



Membership Report | February 2020

Agenda

- Financial Commentary
 - 2020 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2020 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – December 2019
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee Meeting
- Credit Committee Meeting
- Calendar of Events – March 2020



Financial Commentary

Net Income for January was \$304,137, under budget by \$7,061 or 2.3% for the month. Net interest income was \$35,971 or 6.3% less than budget due to higher rates on the overnight accounts compared to overall market rates. Non-interest income was more than budget by \$18,693 or 4.8% due primarily to higher financial services and commission income. Operating expenses were under budget by \$10,210 or 1.8% due to the budget which streamlines many of the expenses evenly throughout the year. CUSO income and PCC dividends were both right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 74.8%, higher than the goal of 69.1%.

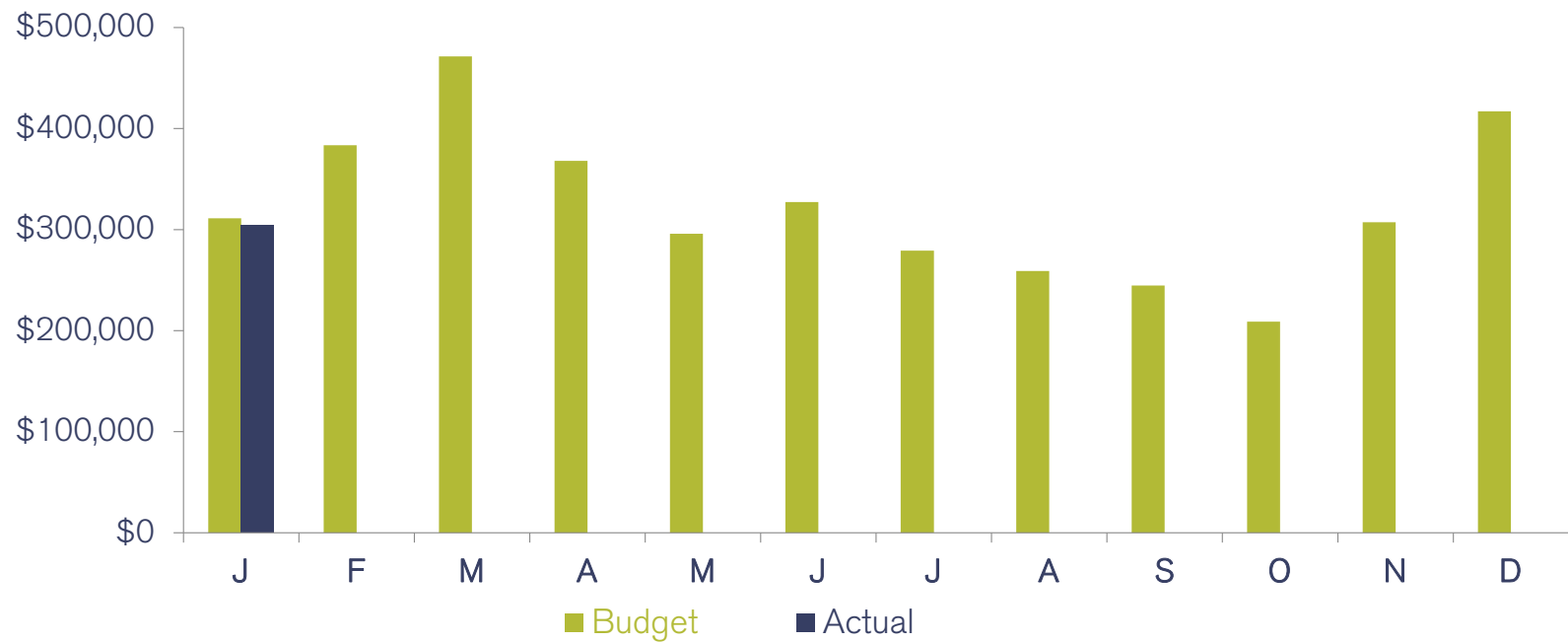
Return on Assets (ROA) for the month was 44.6 bps on average assets of \$818.0 million.

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 \$761.7 million at the end of January, an increase of \$23.3 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$20,569,797, representing a Retained Earnings ratio of 2.70% and a Tier 1 ratio of 9.43%.



