

membership report

February 2024



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

Net income for January was \$715,548, above budget by \$14,229 or 2.0% for the month. Net interest income was \$18,153 or 1.4% above budget due to the continued positive impact on our floating-rate investments and higher assets than budgeted for the month. Non-interest income was lower than budget by \$9,394 or 1.5% due primarily to lower commission income. Operating expenses were lower than budget by \$5,470 or 0.6%, due to lower salaries, promotion/advertising and professional services. CUSO income and PCC dividends were both right at budget. The year-to-date coverage ratio (fee income/operating expenses) is 67.3%, higher than our goal of 64.9%.

Return on Assets (ROA) for the month was 0.782 bps on average assets of \$1,076.8 million, and on an actual/365 basis.

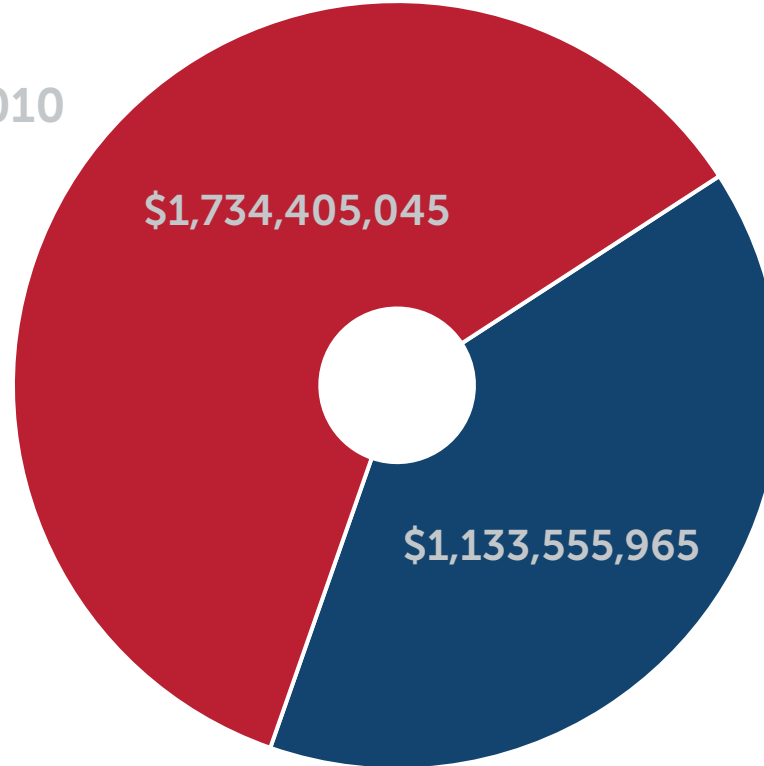
Millennium's daily average net assets (DANA) for the previous 12-month period, which is used for the calculation of our capital ratios, was \$924.4 million at the end of January, an increase of \$13.5 million or 1.5% from the previous month.

Millennium is defined as **"Well Capitalized"** and we ended the month with Retained Earnings of \$78,479,453, representing a Retained Earnings ratio of 8.49% and a Tier 1 ratio of 14.08%.

