

membership report

April 2024



Millennium
CORPORATE CREDIT UNION

content

- **Financial Commentary**
 - Total Managed Assets – On- and Off-Balance Sheet
 - 2024 Budget/Actual Net Income
 - 2024 Actual/Budget Variance - Dollars
 - 2024 Actual/Budget Variance – Basis Points
- **1Q Financial Review Year-to-Date**
 - Daily Average Net Assets - Monthly
 - Key Factors Driving Results
 - Non-Interest Income Trends
 - Operating Expense Trends
- **Liquidity Summary**
 - Historical Member Overnight Deposits
 - 2024 Average Monthly Member Borrowings
- **Interest Rate Risk/Net Economic Value Report – February 2024**
- **Capital Commentary**
- **Board Meeting Recap**
- **Supervisory Committee Recap**
- **Events Calendar – May 2024**

financial commentary

Net income for March was \$586,638, below budget by \$305,943, or 34.3% for the month. Net interest income was \$263,874 or 16.6% below budget due to the higher average assets than budgeted which resulted in more investments in cash and overnight investments as management determines if the growth in assets slow in the coming months. Non-interest income was lower than budget by \$59,395 or 9.3% due primarily to credit reviews that occurred in February versus March and lower commission income. Operating expenses were lower than budget by \$21,263 or 2.0%, due to lower item processing and office operations expenses. CUSO income was lower than budget by \$3,936 or 131.2%. PCC dividends were right at budget. The year-to-date coverage ratio (fee income/operating expenses) is 64.1%, lower than our goal of 64.9%.

Return on Assets (ROA) is lower than the budget due to higher asset growth than budget and the lag in investing the assets. The year-to-date ROA after March is 64.0 bps on average assets of \$1,277.8 million and on an actual/366 basis.

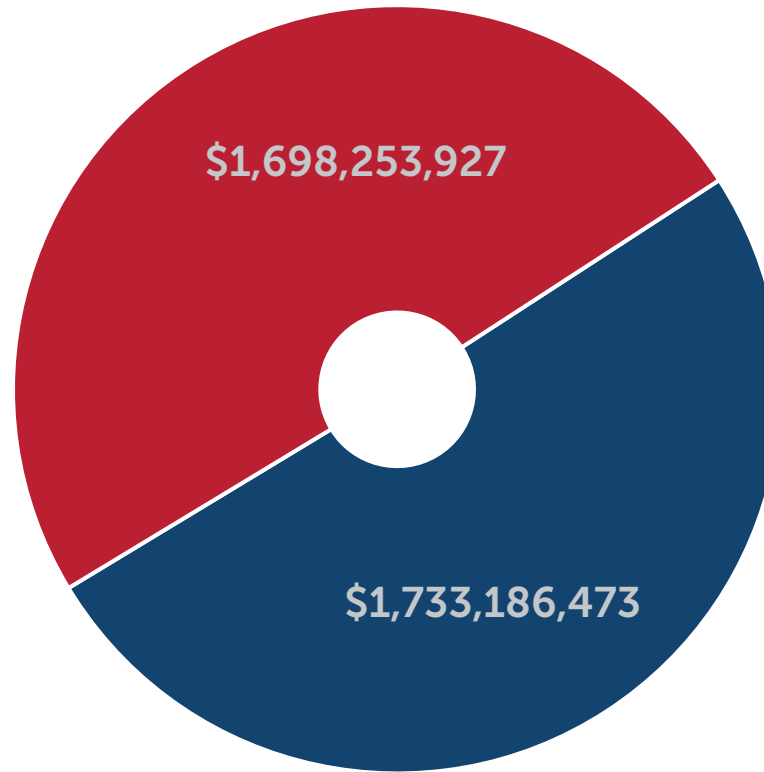
Millennium's daily average net assets (DANA) for the previous 12-month period, which is used for the calculation of our capital ratios, was \$1,004.4 million at the end of March, an increase of \$47.6 million or 5.0% from the previous month.

Millennium is defined as "**Well Capitalized**" and we ended the month with Retained Earnings of \$79,798,046, representing a Retained Earnings ratio of 7.95% and a Tier 1 ratio of 13.09%.

total assets | on- and off-balance sheet

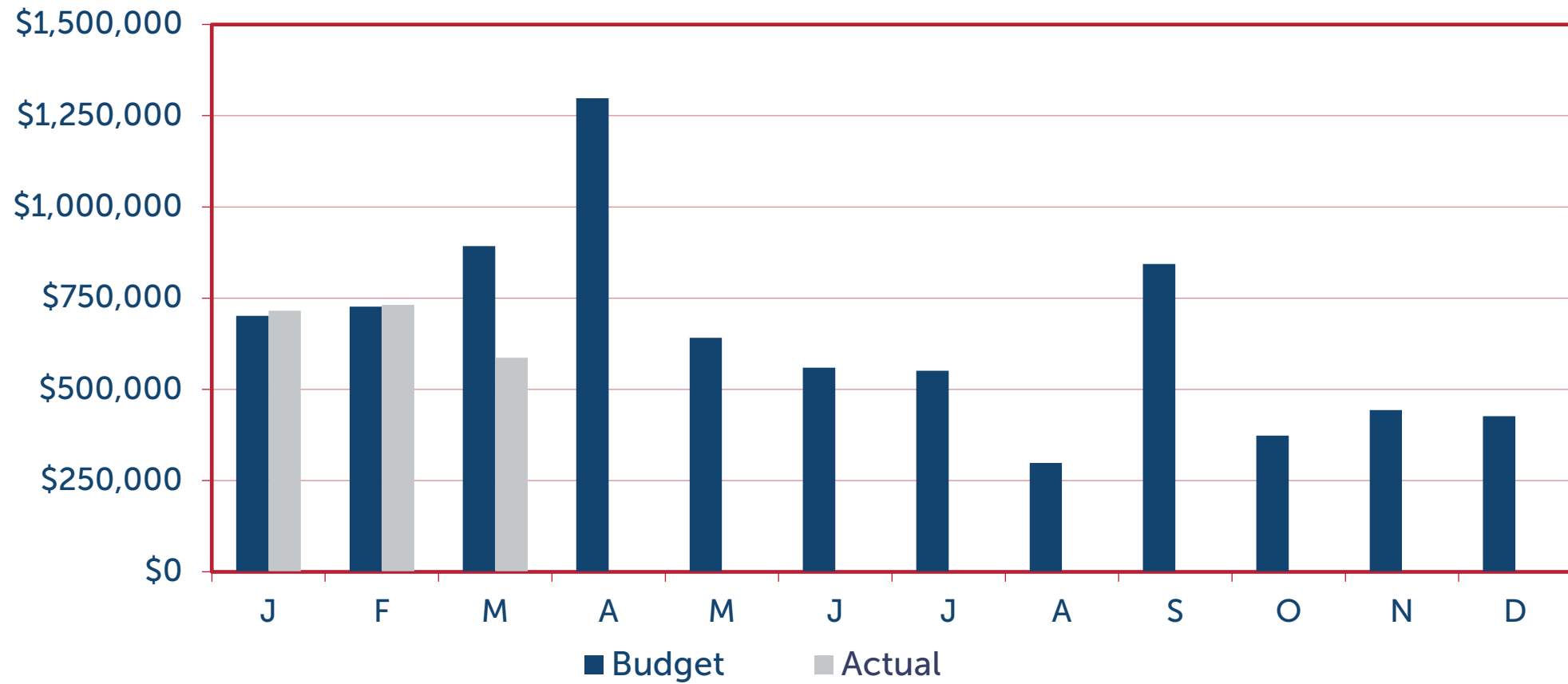
March 2024

Total Managed Assets - \$3,431,440,400



■ On-Balance Sheet ■ Off-Balance Sheet

2024 budget/actual net income



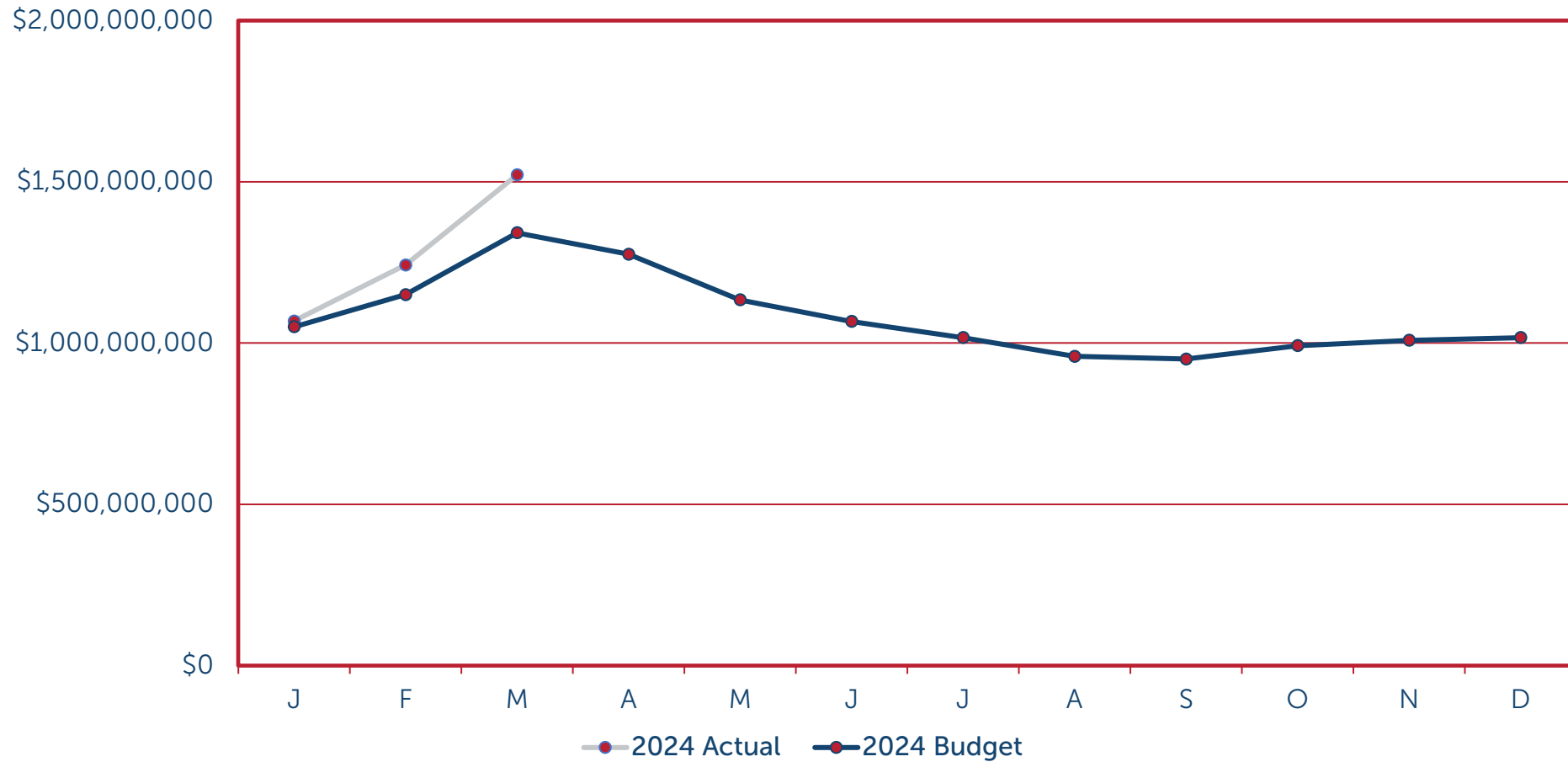
YTD actual/budget variance | dollars

March 2024 YTD	Actual	Budget	Variance
Net Interest Income	\$3,911,250	\$4,186,543	(\$275,293)
+ Non-Interest Income	\$1,787,592	\$1,849,226	(\$61,634)
- Operating Expenses	\$2,790,543	\$2,843,712	+ \$53,169
= Net Operating Income	\$2,908,299	\$3,192,057	(\$283,758)
- CUSO Losses	\$6,170	\$8,600	(\$2,430)
- PCC Dividends	\$880,328	\$880,328	\$0
- Potential Rebate	\$0	\$0	\$0
+ USC Estate (Net Gain)	\$0	\$0	\$0
= Net Income	\$2,034,140	\$2,320,329	(\$286,189)

