



Membership Report | September 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 – July 2020
- Capital Commentary
- Board Meeting Recap
- Calendar of Events – October 2020



Financial Commentary

Net Income for August was \$123,419, less than the revised budget by \$812 or 0.7% for the month. Net interest income was \$8,699 or 3.6% more than budget due to the higher than budgeted return. Non-interest income was more than budget by \$5,213 or 1.2% due primarily to higher financial services income. Operating expenses were above budget by \$23,178 or 4.4% due to higher than budgeted incentives and pass thru financial service costs. CUSO income was higher than budget by \$8,454 or 153.7%. PCC dividends were in-line with the revised budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.7%, lower than the revised goal of 80.1%.

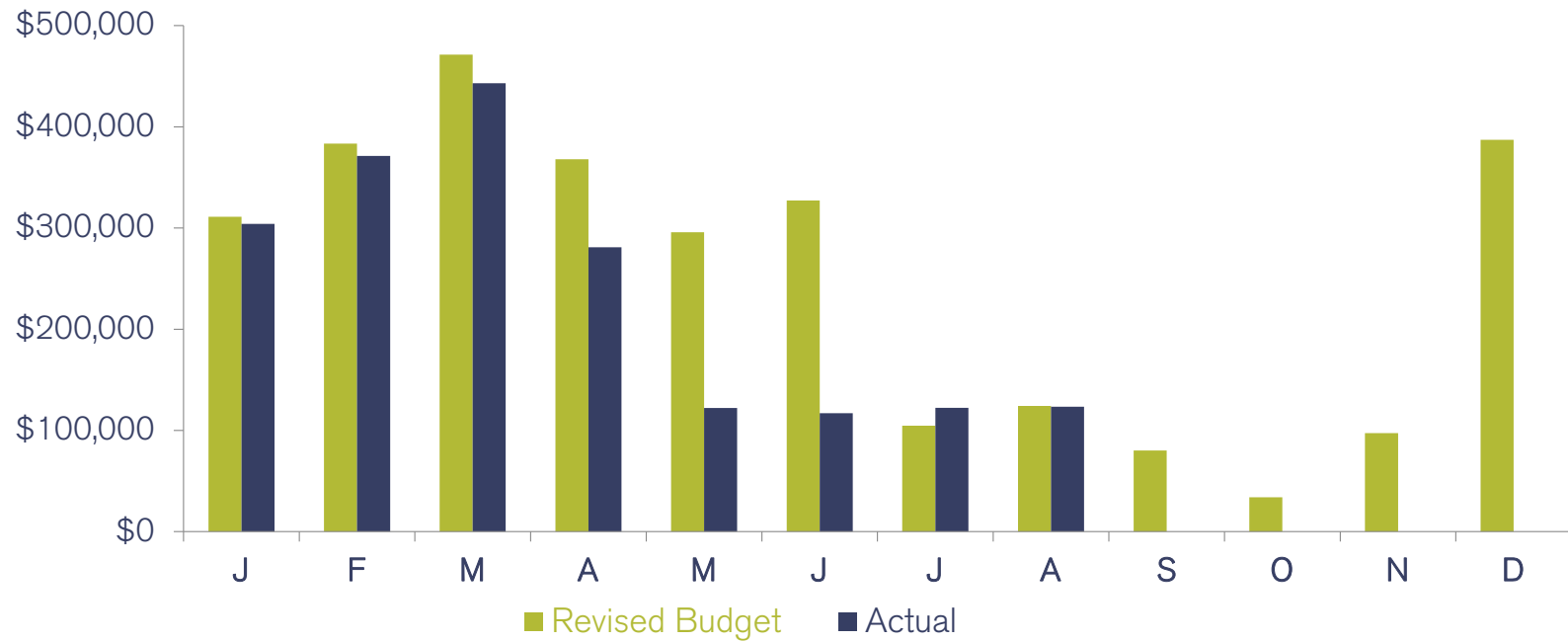
Return on Assets (ROA) is in-line with the revised budget as the year-to-date ROA after August is 23.4 bps on average assets of \$1,207.8 million for the eight months of the year.

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 \$1,065.8 million at the end of August, an increase of \$51.1 million from the previous month. Monthly DANA has increased by \$409.9 million or 62.5% during the past year.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$22,149,973, representing a Retained Earnings ratio of 2.08% and a Tier 1 ratio of 5.94%.



