

once upon a time...

Millennium
CORPORATE CREDIT UNION

2019 ANNUAL REPORT

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MISSION

To provide exceptional products and service to our members.

VISION

The strategic partner of choice for credit unions.

statement of values

ACCOUNTABILITY

We insist on business relationships that promote accuracy and reliability. We vow to be responsive and reactive in respect to your needs.

COMMITMENT

We are committed to the credit union system, determined to provide innovative solutions and exceptional member service.

COOPERATION

We pledge to live and breathe the cooperative spirit under which we were chartered.

ENTHUSIASM

We strive to create a culture that exhibits a willingness and eagerness to serve.

EXCELLENCE

We pledge to exceed your expectations by providing total member satisfaction. To create the distinction between Millennium Corporate and others.

INITIATIVE

We strive to envision the answer to questions unasked. To be entrepreneurial in spirit in our efforts to create products and services to meet the needs of credit unions.

INTEGRITY

We vow to conduct business in a professional and honest manner, worthy of your trust.

LEADERSHIP

We strive to lead the credit union community in the delivery of financial products and services, the advancement of technology, and new business ventures.

RESPECT

We vow to operate in an environment respectful of ourselves, our business partners, and above all else, our member/owners.

TRANSPARENCY

We commit to provide member/owners with timely, accurate, reliable information, in a manner they expect and deserve.

board of directors

BOARD OF DIRECTORS

Tom Kjar, Chair

Greg Winkler, Vice Chair

Mark Kolarik, Secretary/Treasurer

Linda Allen

Michael Augustine

Glenna Jarvis

LaRae Kraemer

Chris McCreary

Kevin Mayer

Ted Underwood

Phil Weber

Creighton Federal Credit Union - Omaha, NE

Azura Credit Union - Topeka, KS

Kansas Teachers Community Credit Union - Pittsburg, KS

Arsenal Credit Union - Arnold, MO

Frontier Community Credit Union - Leavenworth, KS

Missouri Central Credit Union - Lee's Summit, MO

K-State Federal Credit Union - Manhattan, KS

United Consumers Credit Union - Independence, MO

Richland Federal Credit Union - Sidney, MT

Golden Plains Credit Union - Garden City, KS

Central Communications Credit Union - Independence, MO

volunteer & committee roster

ASSET/LIABILITY COMMITTEE

Kent Gleason, Chair	Millennium Corporate Credit Union
Larry Eisenhauer	Millennium Corporate Credit Union
Kathleen Gray	Millennium Corporate Credit Union
Ron Kampwerth	Together Credit Union - St. Louis, MO
Mark Kolarik	Kansas Teachers Community Credit Union - Pittsburg, KS
Kevin Mayer	Richland Federal Credit Union - Sidney, MT
Brady McLeod	Millennium Corporate Credit Union
Walter Thompson	Millennium Corporate Credit Union

SUPERVISORY COMMITTEE

Steve Grooms, Chair	1st Liberty Federal Credit Union - Great Falls, MT
Chuck Bullock	Quantum Credit Union - Wichita, KS
Teri Krakowka	Southwest Montana Community Federal Credit Union - Anaconda, MT
Dee Schriener	Trius Federal Credit Union - Kearney, NE
Kevin Stubblefield	Metro Credit Union - Springfield, MO

CREDIT COMMITTEE

Paul Meissner, Chair	Credit Union of America - Wichita, KS
Jerry Barnett	LincOne Federal Credit Union - Lincoln, NE
Kevin Brueseke	Conservation Employees' Credit Union - Jefferson City, MO
Gerry Veis	Bear Paw Credit Union - Havre, MT

management & staff

MANAGEMENT

Larry Eisenhower	President & CEO
Kent Gleason	Executive Vice President & COO
Kitty Gray	CFO
Lyn Hollenbeck	VP-Operations
Kip Poe	VP-Information Technology

STAFF

Beth Neighbors	Controller
Brady McLeod	AIM Manager & Senior Financial Analyst
Brittney Weis	Member Engagement Representative
Chris Hageman	AIM Financial Analyst
Circe Gleeson	Marketing Manager
Cristian Castaneda	IT Support Specialist
Heather Seiler	Executive Assistant
Jacque Cully	Internal Auditor
Julie Chapin	AIM Senior Financial Analyst
Kara Connors	AIM Analyst & Member Engagement Representative
Kasi Tellez	Account Specialist
Lea Papamichael	AIM Financial Analyst
Loretta Nettleton	Account Specialist
Lori Domian	Compliance Officer
Marilyn Lee	Account Specialist
Rachel Palmer	AIM Financial Analyst
Robert Jewett	Member Engagement Representative
Sandy Bladdick	Account Specialist
Walter Thompson	AIM Manager & Senior Financial Analyst
Wendy Joy	Operations Supervisor

chairman & president

We all have unique stories to tell. Not surprising is that credit unions stories share a common theme. Alphonse Desjardins wrote, "Let it never be forgotten that a credit union is above all else, an association of people, not of dollars." And although we aren't on the front lines, like you, our storyline is rich with people- board members, volunteers, staff, trade association partners, service vendors, you, your credit union employees and of course, your members. Our story takes place behind the scenes, providing and maintaining the infrastructure necessary for you to deliver financial services to your members.

This past year is but one more chapter of the epic credit union tale. And like all great stories, 2019 was chock full of change and growth. Through all the change, though, many things remained the same including our continued commitment to do what's right for credit unions, to do our best, and to make sure you know we're sincere when we say we care about you and your credit union.

The board of directors, volunteers and staff dedicated much time in 2019 to ensure we are, and continue to, deliver on our promises to be forward thinking, accountable and to lead with excellence. One significant take-away was the need to add staff whose role is to engage with our membership, in the field, to learn where and how we can add value. Three Member Engagement positions were added in 2019 to do just that and before the year was out, they were up and running. Running to meetings with credit unions, attending conferences, manning exhibitor booths at trade shows, a demonstration of our pledge to live and breathe the credit union spirit. Together, our new blood and tenured employees are focused on delivering the solutions and service you need and deserve.

In 2019, support for our trade association partners did not waver. In fact, new events were added to the fold as we sponsored the Credit Union Association of the Dakotas Annual Meeting Crashers, for the first time ever. CEO & Executive Summits, Pints & Politics, a Bash, a Golf Classic, Small Credit Union Roundtables, Chapter Meetings - too many events to give each their own nod but instead a shared heartfelt nod to all the people who plan and promote, benefit and support, these events. To promote credit union growth, Millennium Corporate pledged financial support to the national Open Your Eyes marketing campaign in our primary member states of KS, MO, MT and NE.

Dedicating time and energy to our systems that deliver solutions, education, and information was also a focus for us in 2019. AIM, our Asset & Investment Management service, launched a new website with new functionality, and SimpliCD Online, securely housed on that site, simplifies CD investing even further. coreCONNECT enhancements were performed last year to upgrade the multi-factor authentication process and to incorporate QuickCash, our money transfer system that

chairman & president

utilizes Western Union, for security and ease of use. Webinars were hosted to educate members about LoanStreet, CU Business Group's (CUBG) Fast Track Loan Program and SimpliCD Online.

Members of the management team serve on the boards of two of our credit union service organizations - CU-ISI (Credit Union Investment Solutions Inc.) and CUBG - to provide direction and share their industry expertise. Millennium became a CUNA Associate Member in 2018 and renewed that membership in 2019. Millennium is also a member of the Alliance of Corporate Credit Unions, who together, work for the betterment of all corporate credit unions. These efforts keep us informed on matters and strengthen our relationships, industry wide.

Financially, you'll read of many successes on the pages that follow. We're extremely proud of our accomplishments in 2019 that are highlighted by the increase in dividends paid to members, record-breaking Net Income, growth in Retained Earnings, and continuing to provide solutions for credit unions flush with, and those in need, of liquidity. Financial successes we would not have achieved without your backing.

The plot of our story has been and will continue to be how much we can accomplish when we work together. Through the ups, downs, and status quo's, it was, is, and will always be about the people, our connectedness, our unified efforts to promote financial success for all.

Next year's chapter will look much different. It will demonstrate, even more so, what's truly important and meaningful. How we all came together in support of one another when it mattered most. A true page turner, it will be.

That you select us, every day, as your partner in delivering financial services to your neighbors, friends, members and community, well, it's humbling. We're honored by your choice and we will work every one of those days to make you proud of your decision.