2020 Budget/Actual Net Income



YTD Actual/Budget Variance | Dollars

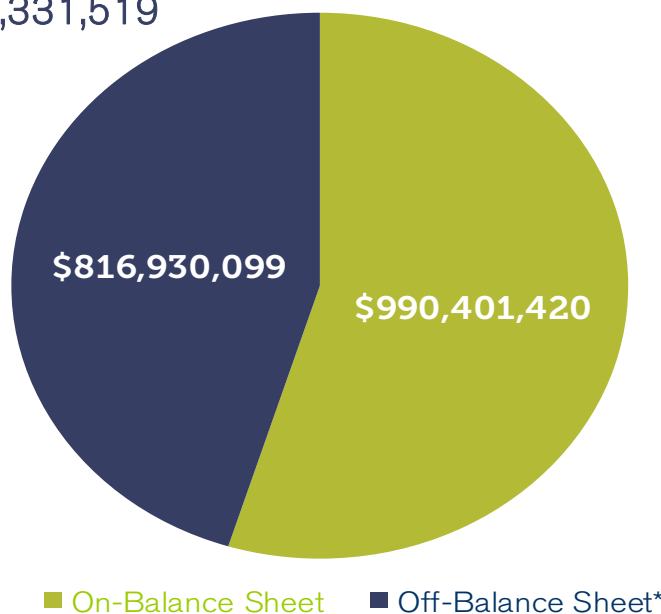
January 2020 YTD <i>(In Thousands)</i>	Actual 2020	Budget 2020	Variance
Net Interest Income	\$532.2	\$568.2	(\$36.0)
+ Non-Interest Income	\$411.9	\$393.2	\$18.7
- Operating Expenses	\$550.8	\$561.0	\$10.2
= Net Operating Income	\$393.3	\$400.4	(\$7.1)
+ CUSO Gains/Losses	\$5.2	\$5.2	\$0.0
- PCC Dividends	\$94.4	\$94.4	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$304.1	\$311.2	(\$7.1)



Total Assets | On- and Off-Balance Sheet

January 2020

Total Managed Assets - \$1,807,331,519



Liquidity Commentary

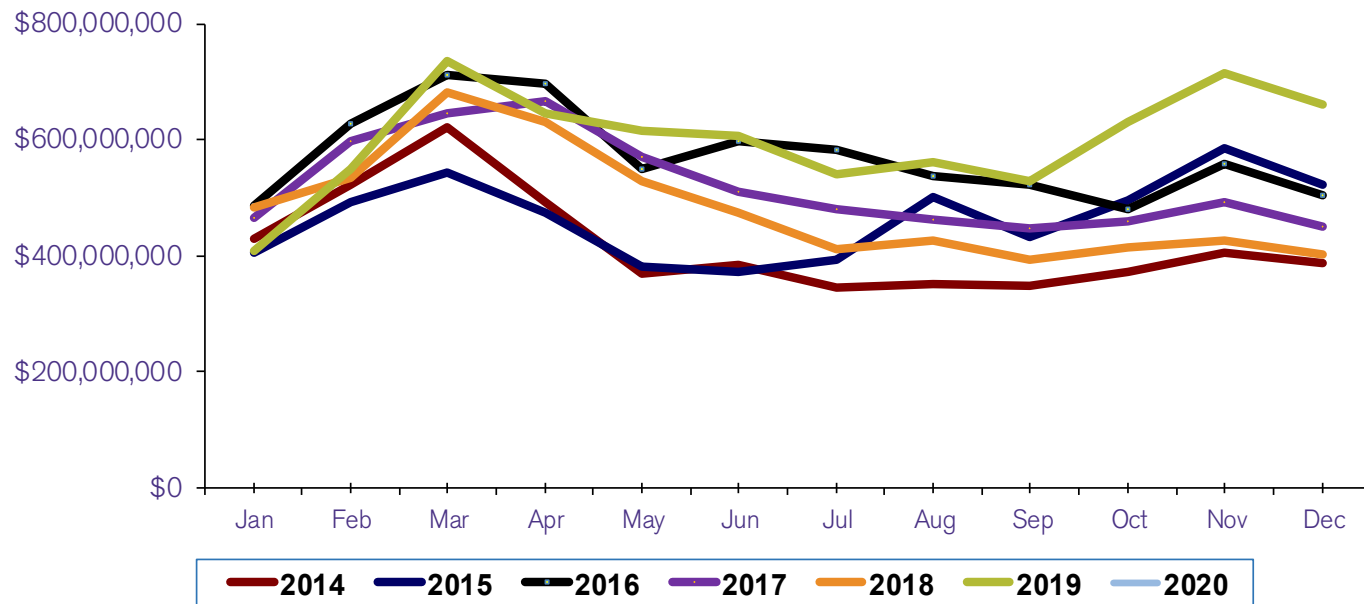
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in January 2020. Millennium Corporate currently has a Collateralized LOC of \$282.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$20.1 million in November; averaged \$22.1 million in December; averaged \$21.0 million in January and have averaged \$16.3 million during most of February.
- January 2020 month-end figures show SimpliCD issuance totals of \$110.2 million and 24 users of this liquidity option.

