

# membership report

January 2024



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# financial commentary

Net income for 2023 was \$18,158,173, above budget by \$2,513,836 or 16.1% for the year. Net interest income was \$1,880,446 or 13.4% above budget due to the continued positive impact on our floating-rate investments as the FOMC increased rates four times in 2023. Non-interest income was higher than budget by \$43,043 or 0.6% due to the higher usage of CECLution/AIM and financial services income. Operating expenses were higher than budget by \$547,131 or 5.4%, due to increased travel for outreach, promotional events and accruals for 2024 salaries, annual & planning meetings. CUSO loss was higher than budget due to the loss experienced at our brokerage CUSO. PCC dividends were higher than budget by \$255,496 or 8.5%, as Millennium paid higher rates throughout the year to reward members for their support. The year-to-date coverage ratio (fee income/operating expenses) is 66.5%, lower than our goal of 69.7%.

The year-to-date Return on Assets (ROA), including the net impact of the USC Estate, was higher than budget. The ROA for the year (on an actual/365 basis) was 199.3 bps on average assets of \$910.9 million.

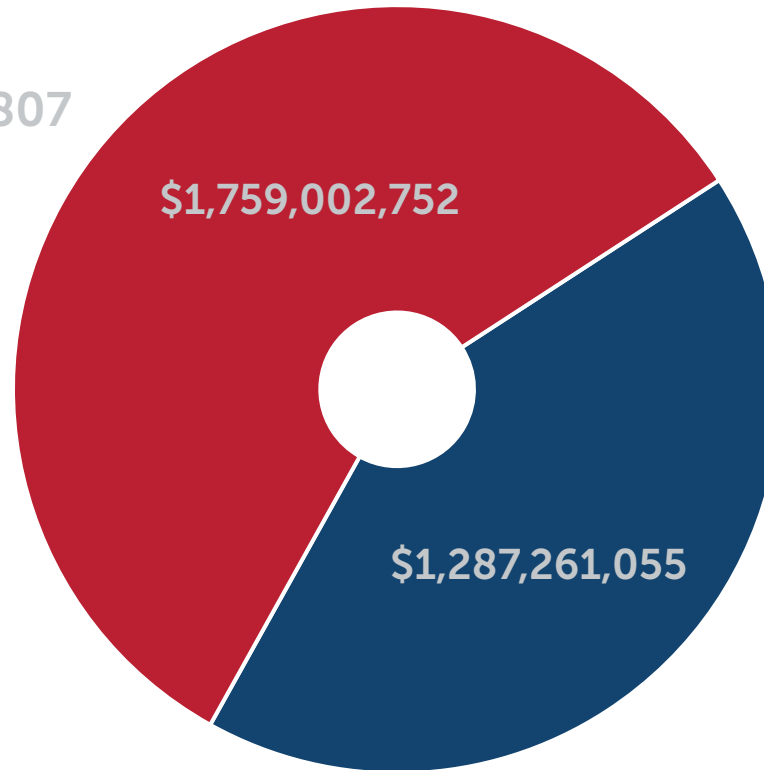
Millennium's daily average net assets (DANA) for the previous 12-month period, which is used for the calculation of our capital ratios, was \$910.9 million at the end of December, a decrease of \$346.0 million or 27.5% from the previous year.

Millennium is defined as "**Well Capitalized**" and we ended the month with Retained Earnings of \$77,763,905, representing a Retained Earnings ratio of 8.54% and a Tier 1 ratio of 14.21%.

# total assets | on- and off-balance sheet

**December 2023**

Total Managed Assets - \$3,046,263,807



■ On-Balance Sheet ■ Off-Balance Sheet

# YTD actual/budget variance | dollars

December 2023   YTD	Actual	Budget	Variance
Net Interest Income	\$15,943,529	\$14,063,083	+ \$1,880,446
+ Non-Interest Income	\$7,045,727	\$7,002,684	+ \$43,043
- Operating Expenses	\$10,592,350	\$10,045,219	(\$547,131)
= Net Operating Income	\$12,396,906	\$11,020,548	+ \$1,376,358
- CUSO Losses	\$267,319	\$149,476	(\$117,843)
- PCC Dividends	\$3,263,541	\$3,008,045	(\$255,496)
- Potential Rebate	\$350,000	\$0	(\$350,000)
+ USC Estate (Net Gain)	\$9,642,127	\$7,781,310	+ \$1,860,817
= Net Income	\$18,158,173	\$15,644,337	+ \$2,513,836

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

December 2023   YTD	Actual	Budget	Variance
Net Interest Income	175.0 bps	133.9 bps	+ 41.1 bps
+ Non-Interest Income	77.4 bps	66.7 bps	+ 10.7 bps
- Operating Expenses	116.3 bps	95.6 bps	(20.7 bps)
= Net Operating Income	136.1 bps	105.0 bps	+ 31.1 bps
- CUSO Gains/Losses	2.9 bps	1.4 bps	(1.5 bps)
- PCC Dividends	35.8 bps	28.7 bps	(7.1 bps)
- Potential Rebate	3.8 bps	0.0 bps	(3.8 bps)
+ USC Estate (Net Gain)	105.7 bps	74.0 bps	+ 31.7 bps
= Net Income	199.3 bps	148.9 bps	+ 50.4 bps
Average Assets	\$910.9 M	\$1,050.4 M	(\$139.5 M)

# key factors driving results

## Balances

- Actual balances were lower than expected in the budget by \$139.5 million or 13.3%.
- Net Interest Income is higher than the budget by \$1,880,446 or 13.4% due to the positive impact on our floating-rate investments.

