

membership report

November 2023



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

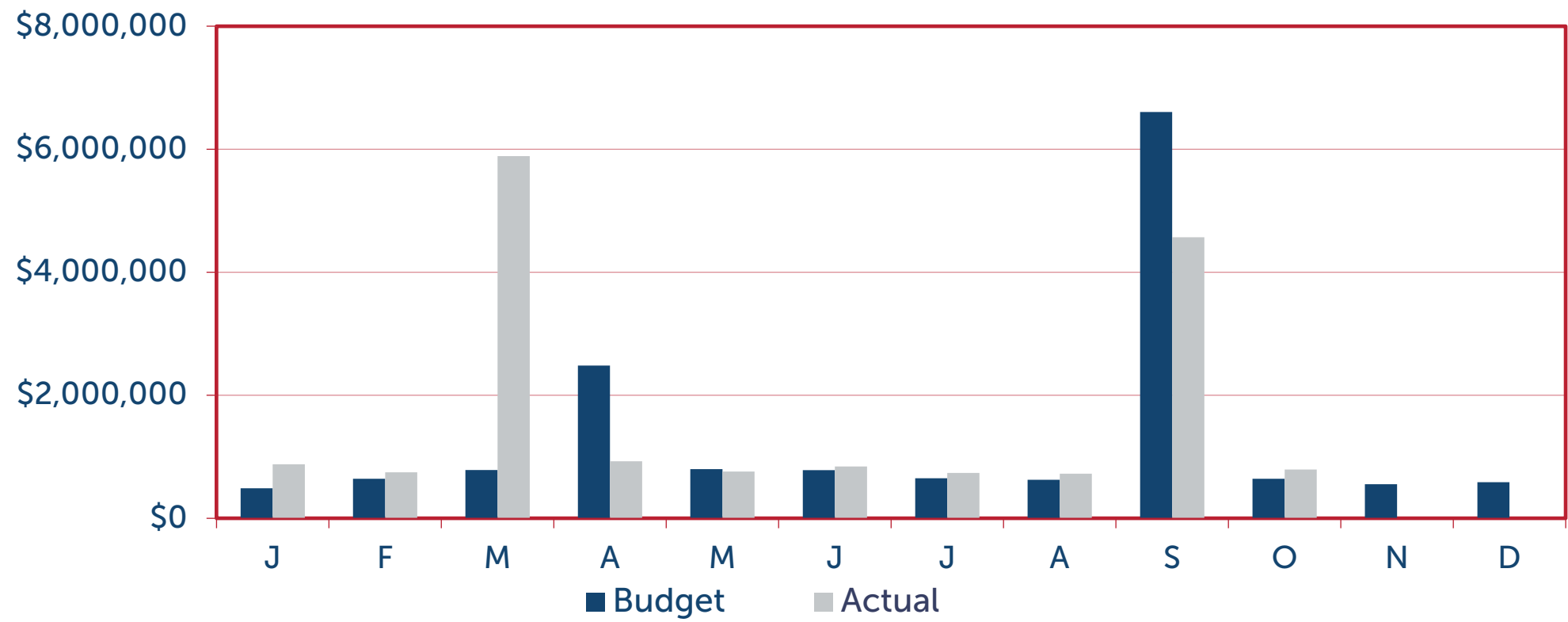
Net income for October was \$793,815, above budget by \$151,869 or 23.7% for the month. Net interest income was \$114,464 or 9.6% above budget due to the continued positive impact on our floating-rate investments. Non-interest income was below budget by \$40,966 or 6.8% due to lower commission income and missed timing of a Credit Committee meeting. Operating expenses were lower than budget by \$41,540 or 5.0%. CUSO income was higher than budget due to the recognition of the recognized loss for our brokerage CUSO last month. PCC dividends were higher than budget by \$23,479 or 8.9%, as Millennium paid a 6.25% rate on the account. The year-to-date coverage ratio (fee income/operating expenses) is 65.7%, 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 October. The ROA through October (on 304 days/365 basis) is 227.4 bps on average assets of \$890.7 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 \$903.3 million at the end of October, a decrease of \$6.6 million or 0.7% from the previous month.