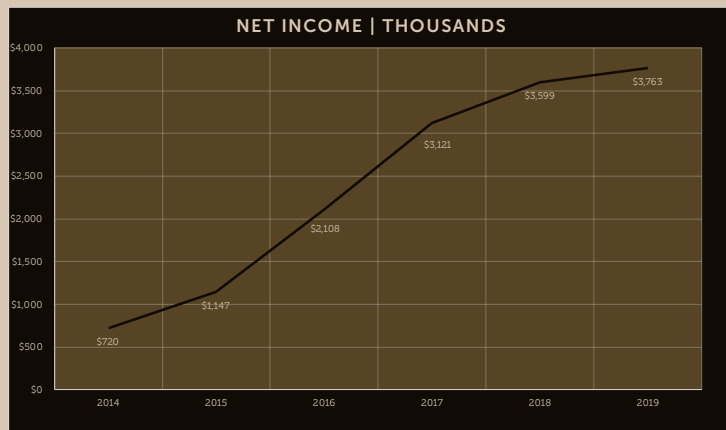
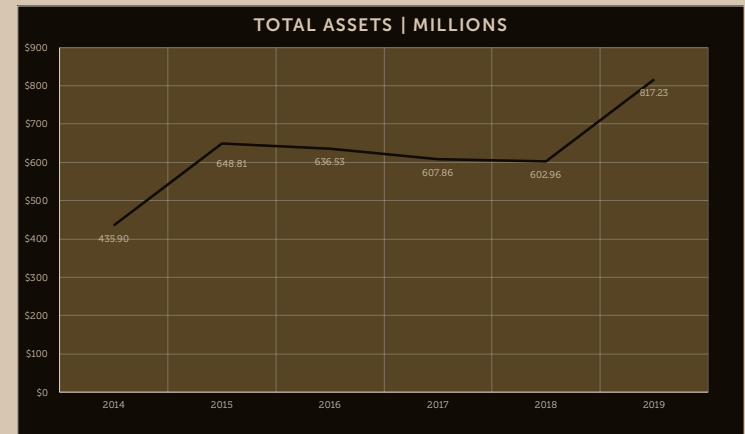
TOM KJAR | BOARD CHAIR

LARRY EISENHAUER | PRESIDENT & CEO

2019 was yet another year of growth and financial success for Millennium Corporate. As you'll read below, and by all accounts, it was a record year.

Total Assets ended 2019 at \$817,226,543, an increase of \$214,265,674 over 2018 Total Assets of \$602,960,870. However, it was the November Total Asset figure that truly stood out among the numbers as it represented the first time in the organization's history to report month-end Total Assets of \$1 billion. \$1,004,036,003, to be exact. The month-end December 2019 Moving Daily Average Net Assets (MDANA) of \$738,437,234 increased over the same period by approximately \$147,549,657.

Due to the strong asset growth during the year, both the Retained Earnings Ratio of 2.744% and the Tier 1 Capital Ratio of 9.689% were lower than projections. While these ratios fell short of budget, the 25% growth in assets and the 22.8% retained earnings growth were both welcomed. In 2019, Retained Earnings increased to \$20,265,660, a record high.



Like many, Millennium Corporate factored in a 25bp increase to rates from the Federal Open Market Committee in 2019. And like all who did, we collectively missed the mark as the FOMC felt it necessary to lower rates to keep the record long expansion intact. The three 25bp decreases in 2019 almost wiped out the four increases of 2018. As a result, net interest income was lower than budget but the higher non-interest income and lower operating expenses more than offset the lower net interest income.

Another record to consider in 2019 was our continued year-over-year record Net Income. Net Income, since 2016, has been outperforming all prior years' NI. Net Income for 2019 was \$3,762,729, representing a ROA of 51 bps, and an increase of 4.5% over 2018's record NI of \$3,599,491.

treasurer

Dividends paid to members in 2019 were \$12,700,289, which included PCC dividends of \$1,431,357, an increase of 66% over 2018. In comparison, Millennium paid \$6,425,577 in dividends to members and \$1,227,816 to PCC holder in 2018, an overall increase in payout in 2019 of \$5,046,896.

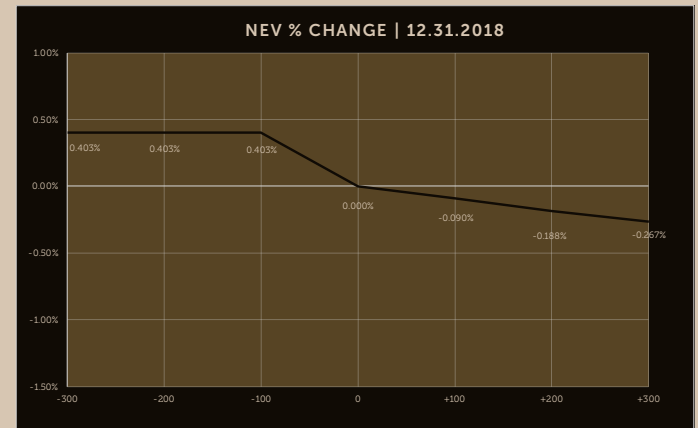
Financial success is achieved by the culmination of diligent efforts by management, board, volunteers and staff, and continued, and increased member support. Success cannot be achieved on our own, it takes us all. Thank you for your continued patronage.

MARK KOLARIK | SECRETARY/TREASURER

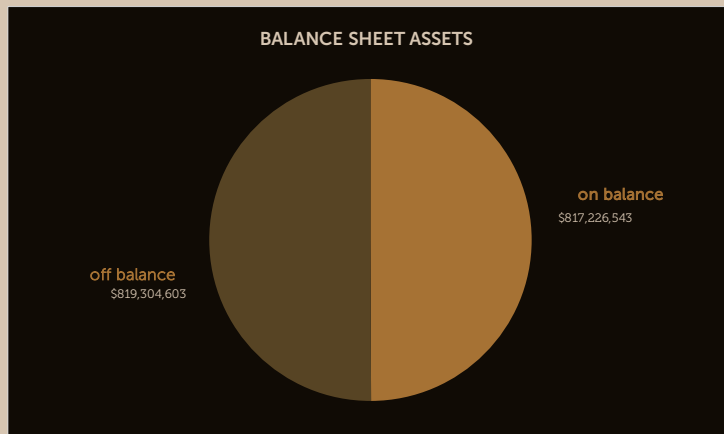
asset/liability committee

The Asset/Liability Committee (ALCO), comprised of management, staff and volunteers, is charged with many responsibilities that include the thorough supervision of Millennium Corporate's investment portfolio, recommending investment and asset/liability management policy revisions to the board, and the analysis and review of the Corporate's interest rate risk position and liquidity position. The Committee also monitors investment product development and usage, revisions to, and regulatory compliance, as well as economic trends.

NEV or Net Economic Value is the risk to the Millennium Corporate balance sheet in various interest rate scenarios, ranging from a decrease of 300 basis points to the opposite, a 300 basis point increase. The shock to our balance sheet of such a dramatic change in rates is monitored and discussed monthly by the Committee. The year-end NEV percentage change in the up-300 basis point scenario was -0.267%, and 0.403% in the down-300 scenario. Both, well within regulatory allowance, a demonstration of our ability to weather significant rate fluctuations like the one we recently experienced.



Online tools were augmented this year for AIM, our Asset & Investment Management service, and SimpliCD, our CUSO that simplifies bank and S&L CD purchasing and issuing. AIM launched a new website with functionality for credit union clients to upload, access, and download reports across a secure connection, the AIM Portal. Securely housed behind this portal is SimpliCD Online, a comprehensive CD purchasing system that simplifies the CD purchasing process even further and still offers all the components that make SimpliCD a trusted investment tool. Components like thorough due diligence documents on issuers and system checks that only show investments available to you per insurance coverage allowances, to name two.



Millennium Corporate continues to use off-balance sheet tools, like SimpliCD and CU Investment Solutions, LLC, to support credit union investment needs. CU-ISI, our broker/dealer CUSO, provides credit

asset/liability committee

unions access to marketable securities, sold and supported by the Millennium Corporate AIM staff who work with credit unions and have since 1992, when the program was launched. These AIM Analysts work with 59 ALM clients, 79 CU-ISI clients, and over 250 SimpliCD clients. Credit unions continue to embrace SimpliCD Issuance as a means of procuring deposits. Outstanding balances at year-end reached almost \$132 million. SimpliCD Investments outstanding ended the year at \$511.4 million.

Total Assets for 2019 were \$1,636,531,146. We saw a greater balance between on- and off-balance sheet totals this year versus last. Whereas on-balance sheet totals at year-end were \$817,226,543, an increase of nearly \$215 million over 2018, and off-balance sheet balances reached \$819,304,603 by the end of 2019. Net Income continued its record-breaking streak ending 2019 at \$3,762,729, which was achieved despite the discrepancy between anticipated and actual Federal Open Market Committee rate adjustments.

We attribute these exceptional financial results to your continued and increased patronage, and we thank you for it.

KENT GLEASON | COMMITTEE CHAIR

The Credit Committee is charged with the creation and administration of a lending program that adheres to all regulatory requirements and policy guidelines. The program we've fine-tuned over the decades also serves to safeguard member resources and Millennium Corporate.

During their one-year appointments, Committee members combine their lending expertise with that of Millennium Corporate loan officers and staff, and feedback from program users to shape, support, and deliver cost-effective liquidity solutions members rely on to support their members and communities. In the five meetings of 2019, Committee members reviewed all lines-of-credit, performed semi-annual reviews of members' net worth, ensured adequate program funding, suggested lending policy revisions to keep Millennium Corporate a relevant liquidity partner for credit unions and monitored liquidity trends throughout the year to stay abreast of industry needs.

Trends in liquidity in 2019 show high average loan balances in January and February, \$54.9 million and \$38.3 million, respectively. January witnessed the highest average loan balance with September reporting the second highest level at \$40.5 million. The year's lowest average loan balances occurred in March and April, at \$14.6 million and \$12.8 million, respectively. Balances for the remainder of the year fluctuated between \$20-\$41 million and ended the year near \$22 million. The historical seasonal trend of being flush with liquidity as the year begins and waning through September were no longer so consistent.

At year-end 2019, Millennium Corporate had 246 outstanding lines-of-credit to members totaling \$830,450,096, an increase of over \$93 million for 2018, which also saw an increase of approximately \$69 million from the previous year - continued proof that having reliable, trusted access to liquidity is a critical component of credit union business and partnering with Millennium Corporate provides credit unions with competitive liquidity solutions.

The Credit Committee and Millennium Corporate are dedicated to providing liquidity solutions to credit unions, today and tomorrow. Thank you for your continued business and support.

PAUL MEISSNER | COMMITTEE CHAIR

supervisory committee

The purpose of the Supervisory Committee is to assist the Board of Directors and management of Millennium Corporate in safeguarding members' assets, ensuring the reliability and integrity of financial and operational information, maintaining the effectiveness and efficiency of credit union operations, and complying with applicable laws and management activities to ensure the long-term viability and success of Millennium Corporate Credit Union.

Committee members, appointed for 1-year terms by the Board, pool their collective credit union knowledge to accomplish the aforementioned goals. They oversee creation of an audit plan that addresses all necessary work areas, review and track audit reports and findings, recommend policy and procedural updates they feel will improve financial and operational integrity, in addition to controlling and mitigating financial and operational risks. The Committee also analyzes risk assessments and monitors the Enterprise Risk Management Plan, a plan which looks at risk across the entire organization versus the silo approach of old.

The Millennium Corporate Internal Auditor completed, and the Supervisory Committee analyzed, the following audits for 2019 – Wire Transfer Procedures, Remote Access, Authority Level Review, Investment Pre- & Post-Purchase, and the Kansas City- Brinks Reconciliation Audit.

Risk Assessments performed and reviewed in 2019 included – Bank Secrecy Act - BSA, Jack Henry (Symitar), Juniper Payments, Enterprise-Wide Technology, Western Union Business Services, and ACH. For the first time, the ACET – Automated CyberSecurity Examination Tool Maturity Assessment was performed in-house and reviewed by the Committee. The ACET tool provides the NCUA with a repeatable, measurable and transparent process for assessing the level of cyber preparedness across federally insured financial institutions.

Planning and testing help Millennium Corporate prepare for situations that could compromise our accessibility and operations. Contingency planning and business continuity are of the utmost importance for Millennium Corporate and our member credit unions as having access to financial institutions is a priority for all. Regardless of the scenario, our systems, staff and services must be accessible and secure. And they are. We're proving that every day as we address the COVID-19 global pandemic.

J. Tenbrink & Associates performed the annual financial statement audit for 2019. Results were presented to the Committee in April and reported to the membership along with the Annual Report at the Annual Meeting, on the Millennium Corporate website and in our due diligence packet. JTA also performed the 2019 BSA and ACH audits.

supervisory committee

If these measures seem overly thorough, it's by design. We take the promise of being your strategic partner very seriously and understand the extensive measures necessary to deliver on that promise. Annually, we review the Committee and Internal Audit Activity charters to ensure we continue to meet your expectations and we do what's necessary to ensure the long-term viability of Millennium Corporate.

Upon review of all reports of the independent auditors, accountants, and regulators, the Committee believes, to the best of our knowledge, the audits and examinations provide a reasonable basis to conclude the financial statements of Millennium Corporate, for the period ended December 31, 2019, are fairly presented and Millennium Corporate is in compliance with all credit union regulations.

STEVE GROOMS | COMMITTEE CHAIR

management statements

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The management of Millennium Corporate Credit Union (Millennium Corporate) is responsible for preparing Millennium Corporate's annual financial statements in accordance with generally accepted accounting principles, except for the classification of members' accounts as discussed below; for establishing and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial reports in accordance with the instructions for the NCUA 5310 - Corporate Credit Union Call Report; and for complying with Federal and, as applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure.

Members' accounts are classified as equity to denote the ownership interest of Millennium Corporate's members. This classification conforms to the statutory definition in the Kansas Credit Union Act and is consistent with past longstanding practice. Accounting principles generally accepted in the United States of America require that members' accounts be classified as liabilities, similar to deposits at other financial institutions.

Millennium Corporate Credit Union



Larry D. Eisenhauer | President & CEO



Kent R. Gleason | Executive Vice President & COO



Kathleen M. Gray, CPA, CGMA, CUDE
Chief Financial Officer

STATEMENT OF MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Millennium Corporate Credit Union's (Millennium Corporate) internal controls over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, i.e., NCUA 5310 - Corporate Credit Union Call Reports. Millennium Corporate's internal controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Millennium Corporate; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory purposes, and that receipts and expenditures of Millennium Corporate are being made only in accordance with authorizations of management and directors of Millennium Corporate; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of Millennium Corporate's assets that could have a material effect on the financial statements.

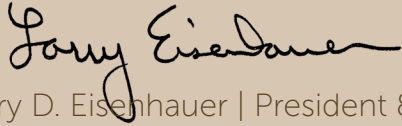
Because of its inherent limitations, internal controls over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management is responsible for establishing and maintaining effective internal controls over financial reporting including controls over the preparation of regulatory financial statements. Management assessed the effectiveness of Millennium Corporate's internal controls over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 - Corporate Credit Union Call Report, as of December 31, 2019, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Controls - Integrated Framework*. Based upon its assessment, management has concluded that, as of December 31, 2019, Millennium Corporate's internal controls over financial reporting, including controls over the preparation of regulatory financial

management statements

statements in accordance with the instructions for the NCUA 5310- Corporate Credit Union Call Report, is effective based on the criteria established in *Internal Control - Integrated Framework*.

Millennium Corporate Credit Union



Larry D. Eisenhauer | President & CEO



Kent R. Gleason | Executive Vice President & COO



Kathleen M. Gray, CPA, CGMA, CUDE
Chief Financial Officer

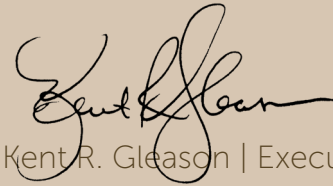
MANAGEMENT'S ASSESSMENT OF COMPLIANCE REPORT

The management of Millennium Corporate Credit Union (Millennium Corporate) has assessed Millennium Corporate's compliance with the Federal and State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the year that ended on December 31, 2019. Based upon its assessment, management has concluded that Millennium Corporate complied with the Federal and State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the year that ended December 31, 2019.

Millennium Corporate Credit Union



Larry D. Eisenhauer | President & CEO



Kent R. Gleason | Executive Vice President & COO



Kathleen M. Gray, CPA, CGMA, CUDE
Chief Financial Officer

Millennium Corporate Credit Union

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