YTD actual/budget variance | bps (Act/366)

March 2024 YTD	Actual	Budget	Variance
Net Interest Income	123.1 bps	142.5 bps	(19.4 bps)
+ Non-Interest Income	56.3 bps	63.0 bps	(6.7 bps)
- Operating Expenses	87.8 bps	96.8 bps	+ 9.0 bps
= Net Operating Income	91.6 bps	108.7 bps	(17.1 bps)
+ CUSO Gains/Losses	0.1 bps	0.3 bps	(0.2 bps)
- PCC Dividends	27.7 bps	30.0 bps	+ 2.3 bps
- Potential Rebate	0.0 bps	0.0 bps	0.0 bps
+ USC Estate (Net Gain)	0.0 bps	0.0 bps	0.0 bps
= Net Income	64.0 bps	79.0 bps	(15.0 bps)
Average Assets	\$1,277.8 M	\$1,181.2 M	+ \$96.6 M

daily average net assets | monthly



key factors driving results

Balances

- Actual asset balances were higher than expected in the budget by \$96.5 million or 8.2%.
- Net Interest Income is lower than the budget by \$263,874 or 16.6% due to the lag in investing assets as management determines if the growth in assets will continue or slow in the coming months.

Fees/Operating Expenses

- Non-interest income is lower than the budget at \$61,634 or 3.3% due primarily to the lower commission as members determine if loan demand is decreasing - while earning a competitive rate from Millennium without sacrificing liquidity.
- Overall Operating Expenses are \$53,169 or 1.9% lower primarily due to lower IP direct expenses and no 2025 annual meeting accruals to date.
- Coverage Ratio is 64.1% lower than the budgeted 64.9%.