## Fees/Operating Expenses

- Non-interest income is higher than the budget at \$43,043 or 0.6% due to the higher usage of our CECLution/AIM and financial services – off setting the lower commission, item processing and other non-interest income.
- Overall Operating Expenses are \$547,131 or 5.4% higher primarily due an acceleration of budgeted salary to be paid in Spring of 2024; accruals for 2024 annual & planning meetings; and increased travel for outreach and promotional events.
- Coverage Ratio is 66.5% lower than the budgeted 69.7%.

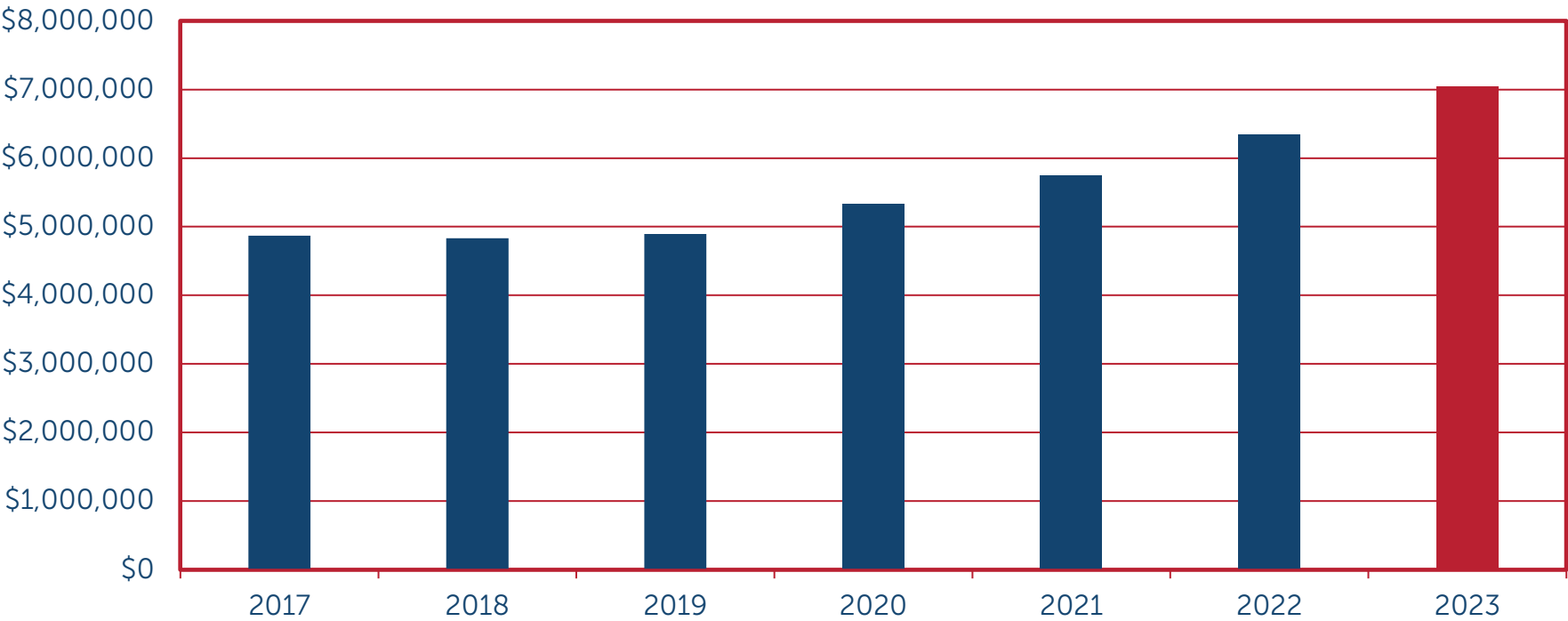
## Other Gains/Losses

- Biggest positive factor driving results is partial payments to USC Estate – a positive net impact of \$9.6 million.
- Negative factors include an ISI operating loss of approximately \$320,710 and accruals of \$350,000 for fee rebates to item processing users.

## PCC Dividends

- PCC dividends are higher than budgeted to reward members for their support.

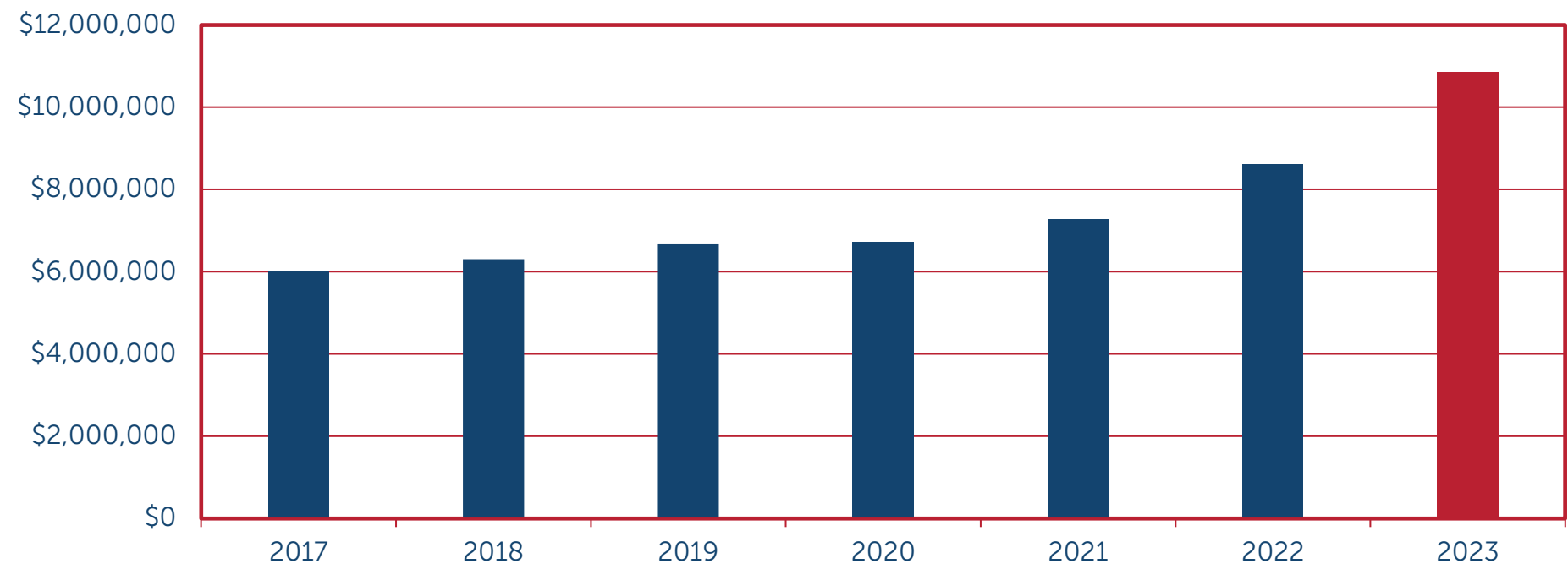
# annualized non-interest income trends



The 2023 budget projected an increase in Non-Interest Income due to full year of the related income and expense and non-interest income exceeded budget by \$43,043 or 0.6%. Non-interest income exceeded last year by \$705,032 or 11.1% - a record high for Millennium and the only time non-interest exceeded \$7 million. 2023 was only the second time non-interest income exceeded more than \$6 million.

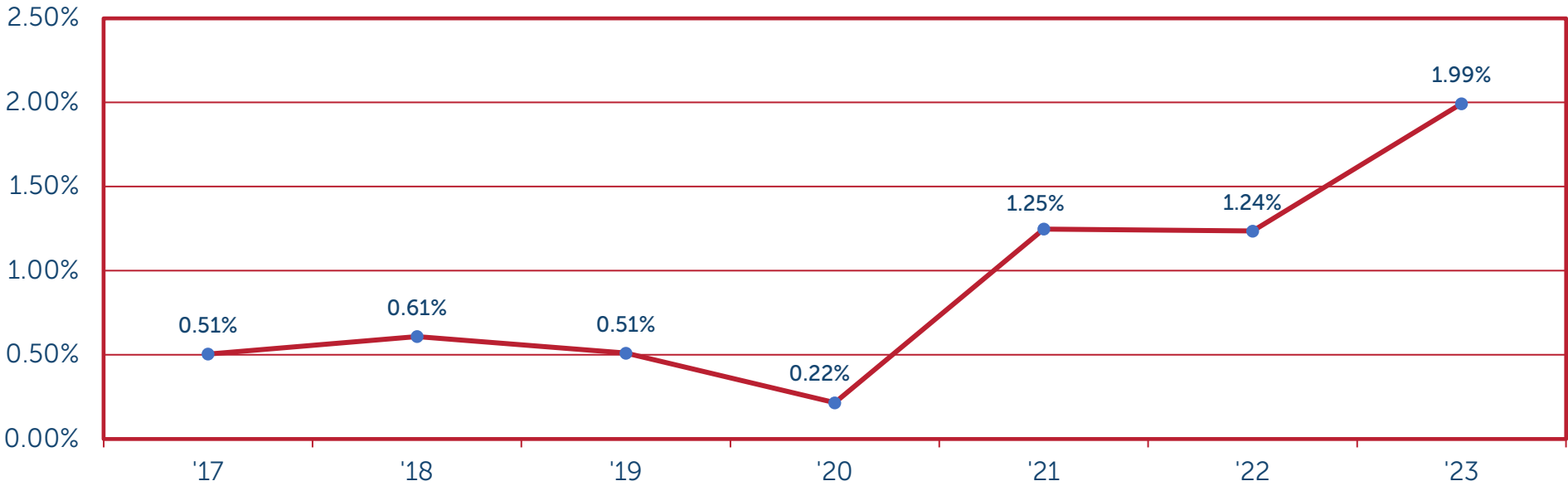


# annualized operating expense trends



Annualized operating expenses are higher in 2023, primarily due to a full year of expenses associated with item processing service, new hires, accruals for salaries to be paid in 2024, for the 2024 annual meeting and planning session. Millennium’s coverage ratio of 66.5% is lower than the budgeted 69.7%.

# historical return on assets

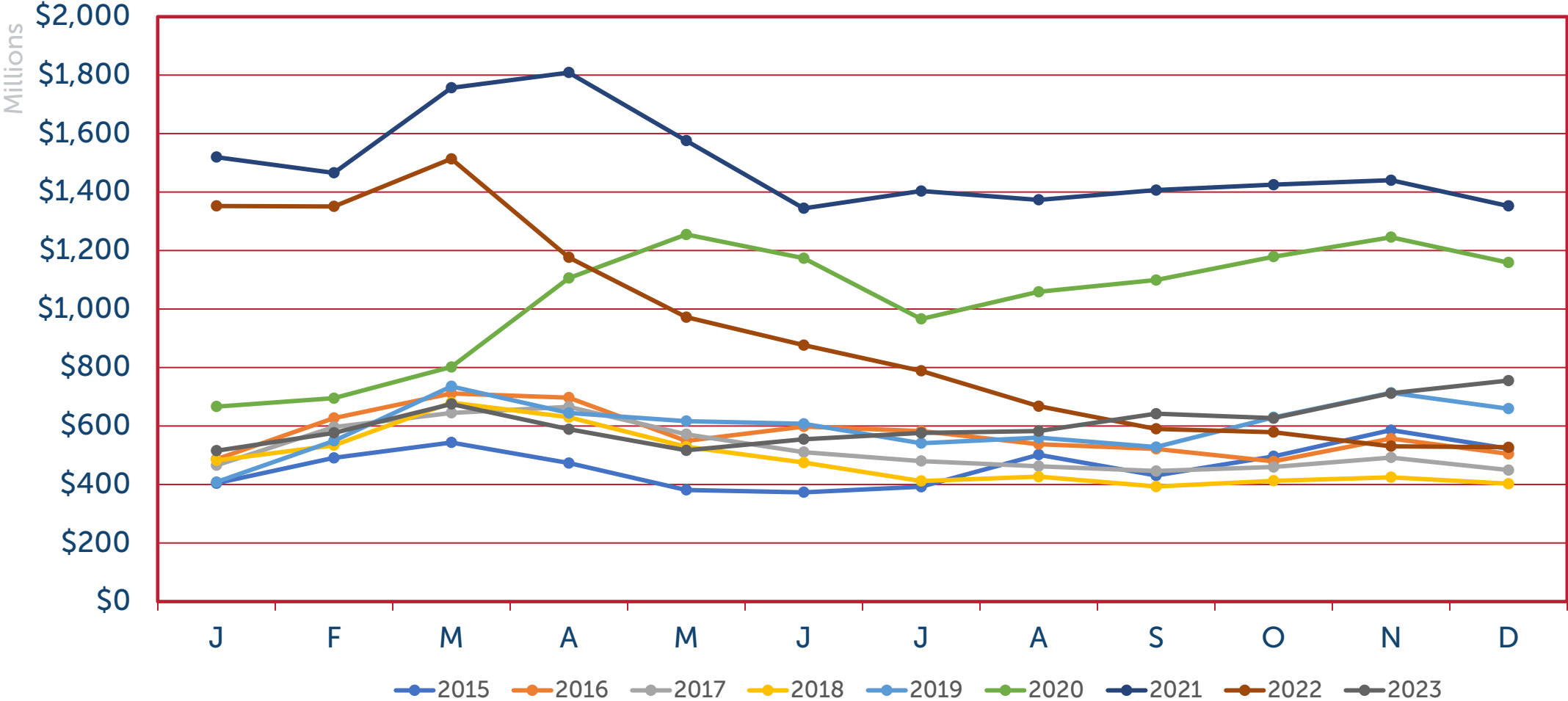


# liquidity commentary

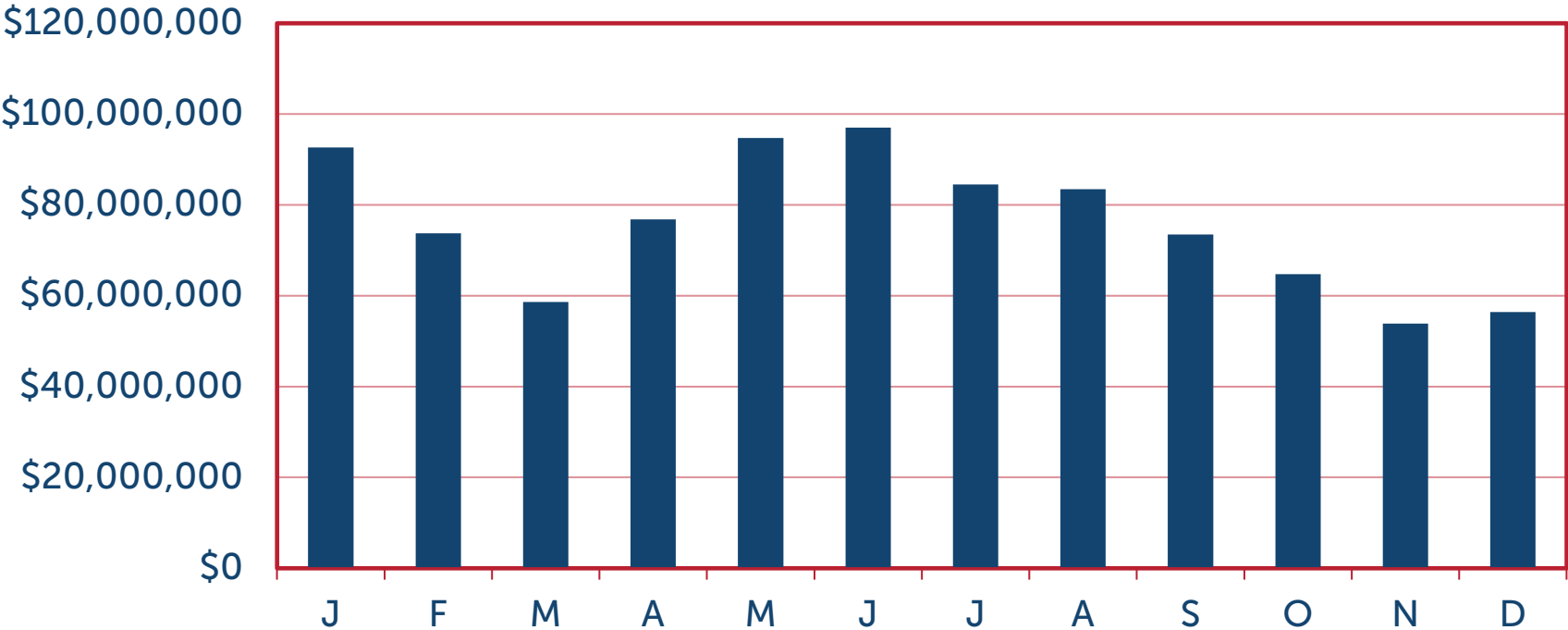
Except for the four days over year-end, Millennium Corporate did not access the FHLB LOC or the FRB LOC in November, December and month-to-date in January. Millennium currently has a collateralized LOC of \$399.5 million with FHLB and a collateralized LOC of \$74.5 million with the Federal Reserve Bank of Kansas City.

