



Membership Report | January 2020

Agenda

- Financial Commentary
 - 2019 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- 4Q Financial Review
 - Non-Interest Income Trends
 - Operating Expense Trends
 - Coverage Ratio
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2019 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – November 2019
- Capital Commentary
- Board Meeting Recap
- Year-End Summary (2016 – 2019)
- Calendar of Events – February 2020



Financial Commentary

Net Income for December was \$418,247, exceeding budget by \$128,193 or 44.2% for the month. Net interest income was \$41,850 or 7.1% less than budget due to the FOMC action of lowering the target fed funds rate which has reduced our return on overnight funds. Non-interest income was more than budget by \$27,374 or 6.6% due primarily to higher commission income. Operating expenses were under budget by \$5,122 or 0.9%. CUSO income was positive compared to the budget which had forecasted a loss for the month due to a gain on our broker dealer CUSO. PCC dividends were under budget by \$50,643 or 34.4% due to the lower rate environment. The year-to-date coverage ratio (fee income/operating expenses) is 73.2%, higher than the goal of 71.7%.

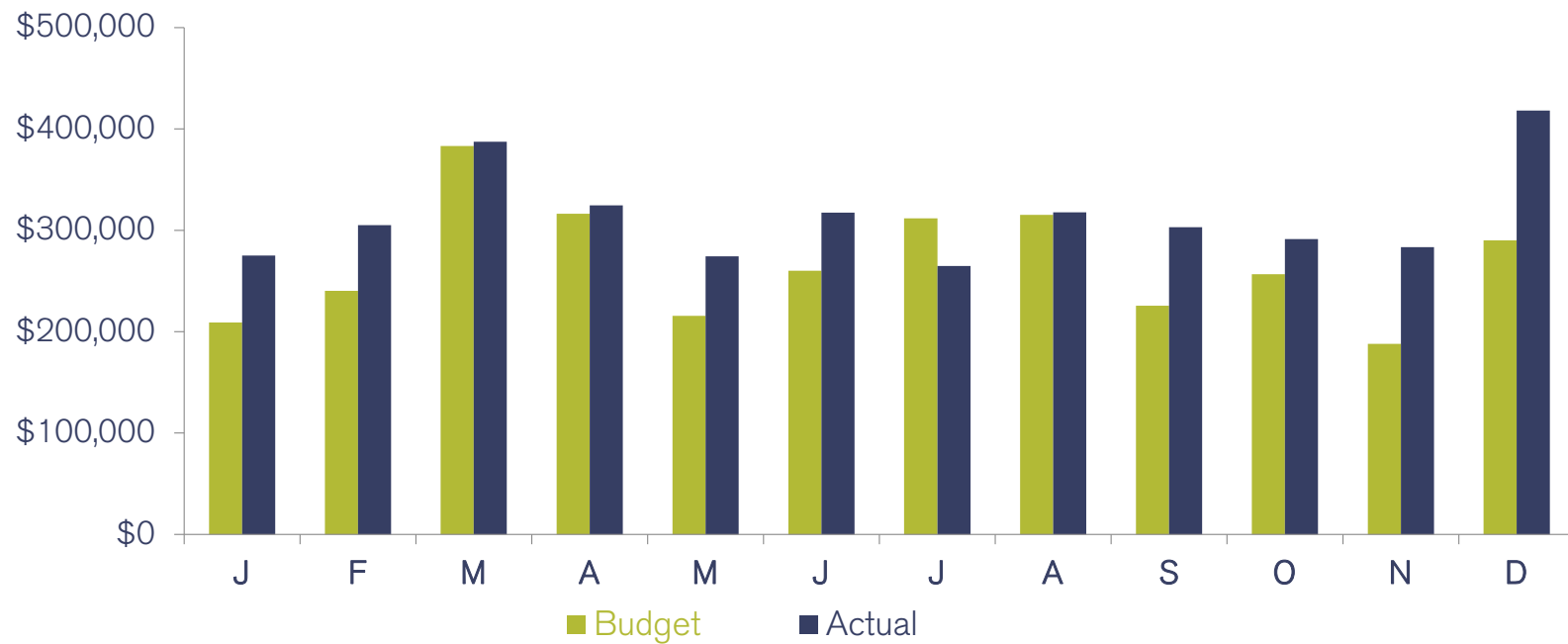
Return on Assets (ROA) for the year was 51.0 bps on average assets of \$735.4 million.

