

membership report

March 2023



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

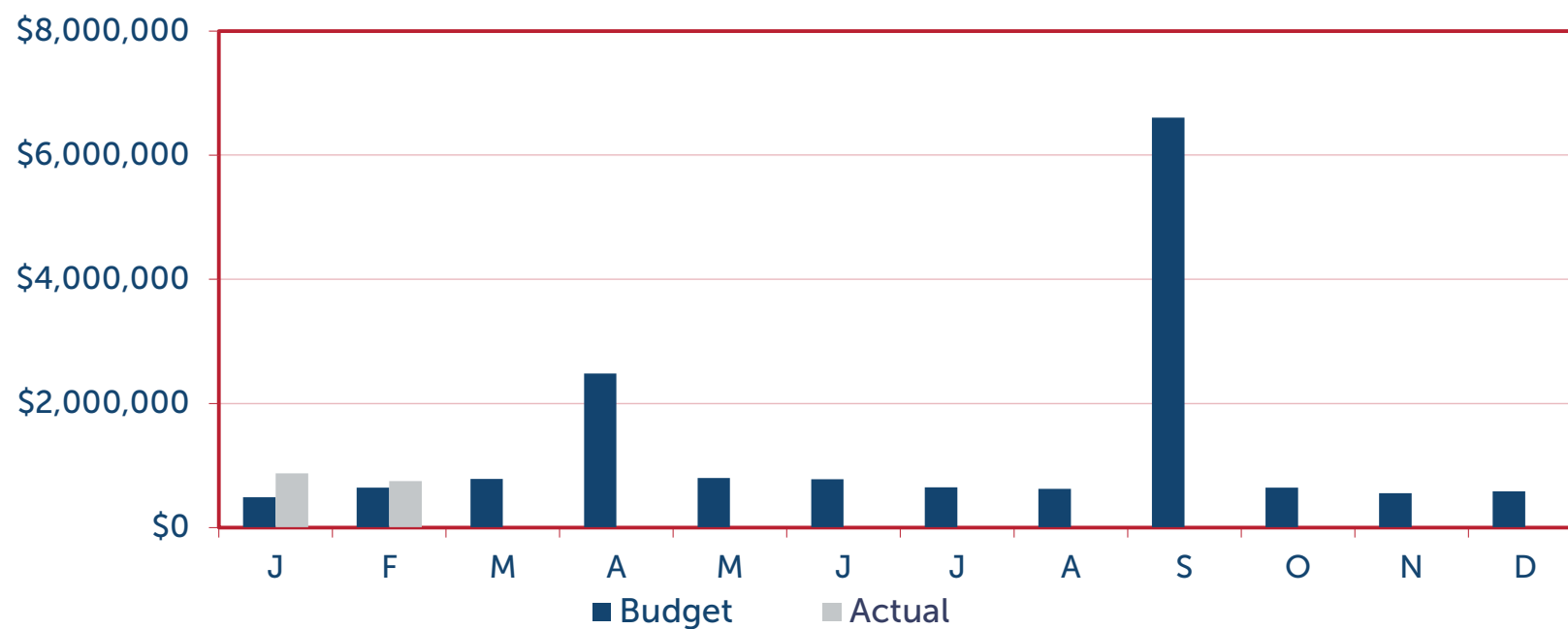
Net income for February was \$748,087, above budget by \$105,677 or 16.5% for the month. Net interest income was \$230,959 or 21.9% above budget due to higher rates on our floating rate investment portfolio. Non-interest income was under budget by \$19,159 or 3.3% due to lower commission income. Operating expenses were above budget by \$45,209 or 5.8% due to accruals for certain expenses were accelerated, and continuation of an accrual for potential future fee rebates. CUSO income was more than budget by \$14,146. 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 62.5%, which is lower than the goal of 69.7% for the year, but it will improve through the year.

Return on Assets (ROA) has started the year better than budgeted as the year-of-date ROA after February is 113.8 bps for average assets of \$883.6 million and on an actual/365 basis.

Millennium's daily average net assets (DANA) for the previous 12-month period, which is used for the calculation of our capital ratios, was \$1,129.9 million at the end of February, a decrease of \$69.5 million or 5.8% from the previous month.

Millennium is defined as **"Well Capitalized"** and we ended the month with Retained Earnings of \$61,230,390 representing a Retained Earnings ratio of 5.42% and a Tier 1 ratio of 9.96%.