Millennium is defined as **"Well Capitalized"** and we ended the month with Retained Earnings of \$76,473,872, representing a Retained Earnings ratio of 8.47% and a Tier 1 ratio of 14.19%.

2023 budget/actual net income



YTD actual/budget variance | dollars

October 2023 YTD	Actual	Budget	Variance
Net Interest Income	\$13,391,186	\$11,811,576	+ \$1,579,610
+ Non-Interest Income	\$5,851,257	\$5,825,241	+ \$26,016
- Operating Expenses	\$8,902,566	\$8,388,658	(\$513,908)
= Net Operating Income	\$10,339,877	\$9,248,159	+ \$1,091,718
- CUSO Gains/Losses	\$252,681	\$38,554	(\$214,127)
- PCC Dividends	\$2,511,184	\$2,486,700	(\$24,484)
- Potential Rebate	\$350,000	\$0	(\$350,000)
+ USC Estate (Net Gain)	\$9,642,128	\$7,781,310	+ \$1,860,818
= Net Income	\$16,868,140	\$14,504,215	+ \$2,363,925

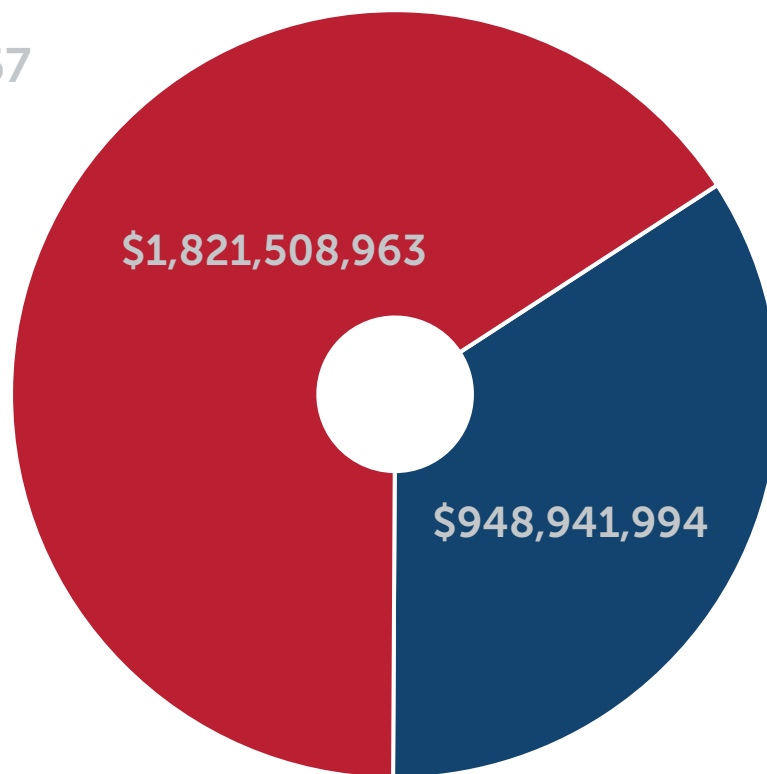
YTD actual/budget variance | bps (Act/365)

October 2023 YTD	Actual	Budget	Variance
Net Interest Income	180.5 bps	132.9 bps	+ 47.6 bps
+ Non-Interest Income	78.9 bps	65.5 bps	+ 13.4 bps
- Operating Expenses	120.0 bps	94.4 bps	(25.6 bps)
= Net Operating Income	139.4 bps	104.0 bps	+ 35.4 bps
- CUSO Gains/Losses	3.4 bps	0.4 bps	(3.0 bps)
- PCC Dividends	33.8 bps	28.0 bps	(5.8 bps)
- Potential Rebate	4.7 bps	0.0 bps	(4.7 bps)
+ USC Estate (Net Gain)	129.9 bps	87.5 bps	+ 42.4 bps
= Net Income	227.4 bps	163.1 bps	+ 64.3 bps
Average Assets	\$890.7 M	\$1,067.4 M	(\$176.7 M)