2020 Revised Budget/Actual Net Income



YTD Actual/Revised Budget Variance | Dollars

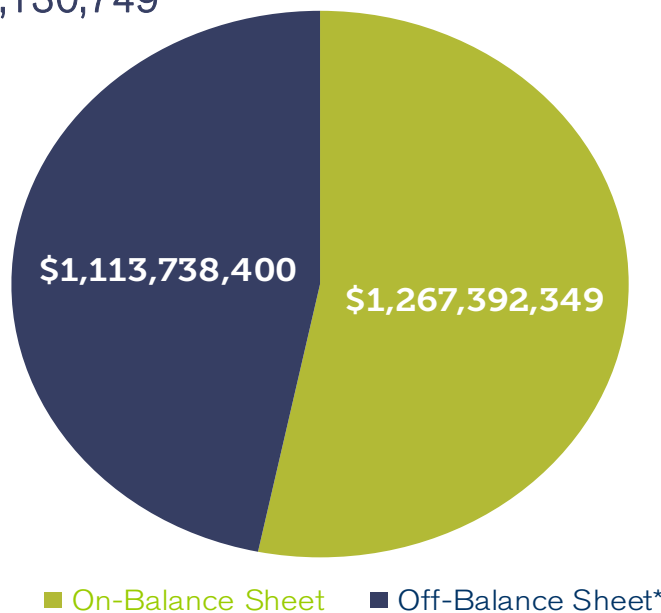
August 2020 YTD <i>(In Thousands)</i>	Actual 2020	Budget 2020	Variance
Net Interest Income	\$3,050.9	\$3,031.0	+ \$19.9
+ Non-Interest Income	\$3,523.8	\$3,496.4	+ \$27.4
- Operating Expenses	\$4,420.3	\$4,377.0	(\$43.3)
= Net Operating Income	\$2,154.4	\$2,150.4	+ \$4.0
+ CUSO Gains/Losses	\$49.0	\$36.2	+ \$12.8
- PCC Dividends	\$319.1	\$319.1	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,884.3	\$1,867.5	+ \$16.8



Total Assets | On- and Off-Balance Sheet

August 2020

Total Managed Assets - \$2,381,130,749



Liquidity Commentary

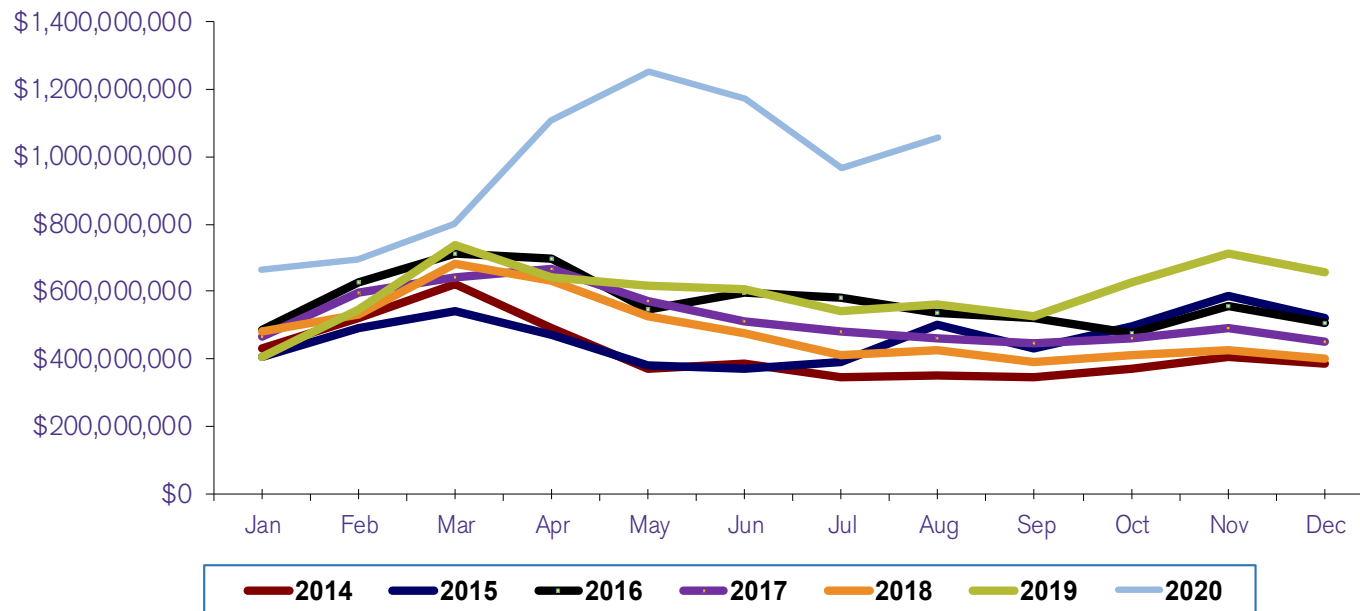
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in August 2020. Millennium Corporate currently has a Collateralized LOC of \$348.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$18.5 million in May; averaged \$14.7 million in June; averaged \$5.3 million in July; averaged \$3.5 million in August; and have averaged \$3.3 million during most of September.
- August 2020 month-end figures show SimpliCD issuance totals of \$83.5 million and 19 users of this liquidity option.

