

membership report

JANUARY 2021



Millennium
CORPORATE CREDIT UNION

content

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financial commentary

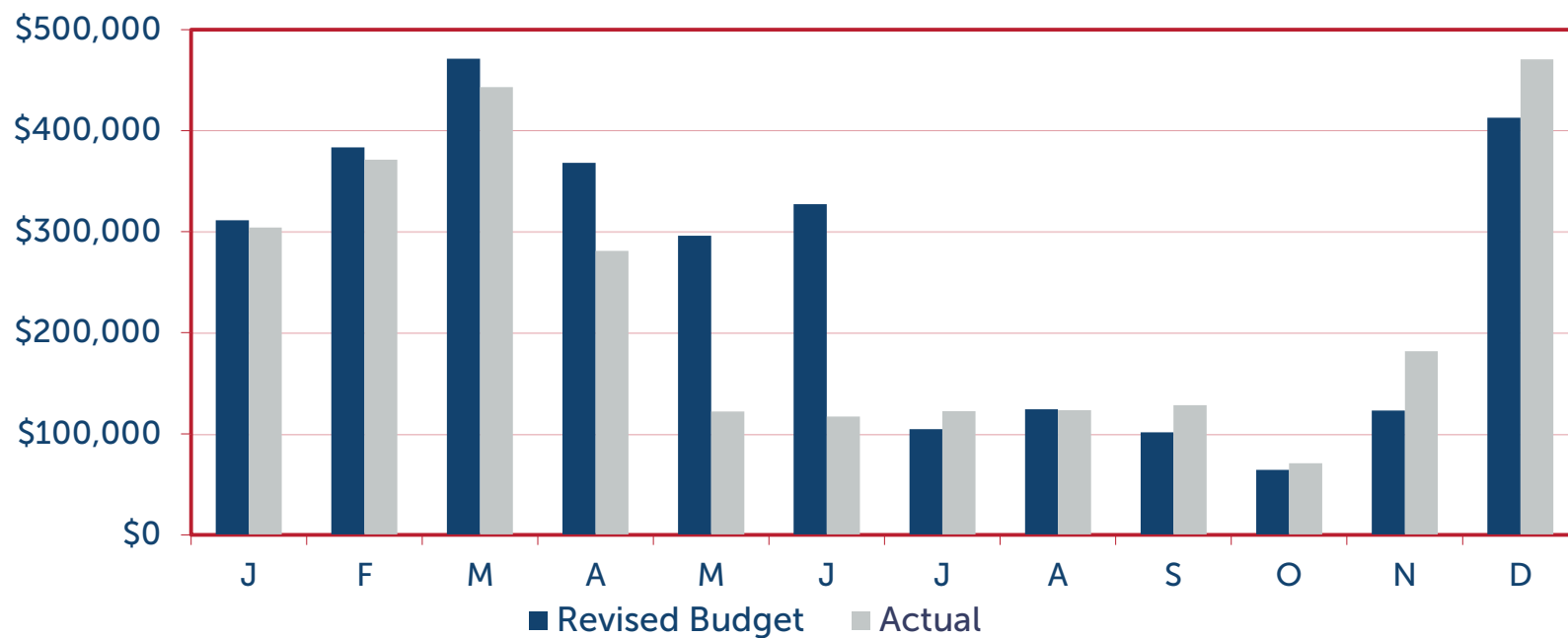
Net income for December was \$470,565, which was more than the revised budget by \$57,861 or 14.0% for the month. Net-interest income was \$64,504 or 28.1% more than budget due to the higher assets and a higher than budgeted return. Non-interest income was more than budget by \$3,617 or 0.7% due to higher usage of financial services. Operating expenses were more than budget by \$35,475 or 6.5% due to the result of some year-end accruals and more usage of financial services. CUSO income was higher than budget by \$25,215 or 9.3%, due to a recognized gain on our investment in the ISI brokerage company. PCC dividends were in-line with the revised budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.3%, slightly lower than the revised goal of 80.1%.

Return on Assets (ROA) for the year was 21.5 bps on average assets of \$1,270.3 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 \$1,270.3 million at the end of December, an increase of \$531.8 million or 72.0% from the previous year-end.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$23,001,128, representing a Retained Earnings ratio of 1.81% and a Tier 1 ratio of 5.39%.

2020 revised budget/actual net income



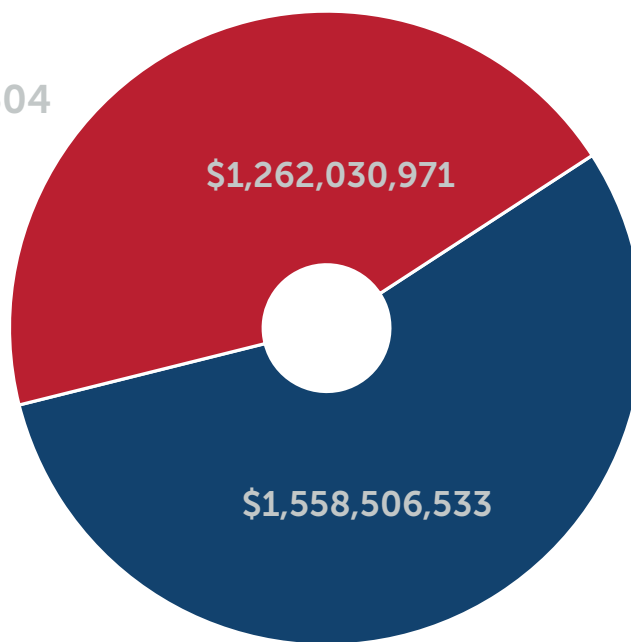
YTD actual/revised budget variance | dollars

December 2020 YTD <i>(In Thousands)</i>	Actual 2020	Revised Budget 2020	Variance
Net Interest Income	\$4,171.0	\$3,975.0	+ \$196.0
+ Non-Interest Income	\$5,327.5	\$5,299.2	+ \$28.3
- Operating Expenses	\$6,717.4	\$6,617.1	(\$100.3)
= Net Operating Income	\$2,781.1	\$2,657.1	+ \$124.0
+ CUSO Gains/Losses	\$364.0	\$321.9	+ \$42.1
- PCC Dividends	\$409.7	\$409.7	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$2,735.4	\$2,569.3	+ \$166.1