- Millennium's liquidity options remain sufficient to meet member needs.
- December 2023 month-end figures show SimpliCD issuance, which provides members access to additional liquidity, is at a total of \$159.9 million with 20 member users.
- Average member loan balances are provided below:
  - July 2023 - \$84.5 million
  - 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 (to date) - \$48.4 million

# historical member overnight deposits



# 2023 average monthly member borrowings



# IRR | net economic value (NEV)

NEV Testing Results   November 2023						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$120,142,812	+ \$2,741,017	+ 2.33%	11.99%	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$117,401,795	-	-	11.81%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$112,256,738	(\$5,145,057)	(4.38%)	11.41%	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 December 2023, is \$18,158,173.
- Retained Earnings ratio is 8.537% as of December 2023 versus 4.742%, one year ago.
- Millennium is categorized as **“Well Capitalized”**.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium’s December 2023 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	December 2023	Minimum Requirement
Retained Earnings	8.54%	0.45%
Tier 1 Capital	14.21%	4.00%
Tier 1 Risk-Based Capital	102.82%	4.00%
Total Risk-Based Capital	102.82%	8.00%
<b>GAAP Capital</b>	<b>14.50%</b>	

# board meeting recap

## Board of Director's Meeting | January 25, 2024

- Approved the Consent Agenda which included: prior meeting minutes; ALCO report; CC report; SC report; ERM report and Quarterly ACH originator report
  - Approved December 2023 Financial Statements
  - Approved November 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 January NCUA Board meeting; the recent NCUA Advisory on liquidity risk management; NCUA's 2024 Supervisory Priorities; and NCUA's agreement to settle lawsuits with ND & IA CUs.
    - Update on Millennium's "System Modernization Project". The week of the January Board meeting we will finish Phase Two of a Three Phase "System Modernization Project". Phase Two involved 56 CUs and 108 locations. We anticipate to start Phase Three in the mid-March to late-March timeframe.
    - In January, Millennium announced another Item Processing Member Appreciation Rebate based on December activity at 45% of item processing fees. Millennium has provided \$171,000 in rebates to users.
    - Update on FedNow activities over the past month.
    - Discussed advocacy opportunities with our association partners in February.
    - J. Tenbrink & Associates were on-site the week of January 15<sup>th</sup> for audit planning.
    - Highlighted the December 2023 PCC rate of 10.0%



# board meeting recap

## New Business | January 25, 2024

- The Board approved the 2024 Budget with the following outcomes:
  - ROA of 71.8 bps
  - Net Income - \$7,755,708
  - 2024 Daily Average Net Assets - \$1,079,861,111
  - Projected December 2024 Retained Earnings Ratio of 7.92%
  - Projected December 2024 Tier 1 Capital Ratio of 12.71%
  - The Board held an Executive Session.

# events calendar

## February 2024

- 6-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting
- 6-Tuesday | Kansas Department Credit Union Council Meeting
- 6-Tuesday | Cornerstone Association's – Kansas Day at the Capitol
- 13-Tuesday | Credit Committee Meeting
- 13-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting
- 13-Tuesday | Cornerstone Association's – Missouri Day at the Capitol
- 14-Wednesday | Federal Reserve Bank/Millennium Monthly Touchpoint Meeting
- 19-Monday | Millennium Closed – Presidents' Day
- 20-Tuesday | Supervisory Committee Meeting
- 20-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting
- 22-Thursday | Millennium ALCO & Board Meeting
- 27-Tuesday | Weekly FedNow – Juniper Payments & Millennium Meeting

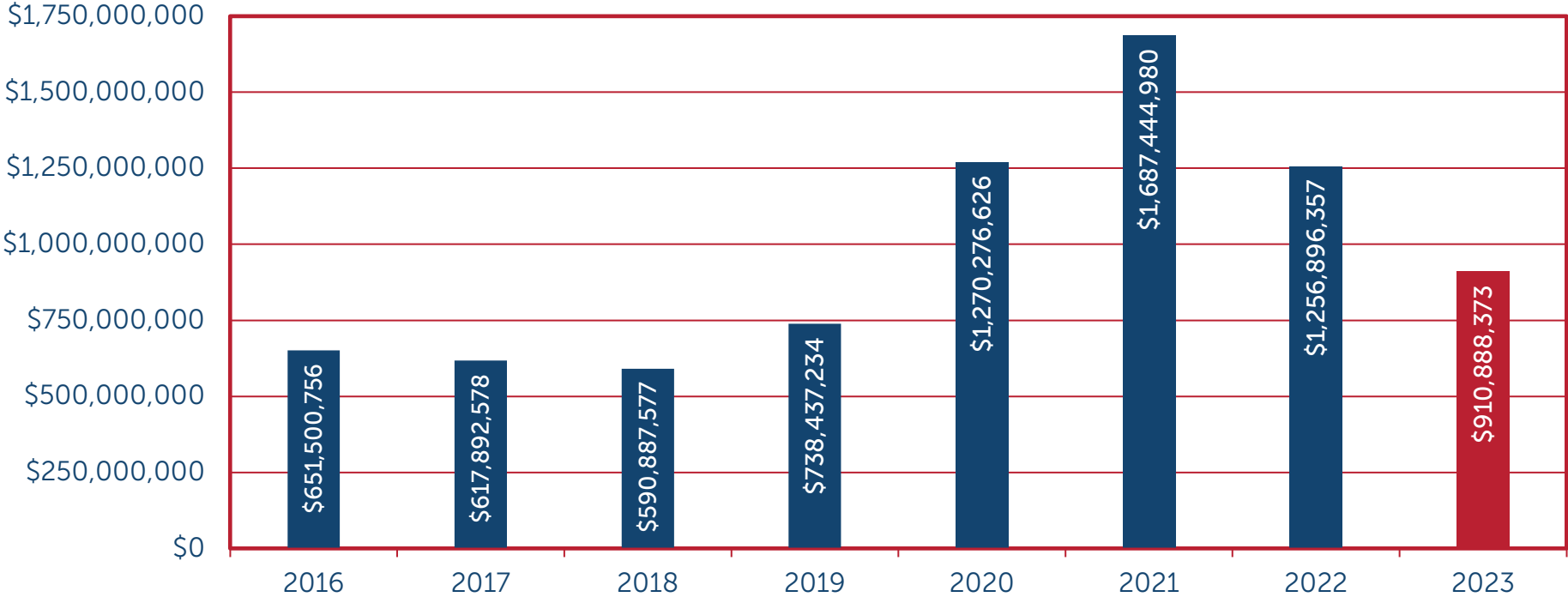
# year-end info (2016 – 2023)

