



Membership Report | **March 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 – January 2020
- Capital Commentary
- Board Meeting Recap
- Updated CUNA Economic & CU Forecast – March 24, 2020
- Calendar of Events – April 2020



Financial Commentary

Net Income for February was \$371,230, under budget by \$12,286 or 3.2% for the month. Net interest income was \$29,490 or 5.1% less than budget due to higher rates in comparison to overall market rates. Non-interest income was more than budget by \$8,914 or 2.0% due primarily to higher commission income. Operating expenses were under budget by \$9,253 or 1.7% due to lower salaries and promotion expenses. CUSO income was lower than budget by \$962 or 13.7% and PCC dividends were right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 78.4%, higher than the goal of 69.1%.

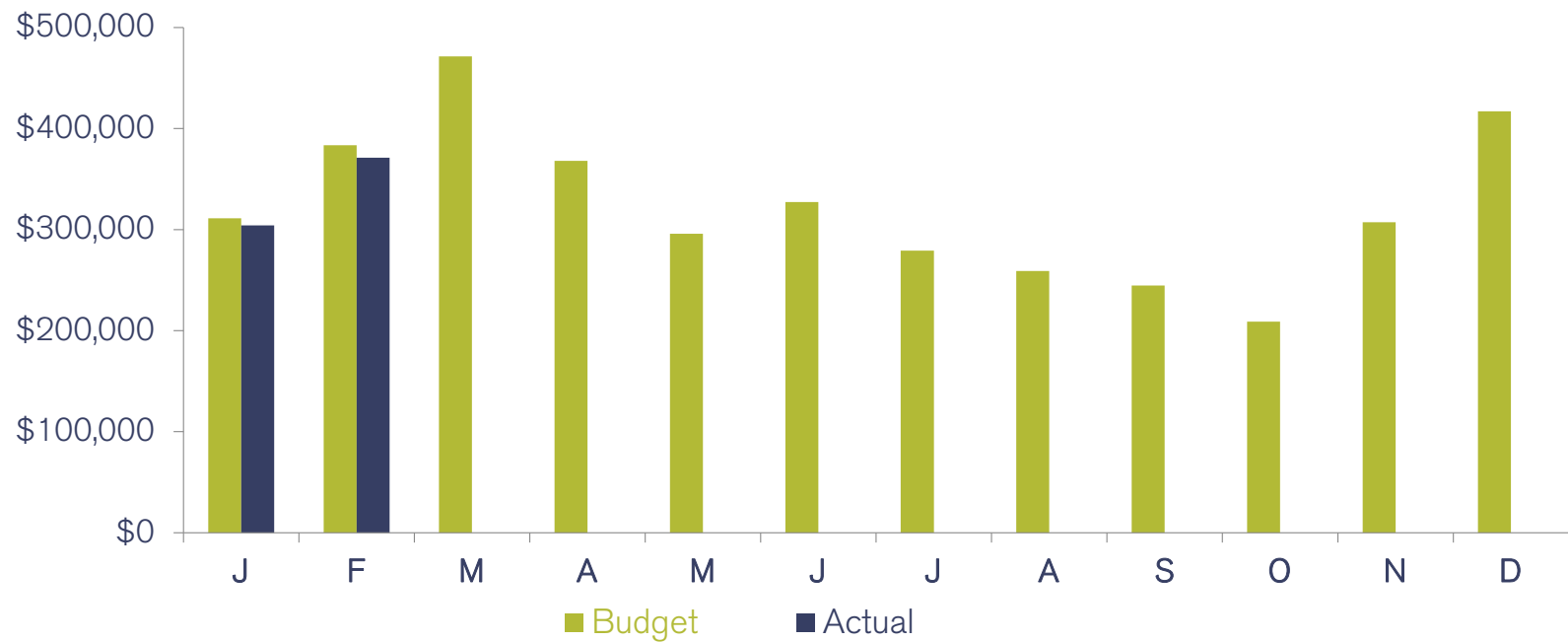
Return on Assets (ROA) started the year lower than budget as the year-to-date ROA after February is 46.1 bps on average assets of \$878.9 million.

