



# Membership Report | April 2020

# Agenda

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- 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 – February 2020
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee
- Annual Meeting Recap
- Calendar of Events – May 2020



## Financial Commentary

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Net Income for March was \$443,060, under budget by \$28,211 or 6.0% for the month. Net interest income was \$152,841 or 21.3% less than budget due to the FOMC actions to reduce the target fed funds rate in reaction to the COVID-19 virus. Non-interest income was more than budget by \$14,118 or 3.4% due primarily to higher AIM and commission income. Operating expenses were under budget by \$41,977 or 7.3% due to lower salaries, travel, conferences and office operations expenses. CUSO income was lower than budget by \$3,028 or 55.1%. PCC dividends were significantly lower due to the FOMC actions. The year-to-date coverage ratio (fee income/operating expenses) is 79.3%, higher than the goal of 69.1%.

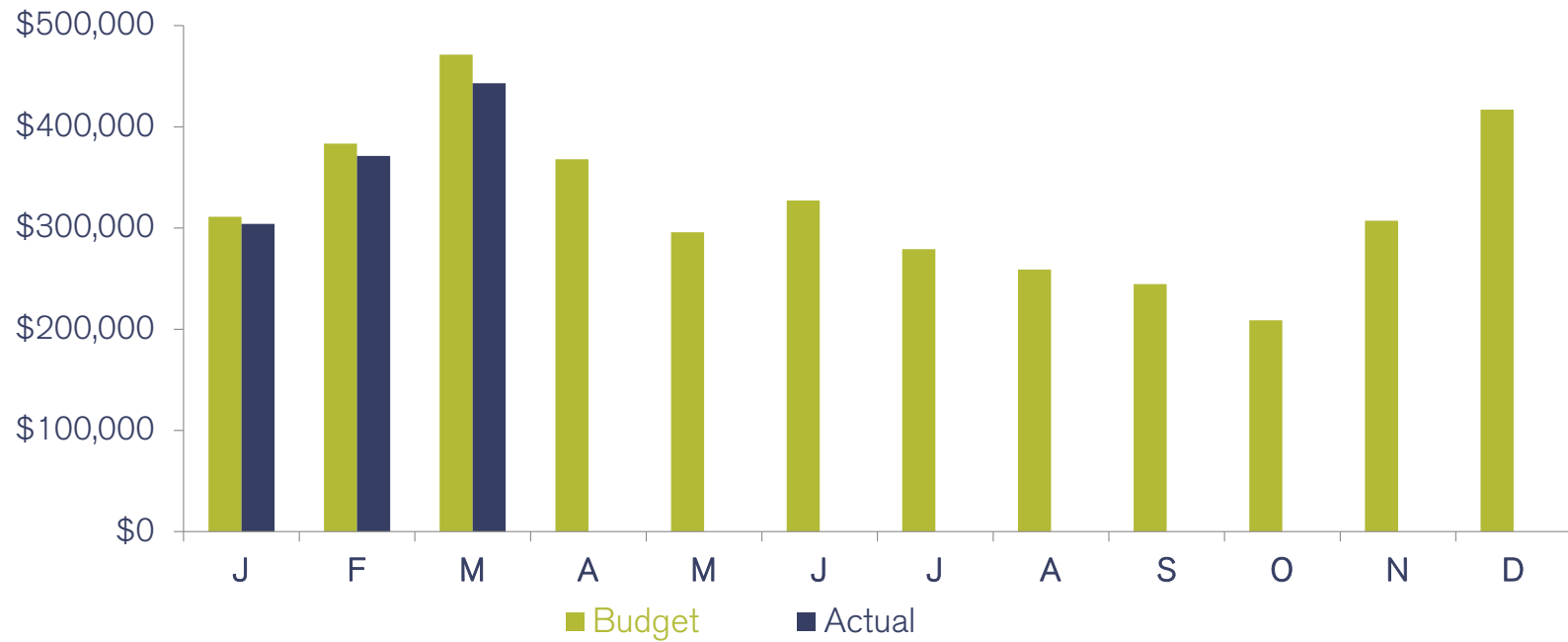
Return on Assets (ROA) started the year lower than budget as the year-to-date ROA after March is 47.6 bps on average assets of \$941.1 million.

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 \$804.3 million at the end of March, an increase of \$17.1 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$21,384,087, representing a Retained Earnings ratio of 2.66% and a Tier 1 ratio of 9.03%.