## Since Most Recent Merger

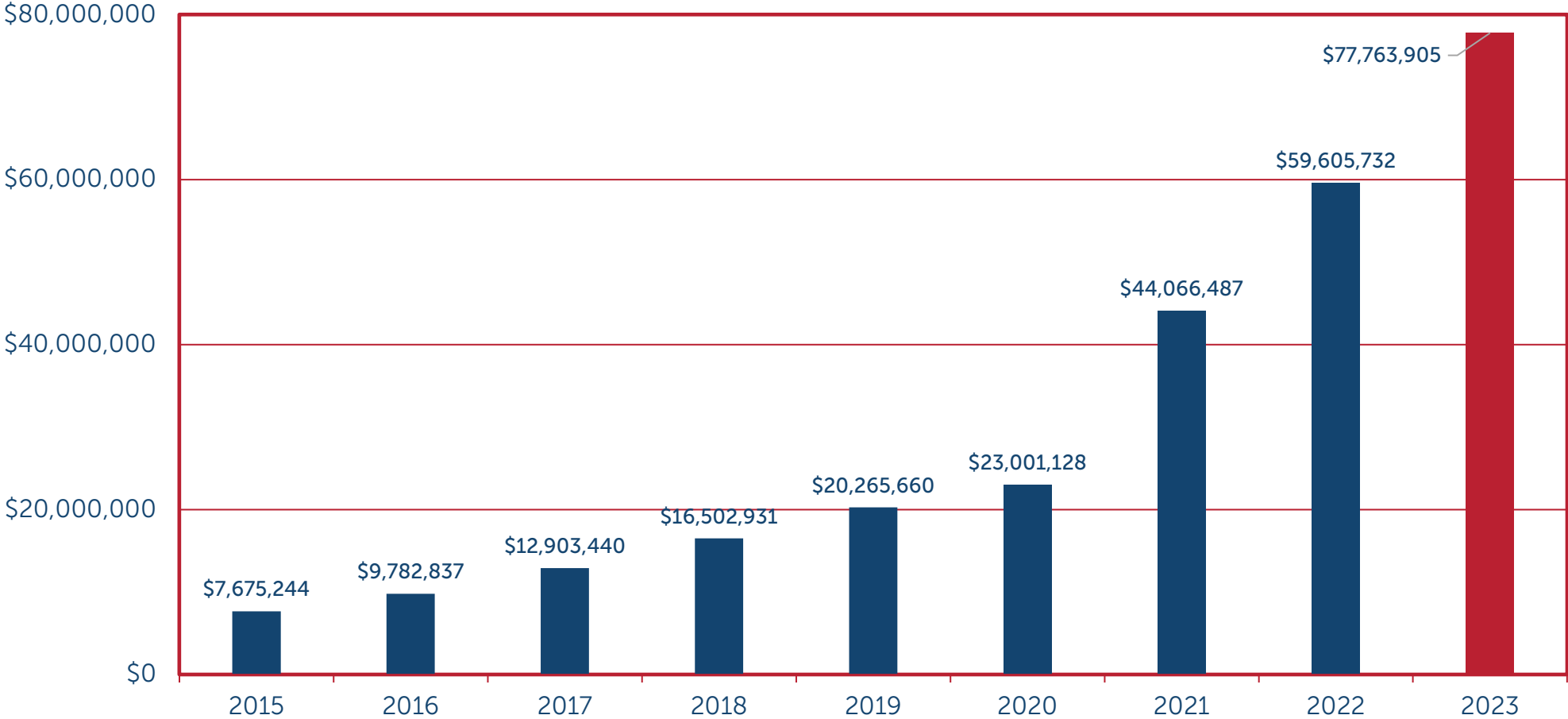


**Millennium**  
CORPORATE CREDIT UNION

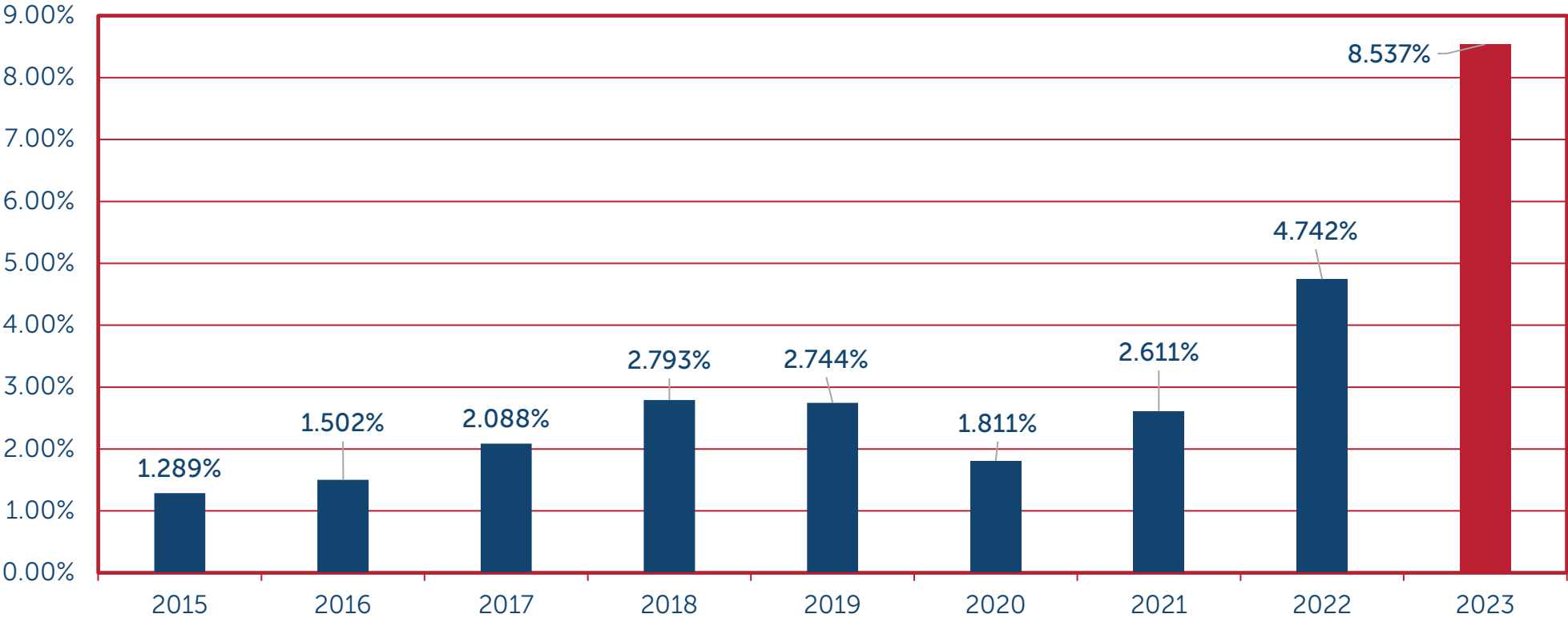
# daily average net assets