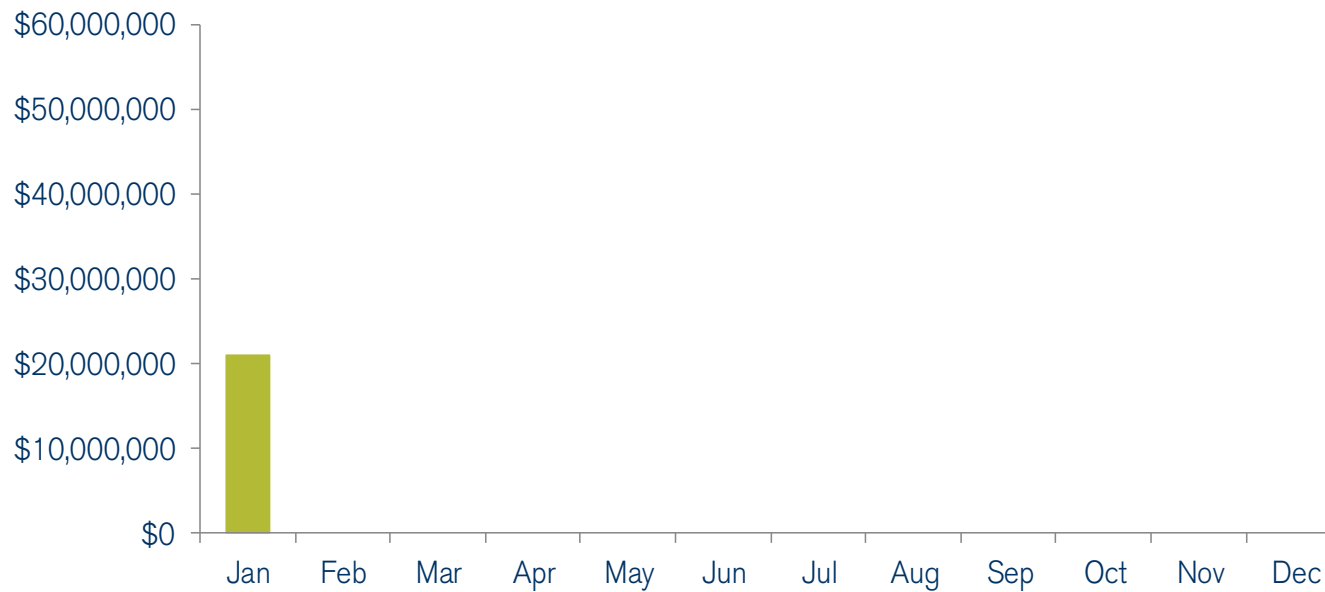
Graphical representations of the seasonal activity of member overnight deposits since 2015, and average member borrowing activity for 2020 follow this commentary.



Historical Member Overnight Deposits



2020 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results December 2019						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$75,218,916	+ \$302,031	+ 0.40%	9.19%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$74,916,885	-	-	9.16%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$74,716,988	(\$199,897)	(0.27%)	9.15%	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 scenarios.