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 \$787.2 million at the end of February, an increase of \$25.5 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$20,941,027, representing a Retained Earnings ratio of 2.66% and a Tier 1 ratio of 9.17%.



2020 Budget/Actual Net Income



YTD Actual/Budget Variance | Dollars

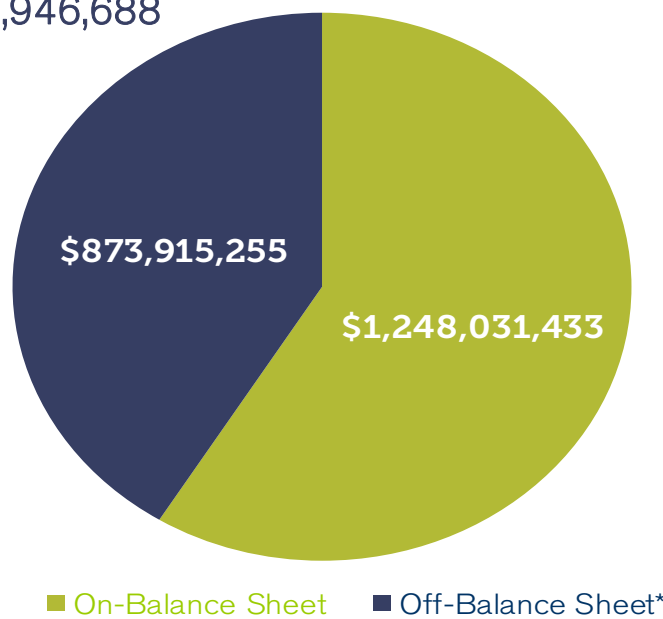
February 2020 YTD <i>(In Thousands)</i>	Actual 2020	Budget 2020	Variance
Net Interest Income	\$1,084.5	\$1,149.9	(\$65.5)
+ Non-Interest Income	\$861.0	\$833.4	\$27.6
- Operating Expenses	\$1,098.7	\$1,118.2	\$19.5
= Net Operating Income	\$846.8	\$865.1	(\$18.4)
+ CUSO Gains/Losses	\$11.3	\$12.2	(\$0.9)
- PCC Dividends	\$182.7	\$182.7	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$675.4	\$694.7	(\$19.3)



