Hi-Line at Altana Federal CU, was elected as Chairman of the Credit Committee
- Committee reviewed and approved 56 lines-of-credit
- Committee reviewed the Monitor Report
- Committee canceled one line-of-credit due to a merger
- Current Advised LOC status – 232 Lines/\$1,244,062,097
- Committee reviewed the April 2023 cash flow graphs and LOC coverage projections report
- Next meeting – August 16, 2023

events calendar

July 2023

- **4-Tuesday** | Independence Day – Millennium Offices Closed
- **5-Wednesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **11-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **12-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **12-Wednesday** | FinTech & Innovation Committee Meeting
- **18-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **21-Friday** | Millennium ALCO & Board Meeting
- **24-Monday** | Enterprise Risk Management Committee Meeting
- **25-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting