

membership report

DECEMBER 2020



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

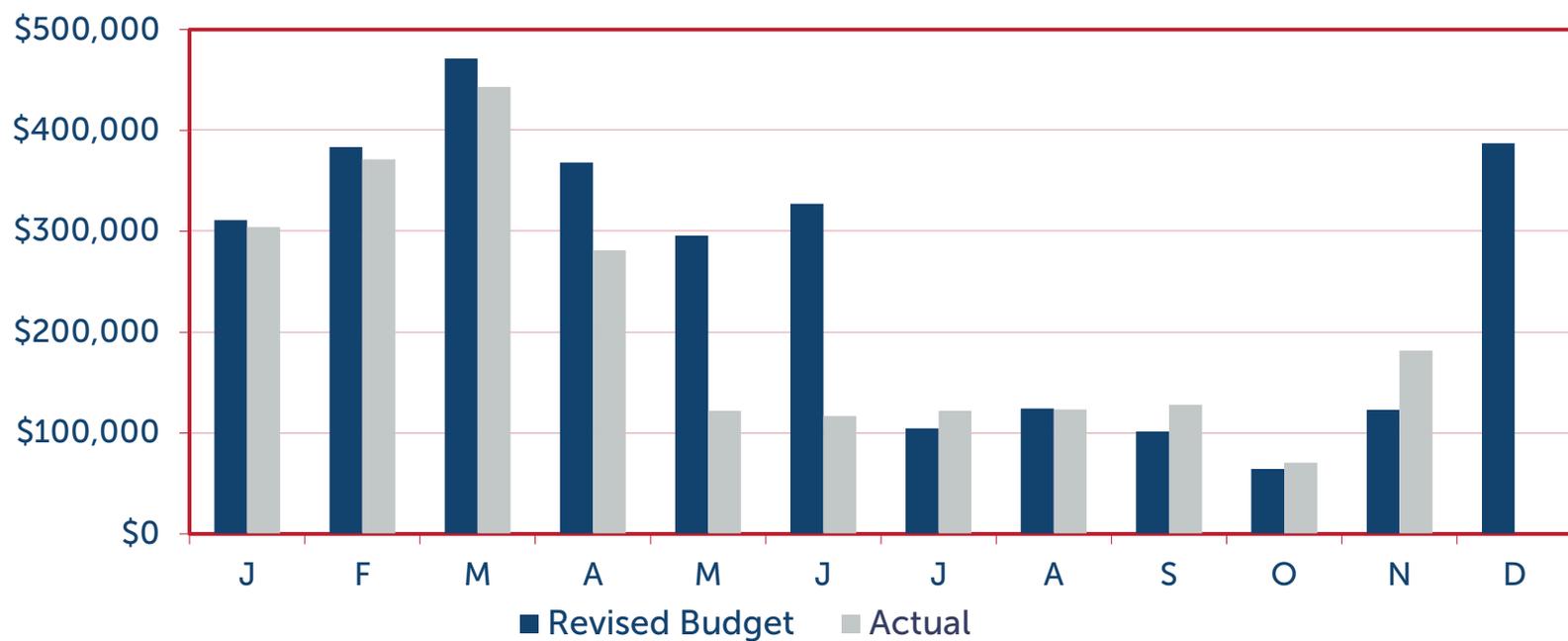
Net Income for November was \$181,657, which was more than the revised budget by \$58,600 or 47.6% for the month. Net-Interest Income was \$48,987 or 21.2% more than budget due to the higher assets and a higher than budgeted return. Non-interest income was more than budget by \$22,980 or 5.1% due to LOC review fees and higher usage of financial services. Operating expenses were more than budget by \$15,422 or 2.9% due to higher incentives earned and more usage of financial services. CUSO income was higher than budget by \$2,055 or 41.1%. PCC dividends were in-line with the revised budget. The year-to-date coverage ratio (fee income/operating expenses) is 78.9%, lower than the revised goal of 80.1%.

Return on Assets (ROA) is in-line with the revised budget as the year-to-date ROA after November is 19.7 bps on average assets of \$1,255.2 million for the eleven months of the year.

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 \$1,217.9 million at the end of November, an increase of \$53.6 million from the previous month. Monthly DANA has increased by \$501.7 million or 70.0% during the past year.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$22,530,563, representing a Retained Earnings ratio of 1.85% and a Tier 1 ratio of 5.49%.

