

membership report

FEBRUARY 2021



Millennium
CORPORATE CREDIT UNION

content

- **Financial Commentary**
 - 2021 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- and Off-Balance Sheet
- **Liquidity Summary**
 - Historical Member Overnight Deposits
 - 2021 Average Monthly Member Borrowings
- **Interest Rate Risk/Net Economic Value Report – December 2020**
- **Capital Commentary**
- **Board Meeting Recap**
- **Supervisory Committee Meeting Recap**
- **Credit Committee Meeting Recap**
- **Events Calendar – March 2021**

financial commentary

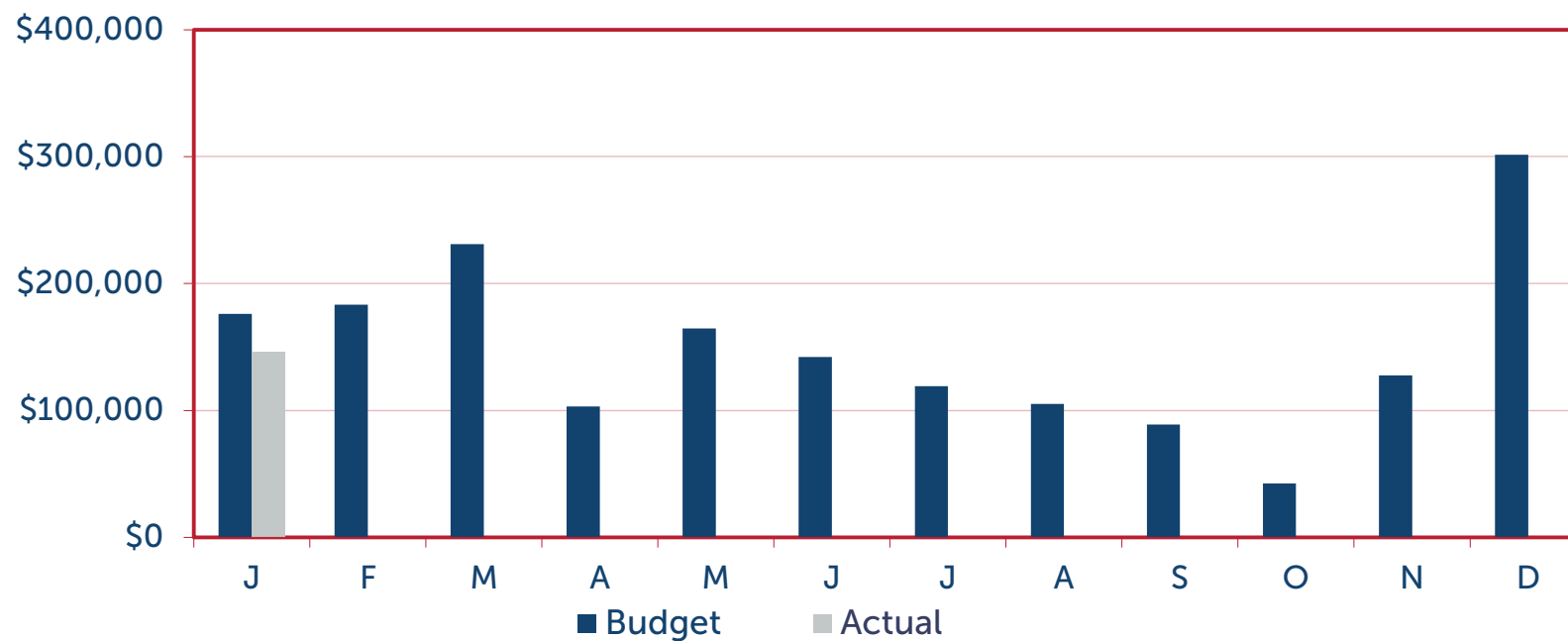
Net income for January was \$146,276, under budget by \$29,739 or 16.9% for the month. Net-interest income was \$26,840 or 8.4% less than budget due to the lower average assets and a lower than budgeted return. Non-interest income was more than budget by \$3,514 or 0.8% due to higher usage of financial services. Operating expenses were more than budget by \$6,408 or 1.1% due to the budget which streamlines many of the expenses evenly throughout the year. CUSO income and PCC dividends were both right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 77.8%, slightly higher than the goal of 76.9%.

Return on Assets (ROA) for the month was 10.9 bps on average assets of \$1,603.2 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 \$1,335.7 million at the end of January, an increase of \$65.4 million or 5.1% from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$23,147,404, representing a Retained Earnings ratio of 1.73% and a Tier 1 ratio of 5.24%.