2023 budget/actual net income



YTD actual/budget variance | dollars

February 2023 YTD	Actual	Budget	Variance
Net Interest Income	\$2,922,254	\$1,982,672	+ \$939,582
+ Non-Interest Income	\$1,111,041	\$1,139,996	(\$28,955)
- Operating Expenses	\$1,777,154	\$1,571,395	(\$205,759)
= Net Operating Income	\$2,256,141	\$1,551,273	+ \$704,868
+ CUSO Gains/Losses	\$20,554	\$6,408	\$0
- PCC Dividends	\$427,039	\$426,960	+ 14,146
- Potential Rebate	\$225,000	\$0	(\$225,000)
+ USC Estate (Net Gain)	\$0	\$0	\$0
= Net Income	\$1,624,656	\$1,130,721	(\$494,014)

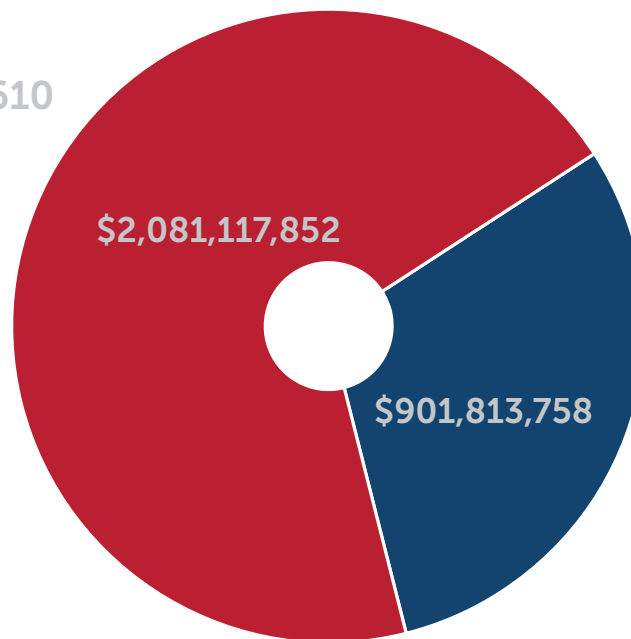
2023 actual/budget variance | bps (Act/365)

February 2023 YTD	Actual	Budget	Variance
Net Interest Income	2.046 bps	1.197 bps	+ 0.849 bps
+ Non-Interest Income	0.778 bps	0.688 bps	+ 0.090 bps
- Operating Expenses	1.244 bps	0.948 bps	(0.296 bps)
= Net Operating Income	1.580 bps	0.937 bps	+ 0.643 bps
+ CUSO Gains/Losses	0.014 bps	0.004 bps	+ 0.010 bps
- PCC Dividends	0.299 bps	0.258 bps	(0.041 bps)
- Potential Rebate	0.157 bps	0.000 bps	(0.157 bps)
+ USC Estate (Net Gain)	0.000 bps	0.000 bps	0.000 bps
= Net Income	1.138 bps	0.683 bps	(0.455 bps)
Average Assets	\$883.6 M	\$1,025.0 M	(\$141.4 M)

total assets | on- and off-balance sheet

February 2023

Total Managed Assets - \$2,982,931,610



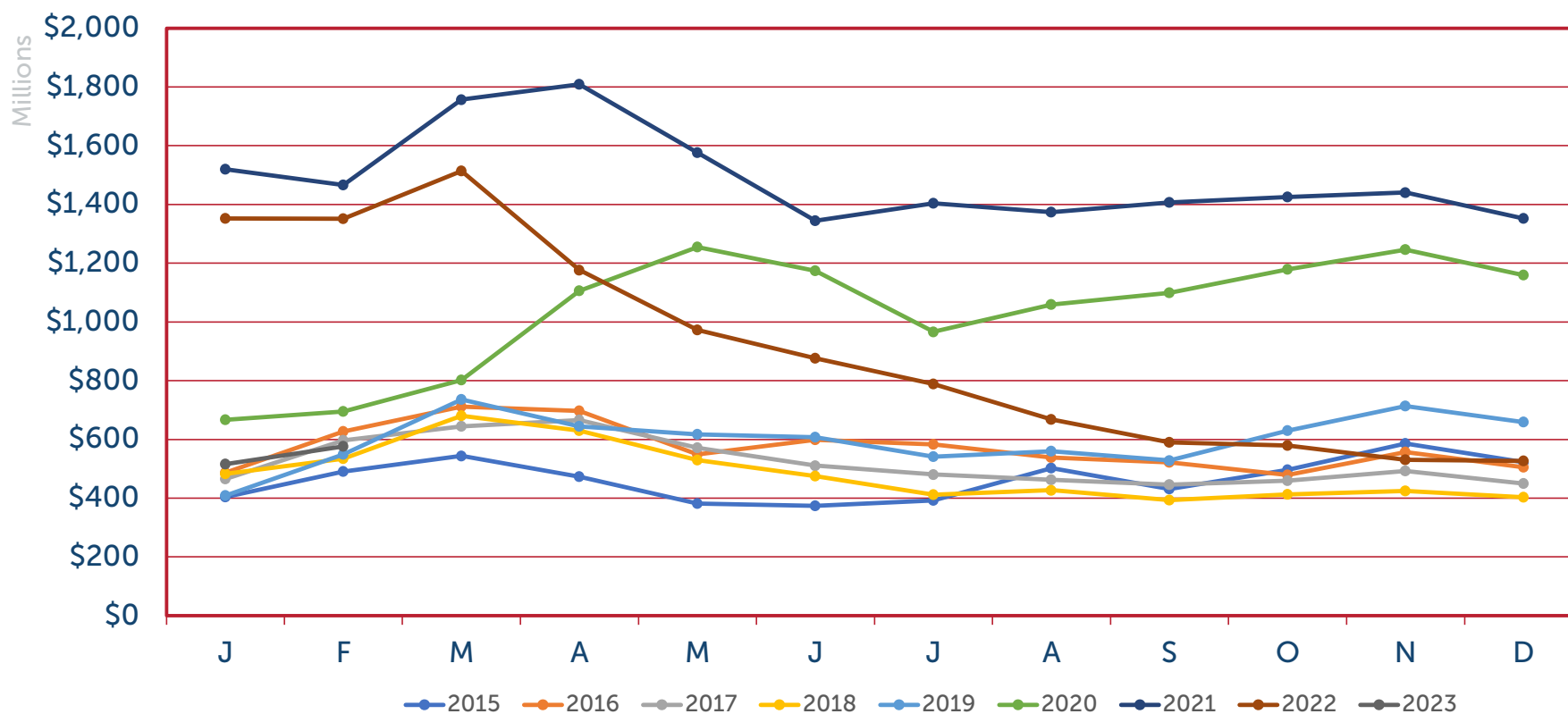
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

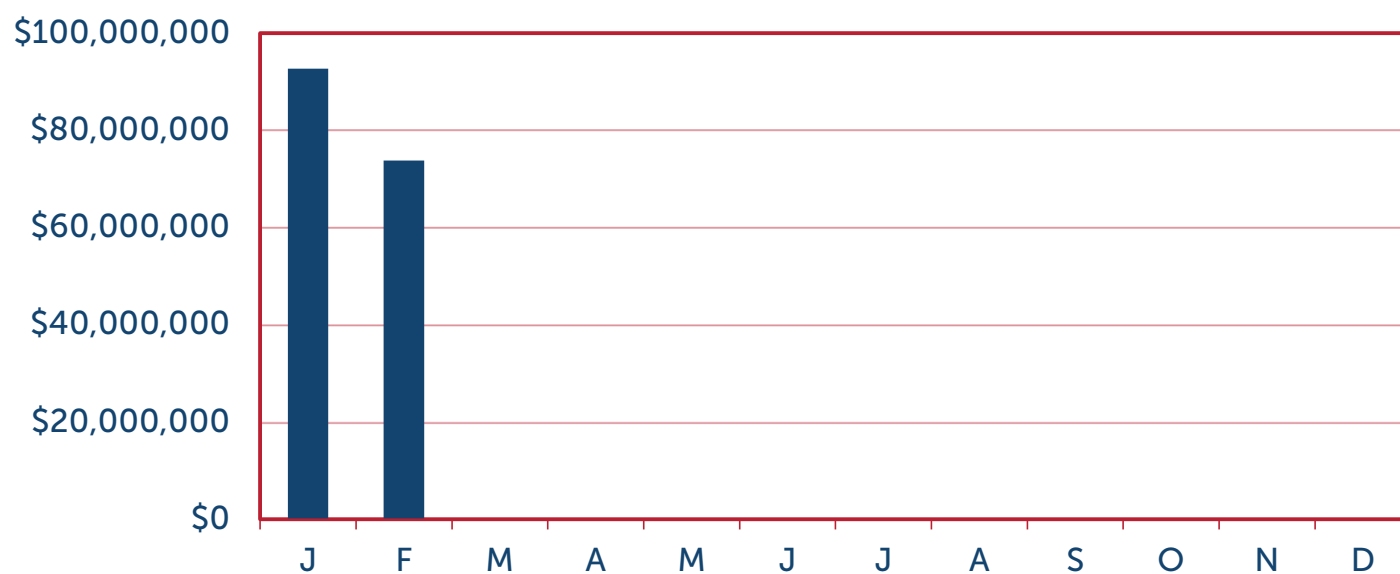
Millennium Corporate has accessed our FHLB line-of-credit (LOC) throughout most of September, October, November, December and January. Millennium has not accessed the FHLB LOC since mid-February. Millennium currently has a collateralized LOC of \$460.0 million with FHLB and a collateralized LOC of \$51.0 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- February 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a record high with a total of \$186.4 million with 22 member users.
- Average loan balances are provided below:
 - September 2022 - \$55.8 million
 - 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 (to date) - \$56.4 million