Total Assets | On- and Off-Balance Sheet

February 2020

Total Managed Assets - \$2,121,946,688



Liquidity Commentary

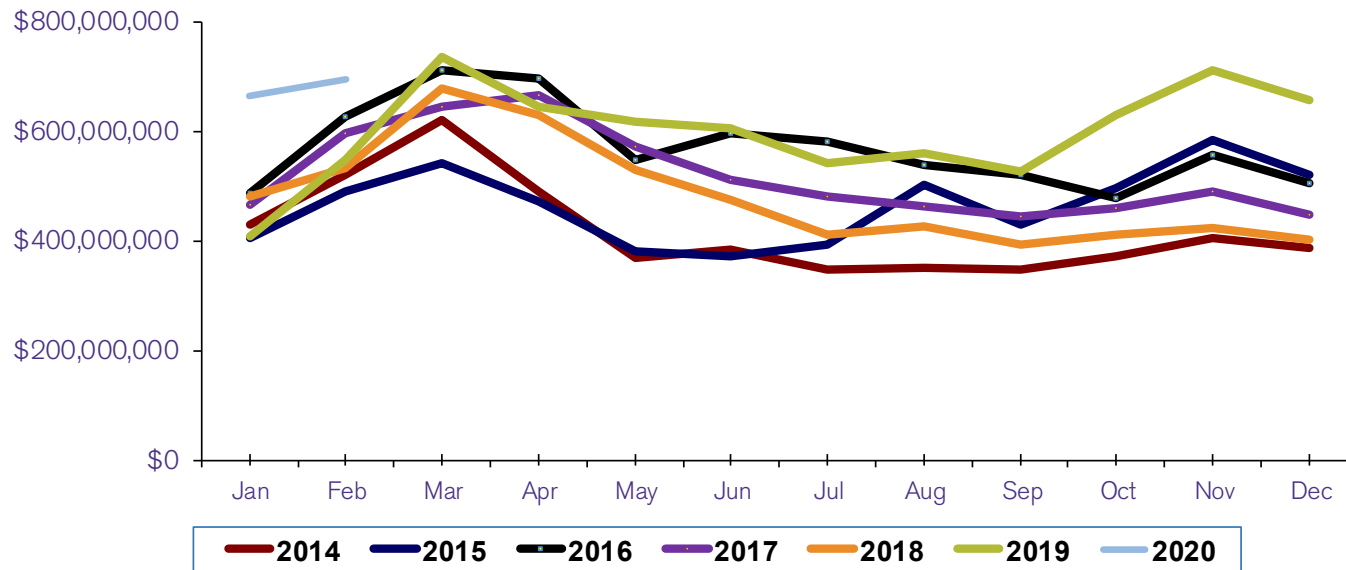
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in February 2020. Millennium Corporate currently has a Collateralized LOC of \$303.3 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$22.1 million in December; averaged \$21.0 million in January; averaged \$15.8 million in February and have averaged \$13.7 million during most of March.
- February 2020 month-end figures show SimpliCD issuance totals of \$107.8 million and 24 users of this liquidity option.

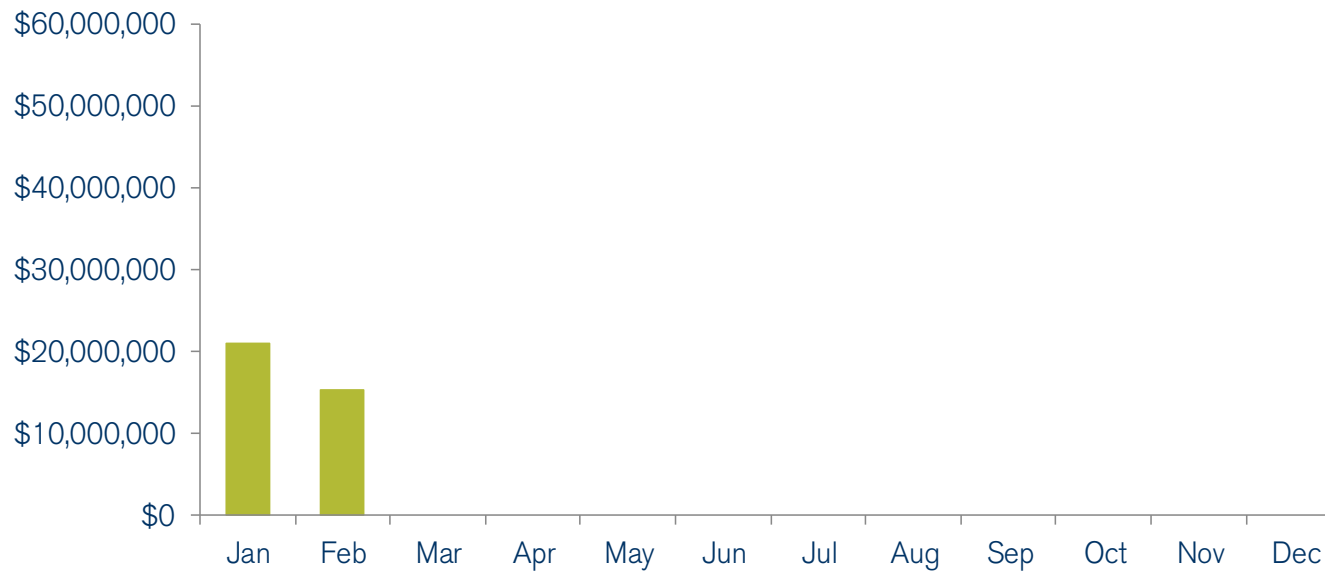
Graphical representations of the seasonal activity of member overnight deposits since 2015, and average member borrowing activity for 2020 follow this commentary.



