

membership report

OCTOBER 2020



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

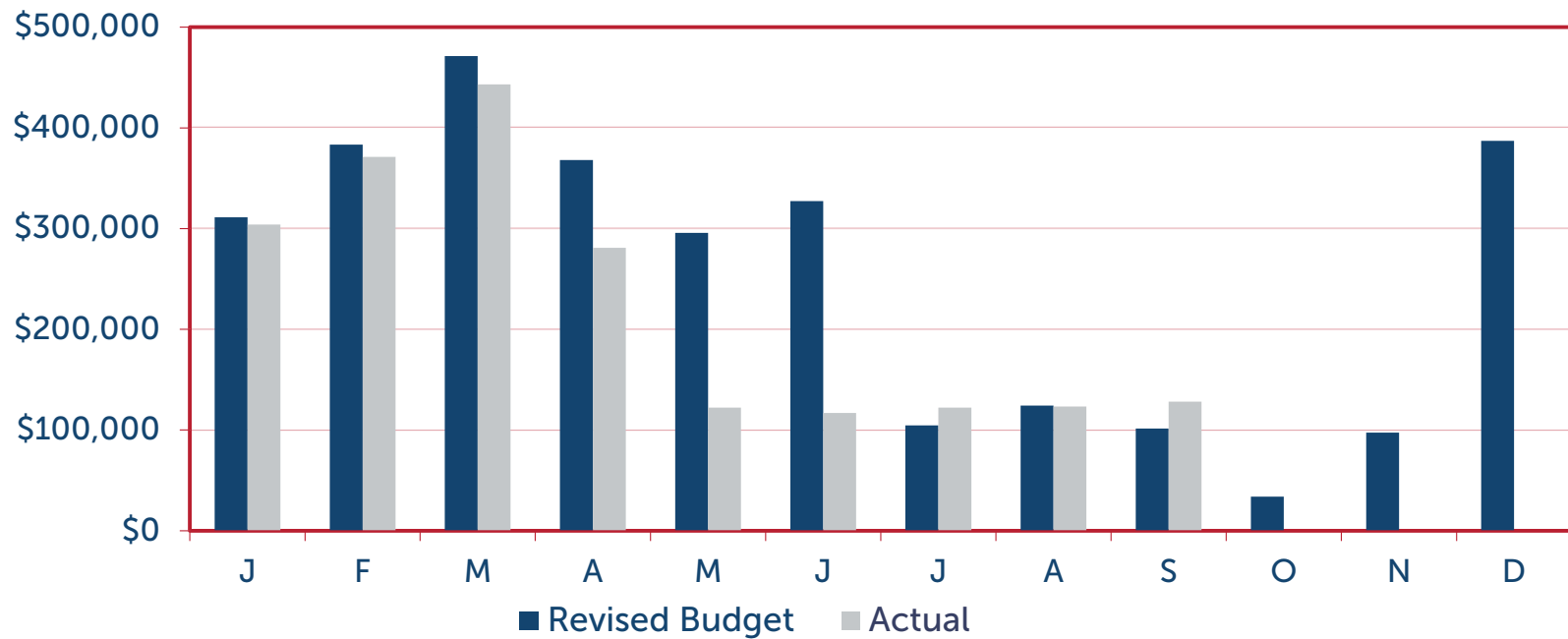
Net Income for September was \$128,207, which was more than the revised budget by \$26,670 or 26.3% for the month. Net-Interest Income was \$24,341 or 10.4% more than budget due to the higher than budgeted return. Non-interest income was more than budget by \$11,000 or 2.7% due primarily to higher commission and financial services income. Operating expenses were above budget by \$10,288 or 1.9% due to higher than budgeted incentives and sponsorships. CUSO income was higher than budget by \$1,617 or 29.4%. PCC dividends were in-line with the revised budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.6%, 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 September is 22.0bps on average assets of \$1,216.8 million for the nine 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 \$1,113.3 million at the end of September, an increase of \$47.6 million from the previous month. Monthly DANA has increased by \$440.2 million or 65.4% during the past year.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$22,278,180, representing a Retained Earnings ratio of 2.00% and a Tier 1 ratio of 5.79%.

2020 revised budget/actual net income



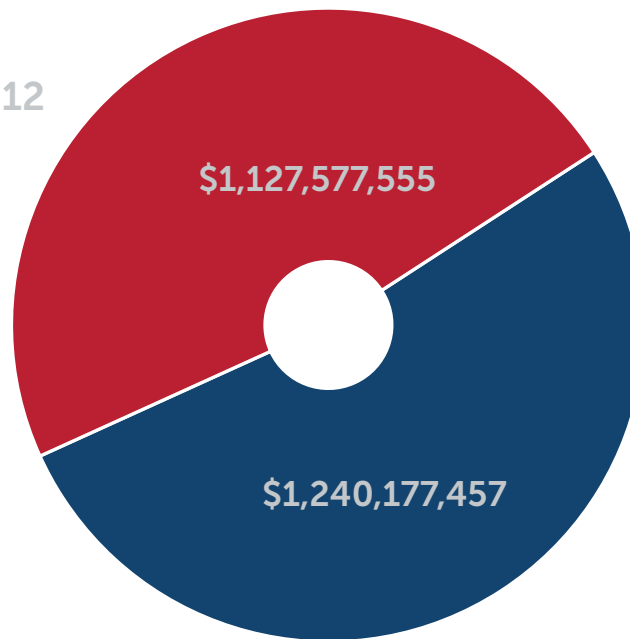
YTD actual/revised budget variance | dollars

September 2020 YTD <i>(In Thousands)</i>	Actual 2020	Revised Budget 2020	Variance
Net Interest Income	\$3,310.4	\$3,266.1	+ \$44.3
+ Non-Interest Income	\$3,948.5	\$3,910.1	+ \$38.4
- Operating Expenses	\$4,961.1	\$4,907.5	(\$53.6)
= Net Operating Income	\$2,297.8	\$2,268.7	+ \$29.1
+ CUSO Gains/Losses	\$56.1	\$41.7	+ \$14.4
- PCC Dividends	\$341.4	\$341.4	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$2,012.5	\$1,969.0	+ \$43.5

total assets | on- and off-balance sheet

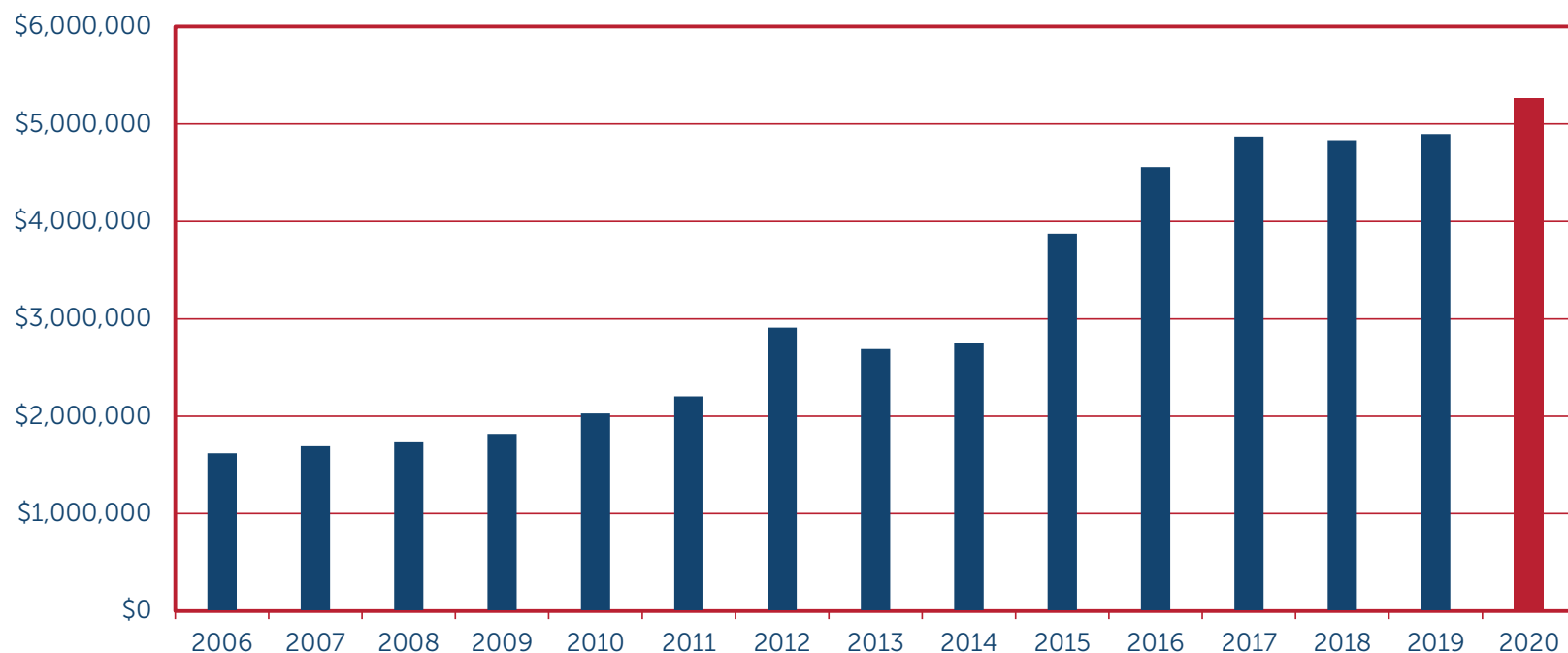
September 2020

Total Managed Assets - \$2,367,755,012



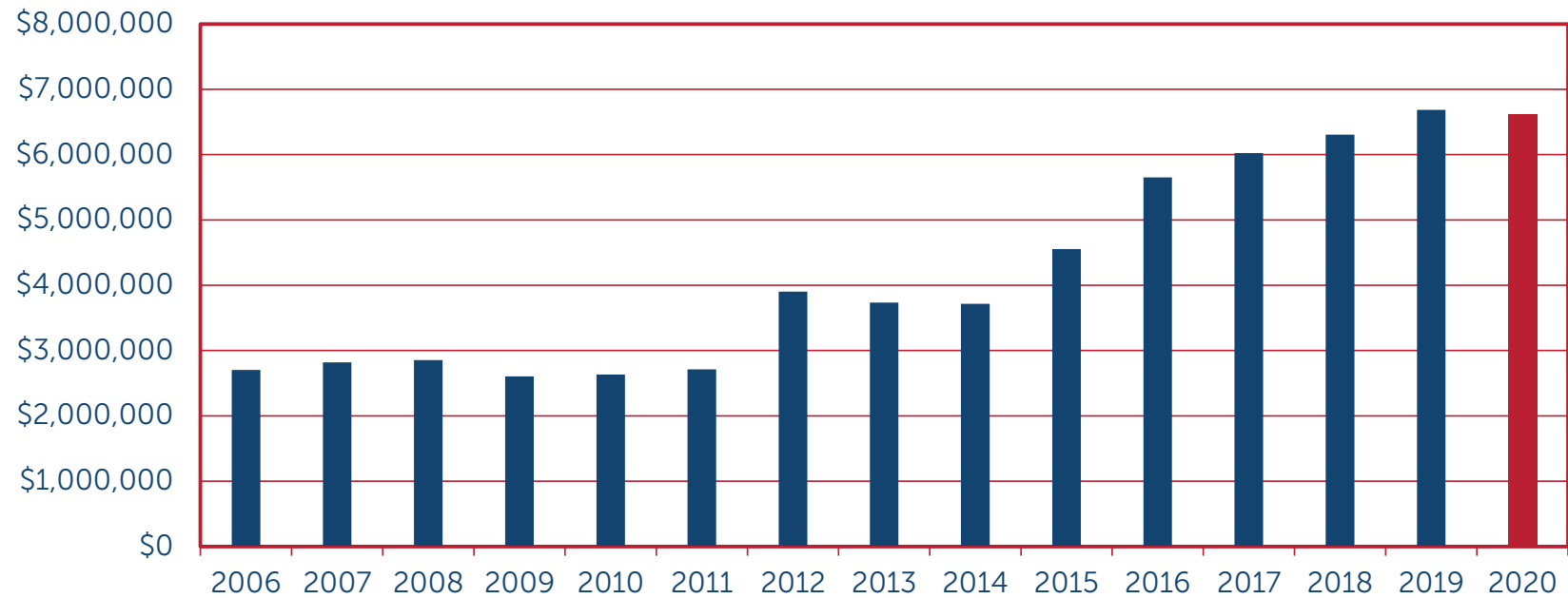
■ On-Balance Sheet ■ Off-Balance Sheet

annualized non-interest income trends



The 2020 revised budget projected a substantial increase in Non-Interest Income compared to the previous year – driven by both financial services and commission. Non-interest income is exceeding the revised budget by 1.0%. On pace to exceed \$5.3 million for the year – which will be the first time to earn more than \$5 million in non-interest income.

annualized operating expense trends



Operating expenses are on pace to be \$71,459 or 1.1% higher than the 2020 revised budget. Overall, our operating expenses are on pace to be less than the prior year - \$69,150 or 1.0%.