2021 budget/actual net income



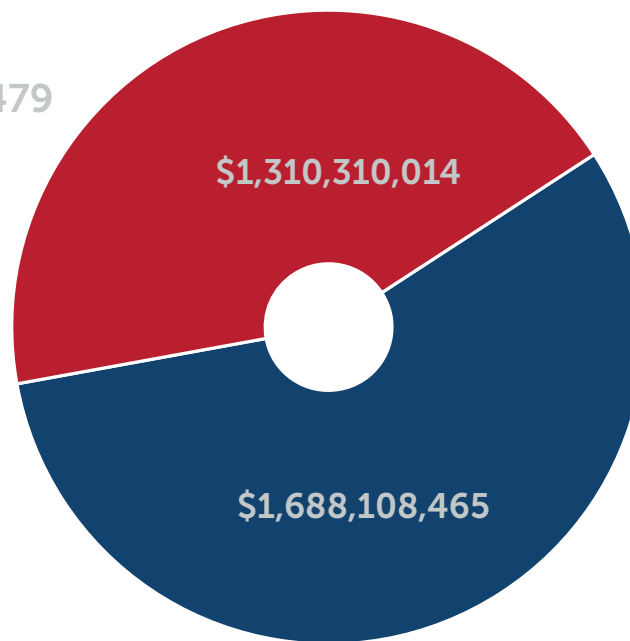
YTD actual/budget variance | dollars

January 2021 YTD <i>(In Thousands)</i>	Actual 2021	Budget 2021	Variance
Net Interest Income	\$290.6	\$317.4	(\$26.8)
+ Non-Interest Income	\$440.3	\$436.8	+ \$3.5
- Operating Expenses	\$566.3	\$559.9	(\$6.4)
= Net Operating Income	\$164.6	\$194.3	(\$29.7)
+ CUSO Gains/Losses	\$4.7	\$4.7	\$0.0
- PCC Dividends	\$23.0	\$23.0	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$146.3	\$176.0	(\$29.7)