## 2020 Budget/Actual Net Income



## YTD Actual/Budget Variance | Dollars

March 2020   YTD <i>(In Thousands)</i>	Actual 2020	Budget 2020	Variance
Net Interest Income	\$1,647.8	\$1,866.1	(\$218.3)
+ Non-Interest Income	\$1,291.3	\$1,249.6	\$41.7
- Operating Expenses	\$1,628.9	\$1,690.4	\$61.4
= Net Operating Income	\$1,310.2	\$1,425.3	(\$115.2)
+ CUSO Gains/Losses	\$13.7	\$17.7	(\$4.0)
- PCC Dividends	\$205.5	\$277.1	\$71.6
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,118.4	\$1,166.0	(\$47.6)

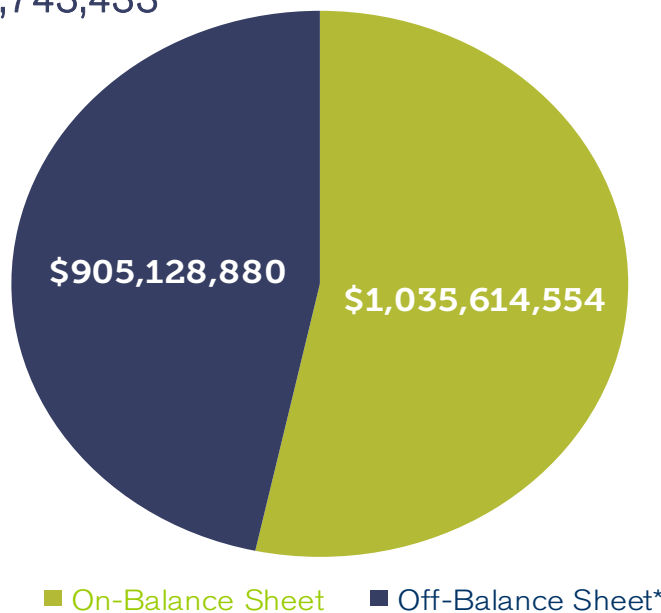


# Total Assets | On- and Off-Balance Sheet

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**March 2020**

Total Managed Assets - \$1,940,743,433



# Liquidity Commentary

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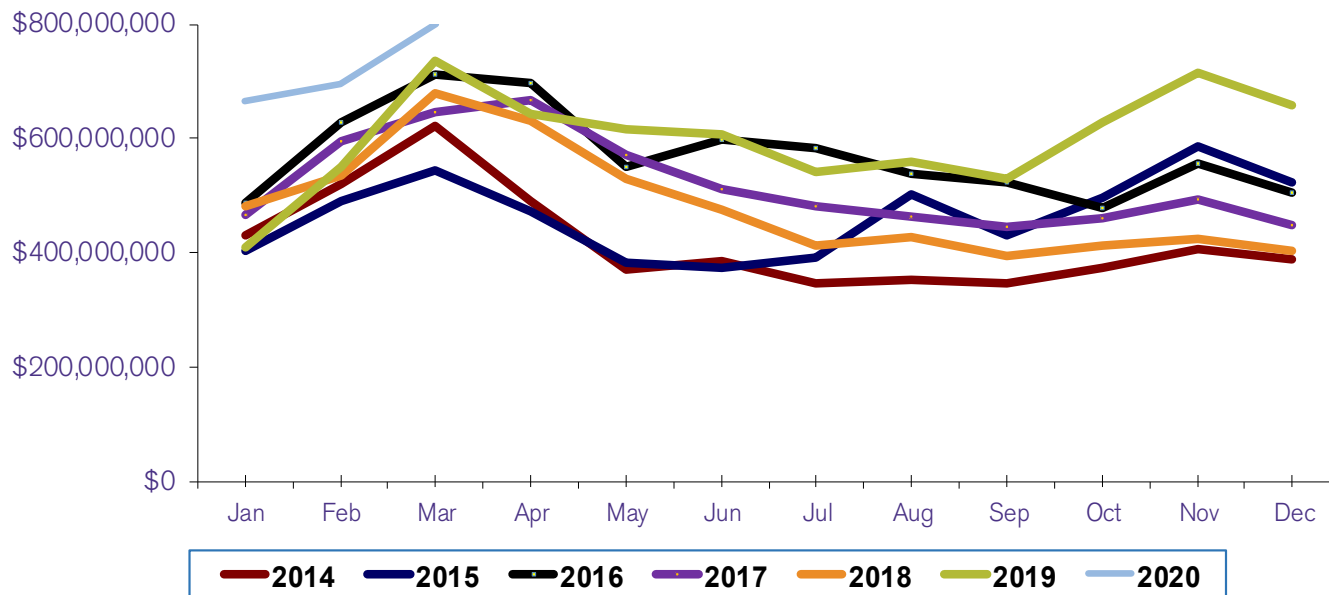
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in March 2020. Millennium Corporate currently has a Collateralized LOC of \$304.8 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$21.0 million in January; averaged \$15.8 million in February; averaged \$13.8 million in March and have averaged \$16.3 million during most of April.
- March 2020 month-end figures show SimpliCD issuance totals of \$107.3 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.*