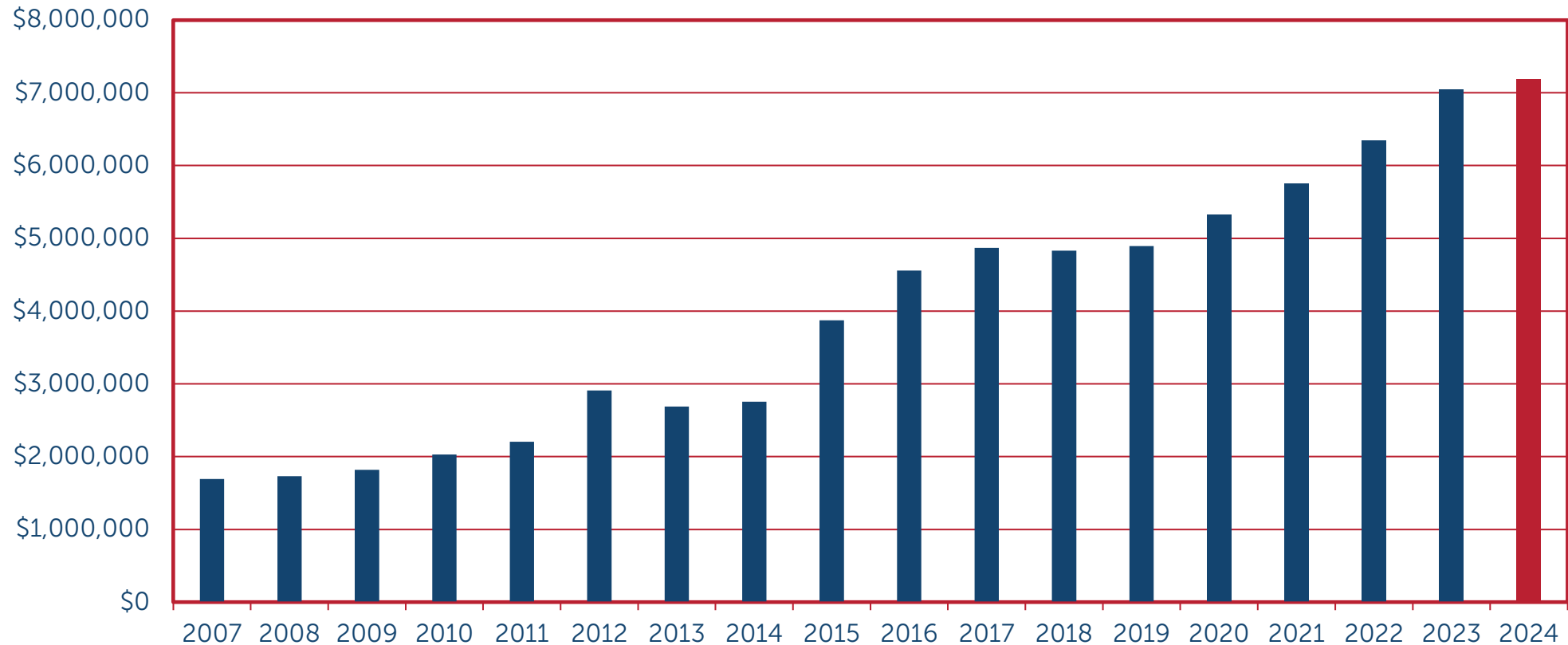
Other Gains/Losses

- CUSO income is \$2,430 or 28.3% lower than budget due to lower profitability on our CUSO investments.

PCC Dividends

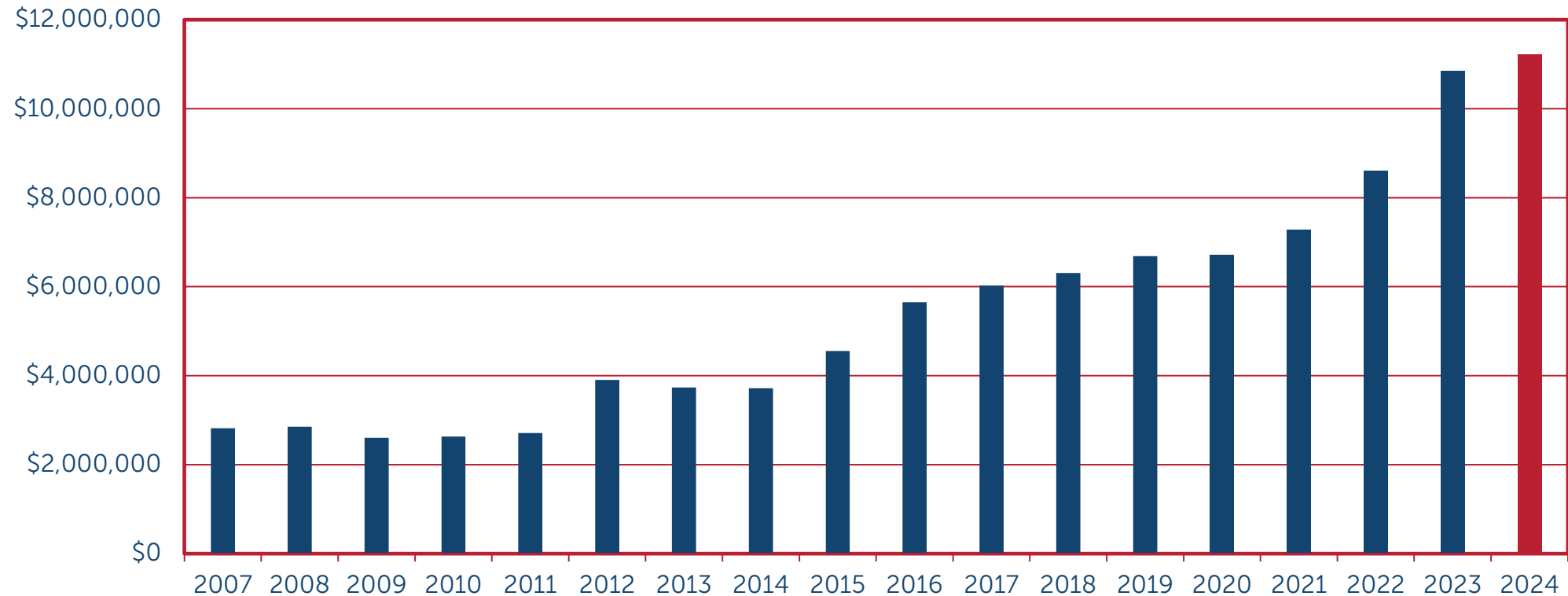
- PCC dividends were in-line with expectations.