total assets | on- and off-balance sheet

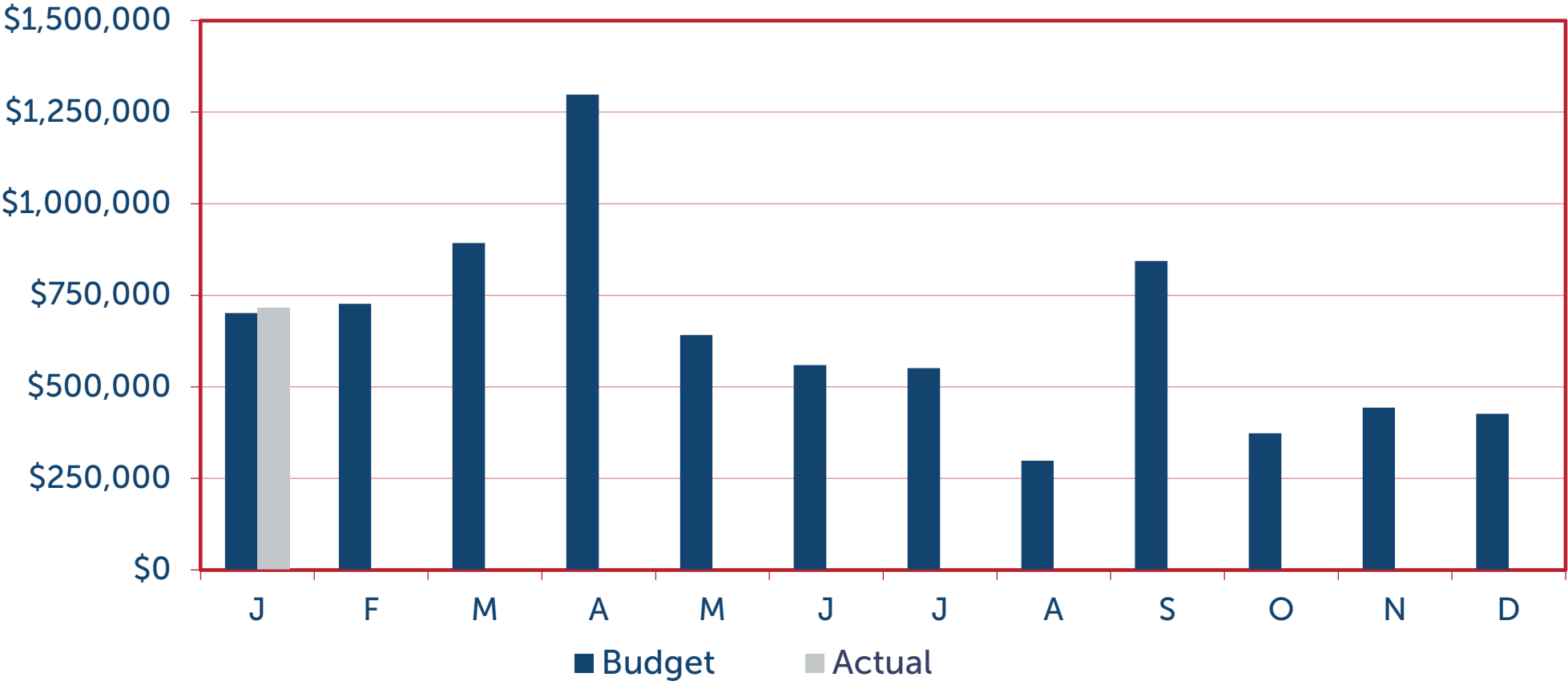
January 2024

Total Managed Assets - \$2,867,961,010



■ On-Balance Sheet ■ Off-Balance Sheet

2024 budget/actual net income



YTD actual/budget variance | dollars

January 2024 YTD	Actual	Budget	Variance
Net Interest Income	\$1,307,702	\$1,289,549	+ \$18,153
+ Non-Interest Income	\$606,862	\$616,256	(\$9,394)
- Operating Expenses	\$901,724	\$907,194	+ \$5,470
= Net Operating Income	\$1,012,840	\$998,611	+ \$14,229
+ CUSO Losses	\$2,600	\$2,600	\$0
- PCC Dividends	\$299,892	\$299,892	\$0
+ USC Estate (Net Gain)	\$0	\$0	\$0
= Net Income	\$715,548	\$701,319	+ \$14,229