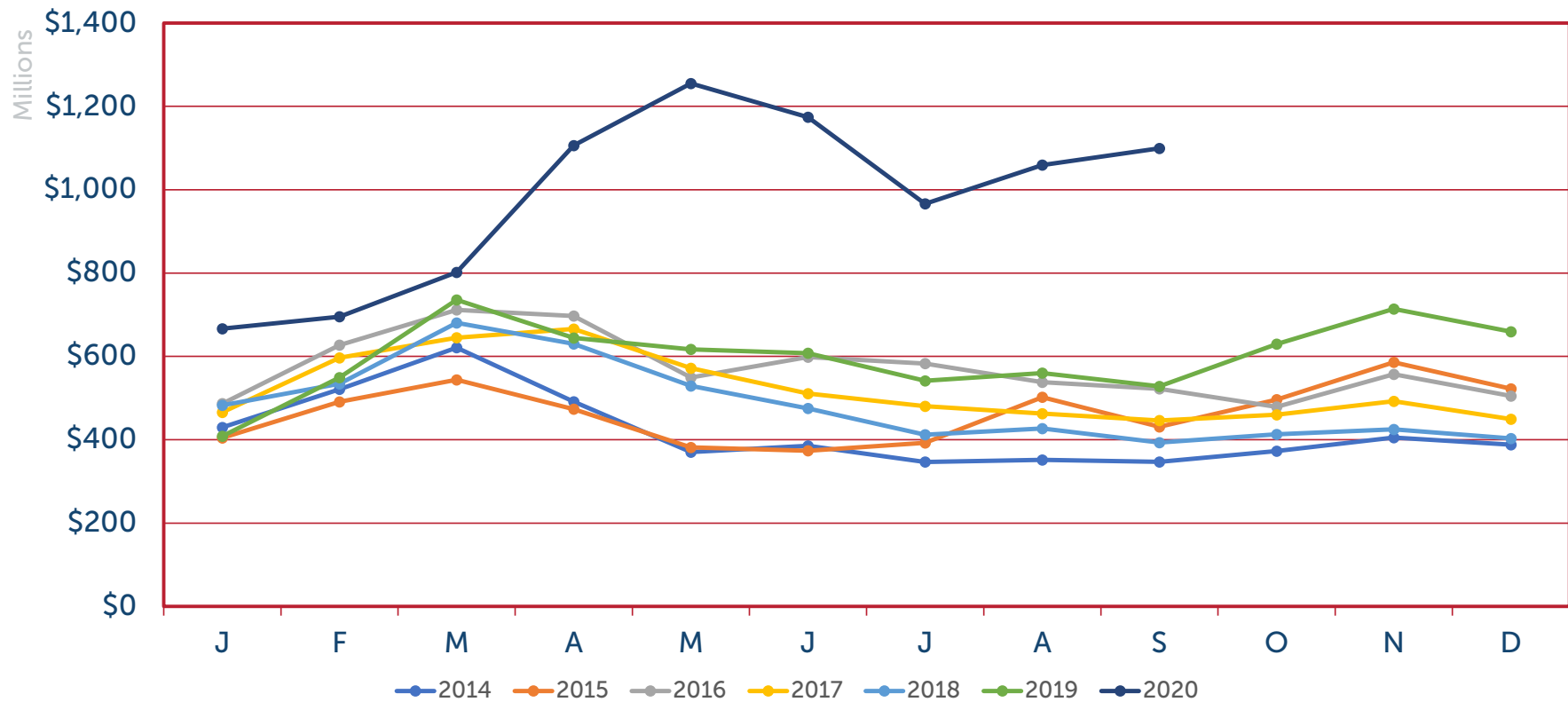
liquidity commentary

Millennium Corporate did not access our FHLB line-of-credit (LOC) in September 2020. Millennium Corporate currently has a collateralized LOC of \$343.0 million with the FHLB.