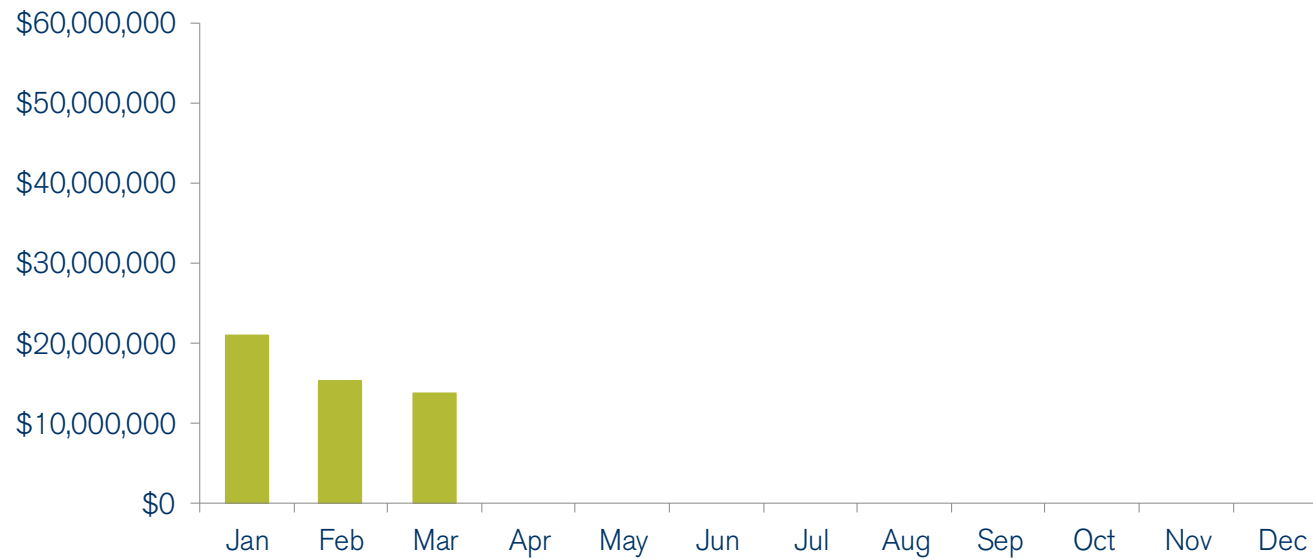
# Historical Member Overnight Deposits





# 2020 Average Monthly Member Borrowings

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# IRR | Net Economic Value (NEV)

NEV Testing Results   February 2020						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$76,643,502	+ \$683,929	+ 0.90%	6.13%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$75,959,573	-	-	6.08%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$75,656,415	(\$303,158)	(0.40%)	6.07%	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

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- Increase to Retained Earnings during the past 12 months, through March 2020, is \$3,913,494
- Retained Earnings ratio is 2.66% as of 2020 versus 2.91%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's March 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).
  - Retained Earnings Ratio – 2.66% | Minimum Requirement – 1.00%
  - Tier 1 Capital Ratio – 9.03% | Minimum Requirement – 4.00%
  - Tier 1 Risk-Based Capital Ratio – 77.20% | Minimum Requirement – 4.00%
  - Total Risk-Based Capital Ratio – 77.20% | Minimum Requirement – 8.00%
  - GAAP Capital – 9.40%



# Board Meeting Recap

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## Board of Director's Meeting – April 23, 2020

- Approved March 2020 Financial Statements & Committee Reports
- Approved February 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management -
  - Millennium staff continues to meet member needs while adapting operations to support the health and wellness of our employees
  - Liquidity is strong and Millennium's assets have exceeded \$1.4 billion each day since the stimulus payments in mid-April
  - Continue measures to actively stay in contact with members, regulators, vendors and partners
  - Off-balance products (SimpliCD & securities sales) have grown to record levels
  - Millennium has been participating in weekly calls with all corporates as we report any liquidity flow patterns they are seeing and hearing to provide a high-level view in states first hit with the virus
  - Working with CLF and all corporates to implement liquidity provisions of the CARES Act
  - Adjusting from an in person Annual Meeting to a Virtual/Conference Call meeting



# Board Meeting Recap

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## Board of Director's Meeting – April 23, 2020

- The CARES Act included important legislative changes that strengthen the Central Liquidity Facility (CLF). It temporarily (sunsets on Dec 31, 2020) considerably increased the CLF's borrowing capacity and allows corporate credit union's to act as an agent on behalf of its CU members. The act permanently eliminates the six-month waiting period for a new member to receive a loan; permanently eases collateral requirements; temporarily amends the waiting period for a CU to terminate its CLF membership; and it temporarily permits an agent member to borrow for its own liquidity needs. CLF membership provides both individual and systemic benefits by serving as a form of liquidity insurance for individual CUs, including corporate CUs temporarily, and the broader CU system.
- To provide some certainty of access to liquidity in these uncertain times, the Board instructed management to invest the appropriate amount in CLF stock, which allows Millennium to be a direct member of the CLF and to act as agent on behalf of its member CUs under \$250 million in assets through December 31, 2020.
- This action will provide some peace of mind to many Millennium members (a total of 222 member CUs) knowing they can access liquidity from the CLF via Millennium in our role as an agent.



# Supervisory Committee Recap

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## Supervisory Committee Meeting – April 27, 2020

- Committee reviewed the risk assessment for Bank Secrecy Act
- Committee reviewed the Corporate Checking Internal Audit and the Wire Transfer Procedure Internal Audit
- Approved the Engagement Letter for the 2020 ACH and BSA audits
- Reviewed the Enterprise Risk Management 1<sup>st</sup> Quarter Board Report
- Had a discussion on Millennium's response to the COVID-19 pandemic
- Steve Grooms, CEO of 1<sup>st</sup> Liberty FCU, was elected as Chair of the Committee
- The Committee reviewed the Supervisory Committee Charter, the Internal Audit Charter and discussed plans for internal audits for the next twelve to eighteen months
- 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
- Reviewed BSA monitoring reports since last meeting
- Next Meeting – June 15, 2020



# Annual Meeting Recap – First Virtual Meeting

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Millennium Corporate's 68<sup>th</sup> Annual Meeting was held on April 24<sup>th</sup>, virtually.

- **Speaker**
  - Mike Schenk, Deputy Chief Advocacy Officer for Policy Analysis & CUNA Chief Economist – Economic Update
- **Elected to the Board for Three-Year Terms**
  - Tom Kjar, Creighton Federal Credit Union, Omaha, Nebraska
  - Glenna Jarvis, Missouri Central Credit Union, Lee's Summit, Missouri
  - LaRae Kraemer, K-State Federal Credit Union, Manhattan, Kansas
- **Board Officers Elected**
  - Chairman - Tom Kjar, Creighton Federal Credit Union, Omaha, Nebraska
  - Vice Chairman - Greg Winkler, Azura Credit Union, Topeka, Kansas
  - Secretary/Treasurer - Mark Kolarik, Kansas Teachers Community Credit Union, Pittsburg, Kansas



# Annual Meeting Recap – April 24, 2020

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Millennium Chairman appointed the following individuals to serve on the Supervisory Committee-

- Chuck Bullock, Quantum Credit Union - Wichita, Kansas
- Dee Schriener, Trius Federal Credit Union - Kearney, Nebraska
- Kevin Stubblefield, Metro Credit Union - Springfield, Missouri
- Teri Krakowka, Southwest Montana Community Federal Credit Union - Anaconda, Montana
- Steve Grooms, 1<sup>st</sup> Liberty Federal Credit Union - Great Falls, Montana

Millennium Chairman appointed the following individuals to serve on the Credit Committee-

- Jerry Barnett, LincOne Federal Credit Union - Lincoln, Nebraska
- Kevin Brueseke, Conservation Employees' Credit Union – Jefferson City, Missouri
- Gerry Veis, Bear Paw Credit Union - Havre, Montana
- Paul Meissner, Credit Union of America - Wichita, Kansas

Millennium Chairman appointed the following individuals to serve on the Asset/Liability Committee-

- Kevin Mayer, Richland Federal Credit Union – Sidney, Montana
- Mark Kolarik, Kansas Teachers Community Credit Union - Pittsburg, Kansas
- Ron Kampwerth, Together Credit Union - St. Louis, Missouri
- Millennium Staff: Kent Gleason, Larry Eisenhauer, Kitty Gray, Brady McLeod, Walter Thompson





# May 2020

## Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
27	28	29	30	1
4	5	6 Millennium Corporate Credit Committee Meeting	7	8
11 Millennium Corporate Enterprise Risk Management Meeting	12	13	14	15
18	19	20	21 Millennium Corporate Board & ALCO Meetings	22
25 Memorial Day   Millennium Corporate Offices Closed	26	27	28	29