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 \$738.4 at the end of December, an increase of \$147.5 million or 25.0% from the previous year-end.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$20,265,660, representing a Retained Earnings ratio of 2.74% and a Tier 1 ratio of 9.69%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance | Dollars

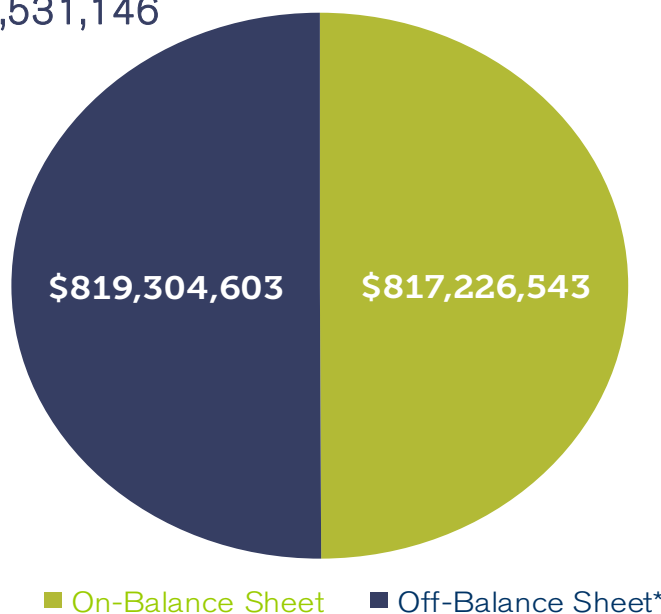
| December 2019 YTD <i>(In Thousands)</i> | | | |
|--|-------------|-------------|----------|
| | Actual 2019 | Budget 2019 | Variance |
| Net Interest Income | \$6,856.1 | \$6,922.5 | (\$66.4) |
| + Non-Interest Income | \$4,894.8 | \$4,859.1 | \$35.7 |
| - Operating Expenses | \$6,683.9 | \$6,773.6 | \$89.7 |
| = Net Operating Income | \$5,067.0 | \$5,008.0 | \$59.0 |
| + CUSO Gains/Losses | \$114.6 | (\$10.5) | \$125.1 |
| - PCC Dividends | \$1,431.4 | \$1,635.9 | \$204.5 |
| + Other Gains/Losses | \$12.5 | (\$150.0) | \$162.5 |
| = Net Income | \$3,762.7 | \$3,211.6 | \$551.1 |



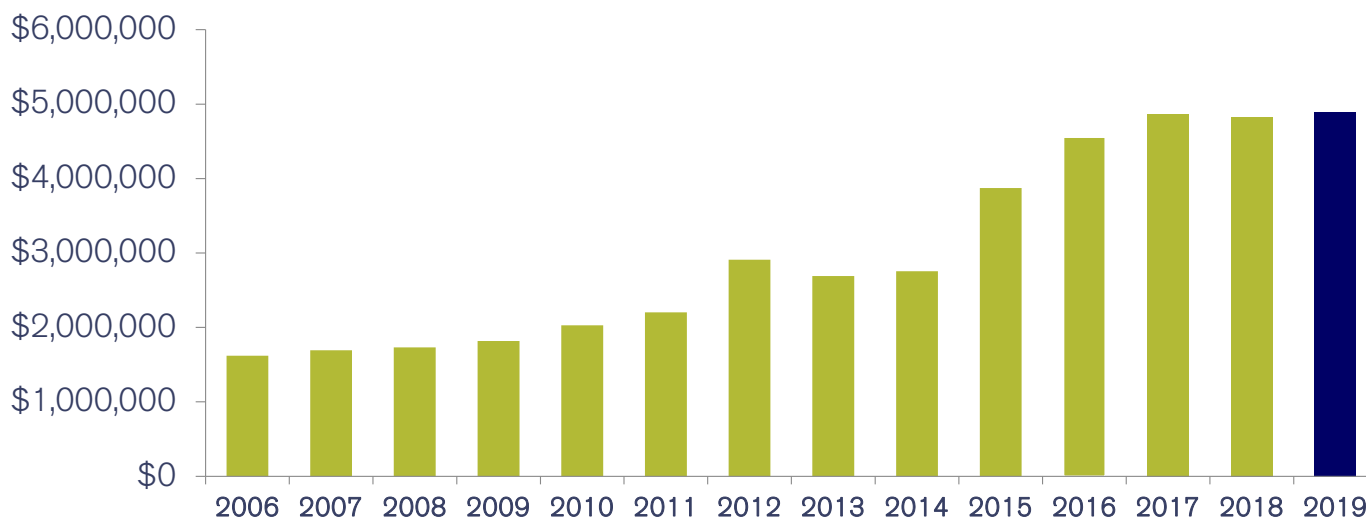
Total Assets | On- and Off-Balance Sheet