total assets | on- and off-balance sheet

October 2023

Total Managed Assets - \$2,770,450,957



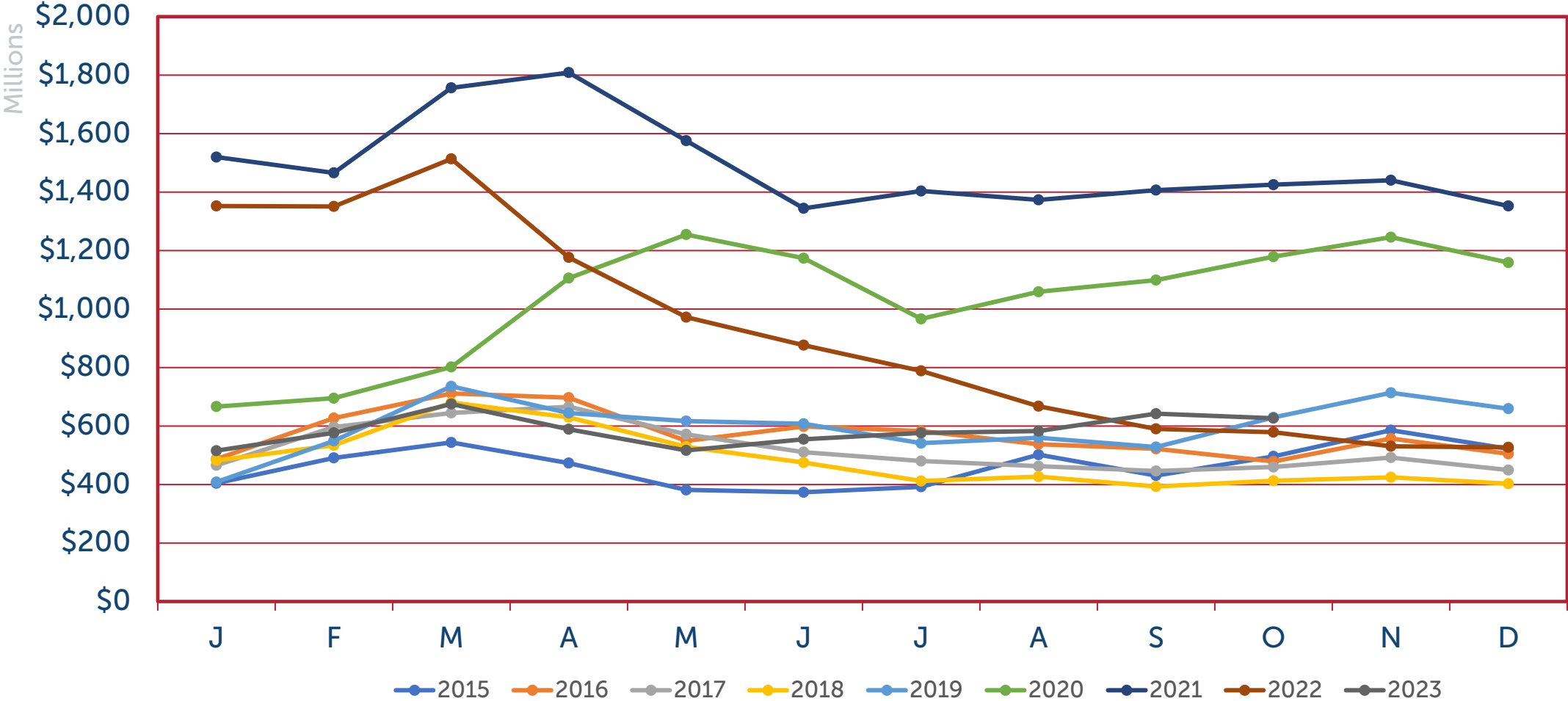
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

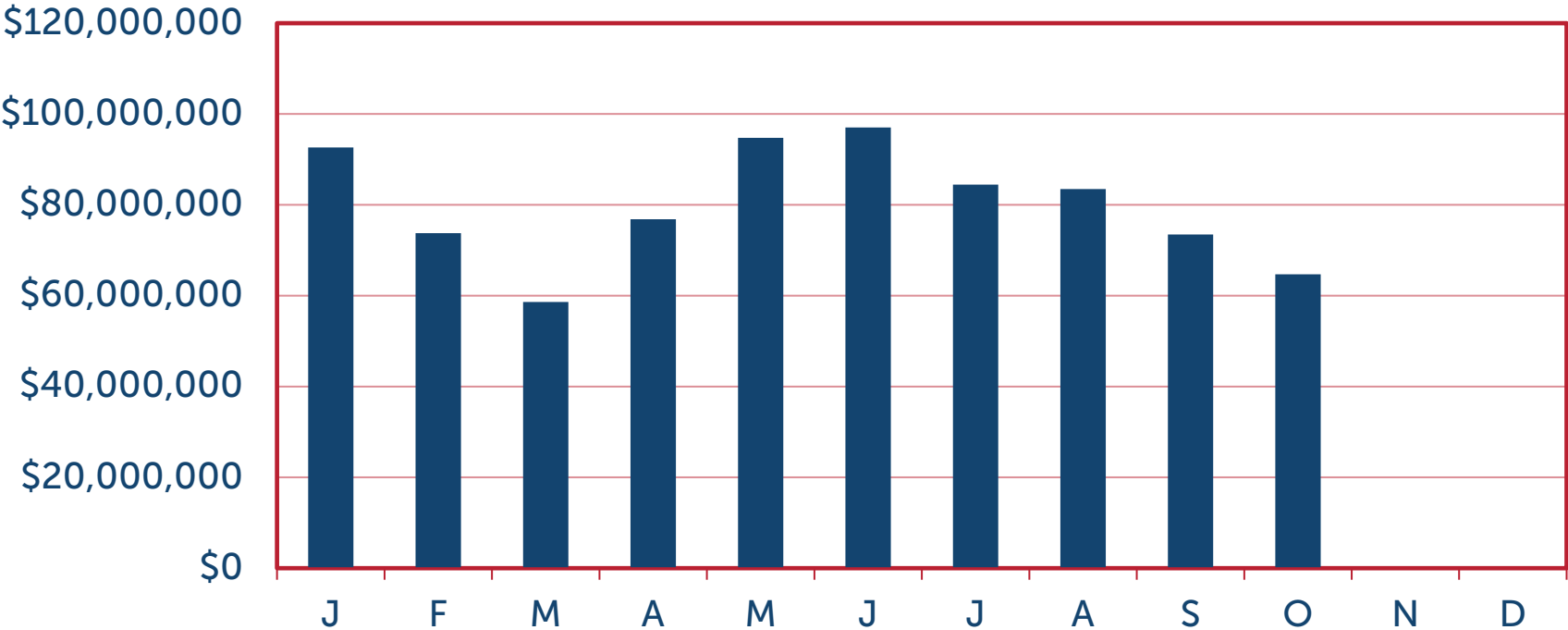
Millennium Corporate accessed our FHLB LOC for a couple of mid-weekdays in October. Millennium currently has a collateralized LOC of \$430.0 million with FHLB and a collateralized LOC of \$48.0 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- October 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$173.0 million with 20 member users.
- Average member loan balances are provided below:
 - May 2023 - \$94.7 million
 - 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 (to date) - \$53.5 million

historical member overnight deposits



2023 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results September 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$120,786,150	+ \$2,557,421	+ 2.16%	10.01%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$118,228,729	-	-	9.86%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$112,800,190	(\$5,428,539)	(4.59%)	9.49%	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 October 2023, is \$14,958,244.
- Retained Earnings ratio is 8.467% as of October 2023 versus 4.505%, one year ago
- Millennium is categorized as **"Well Capitalized"**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium's October 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	October 2023	Minimum Requirement
Retained Earnings	8.47%	0.45%
Tier 1 Capital	14.19%	4.00%
Tier 1 Risk-Based Capital	98.62%	4.00%
Total Risk-Based Capital	98.62%	8.00%
GAAP Capital	14.48%	