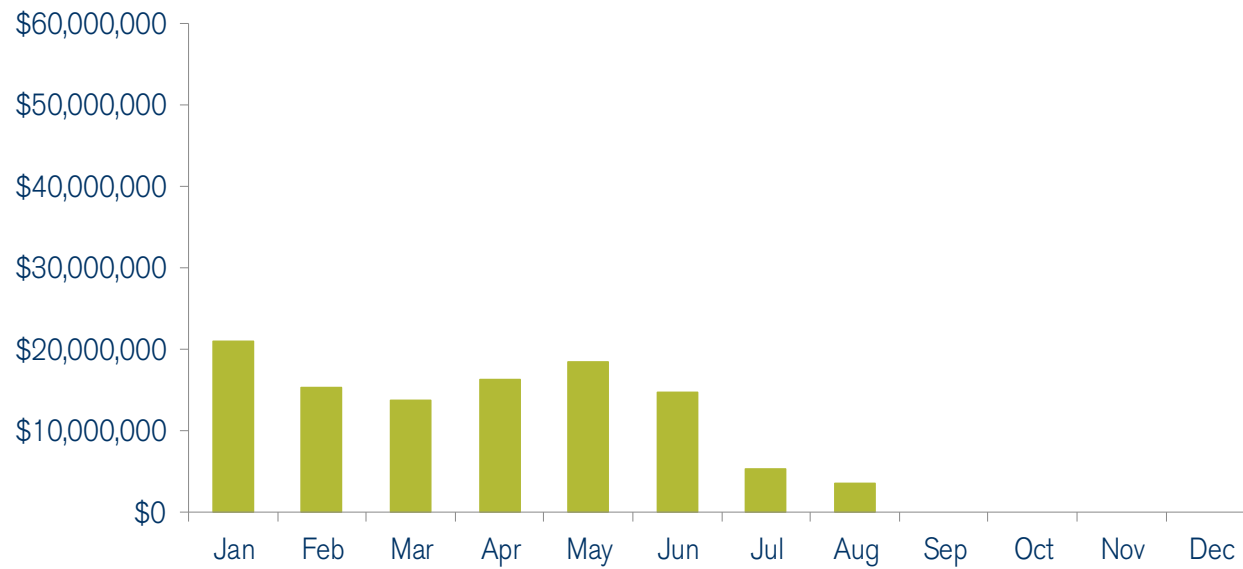
Graphical representations of the seasonal activity of member overnight deposits since 2015, and average member borrowing activity for 2020 follow this commentary.



Historical Member Overnight Deposits



2020 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results July 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	\$77,246,223	-	-	5.27%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$76,033,670	(\$1,212,553)	(1.57%)	5.20%	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 August 2020, is \$3,180,444
- Retained Earnings ratio is 2.08% as of 2020 versus 2.89%, one year ago
- Like all financial institutions, the surge in overnight deposits at Millennium due to the government stimulus payments and the FOMC actions to lower interest rates have negatively impacted our capital ratios but Millennium is still considered as “Well Capitalized”
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s August 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.08% | Minimum Requirement – 1.00%
 - Tier 1 Capital Ratio – 5.94% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 57.62% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 67.51% | Minimum Requirement – 8.00%
 - GAAP Capital – 7.16%



Board Meeting Recap

Board of Director's Meeting – September 25, 2020

- Approved August 2020 Financial Statements & Committee Reports
- Approved July 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management...
 - Management reported that Millennium's operations department continues with remote work schedules
 - Update on regulatory correspondence and discussed that the Administrator of the Kansas Department of CUs announced he would be leaving effective end of November 2020
 - Discussed upcoming Corporate CU Alliance virtual meeting end of September with key NCUA staff – topics will include CLF; potential Reg 704 changes; corporate estates; liquidity outlook and faster payments
 - Update on association activities and participation in annual meetings with HCUA, NCUL, MT CUs and Dakota's
 - Update on meetings, webinars and roundtables with the Federal Reserve regarding future FedNow services to ensure our members have access to all faster payment services via Millennium
 - Board reviewed the CUNA September 2020 credit union forecast



Board Meeting Recap

Board of Director's Meeting – September 25, 2020

- Steve Borchers, Millennium's independent risk management expert, presented, and the Board approved, the ERM Third Quarter Board Report accepting the current residual risk level of \$1,340,563, which is 6.12% of the June 30, 2020 Retained Earnings of \$21,904,284.
- The Board reviewed and discussed the 2020 Operational (biennially) Survey results. Received 219 responses; all asset ranges represented and all states with members. The results are used as measurements in the Member Engagement section of our Strategic Plan. The key questions were:
 - Millennium staff members are reliable and helpful...**98.5%**
 - coreCONNECT system is available and reliable...**94.6%**
 - Millennium maintains accuracy...**98.2%**
 - Overall level of satisfaction...**98.9%**



October 2020

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
28	29	30	1 St. Louis Chapter Golf Tournament – St. Louis, MO	2
5 CUAD Annual Summit – Sioux Falls, SD	6 CUAD Annual Summit – Sioux Falls, SD	7	8	9
12 Columbus Day – Offices Closed	13	14	15	16
19 MCU Power Up (Virtual) Millennium Credit Committee Meeting	20 MCU Power Up (Virtual)	21	22 Millennium ALCO & Board Meetings	23
26 Millennium Supervisory Committee Meeting	27	28	29	30