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

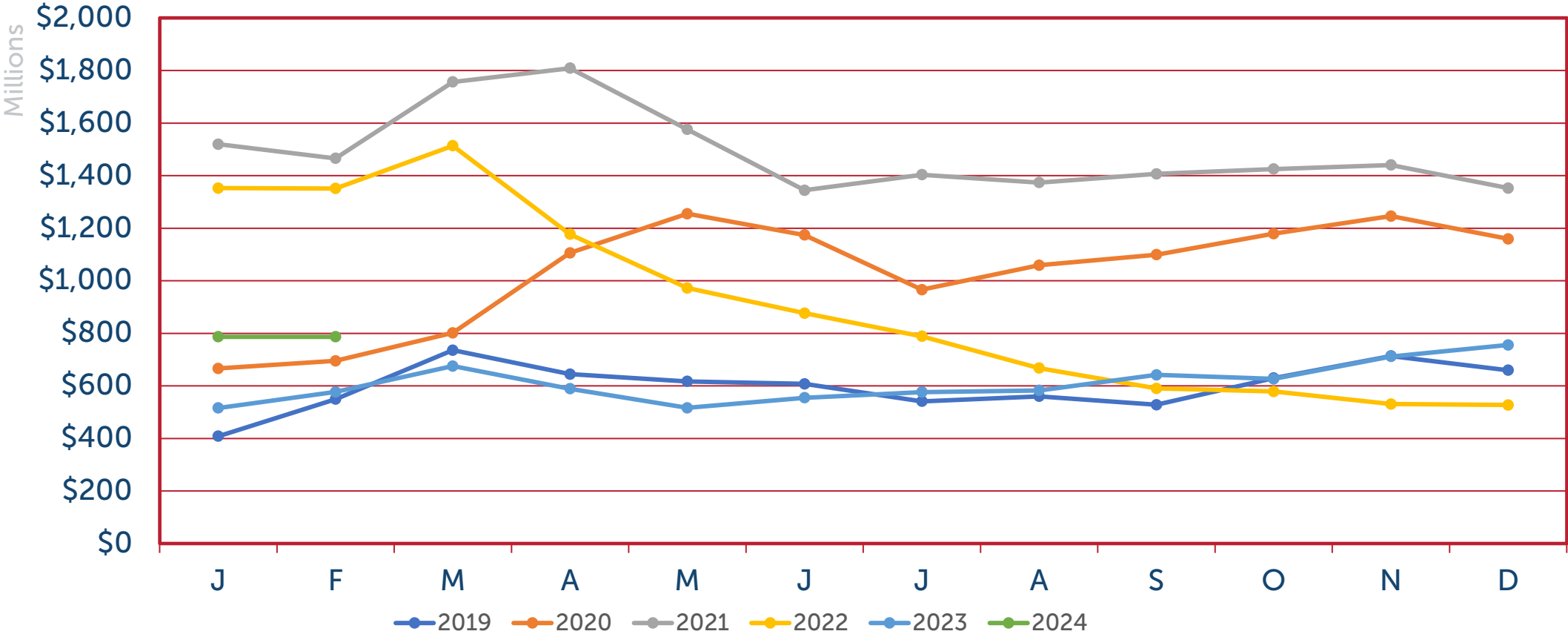
January 2024/YTD	Actual	Budget	Variance
Net Interest Income	143.0 bps	144.6 bps	(1.6 bps)
+ Non-Interest Income	66.3 bps	69.1 bps	(2.8 bps)
- Operating Expenses	98.6 bps	101.7 bps	+ 3.1 bps
= Net Operating Income	110.7 bps	112.0 bps	(1.3 bps)
+ CUSO Gains/Losses	0.3 bps	0.3 bps	0.0 bps
- PCC Dividends	32.8 bps	33.6 bps	+ 0.8 bps
+ USC Estate (Net Gain)	0.0 bps	0.0 bps	0.0 bps
= Net Income	78.2 bps	78.7 bps	(0.5 bps)
Average Assets	\$1,076.8 M	\$1,050.0 M	+ 26.8 M

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, and month-to-date in February. Millennium currently has a collateralized LOC of \$402.7 million with the FHLB and a collateralized LOC of \$74.6 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- January 2024 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$158.4 million with 21 member users.
- Average member loan balances are provided below:
 - August 2023 - \$83.5 million
 - September 2023 - \$73.5 million
 - October 2023 - \$64.7 million
 - November 2023 - \$53.8 million
 - December 2023 - \$56.4 million
 - January 2024 - \$48.5 million
 - February (to date) - \$43.1 million

historical member overnight deposits



2024 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results December 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$122,549,095	+ \$2,775,234	+ 2.32%	9.57%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$119,773,861	-	-	9.41%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$115,025,107	(\$4,748,754)	(3.96%)	9.11%	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 January 2024, is \$17,997,151.
- Retained Earnings ratio is 8.489% as of January 2024 versus 5.043%, one year ago
- Millennium is categorized as **“Well Capitalized”**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium’s January 2024 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	January 2024	Minimum Requirement
Retained Earnings	8.49%	0.45%
Tier 1 Capital	14.08%	4.00%
Tier 1 Risk-Based Capital	96.40%	4.00%
Total Risk-Based Capital	96.40%	8.00%
GAAP Capital	14.37%	