board meeting recap

Board of Director's Meeting | November 16, 2023

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report and Corporate Security Administrator Board Resolution
- Approved October 2023 Financial Statements
- Approved September 2023 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Continued discussion regarding liquidity trends amongst Millennium membership
 - Discussed the upcoming November NCUA Board meeting, NCUA Chairman testimony before congressional panels and our recent meeting with our examiners.
 - Update on Millennium's "System Modernization Project". We are two weeks into Phase Two and it's going well. This Phase involves 55 CUs and 109 locations. As of the end of November, 16 CU's (29%) and 52 locations (48%) have been installed. We anticipate completing this phase by the end of January 2024.
 - Update on FedNow activities over the past month
 - Discussed upcoming Corporate Alliance virtual meeting with NCUA/ONES and CLF.
 - Discussed CUNA/NAFCU merger, PSCU/Co-op merger and FHFA review of the FHLBank System.
 - Update on our sponsorship activities over the past month and future activities with our League partners.
 - Millennium celebrated our 72nd year of existence as a state-chartered CU on November 27th.
 - Board reviewed the September 2023 corporate credit union call report data.

board meeting recap | old business

Old Business – Reviewed the financial results of our CUSO investments as of September 2023

- Primary Financial Company, LLC (SimpliCD) had net income of \$353,431 for the first nine months of 2023. The company has total equity of \$16.9 million, representing an equity ratio of 47.1%. Millennium ended September with outstanding SimpliCD balances of \$570.8 million and SimpliCD issuance of \$183.7 million, an option used by Millennium members to generate additional liquidity. Millennium's current ownership percentage is 12.0% and our investment amount is \$2,033,940.
- CU Business Group, LLC (CUBG) had net income of \$27,274 for the nine months of 2023. Total equity is \$3.8 million, representing an equity ratio of 67.8% as of September 2023. The increase in interest rates and a tight liquidity environment in the CU industry has contributed to a slower than expected 2023 for CUBG. They have four straight months of profitability and will end the year with a good return. Millennium's current ownership percentage is 4.41% and our investment amount is \$120,000.
- CU Investment Solutions, LLC (ISI) had a net loss of \$1,443,339. ISI's fiscal year runs from October 2022 through September 2023. Millennium recognized the majority of our loss in October (\$300,000) and the remainder (\$20,710) when we receive the final audit in December. As of September 2023, ISI had retained earnings of \$1,257,300, reflecting an equity ratio of 45.7%. Millennium's current ownership percentage is 22.2% and our investment amount is \$485,166.
- CULedger Heartland, LLC – in December 2021, based on the continued unprofitability of CULedger/Bonifii, Millennium management decided to write down our investment in CULedger-Heartland to \$1.

board meeting recap | old business

Old Business – Measures & Targets

- In accordance with Millennium's Strategic Plan, the Board and Management tracks the progress of the measures and targets on a quarterly basis. At this meeting, the Board reviewed the status of the measures and targets as of 3Q2023. Additionally, the Board was provided an update on the progress of our 2023 Strategic Plan and the 4Q priorities.

board meeting recap | new business

Board of Director's Meeting – November 16, 2023

- By regulation, the Board is required to approve written policies commensurate with the scope and complexity of the corporate credit union and required to review them annually. Management staff summarized the policy changes in the past year and all current policies are provided to the Board members via "My Millennium". The Board approved the 2023 annual Policy Manual review.
- Kip Poe, VP – Information Technology, presented the Security Program Board Report. The report summarized all the findings and responses from any risk assessments or audits, changes made to equipment, vendors, procedures or policy. The report also includes the results of any contingency tests and exercises. The Board accepted the report.

events calendar

December 2023

- **5-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **11-Monday** | Supervisory Committee Meeting
- **12-Tuesday** | Credit Committee Meeting
- **12-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **13-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **13-Wednesday** | *Seeing Sooner, Acting Faster: CU Innovation* Millennium Webinar in Partnership with Filene
- **14-Thursday** | Kansas Department of Credit Union Council Meeting
- **14-Thursday** | 4Q Nosh & Network Webinar Sessions in Kansas City, MO & St. Louis, MO, featuring Dr. Elliot Eisenberg
- **19-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **21-Thursday** | Millennium ALCO & Board Meeting
- **25-Monday** | Millennium Closed – Observance of Christmas