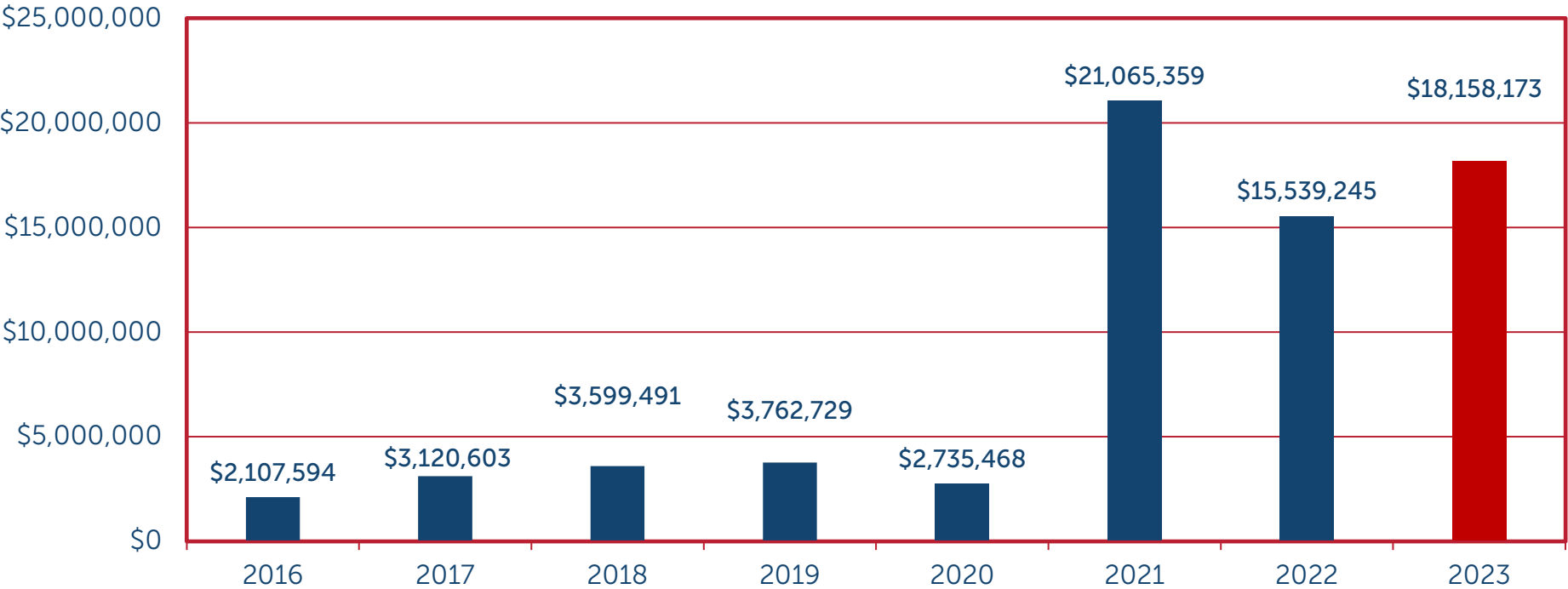
# retained earnings



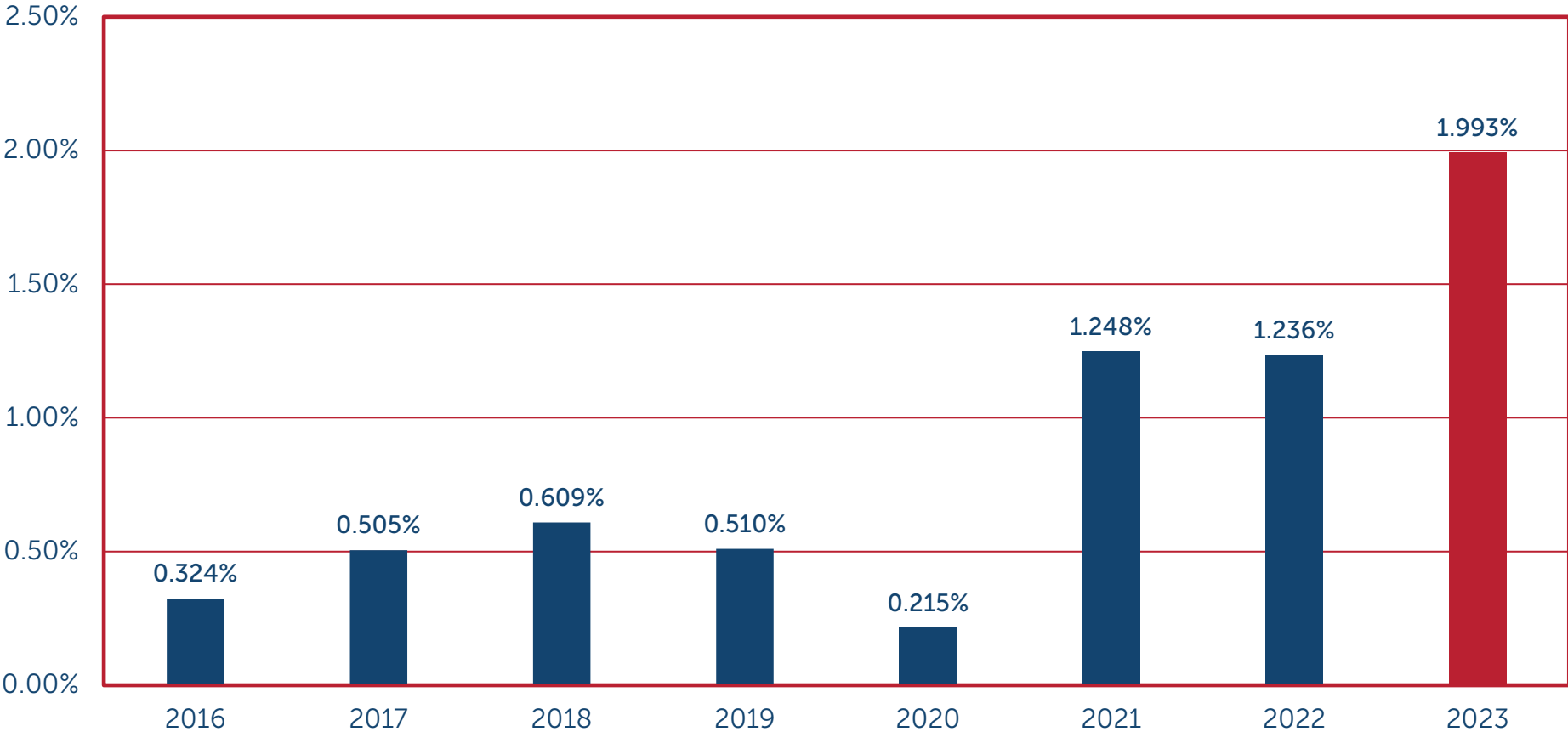
# retained earnings ratio



# net income



# return on assets (ROA)





# total dividends paid