total assets | on- and off-balance sheet

January 2021

Total Managed Assets - \$2,998,418,479



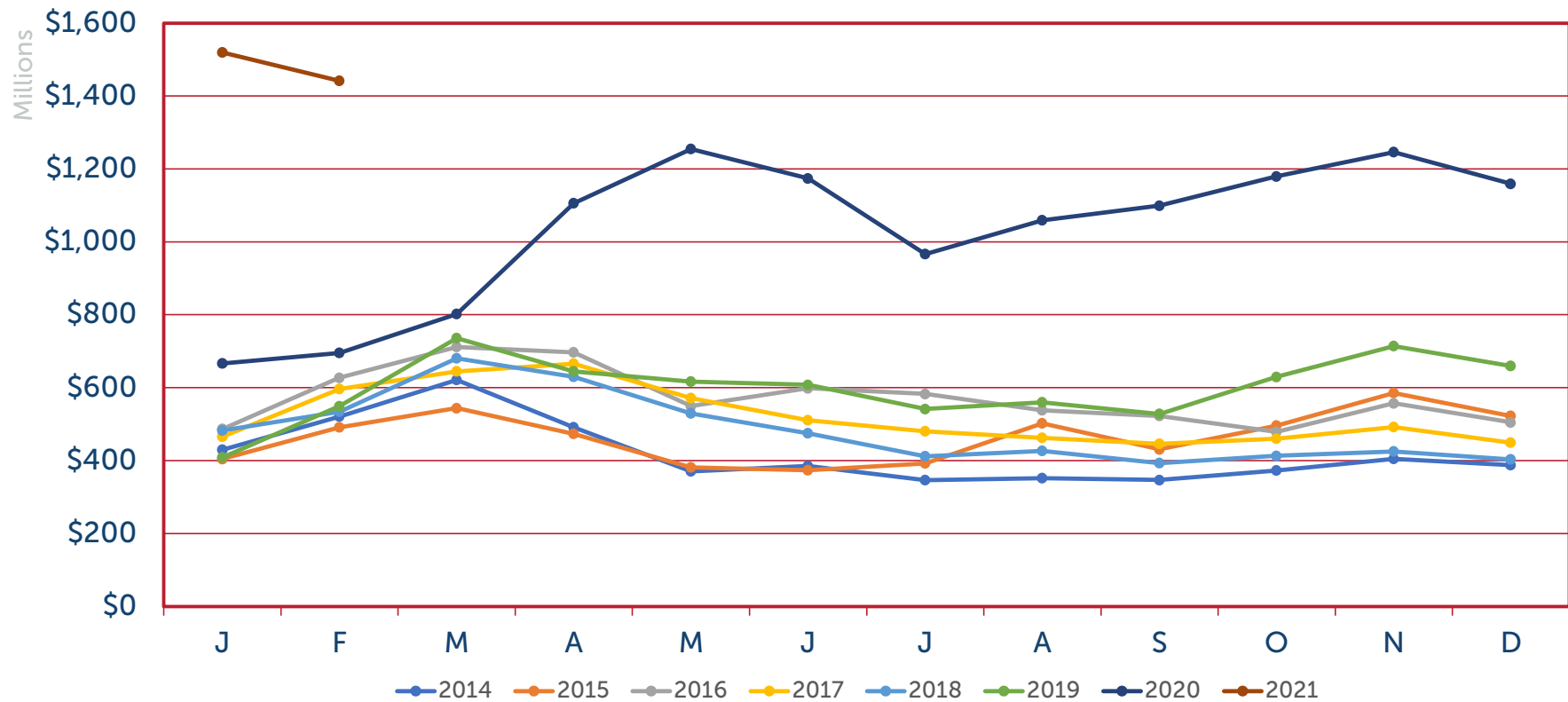
■ On-Balance Sheet ■ Off-Balance Sheet

liquidity commentary

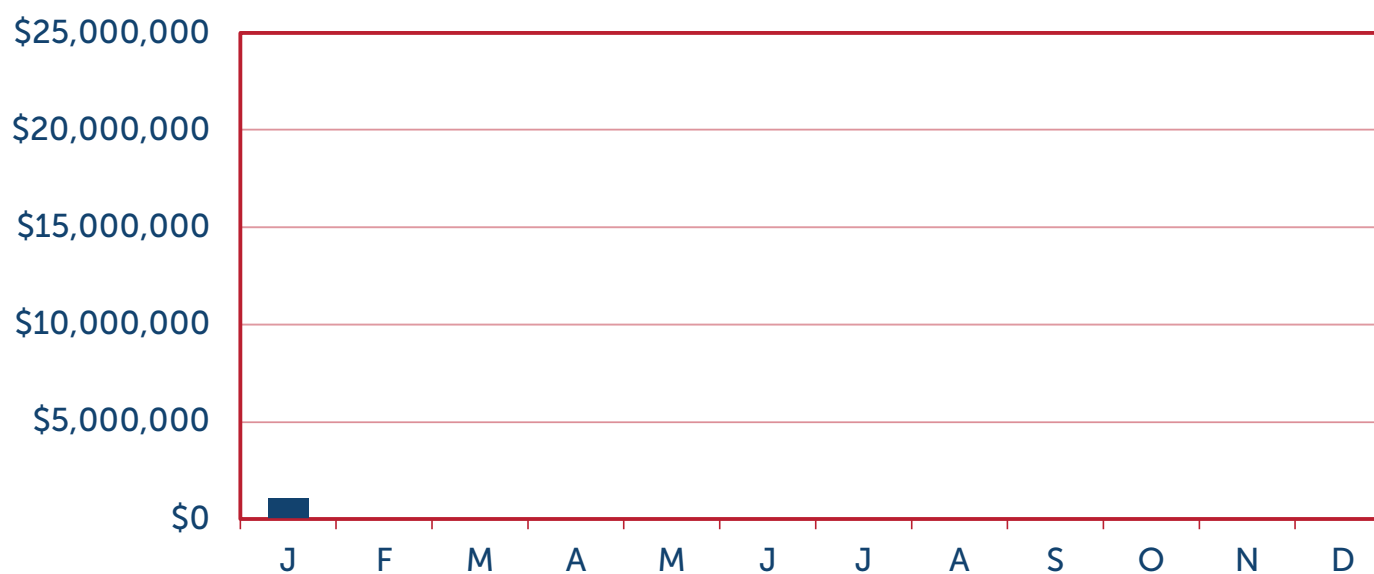
Millennium Corporate did not access our FHLB line-of-credit (LOC) in January 2021. Millennium Corporate currently has a collateralized LOC of \$400.0 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- January 2021 month-end figures show SimpliCD issuance totals of \$75.4 million/ 20 program users.
- Average loan balances are provided below-
 - August 2020 - \$3.5 million
 - September 2020 - \$3.4 million
 - October 2020 - \$3.3 million
 - November 2020 - \$2.2 million
 - December 2020 - \$2.9 million
 - January 2021 - \$1.1 million
 - February (to-date) - \$1.8 million