Historical Member Overnight Deposits



2020 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results January 2020						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$75,973,830	+ \$646,393	+ 0.86%	7.66%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$75,327,437	-	-	7.60%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$75,048,038	(\$279,399)	(0.37%)	7.58%	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 February 2020, is \$3,857,908
- Retained Earnings ratio is 2.66% as of 2020 versus 2.88%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's February 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 – 9.17% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 79.72% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 79.72% | Minimum Requirement – 8.00%
 - GAAP Capital – 9.55%



Board Meeting Recap

Board of Director's Meeting – February 20, 2020

- Approved February 2020 Financial Statements & Committee Reports
- Approved January 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Entire month of March has been all about COVID-19; preparing potential business disruptions; meeting cash needs; contacts with regulators, vendors and partners
 - Our Continuity Management Plan Team has been meeting daily
 - Most of Millennium staff working remotely or alternating in office days
 - Liquidity is strong and we are prepared to meet cash needs
 - Impact of the Federal Reserve actions and lowering the targeted fed funds rate to 0.00% to 0.25% requiring Millennium and members to operate on razor thin spreads
 - Working with all corporates to provide CLF access for potential liquidity
 - Changing from an in person Annual Meeting to a virtual/conference call type of meeting



Board Meeting Recap

Board of Director's Meeting – March 26, 2020

- Kevin Grund of J. Tenbrink & Associates met with the Board to review the results of the Independent Auditors' Report on the audit of Millennium's 2019 financial statements. Mr. Grund presented the Independent Auditors' Report, which includes the attestation on Internal Controls Over Financial Reporting, and the Management Letter. As in prior years, Millennium received a qualified opinion due solely to the classification of Members Shares as Equity. The audit was finalized as of February 20, 2020.
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the quarterly ERM Board Report accepting the current residual risk level of \$1,289,289 and 6.27% of retained earnings.
- For the past 18 months both the Board and ERM committee have had multiple discussions regarding the appropriate risk tolerance or risk appetite. At the March meeting, the ERM recommended and the Board approved: Millennium Corporate's risk appetite target is to maintain a low risk tolerance level in each of NCUA's seven risk categories: Credit, Interest Rate, Transaction, Liquidity, Compliance, Strategic and Reputation.



CUNA Economic & CU Forecast – March 24, 2020

The most significant changes to CUNA's previous forecast include:

- They decreased their economic growth forecast for 2020 from 1.80% to -2.25%
- They now expect the unemployment rate to peak out at 6.50% in the 3Q of 2020, before settling in at 6.00% by year-end 2020
- They changed their forecast for the fed funds rate for 2020 from a target range of 1.50% - 1.75% to 0.00% - 0.25%
- They increased their credit union savings growth forecast from 8.00% to 12.00% in 2020
- They decreased their credit union loan growth forecast from 5.50% to 3.50% in 2020
- They expect membership growth will reach 1.50% in 2020, down from the 2.50% they previously forecasted
- They increased their delinquency rate forecast from 0.70% to 1.00% in 2020
- Their previous forecast had credit union ROA at 0.80% in 2020; they now expect it to fall to 0.50% in 2020



April 2020

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
30	31	1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23 Millennium Corporate Board & ALCO Meetings	24 Millennium Corporate Virtual Annual Meeting 2 PM CT (Connectivity Instructions will be provided)
27 Millennium Corporate Supervisory Committee Meeting	28	29	30	1