2020 revised budget/actual net income



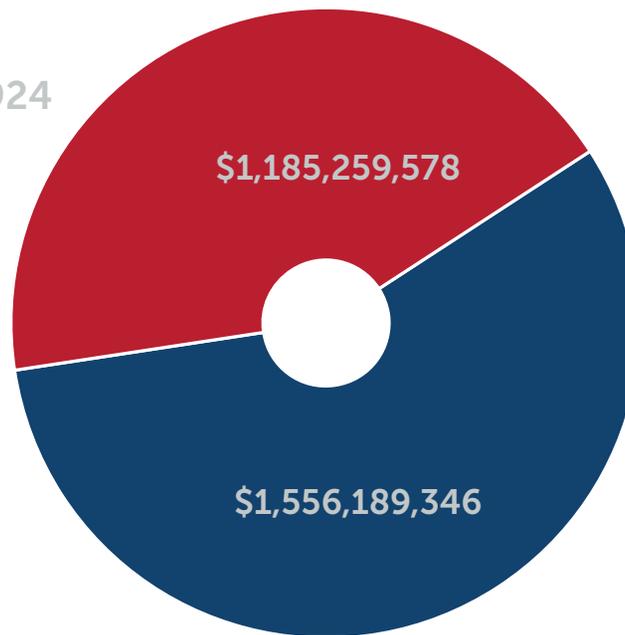
YTD actual/revised budget variance | dollars

November 2020 YTD <i>(In Thousands)</i>	Actual 2020	Revised Budget 2020	Variance
Net Interest Income	\$3,877.1	\$3,745.6	+ \$131.5
+ Non-Interest Income	\$4,840.4	\$4,815.7	+ \$24.7
- Operating Expenses	\$6,134.9	\$6,070.1	(\$64.8)
= Net Operating Income	\$2,582.6	\$2,491.2	+ \$91.4
+ CUSO Gains/Losses	\$69.0	\$52.0	+ \$17.0
- PCC Dividends	\$386.7	\$386.7	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$2,264.9	\$2,156.5	+ \$108.4

total assets | on- and off-balance sheet

November 2020

Total Managed Assets - \$2,741,448,924



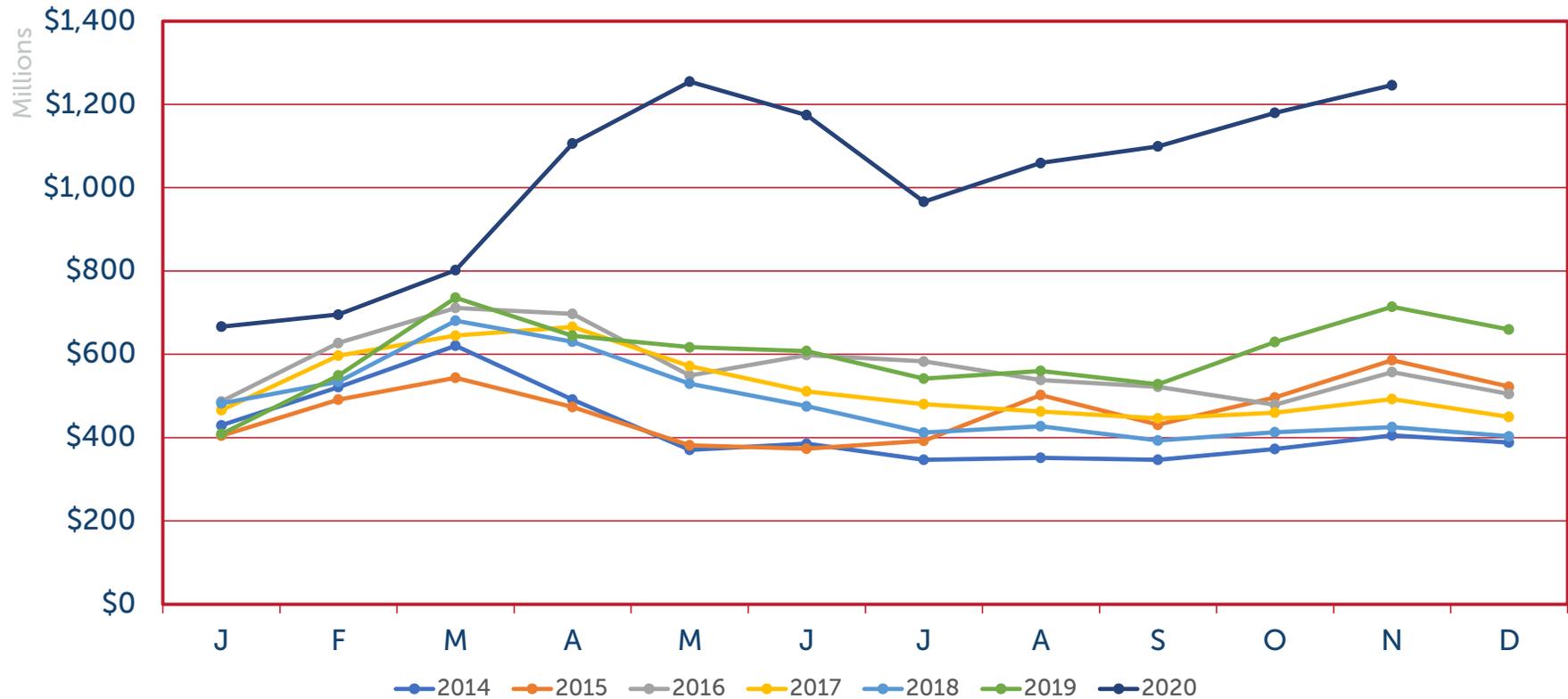
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