Capital Commentary

- Increase to Retained Earnings during the past 12 months, through January 2020, is \$3,791,774
- Retained Earnings ratio is 2.70% as of January 2020 versus 2.84%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's January 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.70% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 9.43% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 81.94% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 81.94% | Minimum Requirement – 8.00%
 - GAAP Capital – 9.82%



Board Meeting Recap

Board of Director's Meeting – February 20, 2020

- Approved January 2020 Financial Statements & Committee Reports
- Approved December 2019 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Update on recent Corporate CU Alliance activities and the proposed rule on Reg 704 which governs corporate credit unions – proposed changes include the following: allowing a corporate to make a minimal investment in a CUSO; expand senior positions who can serve on the corporate CU board; and amending the experience for the ERM expert
 - Millennium staff participated in the “Day at the Capitol” in KS, MO and NE and the CUNA GAC conference
 - Tenbrink & Associates on-site for week to complete the year-end financial audit
 - Reviewed December 2019 corporate call report data
 - Preparations for Millennium’s Annual Meeting to be held in Kansas City on April 23th & 24th – speakers include Lee Wetherington (Director of Strategic Insight for Jack Henry); cyber security expert Jim Stickley (CEO of Stickley on Security); and Mike Schenk (Deputy Chief Advocacy Officer for Policy Analysis and Chief Economist for CUNA)



Board Meeting Recap

Reviewed the financial results of our CUSO investments as of December 2019-

- Primary Financial Company, LLC (SimpliCD) had net income of \$548,044 for 2019. The company has total equity of \$20.8 million, representing an equity ratio of 46.7%. Millennium's current ownership percentage is 12.0%. Millennium ended December with outstanding SimpliCD balances of \$483.1 million and SimpliCD issuance of \$131.8 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net income of \$302,099 for 2019. Total equity is \$2.9 million representing an equity ratio of 70.1% as of December 2019. Currently, twenty-seven Millennium members utilize CUBG services (4th highest of owners). Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) year-to-date income is \$158,715. ISI's fiscal year runs from October 2019 through September 2020. Millennium recognized a gain of \$54,535 on our investment when the audited financials were received. As of December 2019, ISI had retained earnings of \$697,440, reflecting an equity ratio of 33.6%. Millennium's current ownership percentage is 25.0%.
- CULedger Heartland, LLC – initial investment was made in December 2018 and during 2019 Millennium management decided to write down about half of the initial investment leaving an investment of \$9,731 - representing ownership of 7.69%.



Board Meeting Recap

Board of Director's Meeting – February 20, 2020

- Board appointed the Millennium Compliance Officer as the individual responsible for managing BSA/OFAC compliance for 2020 and appointed the Controller as the alternate for BSA/OFAC compliance.
- Kip Poe, VP-Information & Technology, presented the Millennium Security Program Board Report (per the guidelines set in NCUA – Part 748 Appendix A, Sect III, F).



Supervisory Committee Recap

Supervisory Committee Meeting – February 18, 2020

- Committee reviewed the risk assessment for Unitrends
- Committee reviewed the Authority Level Review Internal Audit and the ACH Policy and Procedure Internal Audit
- Reviewed the favorable results of the Wire Transfer Contingency Test
- Committee reviewed the semi-annual Security Program Board Report, the 2019 Year in Review and an updated internal audit schedule
- Committee was updated on the progress of the annual financial statement audit, which is being completed by J. Tenbrink and Associates
- 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 – April 27, 2020



Credit Committee Recap

Credit Committee Meeting – February 12, 2020

- The Committee reviewed and approved 46 lines-of-credit
- Committee reviewed the Monitor Report and added two members to the Monitor Report and removed one
- Completed the semi-annual review of all members with a net worth ratio less than 7.0%
- Current Advised LOC status – 246 Lines/\$835.4 million
- Next meeting – May 6, 2020



March 2020

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
2	3	4	5 St. Louis Chapter Kick-Off Breakfast STL	6
9 Millennium ERM Committee Meeting	10	11 Nosh & Network Wichita, KS	12 Nosh & Network KCMO	13
16	17	18	19	20
23	24 HCUA Innovation Conference KCMO	25 Nosh & Network Billings, MT HCUA Innovation Conference KCMO	26 Millennium ALCO & Board Meetings	27
30	31	1 Nosh & Network Lincoln, NE	2	3