annualized non-interest income trends



In 2023 Non-Interest Income exceeded \$7 million for the first ever. The 2024 budget projected an increase in Non-Interest Income of \$175,905 or 2.5% for the year. Non-interest income after the first quarter is \$61,634 or 3.3% lower than budget, but we are still on-pace to exceed almost \$7.2 million.

annualized operating expense trends



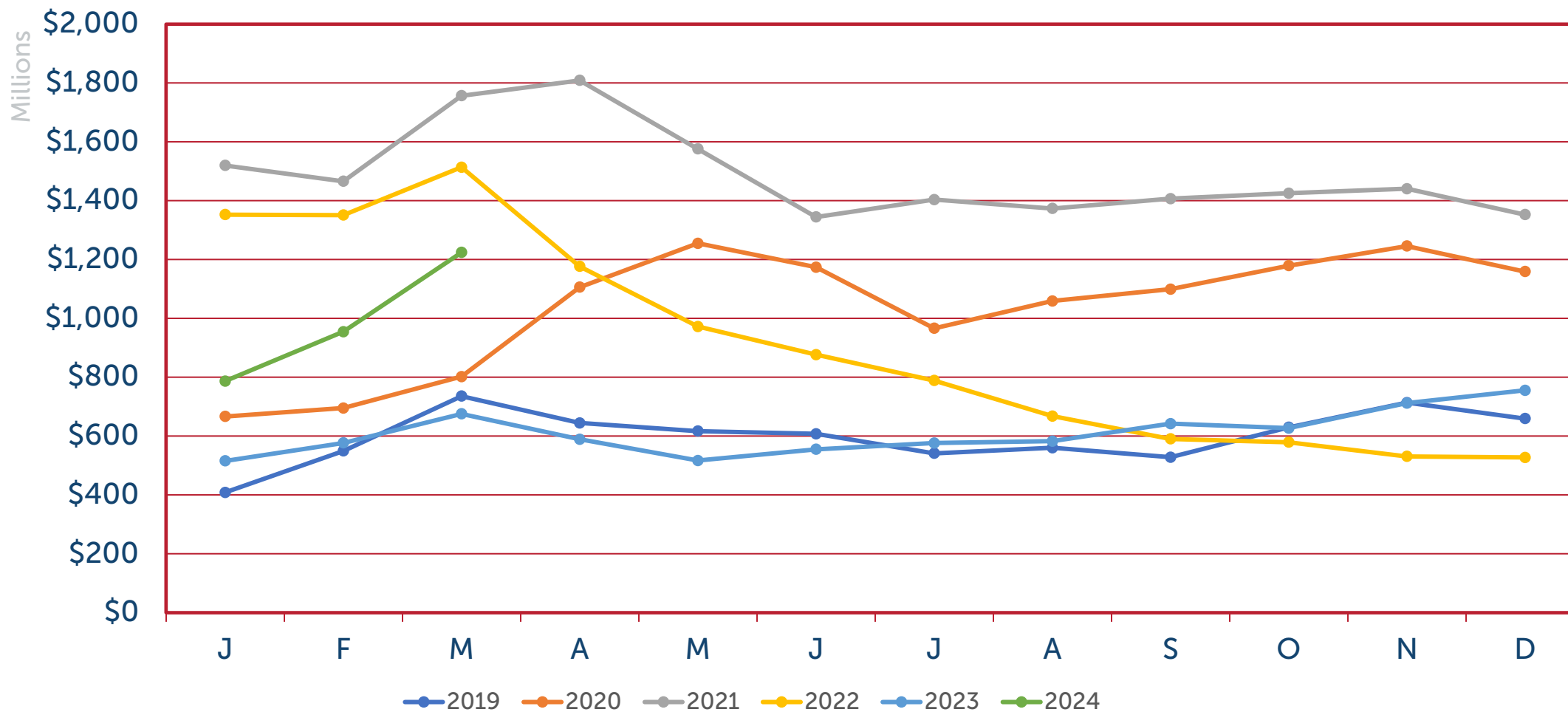
Millennium's coverage ratio of 64.1% is lower than the budgeted 64.9% but that should improve throughout the rest of the year, and we anticipate the coverage ratio will be in-line with the budget by the end of the year.