historical member overnight deposits



2021 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results December 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	\$79,752,438	-	-	5.11%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$77,419,132	(\$2,333,306)	(2.93%)	4.97%	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 January 2021, is \$2,577,607
- Retained Earnings ratio is 1.73% as of January 2021 versus 2.70%, 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 January 2021 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	January 2021	Minimum Requirement
Retained Earnings	1.73%	0.45%
Tier 1 Capital	5.24%	4.00%
Tier 1 Risk-Based Capital	55.89%	4.00%
Total Risk-Based Capital	59.38%	8.00%
GAAP Capital	5.79%	

board meeting recap

Board of Director's Meeting | February 18, 2021

- Approved January 2021 Financial Statements & Committee Reports
- Approved December 2020 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management-
 - Management reported that Millennium continues to promote a socially distanced work environment and remote schedules
 - The KDCU/NCUA joint exam of Millennium is scheduled to occur the week of June 7-11
 - President Biden appointed NCUA Board Member Todd Harper as the 12th Chairman of the NCUA Board
 - Update on recent Corporate CU Alliance meetings with NCUA representatives
 - Federal Reserve announced 110 organizations, including Millennium, as FedNow pilot program participants – the 2-hour “Kick-Off Session” scheduled for February 25th
 - Tenbrink & Associates has completed the year-end financial audit
 - Millennium staff participated virtually in the “Day at the Capitol” events in both KS & MO and the “Jam the Unicam” event in NE
 - Reviewed the new CUNA Economic & CU Forecast dated February 8th
 - Reviewed the December 2020 corporate call reports data

board meeting recap

Old Business – Reviewed the financial results of our CUSO investments as of December 2020

- Primary Financial Company, LLC (SimpliCD) had net income of \$624,182 for 2020. The company has total equity of \$21.4 million, representing an equity ratio of 53.4%. Millennium ended December with outstanding SimpliCD balances of \$492.3 million and SimpliCD issuance of \$74.3 million, an option used by Millennium members to generate additional liquidity. Millennium's current ownership percentage is 12.0% and our investment amount is \$2,564,955.
- CU Business Group, LLC (CUBG) had net income of \$248,719 for 2020. Total equity is \$3.1 million, representing an equity ratio of 76.1% as of December 2020. Currently, twenty-seven Millennium members utilize CUBG services (4th highest of the owners). Millennium's current ownership percentage is 4.41% and our investment amount is \$120,000.
- CU Investment Solutions, LLC (ISI) year-to-date income is \$288,159. ISI's fiscal year runs from October 2020 through September 2021. Millennium recognized a gain on our investment when the audited financials were received. As of December 2020, ISI had retained earnings of \$2,125,798, reflecting an equity ratio of 55.2%. Millennium's current ownership percentage is 22.2% and our investment amount is \$593,407.
- CULedger Heartland, LLC – MemberPass, the company's first product, is now live and being used by members. Millennium's current ownership percentage is 7.69% and our investment amount is \$9,731.

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 December 2020.

board meeting recap

New Business

- Board appointed the Millennium Compliance Officer as the individual responsible for managing BSA/OFAC compliance for 2021 and appointed the Controller as the alternate for BSA/OFAC compliance.
- The Board and Millennium Management held a general discussion regarding faster payments with Juniper Payments (Jorge Jimenez, Chairman of the Board, Jon Budd, CEO and Mike Richert, Chief Product Officer). We shared and discussed our thoughts on where the overall financial industry is heading in the future in regards to faster payments. Headquartered in Wichita, KS, Juniper Payments is the largest non-bank third-party provider of inter-bank transaction and reporting systems in the United States. They provide services to over 3,500 financial institutions with over 20,000 daily users. Like Millennium, they are also participating in the pilot program for the FedNow Service.

supervisory committee recap

Supervisory Committee Meeting – February 22, 2021

- Committee reviewed the results of internal audits for Billing Procedures, Quick Money and the semi-annual Authority Level Review.
- Committee reviewed the information technology matrix regarding updates and actions to address previous internal audits and exams, including the ACET (Automated Cybersecurity Examination Tool).
- Millennium's Internal Auditor provided an "Internal Audit Year in Review for 2020" and a "Self Evaluation" to the Supervisory Committee members and Millennium Management.
- 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 – April 26, 2021

credit committee recap

Credit Committee Meeting – February 3, 2021

- The Committee reviewed and approved 45 lines-of-credit
- The Committee reviewed the Monitor Report
- Current Advised LOC status – 242 Lines/\$925.0 million
- Next meeting – May 5, 2021

events calendar

March 2021

- **11-Thursday** | KDCU Credit Union Council Meeting
- **25-Thursday** | Millennium ALCO & Board Meeting
- **29-Monday** | Enterprise Risk Management Committee Meeting