December 2019

Total Managed Assets - \$1,636,531,146



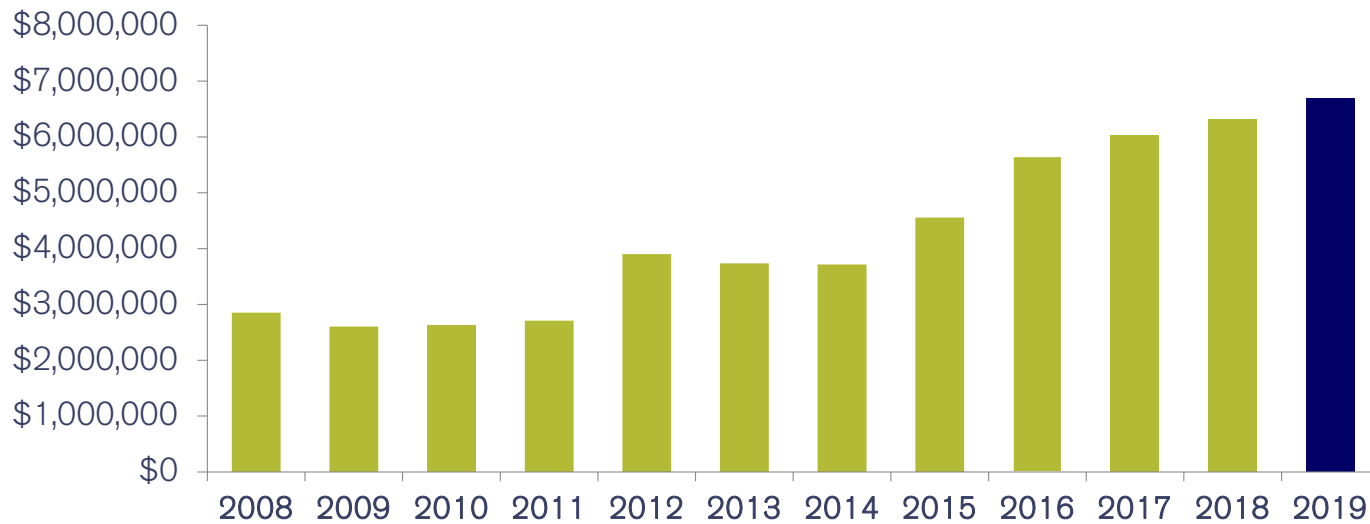
Annualized Non-Interest Income Trends



The 2019 budget projected only a slight increase in Non-Interest Income compared to the previous year. Non-interest income exceeded the budget by 0.7%.