historical member overnight deposits



2023 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results January 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$112,382,944	+ \$4,881,227	+ 4.54%	13.54%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$107,501,717	-	-	13.12%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$102,434,096	(\$5,067,621)	(4.71%)	12.66%	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 February 2023, is \$16,943,703.
- Retained Earnings ratio is 5.42% as of February 2023 versus 2.62%, one year ago
- Millennium is categorized as **"Well Capitalized"**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium's February 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	February 2023	Minimum Requirement
Retained Earnings	5.42%	0.45%
Tier 1 Capital	9.96%	4.00%
Tier 1 Risk-Based Capital	76.84%	4.00%
Total Risk-Based Capital	76.84%	8.00%
GAAP Capital	10.22%	

board meeting recap

Board of Director's Meeting | March 23, 2023

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report; and the Nominating Committee Appointments.
- Approved February 2023 Financial Statements & Committee Reports.
- Approved January 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 an appointment of a new NCUA Examiner-in-Charge to work with KDCU in the joint exam.
 - Discussed communication from the Liquidating Agent for the USC Estate notifying us that we will be receiving a 4.9% distribution on our MCS claim and 21.1% distribution on our PIC claim.
 - Considering the recent bank failures, legislative staffs of both sides of the aisle are open to legislation that focus on systemic liquidity issues. It may provide an opportunity to extend the recent CLF enhancements.
 - Continued discussion regarding liquidity trends amongst the membership.
 - Update on opportunities with association partners and upcoming annual meetings in April, May and June.
 - Update on FedNow Pilot activities and the Federal Reserve "Bank Term Funding Program".
 - Update on Millennium's "System Modernization Project" which has been configured into three phases, with the first phase to begin this quarter.
 - March 2023 PCC rate will be 5.25%.

board meeting recap

New Business

- Jerry Tenbrink of J. Tenbrink & Associates met with the Board to review the results of the Independent Auditors' Report on the audit of Millennium's 2022 financial statements. Mr. Tenbrink presented the Independent Auditors' Report, which includes the attestation on Internal Controls Over Financial Reporting and the Management Letter. As in prior years, Millennium received a qualified opinion due solely to the classification of Members Shares as Equity. The Board approved the 2022 Annual Audit Report as presented.
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the quarterly Enterprise Risk Management (ERM) Board Report accepting the current residual risk level of \$2,826,009 which is 4.67% of the January 2023 Retained Earnings of \$60,482,302.

board meeting recap

New Business

Scott Burditt of Burditt Consulting joined the Board meeting to present the results of the 2023 Member Survey. What did the Millennium Board and Staff hear from the membership?

- Millennium achieved 4 3/4 stars (out of 5) for the value our members derive from membership.
- Millennium earned a Net Promoter Score (NPS) of 80, which is incredible, indicating members are willing to recommend Millennium to other credit unions.
- Millennium learned members most value the personalized service we offer, our impact on easing operational burdens at our member credit unions and the affordability of Millennium offerings.
- Millennium has an opportunity to deliver greater value to our membership by continuously evaluating rates and pricing, bringing new products and technologies to the market and more proactively bringing new ideas and recommendations to our members.

events calendar

April 2023

- **11-14 Tue/Wed/Thur/Fri** | Impact 2023 - Cornerstone League Annual Meeting
- **12-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **17-Monday** | Millennium Supervisory Committee
- **25-Tuesday** | Primary Financial Company Annual Meeting
- **27-Thursday** | Millennium ALCO & Board Meeting