liquidity commentary

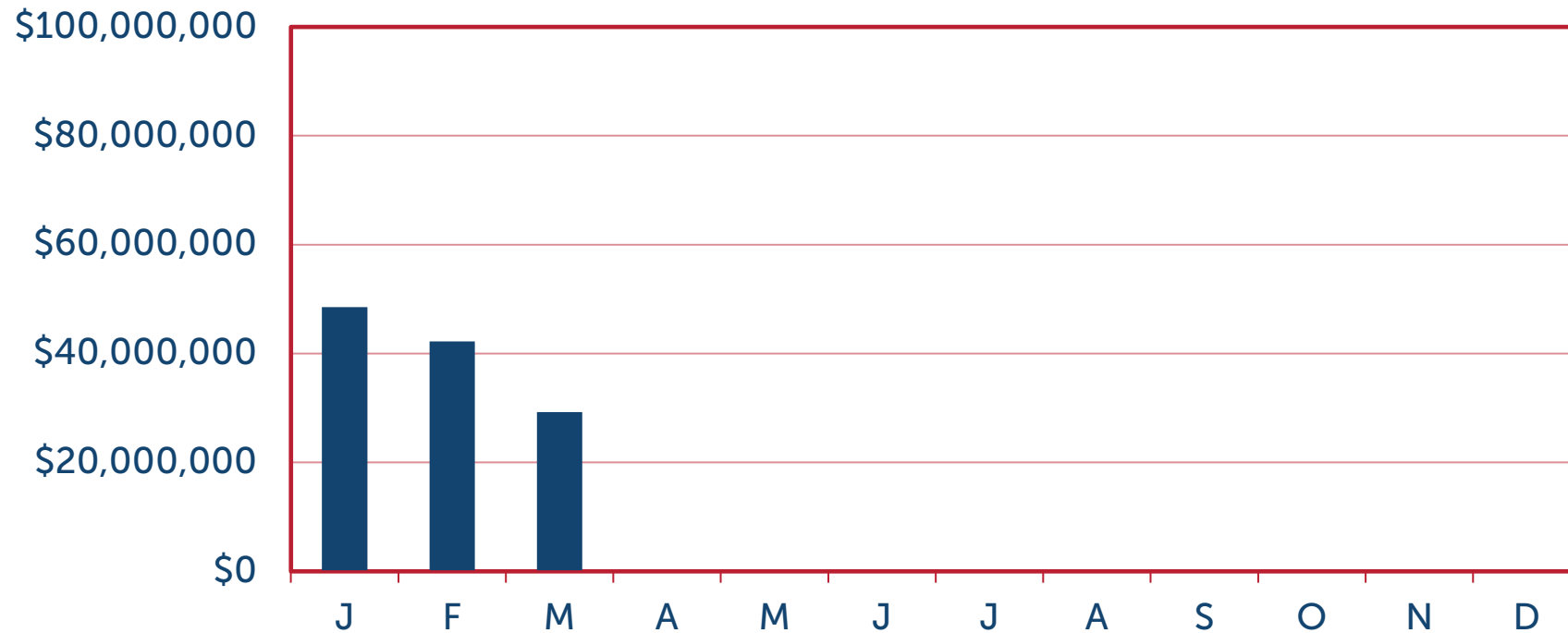
Except for the four days over year-end, Millennium Corporate has not accessed the FHLB LOC or the FRB LOC in November, December, January, February, March and month-to-date in April. Millennium currently has a collateralized LOC of \$419.0 million with FHLB and a collateralized LOC of \$92.6 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- March 2024 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$148.7 million with 21 member users.
- Average member loan balances are provided below:
 - October 2023 - \$64.7 million
 - November 2023 - \$53.8 million
 - December 2023 - \$56.4 million
 - January 2024 - \$48.5 million
 - February 2024 - \$42.2 million
 - March 2024 - \$29.3 million
 - April (to date) - \$22.1 million