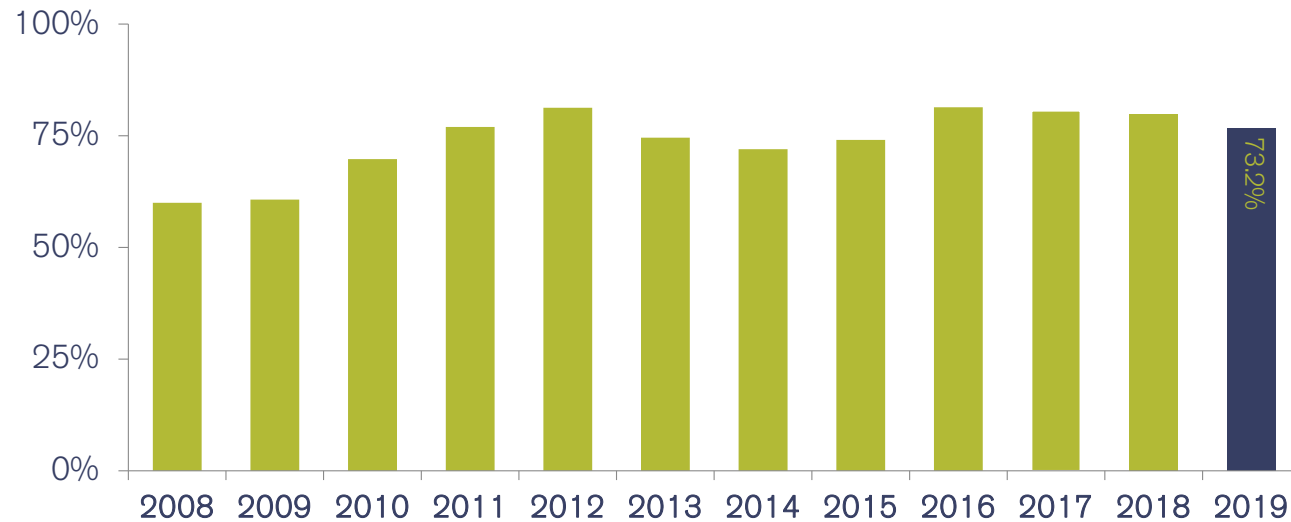
Annualized Operating Expense Trends



Operating Expenses are lower than budgeted due primarily to salaries and financial services – off-setting the higher promotion expenses for “Open Your Eyes Initiative” and AIM marketing. Operating expenses were \$89,717 or 1.3% less than budget.



Coverage Ratio | Fee Income/Operating Expenses



The 2019 Coverage Ratio was budgeted to decline to 71.7% but for the year the actual ratio was 73.2% due to lower operating expenses.



Liquidity Commentary

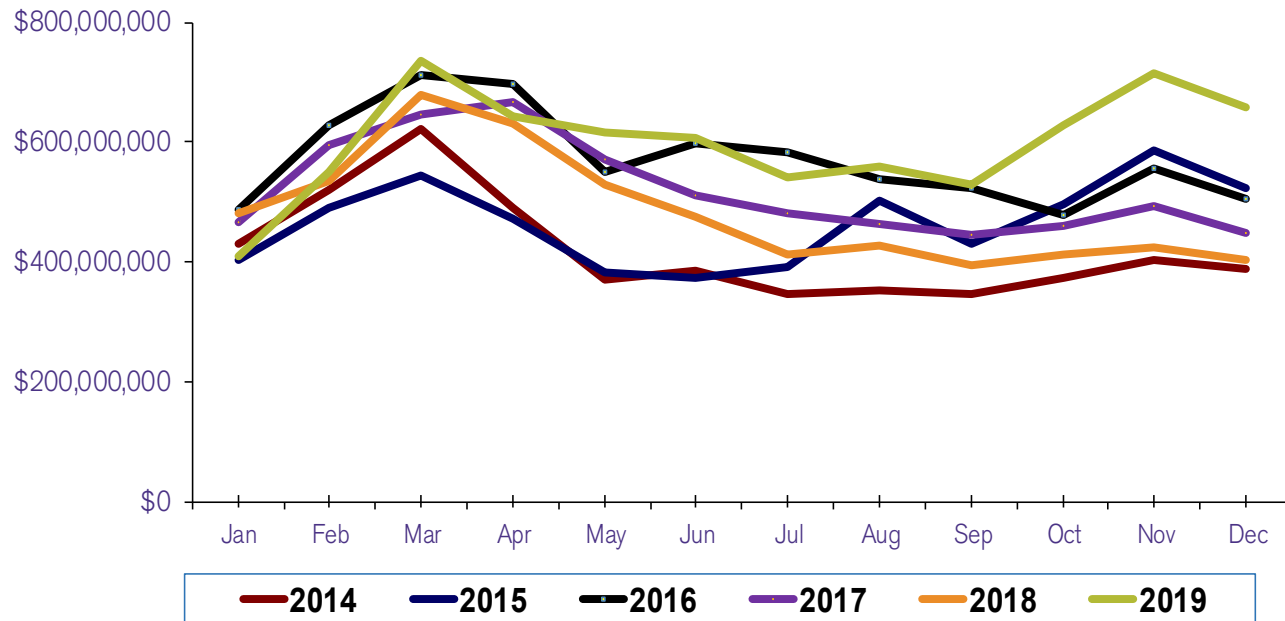
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in December 2019. Millennium Corporate currently has a Collateralized LOC of \$280.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$24.1 million in October; averaged \$20.1 million in November; averaged \$22.1 million in December and have averaged \$20.7 million during most of January.
- December 2019 month-end figures show SimpliCD issuance totals of \$131.8 million and 24 users of this liquidity option.

