

membership report

NOVEMBER 2020



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

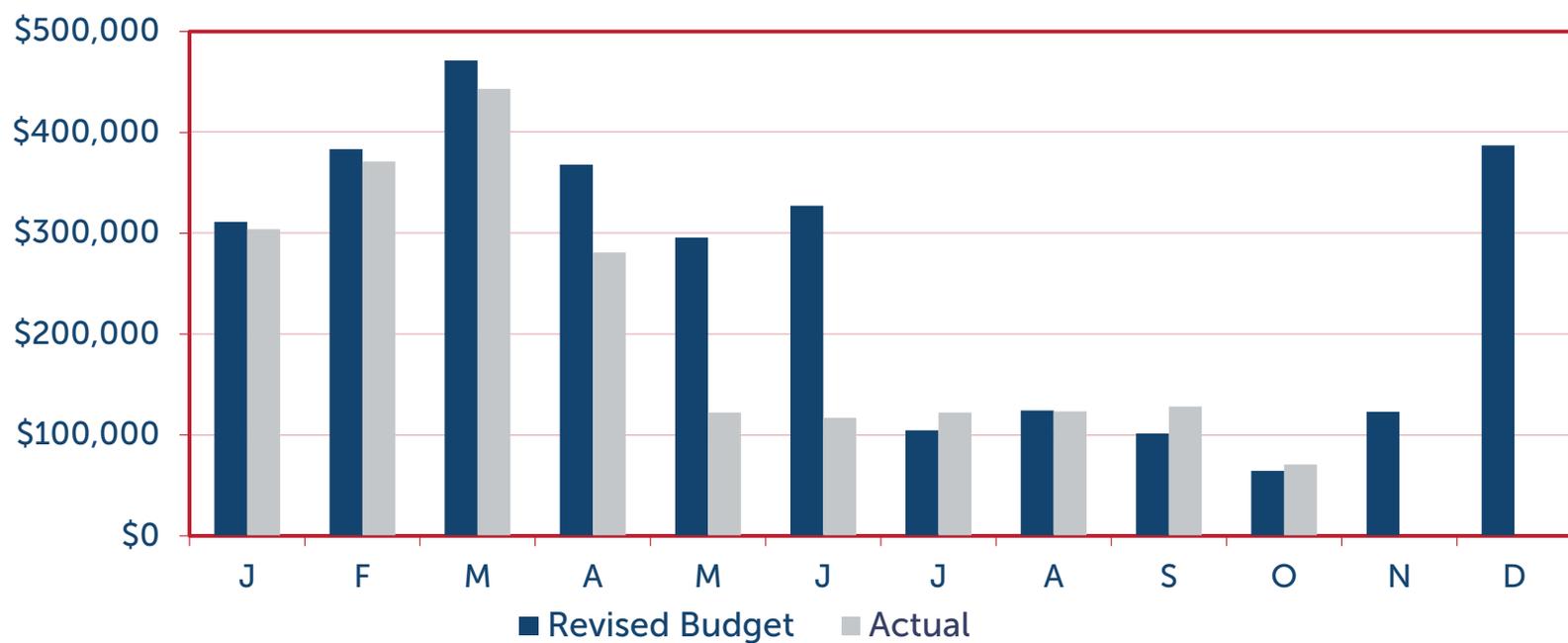
Net Income for October was \$70,727, which was more than the revised budget by \$6,268 or 9.7% for the month. Net-Interest Income was \$38,203 or 15.4% more than budget due to the quarterly CLF dividend and higher than budgeted return. Non-interest income was less than budget by \$36,651 or 8.0% due primarily to lower commission income. Operating expenses were less than budget by \$4,227 or 0.7%. CUSO income was higher than budget by \$489 or 9.2%. PCC dividends were in-line with the revised budget. The year-to-date coverage ratio (fee income/operating expenses) is 78.3%, 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 October is 20.3 bps on average assets of \$1,231.7 million for the ten 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 \$1,164.3 million at the end of October, an increase of \$50.9 million from the previous month. Monthly DANA has increased by \$472.3 million or 68.3% during the past year.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$22,348,906, representing a Retained Earnings ratio of 1.92% and a Tier 1 ratio of 5.62%.

2020 revised budget/actual net income



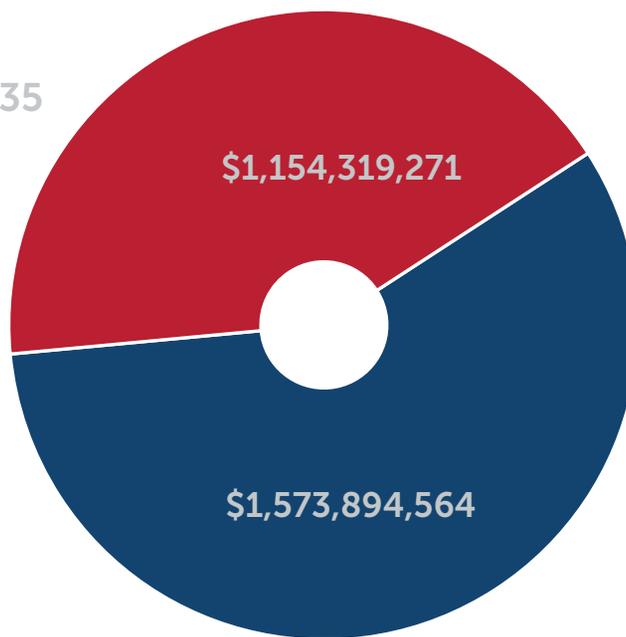
YTD actual/revised budget variance | dollars

October 2020 YTD <i>(In Thousands)</i>	Actual 2020	Revised Budget 2020	Variance
Net Interest Income	\$3,597.0	\$3,514.5	+ \$82.5
+ Non-Interest Income	\$4,368.7	\$4,367.0	+ \$1.8
- Operating Expenses	\$5,580.0	\$5,530.6	(\$49.4)
= Net Operating Income	\$2,385.7	\$2,350.9	+ \$34.9
+ CUSO Gains/Losses	\$61.9	\$47.0	+ \$14.9
- PCC Dividends	\$364.4	\$364.4	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$2,083.2	\$2,033.5	+ \$49.8

total assets | on- and off-balance sheet

October 2020

Total Managed Assets - \$2,728,213,835



■ On-Balance Sheet ■ Off-Balance Sheet

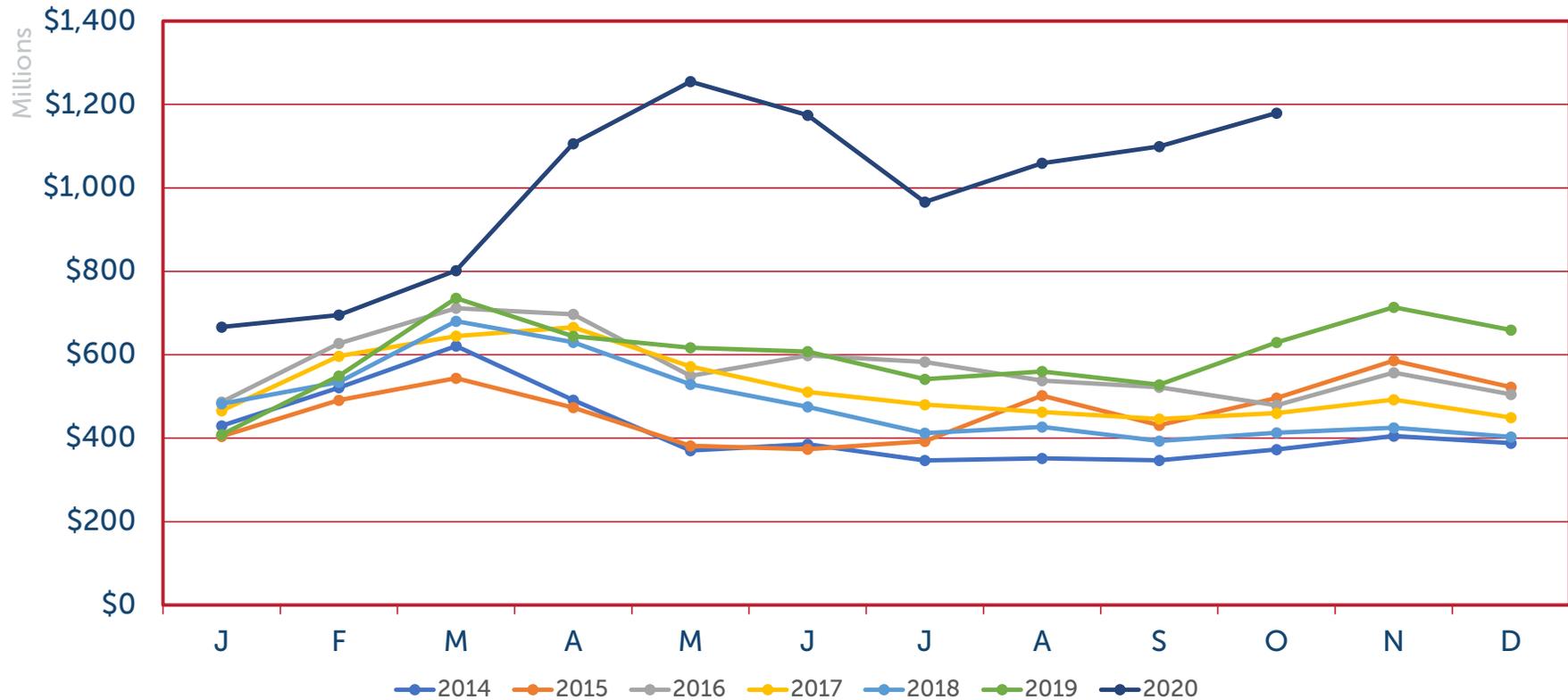
liquidity commentary

Millennium Corporate did not access our FHLB line-of-credit (LOC) in October 2020. Millennium Corporate currently has a collateralized LOC of \$367.0 million with the FHLB.

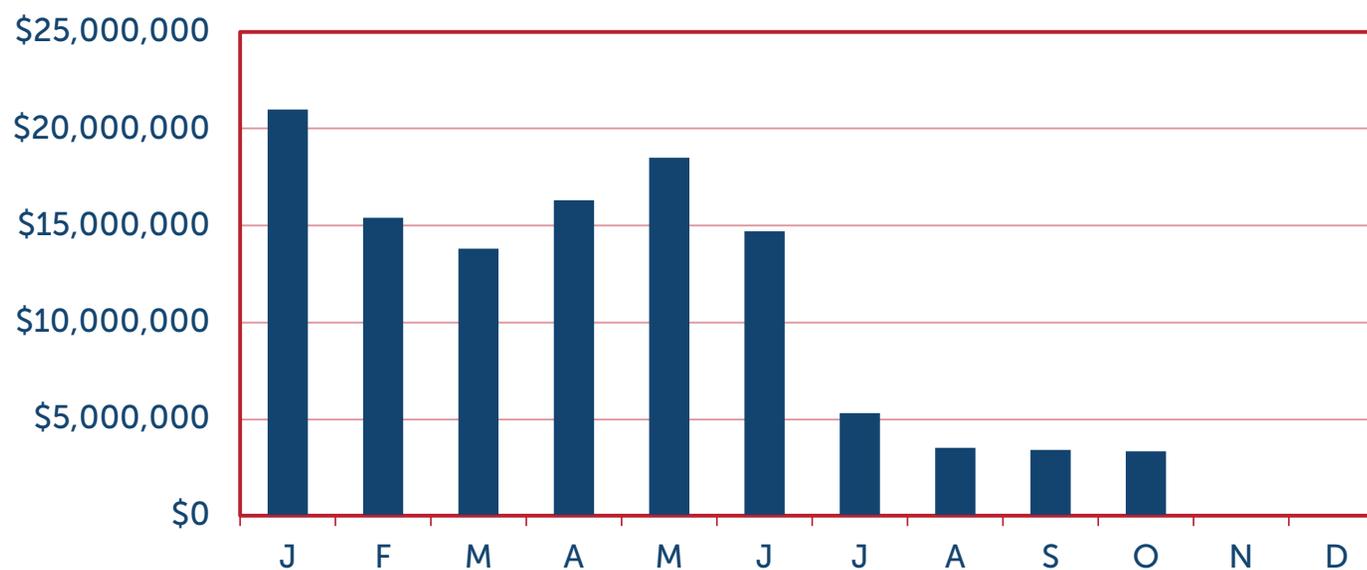
- Millennium's liquidity options remain sufficient to meet member needs.
- October 2020 month-end figures show SimpliCD issuance totals of \$71.2 million/ 19 program users.
- Average loan balances are provided below-
 - May - \$18.5 million
 - June - \$14.7 million
 - July - \$5.3 million
 - August - \$3.5 million
 - September - \$3.4 million
 - October - \$3.3 million
 - November (to-date) - \$2.5 million

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 September 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	\$78,700,148	-	-	6.33%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$77,024,112	(\$1,676,036)	(2.13%)	6.21%	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 October 2020, is \$2,784,933
- Retained Earnings ratio is 1.92% as of October 2020 versus 2.83%, one year ago
- Like all financial institutions, the surge in overnight deposits at Millennium Corporate 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 Corporate is still considered “Well Capitalized”.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s October 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	October 2020	Minimum Requirement
Retained Earnings	1.92%	0.45%
Tier 1 Capital	5.62%	4.00%
Tier 1 Risk-Based Capital	56.31%	4.00%
Total Risk-Based Capital	63.74%	8.00%
GAAP Capital	6.58%	

board meeting recap

Board of Director's Meeting | November 18, 2020

- Approved October 2020 Financial Statements & Committee Reports
- Approved September 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Management reported that Millennium Corporate continues to promote a socially distanced work environment, including remote schedules and face coverings in shared work spaces and all staff travel has been cancelled until at least December 31, 2020
 - Update that KS Governor has selected Vickie Hurt, long-time CU executive, as the next KS Administrator
 - NCUA Chairman has asked Congress to extend several provisions of the CARES Act (set to expire on Dec. 31, 2020) including the provisions that provided the CLF the ability to support the liquidity needs of CU's
 - Millennium submitted our expression of interest to serve in the pilot program for FedNow services
 - Update on Millennium's planning process (staff meeting in Nov. to recommend to the Board in Dec.) the 2021-2023 goals and initiatives for the Board to discuss and consider
 - Update on remodeling project in the Wichita office
 - Board reviewed the September 2020 corporate credit unions call report data

board meeting recap

BOD Recap, continued- Old Business – Reviewed the Financial Results of our CUSO Investments as of September 2020

- **Primary Financial Company, LLC (SimpliCD)** had net income of \$472,441 for the first nine months of 2020. The company has total equity of \$21.3 million, representing an equity ratio of 51.0%. Millennium ended September with outstanding SimpliCD balances of \$524.2 million and SimpliCD issuance of \$82.1 million, an option used by Millennium members to generate additional liquidity. Millennium's current ownership percentage is 12.0%.
- **CU Business Group, LLC (CUBG)** had net income of \$106,682 for the first nine months of 2020. Total equity is \$3.0 million, representing an equity ratio of 72.7% as of September 2020. Currently, twenty-seven Millennium members utilize services contributing \$152,091 (+\$18,363 from the prior year) to CUBG (4th highest of the owners). Millennium's current ownership percentage is 4.41%.
- **CU Investment Solutions, LLC (ISI)** had net income of \$1,313,919 – a record year for the company. ISI's fiscal year runs from October 2019 through September 2020. As of September 2020, ISI had retained earnings of \$1,852,644, reflecting an equity ratio of 51.8%. Millennium will recognize a gain of approximately \$290,000 when the audit is finalized in the 4th quarter. Millennium's current ownership percentage is 22.2%.
- **CULedger Heartland, LLC – MemberPass**, the company's first product, is in a pilot stage with CU members. Millennium's total investment is \$9,731, representing ownership of 7.69%.

board meeting recap

BOD Recap, continued- New Business

- Recent Internal Audits recommended a clarification of expense reimbursements for Directors, Committee members and staff and that the Information Security Policy adds the notification to the Compliance Officer for the possible filing of a SAR due to a cyber event. The Board approved both policy revisions.
- By regulation, the Board is required to approve written policies commensurate with the scope and complexity of the corporate credit union and is required to review them annually. After reviewing the policy changes made in the past year, the Board approved the 2020 Annual Policy Manual Review.
- 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 – November 9, 2020

- The Committee reviewed the risk assessments for Millennium Corporate's ACH program.
- The Committee reviewed the results of the Human Resource Policy and Employee Handbook Internal Audit.
- The IT Department presented the expanded Information Security Board Report, and the responses to recommendations from the risk assessments, and the exam findings were accepted and approved.
- Two contingency exercises were discussed, the ACH Recovery Test and the Financial Services – Information Sharing and Analysis Center (FS-ISAC) Cyber Attack against Payments Systems (CAPS) table top exercise.
- 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 – December 14, 2020

events calendar

December 2020

- **8-Tuesday** | Millennium Credit Committee Meeting
- **9-Wednesday** | Millennium ERM Committee Meeting & AIM Webinar – Part 4 of the series “Navigating 2020”
- **14-Monday** | Millennium Supervisory Committee Meeting
- **17-Thursday** | Millennium ALCO & Board Meeting’s
- **25-Friday** | Christmas Day – Millennium Offices Closed