historical member overnight deposits



2024 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results February 2024						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$123,831,833	+ \$1,874,981	+ 1.54%	8.91%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$121,956,852	-	-	8.82%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$117,159,448	(\$4,797,404)	(3.93%)	8.53%	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 March 2024, is \$12,680,062.
- Retained Earnings ratio is 7.945% as of March 2024 versus 6.336% one year ago
- Millennium is categorized as “Well Capitalized”.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium’s March 2024 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	March 2024	Minimum Requirement
Retained Earnings	7.95%	0.45%
Tier 1 Capital	13.09%	4.00%
Tier 1 Risk-Based Capital	100.35%	4.00%
Total Risk-Based Capital	100.35%	8.00%
GAAP Capital	13.35%	

board meeting recap

Board of Director's Meeting | April 26, 2024

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report; 2023 Board Reorganization minutes; Nominating Committee minutes; and Quarterly ACH Originator report.
- Approved March 2024 Financial Statements
- Approved February 2024 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Discussion regarding liquidity trends amongst Millennium membership
 - Correspondence/information from KDCU and NCUA since the last board meeting which includes the upcoming joint KDCU/NCUA exam team, and items requested for the exam.
 - Update on the Corporate Alliance activities including an April 16th meeting at NCUA headquarters with new NCUA Board member (Tanya Otsuka), ONES Director and the CLF President.
 - Update on Millennium's "System Modernization Project" and FedNow activities over the past month.
 - Update on opportunities with our association partners and upcoming annual meetings in May (Dakota's Summit & MT CUs) and in June (NE League AM).
 - Discussed the pros and cons of Millennium's annual meeting, networking activities and speakers.

board meeting recap

New Business | April 26, 2024

- The Board approved a minor revision to the Vendor Management Policy that the Business Owners are to inform the Compliance Officer of any new vendor relationships.
- The Board approved a new Master Transaction Agreement with the Federal Home Loan Bank of Topeka and Millennium Corporate Credit Union.
- In the 2024 Board Reorganization meeting the Board elected Greg Winkler (Azura CU) as Chair; Michael Augustine (Frontier Community CU) as Vice Chair; and Ted Underwood (Golden Plains CU) as Secretary/Treasurer. The Chair appointed Steve Grooms (1st Liberty FCU), Chuck Bullock (Quantum CU), Teri Krakowka (Southwest Montana Community FCU), Jay Neathery (United Consumers CU) and Dee Schriener (Trius FCU) as members of the Supervisory Committee. The Chair appointed Gerry Veis (Altana CU), Ashley Bautista (Wichita FCU), Kevin Brueseke (Conservation Employees' CU) and Linda Carter (MembersOwn CU) as members of the Credit Committee. The Chair appointed Sam Grove (CU of America), Cyrus Malkin (Rocky Mountain CU) and Ted Underwood (Golden Plains CU) as volunteer members of the Asset Liability Committee.

supervisory committee recap

Supervisory Committee Meeting | April 29, 2024

- Steve Grooms, CEO of 1st Liberty FCU, was elected as Chair of the Committee.
- Committee reviewed the International Services internal audit
- Committee reviewed the IT Risk Assessment
- Committee reviewed the results of tabletop contingency tests for AIM, Admin/Accounting/Management, Marketing and Item Processing.
- Committee reviewed the Enterprise Risk Management (ERM) second quarter Board Report
- The Committee reviewed and approved the Supervisory Committee Charter and the Internal Audit Charter.
- 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 – June 24, 2024

events calendar

May 2024

- **7-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **8-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **9-Thursday** | NCUL Capitol Club Classic, Eagle, NE
- **13-Monday** | Enterprise Risk Management Committee Meeting
- **14-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **14/15/16-Tue/Wed/Thur** | DakCU Annual Summit Meeting, Sioux Falls, SD
- **21-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **22/23-Wed/Thur** | Montana’s Power Up Annual Meeting, Helena, MT
- **23-Thursday** | Millennium ALCO & Board Meeting
- **27-Monday** | Millennium Offices Closed - Memorial Day
- **28-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting