



Membership Report | June 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 – April 2020
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee Recap
- Calendar of Events – July 2020



Financial Commentary

Net Income for May was \$122,220, under budget by \$173,650 or 58.7% for the month. Net interest income was \$325,828 or 52.6% less than budget due to the FOMC actions in mid-March to reduce the target fed funds rate in reaction to the COVID-19 virus. Non-interest income was more than budget by \$39,618 or 9.7% due primarily to higher commission income. Operating expenses were under budget by \$45,479 or 7.1% due to lower financial services, travel, conferences and office operations expenses. CUSO income was lower than budget by \$4,280 or 77.8%. PCC dividends were significantly lower due to the FOMC actions. The year-to-date coverage ratio (fee income/operating expenses) is 79.4%, higher than the goal of 69.1%.

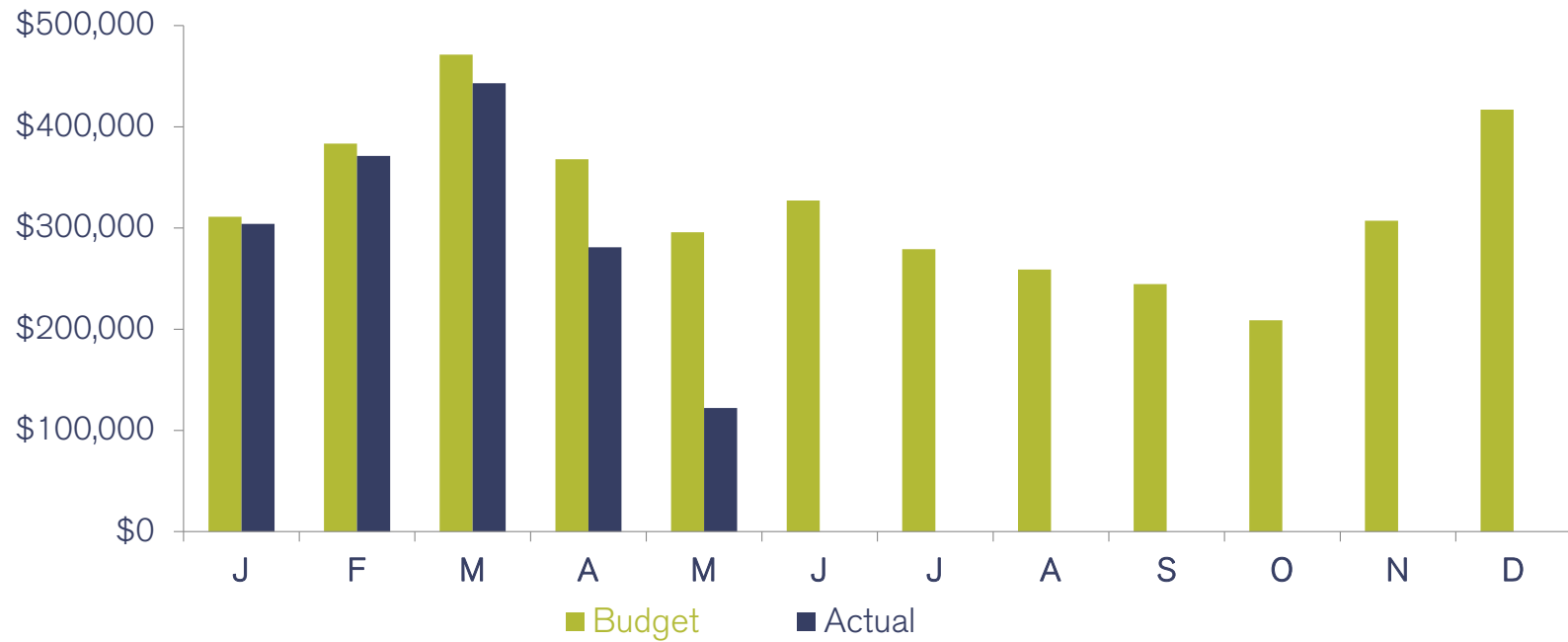
Return on Assets (ROA) will remain lower than budget throughout the year due to the extreme rate reductions in March. The year-to-date ROA after May is 32.8 bps on average assets of \$1,112.4 million.

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 \$900.2 million at the end of May, an increase of \$58.4 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$21,787,307, representing a Retained Earnings ratio of 2.42% and a Tier 1 ratio of 6.62%.



2020 Budget/Actual Net Income



YTD Actual/Budget Variance | Dollars

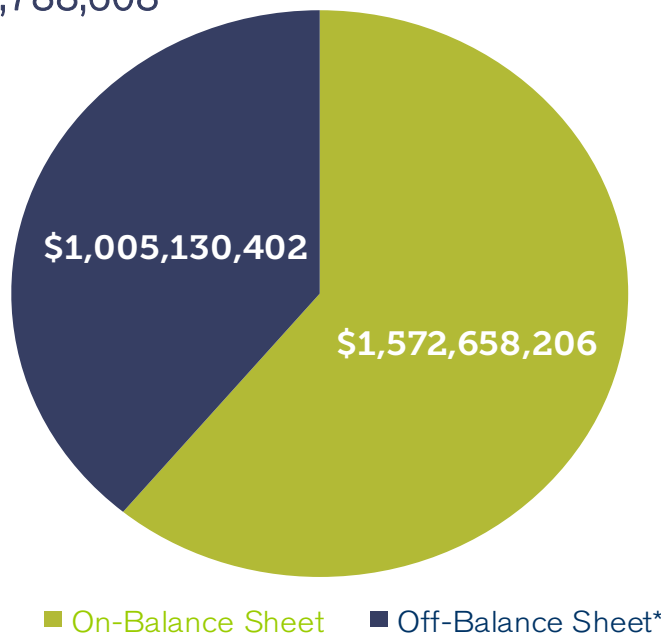
May 2020 YTD <i>(In Thousands)</i>	Actual 2020	Budget 2020	Variance
Net Interest Income	\$2,331.5	\$3,133.7	(\$802.2)
+ Non-Interest Income	\$2,207.0	\$2,041.6	\$165.4
- Operating Expenses	\$2,780.3	\$2,911.4	\$131.1
= Net Operating Income	\$1,758.2	\$2,263.9	(\$505.7)
+ CUSO Gains/Losses	\$14.1	\$28.7	(\$14.6)
- PCC Dividends	\$250.8	\$462.8	\$212.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,521.6	\$1,829.9	(\$308.3)



Total Assets | On- and Off-Balance Sheet

May 2020

Total Managed Assets - \$2,577,788,608



Liquidity Commentary

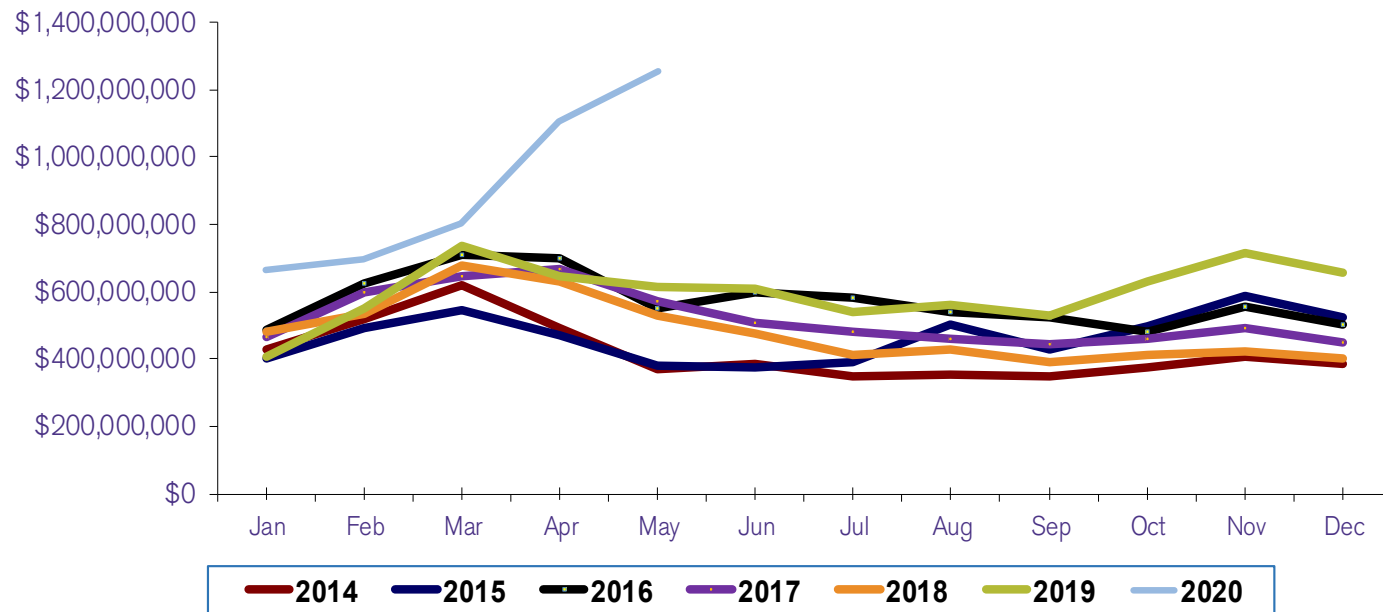
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in May 2020. Millennium Corporate currently has a Collateralized LOC of \$301.6 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$15.8 million in February; averaged \$13.8 million in March; averaged \$16.3 million in April; average \$18.5 in May; and have averaged \$15.5 million during most of June.
- May 2020 month-end figures show SimpliCD issuance totals of \$97.2 million and 22 users of this liquidity option.

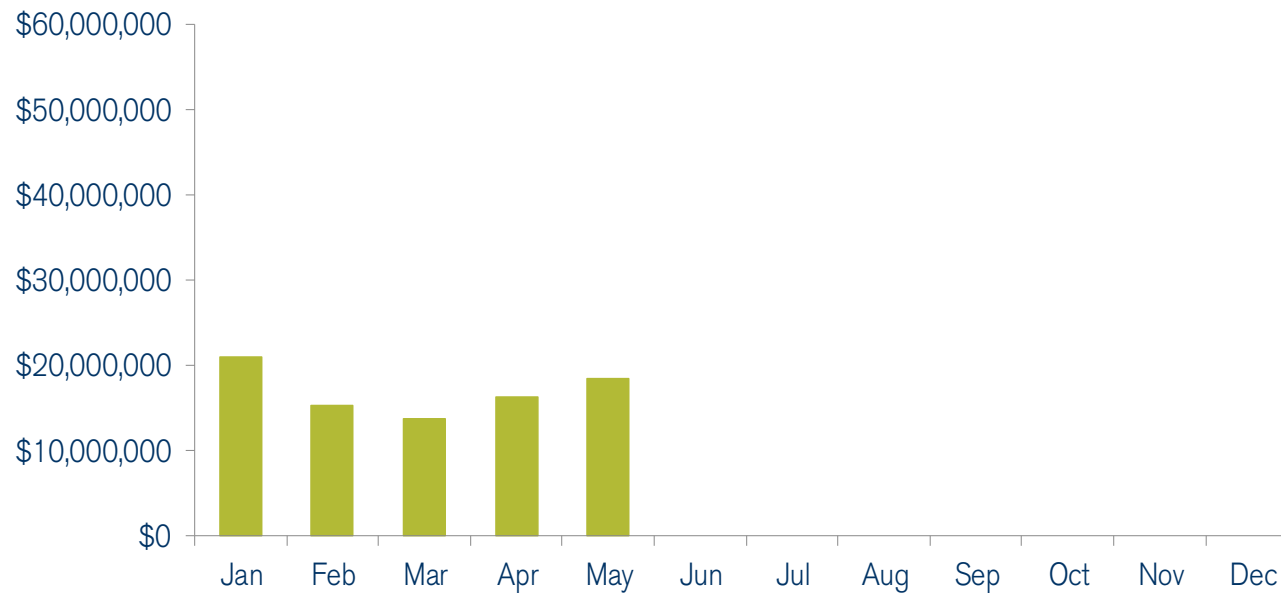
Graphical representations of the seasonal activity of member overnight deposits since 2015, and average member borrowing activity for 2020 follow this commentary.



Historical Member Overnight Deposits



2020 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results April 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	\$72,377,589	-	-	5.03%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$70,801,300	(\$1,576,289)	(2.18%)	4.93%	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 May 2020, is \$3,717,677
- Retained Earnings ratio is 2.42% as of 2020 versus 2.91%, 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 “Well Capitalized”
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's April 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.42% | Minimum Requirement – 1.00%
 - Tier 1 Capital Ratio – 6.62% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 58.45% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 72.81% | Minimum Requirement – 8.00%
 - GAAP Capital – 8.44%



Board Meeting Recap

Board of Director's Meeting – June 25, 2020

- Approved May 2020 Financial Statements & Committee Reports
- Approved April 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Management reported that Millennium continues a remote work schedule
 - Liquidity remains strong and Millennium's assets have averaged more than \$1.4 billion each day in June
 - KDCU and NCUA scheduled an off-site joint exam the week of July 6th
 - Continue to actively stay in contact with members, regulators, vendors and partners
 - Millennium management has been drafting a comment letter regarding proposed changes to Reg 704 which governs corporate CUs
 - Update regarding new users: two new members; one AIM client; six new currency & coin users
 - AIM hosted second of a four-part webinar regarding "Navigating 2020" and had 30 members participate
 - Update on the remodeling project in the Wichita office
 - Review of the CUNA June economic and credit union forecast



Supervisory Committee Recap

Supervisory Committee Meeting – June 15, 2020

- Committee reviewed the risk assessment for Juniper Payments and Western Union
- Committee reviewed the Business Impact Analysis, Continuity Testing and Staff Training Internal Audit
- Committee reviewed the Authority Levels and Authorized Users for all accounts, data systems and software
- Reviewed the Enterprise Risk Management 2nd Quarter Board Report
- Committee reviewed the three Operations Recovery Test Exercises completed in May and Committee voted to accept the exercises as a good faith test of Millennium's continuity program and the ability to recover operations within the defined recovery time objectives
- Had a discussion on Millennium's response to the COVID-19 pandemic
- 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 – August 17, 2020



July 2020

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
29	30	1	2	3
KDCU/NCUA Exam 6	KDCU/NCUA Exam 7	KDCU/NCUA Exam 8	KDCU/NCUA Exam 9	KDCU/NCUA Exam 10
13	14	15	16	17
20	21	22	23 Millennium Corporate ALCO & Board Meetings	24
27 Millennium Corporate Enterprise Risk Management Meeting	28	29	30	31