board meeting recap

Board of Director's Meeting | February 22, 2024

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report; Nominating Committee Appointment; and Directors, Employees & Volunteers indemnification
- Approved January 2024 Financial Statements
- Approved December 2023 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Discussion regarding liquidity trends amongst Millennium membership
 - Discussed the results of the February NCUA Board meeting; KDCU Council meeting and correspondence and information from KDCU and NCUA since the last board meeting
 - Update on Millennium's "System Modernization Project"
 - Update on the Corporate Alliance including a letter the Chair of the Alliance sent to the House Services Subcommittee on Financial Institutions encouraging Congress to make improvements to the Central Liquidity Facility (CLF). Alliance is working on a high-level presentation on the Corporate Network and what corporates do to serve CUs for an April meeting with new Board Member Tanya Otsuka.
 - Update on FedNow activities over the past month
 - Discussed advocacy opportunities with our association partners in February
 - Reviewed the December 2023 corporate call report data
 - Discussed 2024 Annual Meeting agenda, networking activities and speakers

board meeting recap

Old Business | Reviewed the financial results of our CUSO investments as of December 2023

- Primary Financial Company, LLC (SimpliCD) had net income of \$425,697 for 2023. The company has total equity of \$17.0 million, representing an equity ratio of 49.9%. Millennium ended December with outstanding SimpliCD balances of \$534.8 million and SimpliCD issuance of \$159.9 million, an option used by Millennium members to generate additional liquidity. Millennium's current ownership percentage is 12.0% and our investment amount is \$2,040,012.
- CU Business Group, LLC (CUBG) had net income of \$5,671 for 2023. Total equity is \$3.8 million, representing an equity ratio of 69.1% as of December 2023. The 2024 budget projects net income of \$102,000. CUBG now has a staff of 65 business professionals and works with 665 CUs in 48 states. Millennium's current ownership percentage is 4.41% and our investment amount is \$120,000.
- CU Investment Solutions, LLC (ISI) year-to-date loss is \$414,456. ISI's fiscal year runs from October 2023 through September 2024, and they are budgeting a loss for the 2024 fiscal year. As of December 2023, ISI had retained earnings of \$842,872, reflecting an equity ratio of 35.1%. Millennium's current ownership percentage is 22.2% and our investment amount is \$464,456.
- CULedger Heartland, LLC over the past years, 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 | 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 December 2023.

board meeting recap

New Business | February 22, 2024

- Kip Poe, VP – Information & Technology, presented the Security Program Board Report. The report summarized all the findings and responses from any risk assessments of 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.
- The Board appointed the Millennium Compliance Officer as the individual responsible for managing BSA/OFAC compliance for 2024 and appointed the Vice President – Accounting/Controller as the alternate for BSA/OFAC compliance.
- 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 \$3,651,474 which is 4.65% of the January 2024 Retained Earnings of \$78,479,453.
- Board Chair provided an update on the search committee.

supervisory committee recap

Supervisory Committee Meeting | February 20, 2024

- Committee reviewed the results of the Accounts Payable internal audit
- Committee reviewed the Bank Secrecy Act Risk Assessment
- Committee reviewed both the Enterprise Risk Management (ERM) first quarter Board Report and the Information Security Program Board report
- Millennium's Internal Auditor provided an "Internal Audit Year in Review for 2023" to the Supervisory Committee members and Millennium Management.
- 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 – Monday, April 29, 2024

credit committee recap

Credit Committee Meeting | February 13, 2024

- Committee reviewed and approved 43 lines-of-credit
- Committee reviewed the Monitor Report and approved removing two members due to mergers and approved adding a member to the Monitor Report
- Committee cancelled five lines-of-credit due to mergers
- Committee performed the semi-annual net worth ratio review
- Current Advised LOC status – 227 Lines/\$1,412,488,097
- Committee reviewed the December 2023 cash flow graphs and LOC coverage projections report
- Next meeting – June 18, 2024

events calendar

March 2024

- **3-6 Sun-Wed** | America's Credit Unions Governmental Affairs Conference (GAC)
- **5-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **12-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **13-Wednesday** | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- **19-Tuesday** | Enterprise Risk Management Committee Meeting
- **19-Tuesday** | Weekly FedNow – Juniper Payments & Millennium Meeting
- **28-Thursday** | Millennium ALCO & Board Meetings