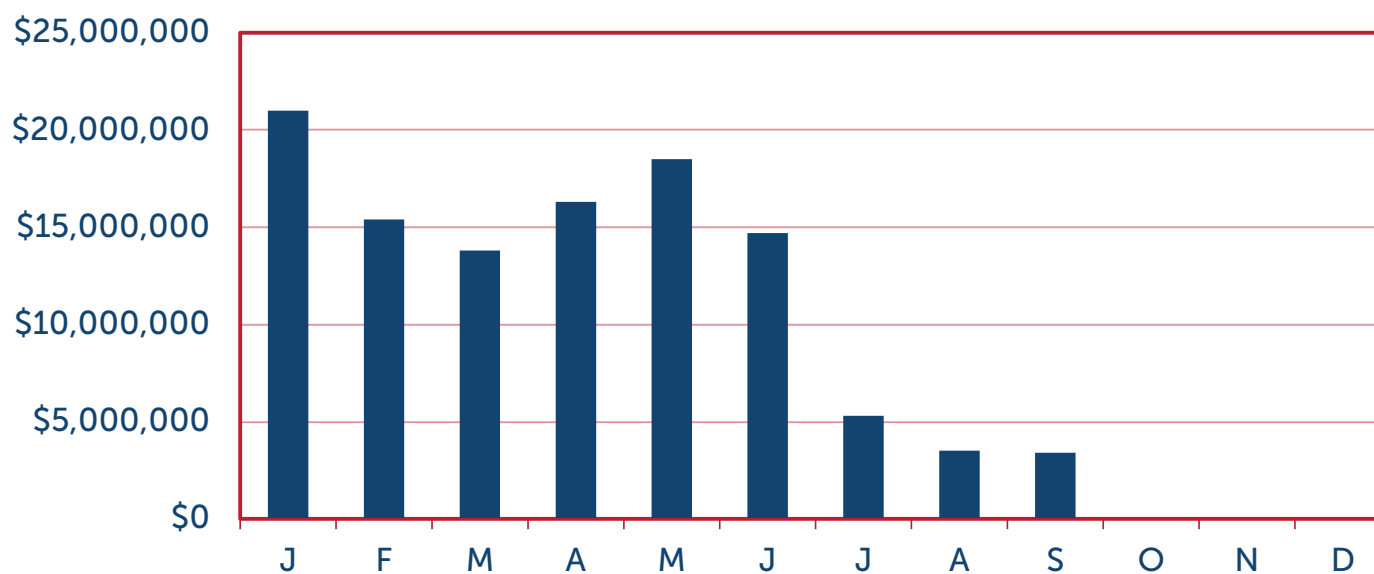
- Millennium's liquidity options remain sufficient to meet member needs.
- September 2020 month-end figures show SimpliCD issuance totals of \$82.1 million/19 program users.
- Average loan balances are provided below-
 - May - \$18.5 million
 - June - \$14.7 million
 - July - \$5.3 million
 - August - \$3.5 million
 - September - \$3.4 million
 - October (to-date) - \$3.5 million

Graphical representations of the seasonal activity of member overnight deposits since 2014, 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 August 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	\$76,767,947	-	-	6.05%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$75,548,555	(\$1,219,392)	(1.59%)	5.97%	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 September 2020, is \$3,005,585
- Retained Earnings ratio is 2.00% as of September 2020 versus 2.86%, 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 September 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	September 2020	Minimum Requirement
Retained Earnings	2.00%	0.45%
Tier 1 Capital	5.79%	4.00%
Tier 1 Risk-Based Capital	56.99%	4.00%
Total Risk-Based Capital	65.62%	8.00%
GAAP Capital	6.87%	

board meeting recap

Board of Director's Meeting | October 22, 2020

- Approved September 2020 Financial Statements & Committee Reports
- Approved August 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 the NCUA Board approval of the final rule to Regulation 704 governing corporate credit unions which had limited impact to Millennium
 - Discussed recent Corporate CU Alliance meeting with key NCUA staff and Chairman Hood – topics included CLF; Reg 704 changes; corporate estates; liquidity outlook and faster payments.
 - Update on Millennium's participation in the Dakota 2020 Summit in Sioux Falls, SD
 - Update on Roundtable Meeting with the Federal Reserve and Corporate Credit Union's regarding future FedNow services
 - Update on remodeling project in the Wichita office
 - Reviewed the Quarterly Budget/Actual Comparison for 3rd Quarter
 - Board reviewed the June 2020 CUNA state-by-state credit union financial summary for our core states (KS, MO, MT, NE and national averages)

board meeting recap

BOD Meeting Recap continued...

Old Business

- In accordance with Millennium's Strategic Plan, Management reviewed the status of the *2020 Measures and Targets* as of month-end September 2020.

credit committee recap

Credit Committee Meeting – October 19, 2020

- The Committee reviewed and approved 52 lines-of-credit.
- The Committee reviewed the Monitor Report.
- The Committee cancelled one line-of-credit due to a merger.
- Reviewed the June 2020 CUNA financial profile for our core states (KS, MO, MT, NE & national averages)
- The Committee conducted the semi-annual net worth ratio review.
- Current Advised LOC status – 242 Lines/\$909.6 million
- Next meeting – December 8, 2020

events calendar

November 2020

- **9-Monday** | Millennium Supervisory Committee Meeting
- **11-Wednesday** | Veterans' Day – Millennium Offices Closed
- **19-Thursday** | Millennium ALCO & Board Meeting's
- **26-Thursday** | Thanksgiving Day – Millennium Offices Closed