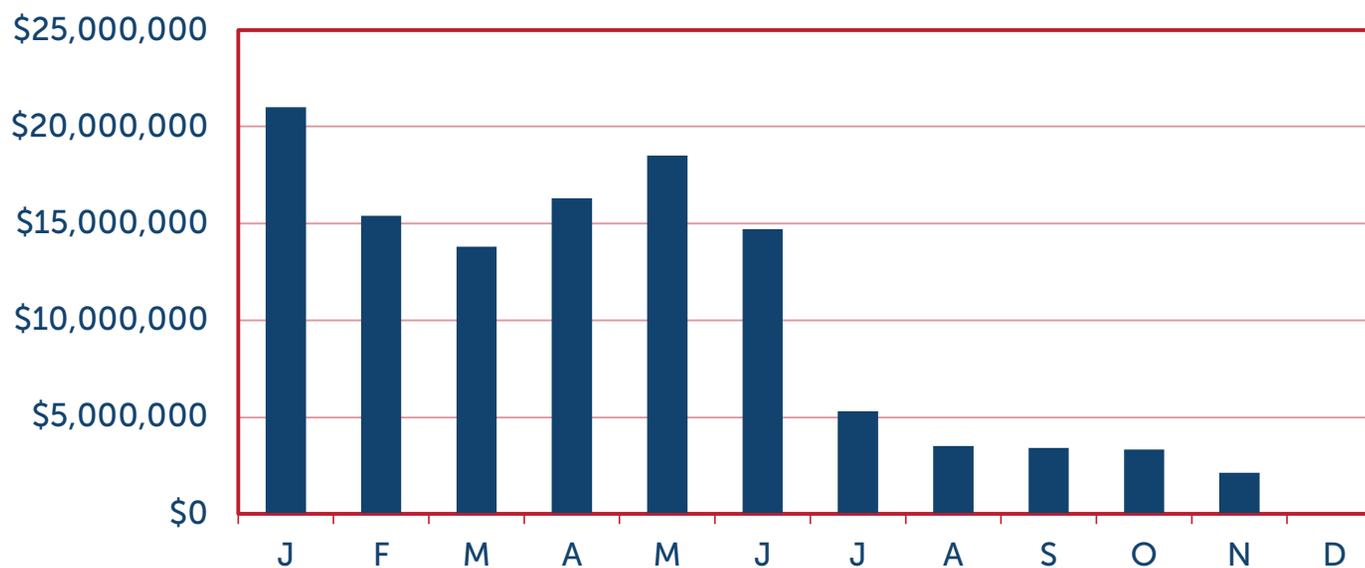
Millennium Corporate did not access our FHLB line-of-credit (LOC) in November 2020. Millennium Corporate currently has a collateralized LOC of \$370.0 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- November 2020 month-end figures show SimpliCD issuance totals of \$75.2 million/ 20 program users.
- Average loan balances are provided below-
 - May - \$18.5 million
 - June - \$14.7 million
 - July - \$5.3 million
 - August - \$3.5 million
 - September - \$3.4 million
 - October - \$3.3 million
 - November - \$2.2 million
 - December (to-date) - \$2.9 million