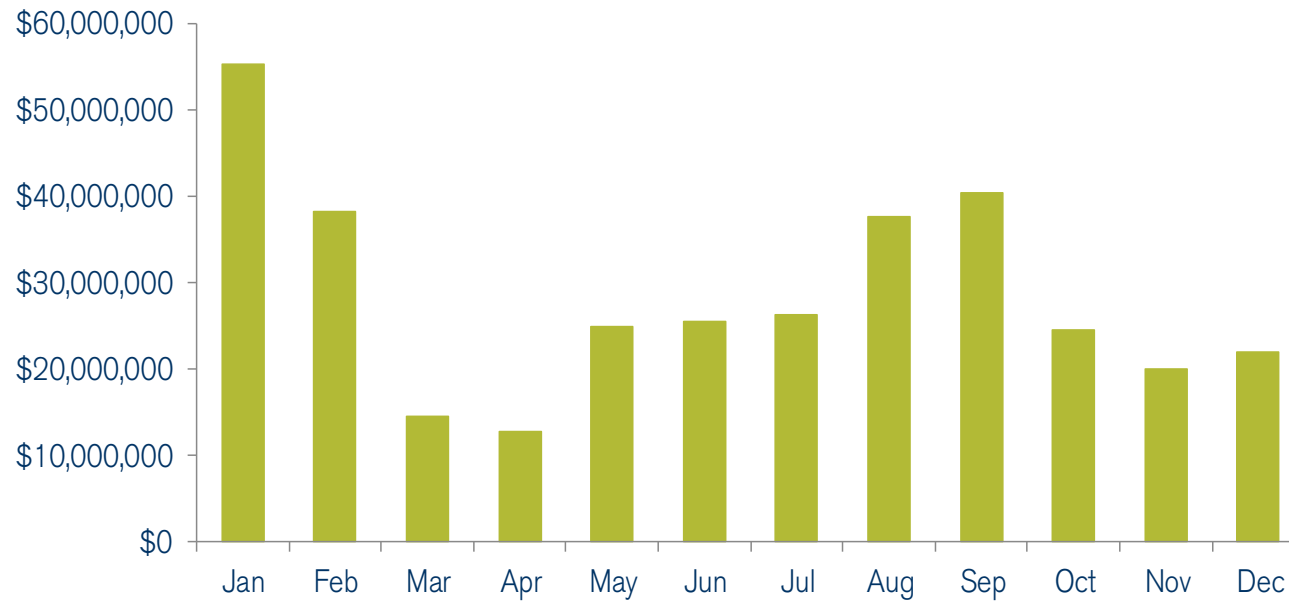
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

| NEV Testing Results November 2019 | | | | | | |
|-------------------------------------|--------------------------|-------------------|-----------------------|-----------|----------------------|-----------|
| | Net Economic Value (NEV) | NEV Dollar Change | NEV Percentage Change | NEV Ratio | Reg. Limits | Pass/Fail |
| -300 bps Increase in Interest Rates | \$74,873,297 | + \$358,644 | + 0.48% | 7.45% | Minimum Ratio - 2% | PASS |
| | | | | | Max % Change - (15%) | PASS |
| Base Case | \$74,514,653 | - | - | 7.42% | Minimum Ratio - 2% | PASS |
| +300 bps Increase in Interest Rates | \$74,338,610 | (\$176,043) | (0.24%) | 7.41% | 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 scenarios.



Capital Commentary

- Increase to Retained Earnings during the past 12 months, through December 2019, is \$3,762,729
- Retained Earnings ratio is 2.74% as of December 2019 versus 2.79%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's December 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.74% | Minimum Requirement – 1.00%
 - Tier 1 Capital Ratio – 9.69% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 83.64% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 83.64% | Minimum Requirement – 8.00%
 - GAAP Capital – 10.08%



Board Meeting Recap

Board of Director's Meeting – January 23, 2020

- Approved December 2019 Financial Statements & Committee Reports.
- Approved November 2019 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management..
 - Update on advocacy opportunities with our association partners in February – we will have representatives at Jam the Unicam in NE; Day at the Capitol events in KS & MO; and sponsor events at the CUNA GAC for our members in KS, MO, MT & NE
 - Update on recent Corporate CU Alliance activities
 - Discussed the FED approved later same-day ACH processing window with a March 2021 effective date
 - Update on December 2019 goals
 - Tenbrink & Associates on-site in January for planning the year-end financial audit and fieldwork scheduled for February 10-14 in St. Louis
 - For 2019, Millennium paid \$11,268,932 in dividends to members and \$1,431,357 to PCC holders for a combined total of \$12,700,289 for the year



Board Meeting Recap

Board of Director's Meeting – January 23, 2020

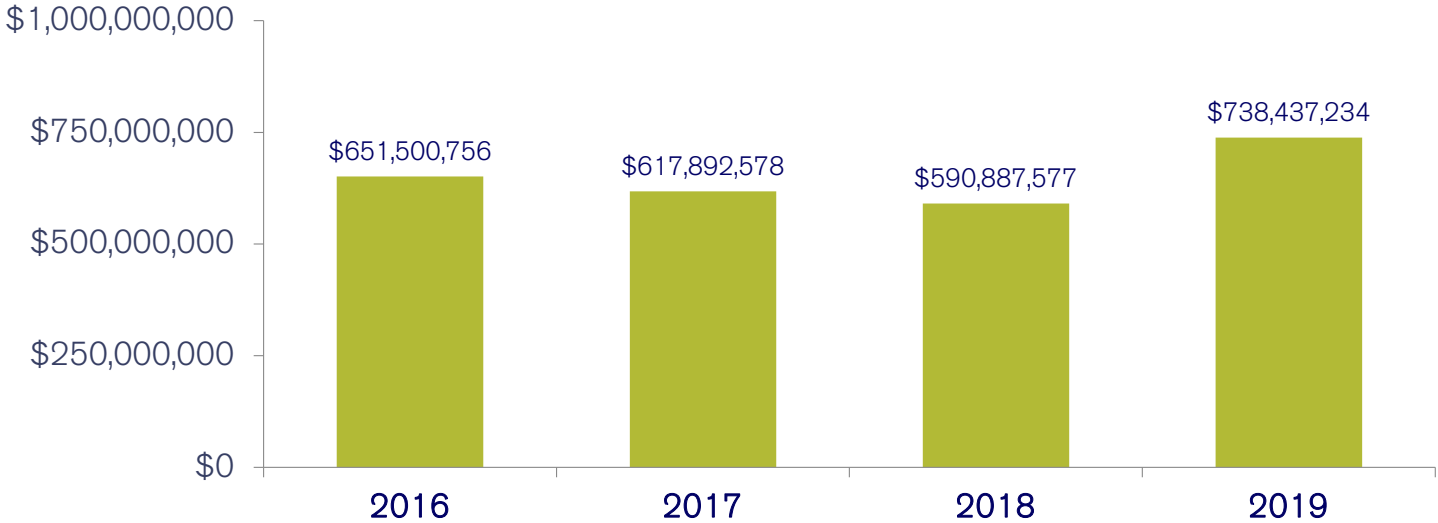
- The Board approved a minor change to Millennium's ACH Policy removing a reference to Appendix Eight, which was eliminated from the National Automated Clearing House (NACHA) Operating Rules.
- Approved the 2020 Budget with the following outcomes:
 - ROA of 48.3 bps
 - Net Income - \$3,873,138
 - 2020 Daily Average Net Assets - \$801.3 Million
 - Projected December 2020 Retained Earnings Ratio of 3.01%
 - Projected December 2020 Tier 1 Capital Ratio of 9.40%





Year-End Info (2016 – 2019)
Since Most Recent Merger

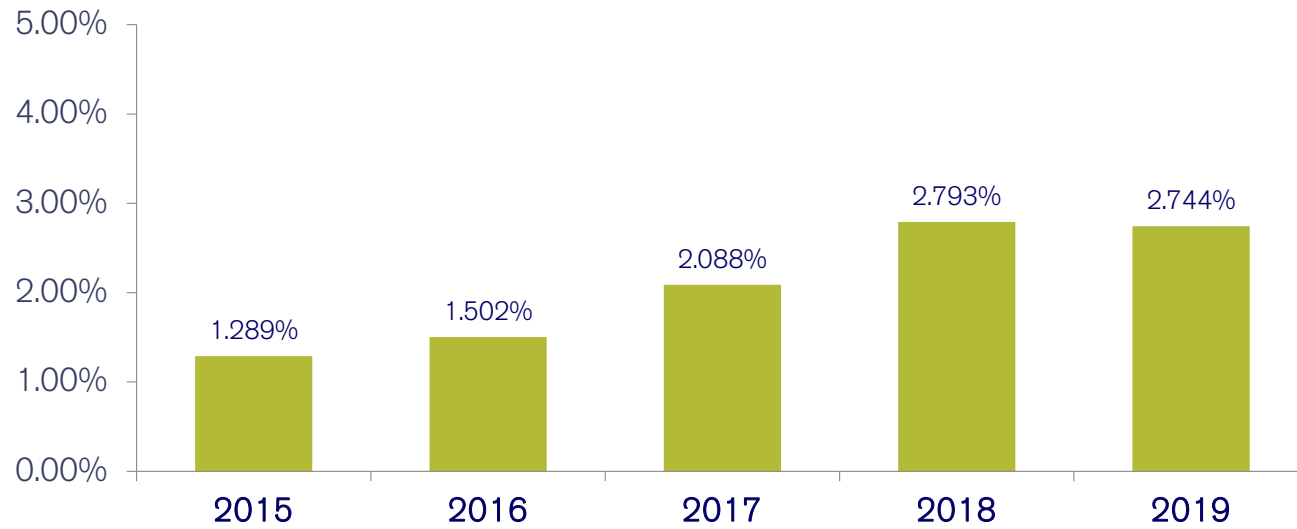
Daily Average Net Assets



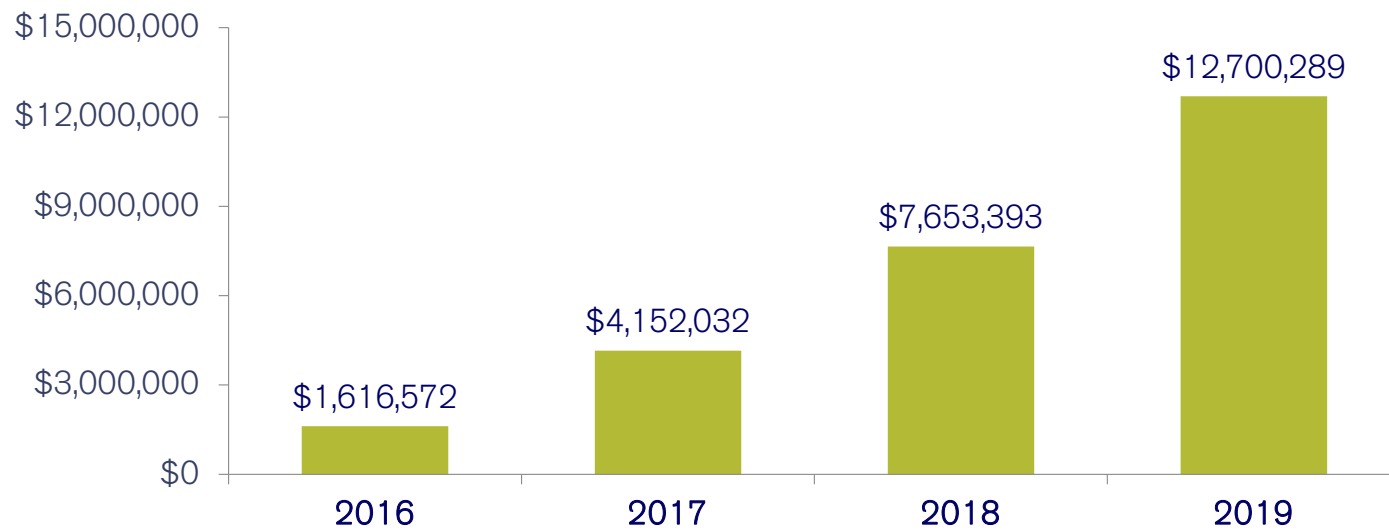
Retained Earnings



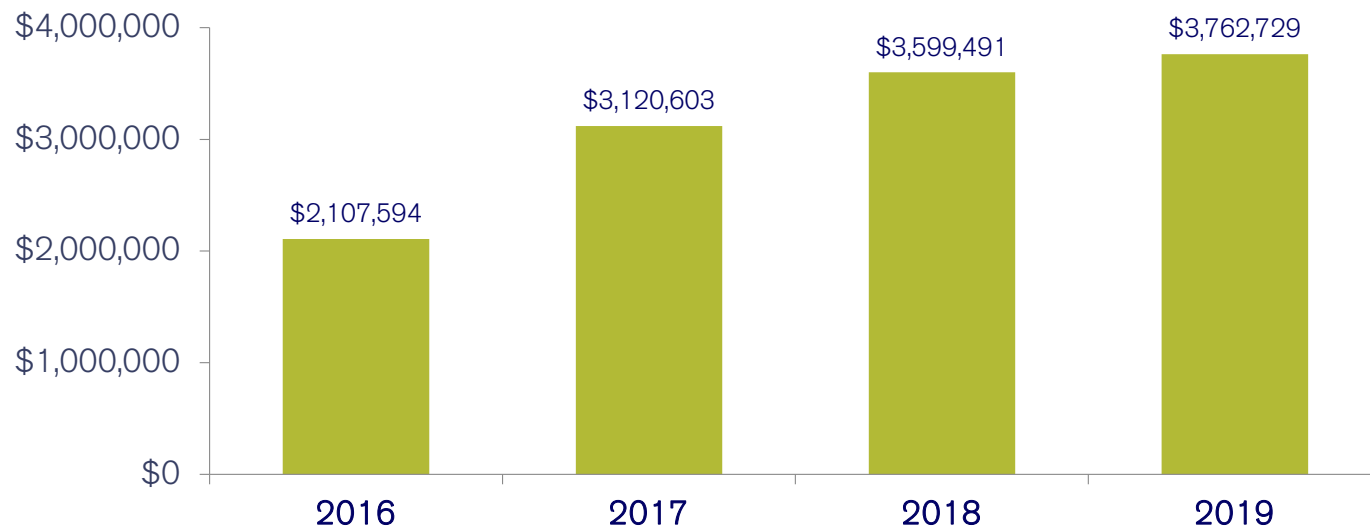
Retained Earnings Ratio



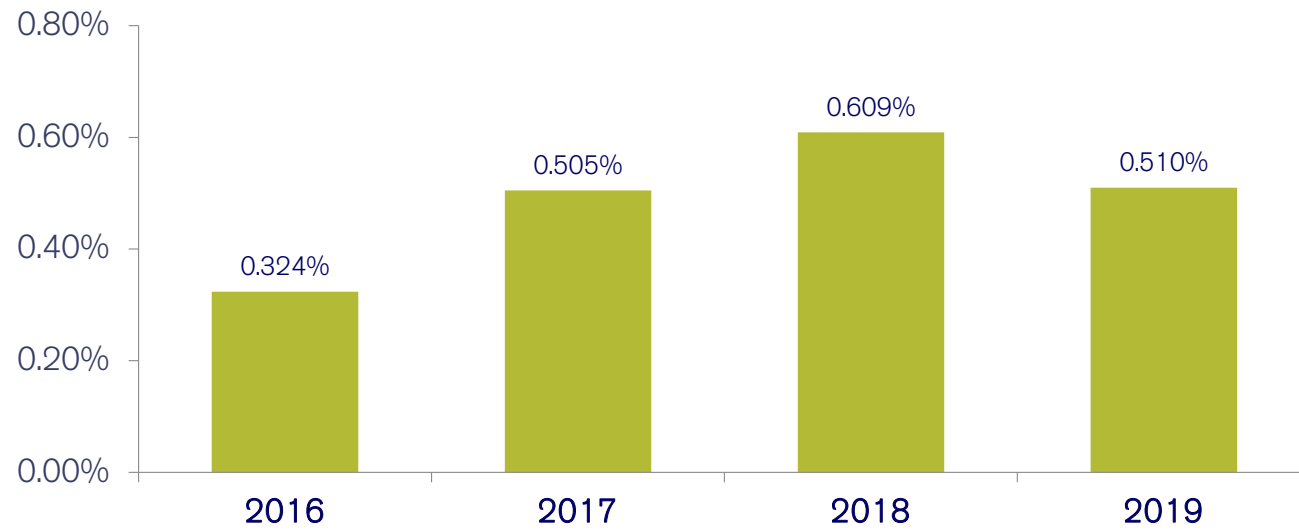
Total Dividends Paid



Net Income



Return on Assets (ROA)



February 2020

Calendar of Events



| Monday | Tuesday | Wednesday | Thursday | Friday |
|--|--|---|---|--------|
| 27 | 28 | 29 | 30 | 31 |
| 3 NCUL Jam the Unicam Lincoln, NE | 4 Kansas Day at the Capital Topeka, KS | 5 | 6 | 7 |
| 10 | 11 MonDak Roundtable | 12 MonDak Roundtable Millennium Corporate Credit Committee Meeting | 13 | 14 |
| 17 Presidents' Day Millennium Corporate Offices Closed | 18 Millennium Corporate Supervisory Committee Meeting | 19 | 20 Millennium Corporate ALCO & Board Meetings | 21 |
| 24 CUNA Governmental Affairs Conference | 25 CUNA Governmental Affairs Conference | 26 CUNA Governmental Affairs Conference | 27 | 28 |