

membership report

September 2023



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

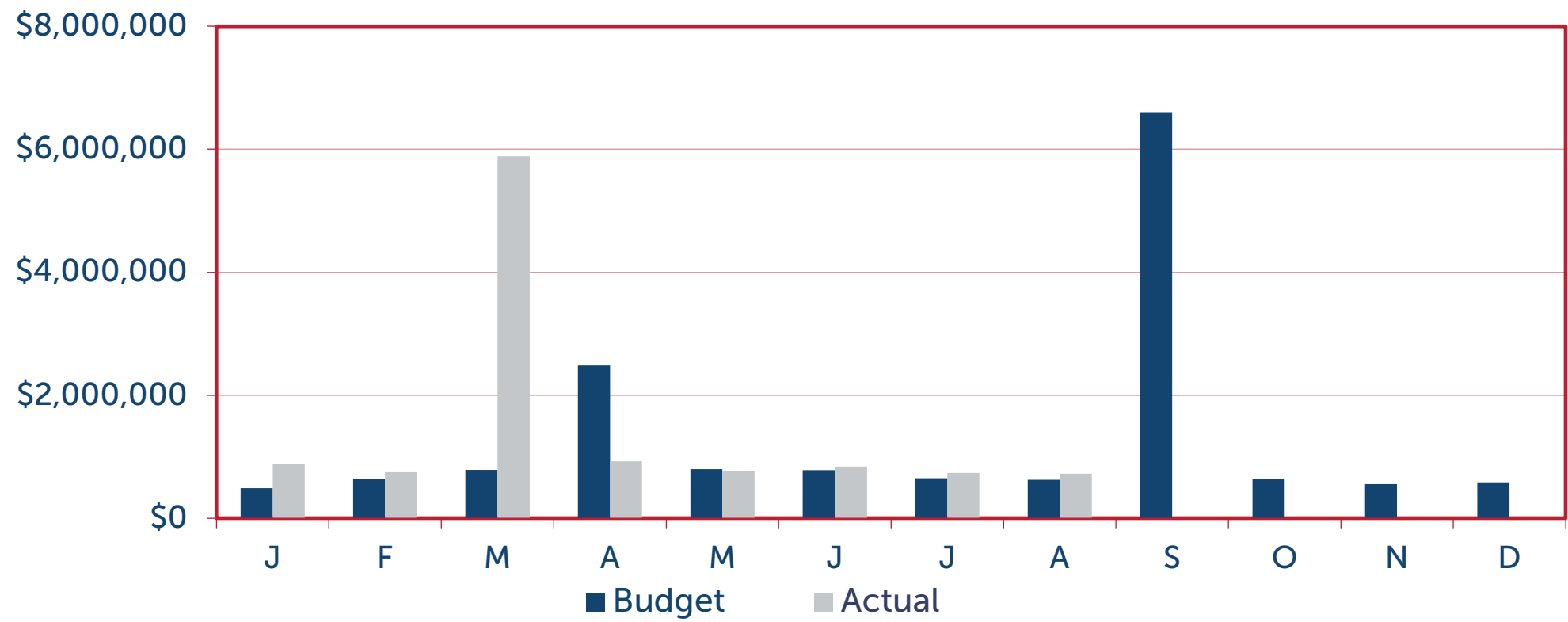
Net income for August was \$725,124, above budget by \$99,522 or 15.9% for the month. Net interest income was \$135,454 or 12.0% above budget due to the positive impact on our floating-rate investments. Non-interest income was below budget by \$2,509 or 0.4% due to lower commission and other non-interest income. Operating expenses were higher than budget by \$23,900 or 2.9% due to an increase for item processing outreach travel and promotion for CU events. CUSO income was more than budget by \$2,379 or 158.6%. PCC dividends were higher than budget as Millennium paid a 6.00% rate on the account. The year-to-date coverage ratio (fee income/operating expenses) is improving at 67.1%, 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 budget due to the higher amount received with the most recent distribution of the USC Estate. The ROA through August (on 243 days/365 basis) is 196.6 bps on average assets of \$879.0 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 \$915.6 million at the end of August, a decrease of \$8.7 million or 0.9% from the previous month.

Millennium is defined as **"Well Capitalized"** and we ended the month with Retained Earnings of \$71,110,156, representing a Retained Earnings ratio of 7.77% and a Tier 1 ratio of 13.38%.

2023 budget/actual net income



YTD actual/budget variance | dollars

August 2023 YTD	Actual	Budget	Variance
Net Interest Income	\$10,781,293	\$9,494,864	+ \$1,286,429
+ Non-Interest Income	\$4,682,461	\$4,640,673	+ \$41,788
- Operating Expenses	\$6,978,136	\$6,631,184	(\$346,952)
= Net Operating Income	\$8,485,618	\$7,504,350	+ \$981,268
+ CUSO Gains/Losses	\$37,518	\$15,408	+ \$22,110
- PCC Dividends	\$1,943,674	\$1,965,355	+ \$21,681
- Potential Rebate	\$350,000	\$0	(\$350,000)
+ USC Estate (Net Gain)	\$5,274,961	\$1,703,310	+ \$3,571,651
= Net Income	\$11,504,424	\$7,257,716	+ \$4,246,708

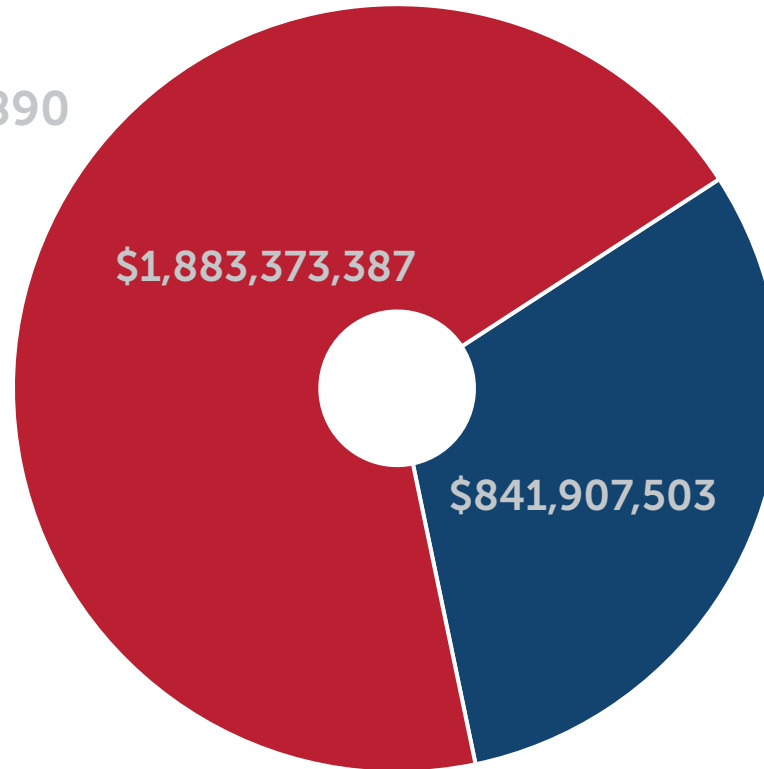
YTD actual/budget variance | bps (Act/365)

August 2023 YTD	Actual	Budget	Variance
Net Interest Income	184.2 bps	131.2 bps	+ 53.0 bps
+ Non-Interest Income	80.0 bps	64.1 bps	+ 15.9 bps
- Operating Expenses	119.2 bps	91.6 bps	(27.6 bps)
= Net Operating Income	145.0 bps	104.0 bps	+ 41.0 bps
+ CUSO Gains/Losses	0.6 bps	0.2 bps	+ 0.4 bps
- PCC Dividends	33.2 bps	27.2 bps	(6.0 bps)
- Potential Rebate	6.0 bps	0.0 bps	(6.0 bps)
+ USC Estate (Net Gain)	90.2 bps	23.5 bps	+ 66.7 bps)
= Net Income	196.6 bps	100.3 bps	+ 96.3 bps
Average Assets	\$879.0 M	\$1,086.8 M	(\$207.8 M)

total assets | on- and off-balance sheet

August 2023

Total Managed Assets - \$2,725,280,890



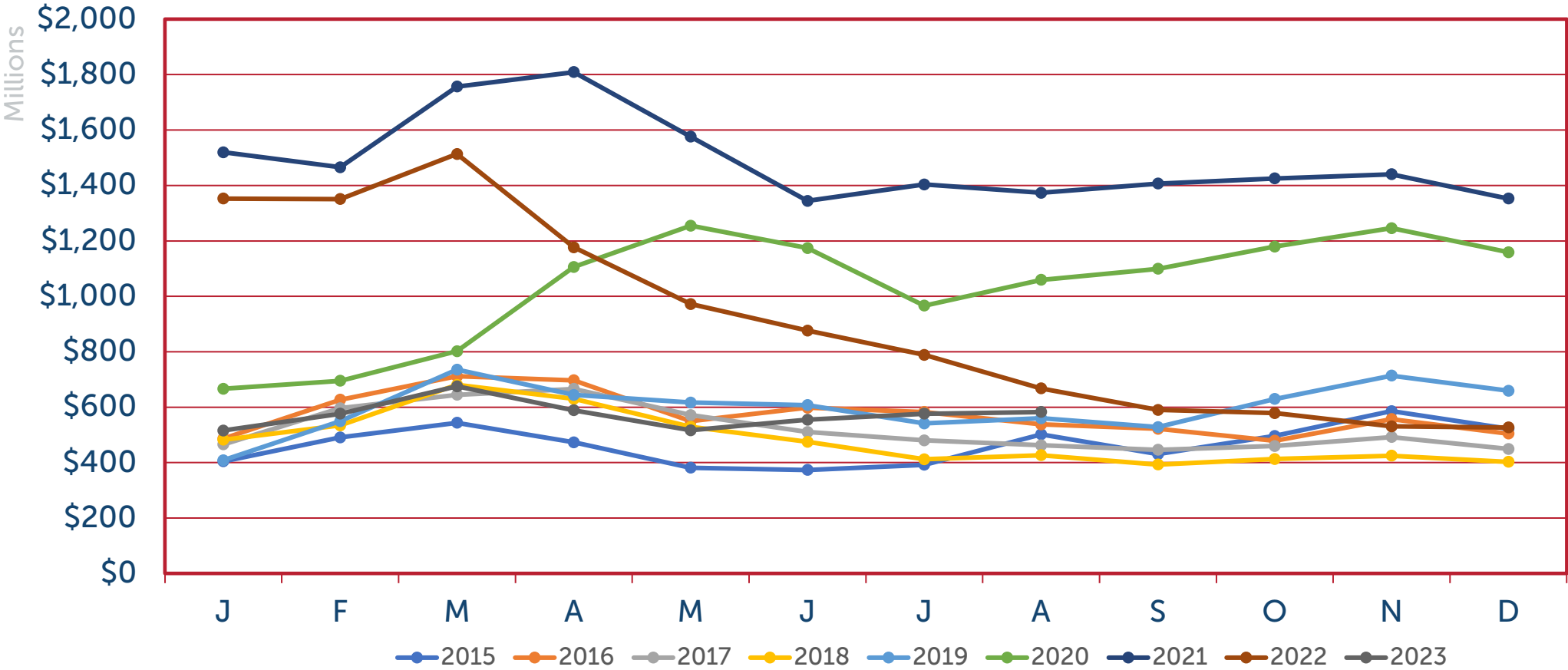
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

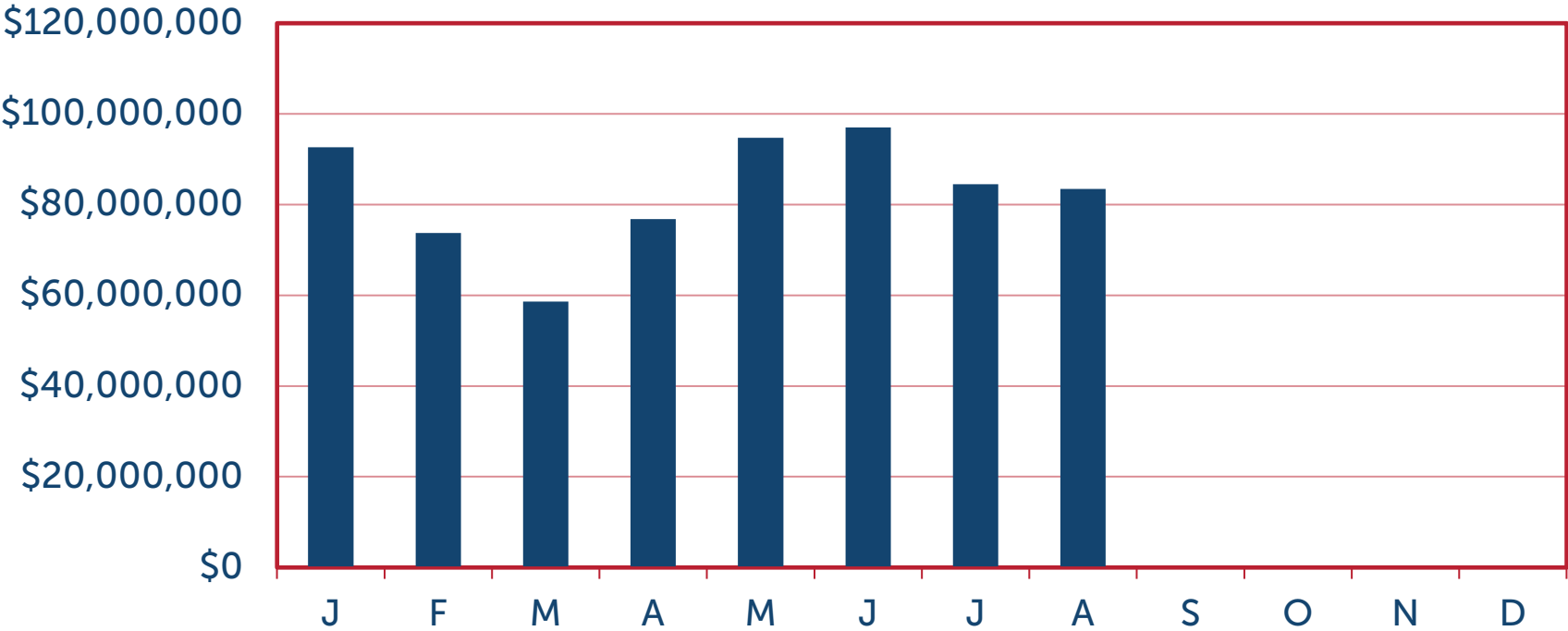
Millennium Corporate accessed the FHLB LOC for a few days in August. During the month of August, Millennium borrowed \$50 million at the beginning of each week and paid it off prior to the end of the week. Millennium currently has a collateralized LOC of \$434 million with the FHLB and a collateralized LOC of \$46.0 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- August 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$182.8 million with 20 member users.
- Average member loan balances are provided below:
 - March 2023 - \$58.6 million
 - April 2023 - \$76.8 million
 - May 2023 - \$94.7 million
 - June 2023 - \$97.0 million
 - July 2023 - \$84.5 million
 - August 2023 - \$83.5 million
 - September (to date) - \$74.4 million

historical member overnight deposits



2023 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results July 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$120,263,561	+ \$3,551,409	+ 3.04%	13.91%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$116,712,152	-	-	13.65%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$111,707,065	(\$5,005,087)	(4.29%)	13.22%	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 2023, is \$17,381,759.
- Retained Earnings ratio is 7.77% as of August 2023 versus 3.66%, one year ago
- Millennium Corporate is categorized as **“Well Capitalized”**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium’s August 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	August 2023	Minimum Requirement
Retained Earnings	7.77%	0.45%
Tier 1 Capital	13.38%	4.00%
Tier 1 Risk-Based Capital	91.13%	4.00%
Total Risk-Based Capital	91.13%	8.00%
GAAP Capital	13.70%	

board meeting recap

Board of Director's Meeting | September 29, 2023

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report and FRB & FHLB authorization forms
- Approved August 2023 Financial Statements
- Approved July 2023 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Continued discussion regarding liquidity trends amongst Millennium membership
 - Discussed the September correspondence from the Liquidating Agent of the USC Estate
 - Update on Millennium's "System Modernization Project". Phase One is completed, sixty-seven CUs and one-hundred and sixty-two locations have been installed and are live on the new system. Phase Two will launch in early November and involve CU;s on the Fast Forward Deposit Program.
 - Update on FedNow activities over the past month
 - On September 20th Millennium communicated to our item processing users they would receive a 30% discount on their August 2023 correspondent invoice.
 - Update on our sponsorship activities over the past month and future activities with our League partners.
 - The President announced his intention to nominate Tanya Otsuka to the NCUA Board. Ms. Otsuka currently serves as Senior Counsel for the majority staff of the Senate Banking Committee where she has handled the Committee's work on Banking and CU issues since 2020.

board meeting recap

New Business

- Steve Borchers, Millennium Corporate's independent risk management expert, presented and the Board approved, the ERM Third Quarter Board Report accepting the current residual risk level of \$3,534,030 which is 4.97% of the August 2023 Retained Earnings balance of \$71,110,156.

strategic planning session | September 28th

Millennium's Strategic Planning Session | The Elms Hotel - Excelsior Springs, MO

The Management Team had their own full-day planning session on September 18th. The objectives were to reflect on current state of business and success for 2023; revise proposed initiatives for 2023 as appropriate; and discuss objectives for board planning and preparations required.

On September 28th, twenty volunteers/Millennium staff spent the entire day focusing on Millennium's Strategic Plan. Through a variety of fast exercises, we discussed 2023 in review; success; future improvements; updated Millennium's SWOT; reviewed and updated our pillars of success; identified what success looked like by 2024 and by 2027; and built out a proposed tactical roadmap with proposed goals for 2024 and through 2027.

Every participant was very engaged in the planning process, and we got great feedback that is valuable to the entire Millennium Team. The Millennium Staff value our volunteer's leadership and helping us to improve the value Millennium is delivering to the Membership.

Staff will use the feedback in the planning process and propose an updated Strategic Plan at the November or December 2023 Board Meeting. Scott Burditt, of Burditt Consulting, was the facilitator for the Millennium Planning Session.

events calendar

October 2023

- 4-Wednesday | Millennium FinTech & Innovation Committee Meeting
- 9-Monday | Millennium Closed – Observation of Columbus Day
- 10-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting
- 10-11 Tuesday/Wednesday | New Ideas Conference, Dakota CU Association, Deadwood, SD
- 11-Wednesday | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- 17-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting
- 17/19-Tue/Wed/Thu | Be Fearless, Montana's CU's, Kalispell, MT
- 18-Wednesday | Credit Committee Meeting
- 24-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting
- 26-Thursday | Millennium ALCO & Board Meeting
- 30-Monday | Supervisory Committee Meeting