historical member overnight deposits



2020 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results October 2020						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	-	-	-	-	Minimum Ratio – 2%	PASS
					Max % Change – (15%)	PASS
Base Case	\$78,687,027	-	-	4.99%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$75,707,439	(\$2,979,588)	(3.79%)	4.82%	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 November 2020, is \$2,683,150
- Retained Earnings ratio is 1.85% as of November 2020 versus 2.77%, one year ago
- Like all financial institutions, the surge in overnight deposits at Millennium due to the government stimulus payments and the Federal Open Market Committee (FOMC) actions to lower interest rates have negatively impacted our capital ratios but Millennium is still considered “Well Capitalized”.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s November 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	November 2020	Minimum Requirement
Retained Earnings	1.85%	0.45%
Tier 1 Capital	5.49%	4.00%
Tier 1 Risk-Based Capital	56.04%	4.00%
Total Risk-Based Capital	62.21%	8.00%
GAAP Capital	6.30%	

board meeting recap

Board of Director's Meeting | December 17, 2020

- Approved November 2020 Financial Statements & Committee Reports
- Approved October 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Management reported that Millennium continues to promote a socially distanced work environment and remote schedules
 - Participated in the Kansas Credit Union Council meeting virtually and presented a report on Millennium
 - Management reported that Senate confirmed Kyle Hauptman as new NCUA Board Member and that Millennium continued to monitor if Congress would extend the provisions that provided the CLF the ability to support the liquidity needs of CU's – **ultimately Congress extend the provisions that allow Millennium to act as agent on behalf of our members, providing 224 member CUs access to liquidity via the CLF for the next year**
 - Update in the status of Millennium participating in the pilot program for FedNow services
 - Management reported that Asset & Investment Management (AIM) wrapped their 4-part webinar series with very favorable results and feedback from members
 - Update on remodeling project in the Wichita office
 - Third quarter call report data as of September 2020 showed Millennium's market share of investments was 21.4% - exceeding 2020 goal of 21.0% and up by + 1.9% from a year ago

board meeting recap

New Business

- Steve Borchers, Millennium's independent risk expert, presented and the Board approved, both the quarterly and annual ERM Board Report accepting the current residual risk level of \$1,374,683, which is 6.10% of November 2020 Retained Earnings of \$22,530,563.
- Due to a finding in a recent audit, the Board approved a minor revision in the BSA Policy to include all legal entities requesting membership with Millennium.
- The Board approved Millennium's Liquidity Plan. The plan must evaluate the potential liquidity needs of its membership in a variety of economic scenarios; regularly monitor and demonstrate accessibility to sources of internal and external liquidity; keep a sufficient amount of cash to support its payment system obligations; demonstrate that the accounting classification of investment securities is consistent to meet potential liquidity demands; and develop a contingency funding plan that addresses alternative funding strategies in successively deteriorating liquidity scenarios.

board meeting recap

New Business

- Both the Supervisory Committee and the Board reviewed the fidelity bond and all other insurance coverages for 2021. After review, the Board passed a resolution approving the purchase of fidelity bond coverage \$8 million and the other insurance coverages for 2021.
- The 2021 audit plan letter was provided to the Board. The letter details the objectives of the financial audit and the audit of internal controls over financial reporting. The letter further describes Millennium's responsibilities; the auditor's responsibilities; the scope of the audit; areas of emphasis; communication of significant findings and the audit timetable. The auditors will issue a written report upon completion of the integrated audit.

supervisory committee recap

Supervisory Committee Meeting – December 14, 2020

- Committee reviewed the risk assessments for wire transfers and the wire call back threshold.
- Committee reviewed the employee expense report internal audit.
- Committee reviewed the results from the ACH and BSA audits that were recently completed by J. Tenbrink and Associates.
- The Committee and management met with representatives of Lockton Companies to review potential 2021 fidelity bond and other insurance coverages. The Committee recommended a fidelity bond of \$8 million and other necessary insurance coverages for the year.
- 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 – February 22, 2021

credit committee recap

Credit Committee Meeting – December 8, 2020

- The Committee reviewed and approved 42 lines-of-credit
- The Committee reviewed the Monitor Report and added one member to the Monitor Report
- The Committee cancelled one line-of-credit due to a merger
- Current Advised LOC status – 241 Lines/\$925.0 million
- Next meeting – February 3, 2021

events calendar

January 2021

- **1-Friday** | New Year's Day – Millennium Offices Closed
- **18-Monday** | Martin Luther King, Jr.'s Birthday – Millennium Offices Closed
- **21-Thursday** | Millennium ALCO & Board Meeting
- **25-Monday** | ERM Committee Meeting