total assets | on- and off-balance sheet

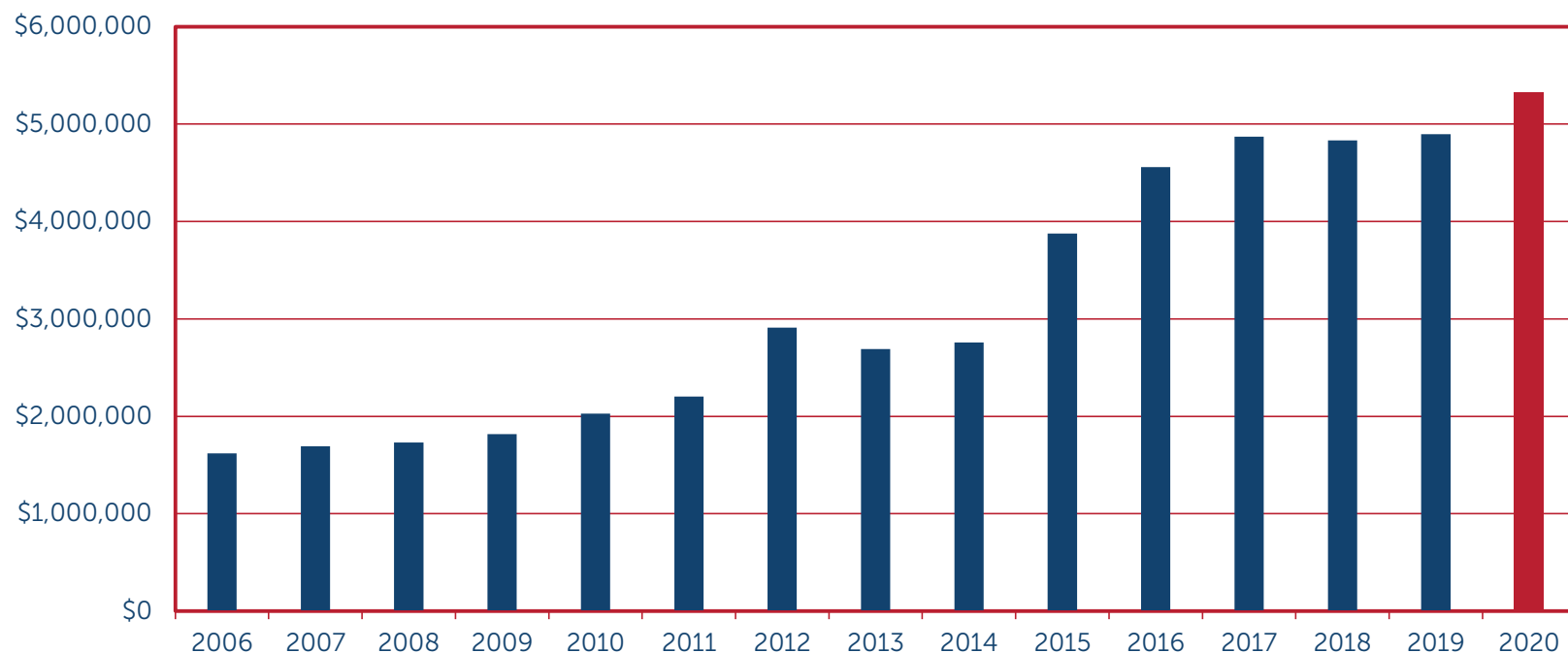
December 2020

Total Managed Assets - \$2,820,537,504



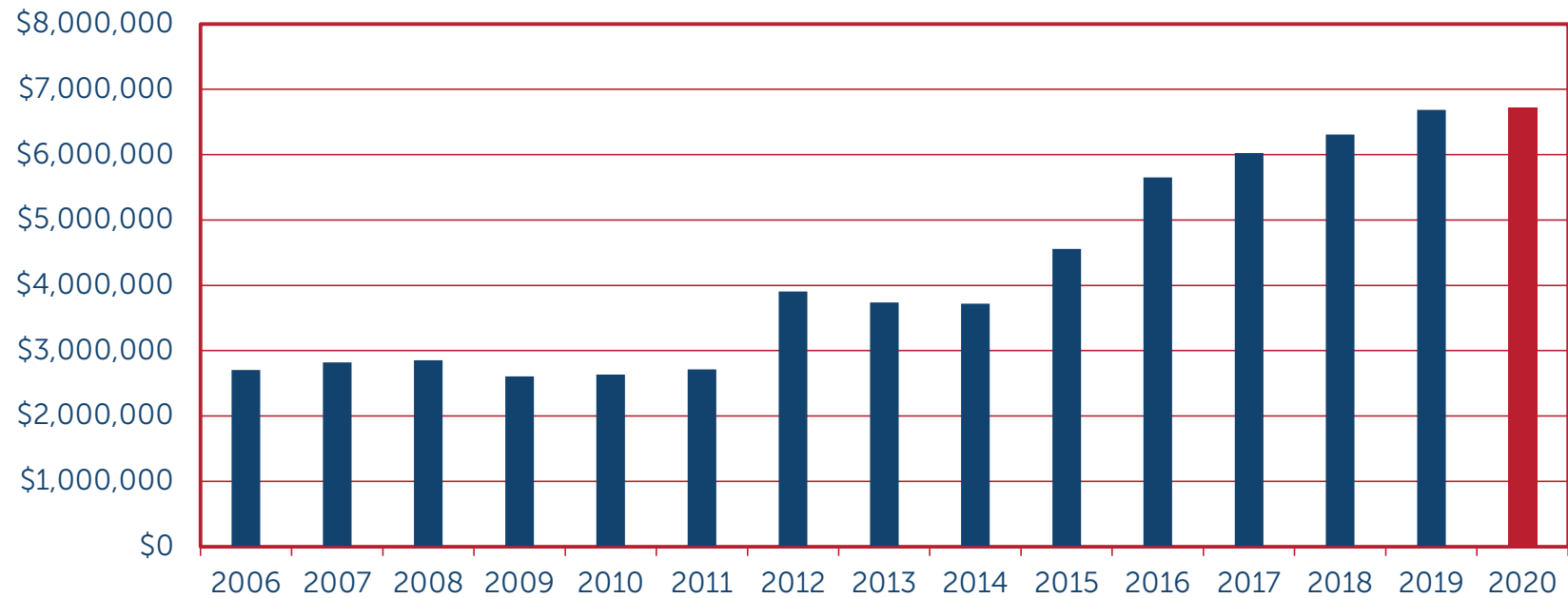
■ On-Balance Sheet ■ Off-Balance Sheet

annualized non-interest income trends



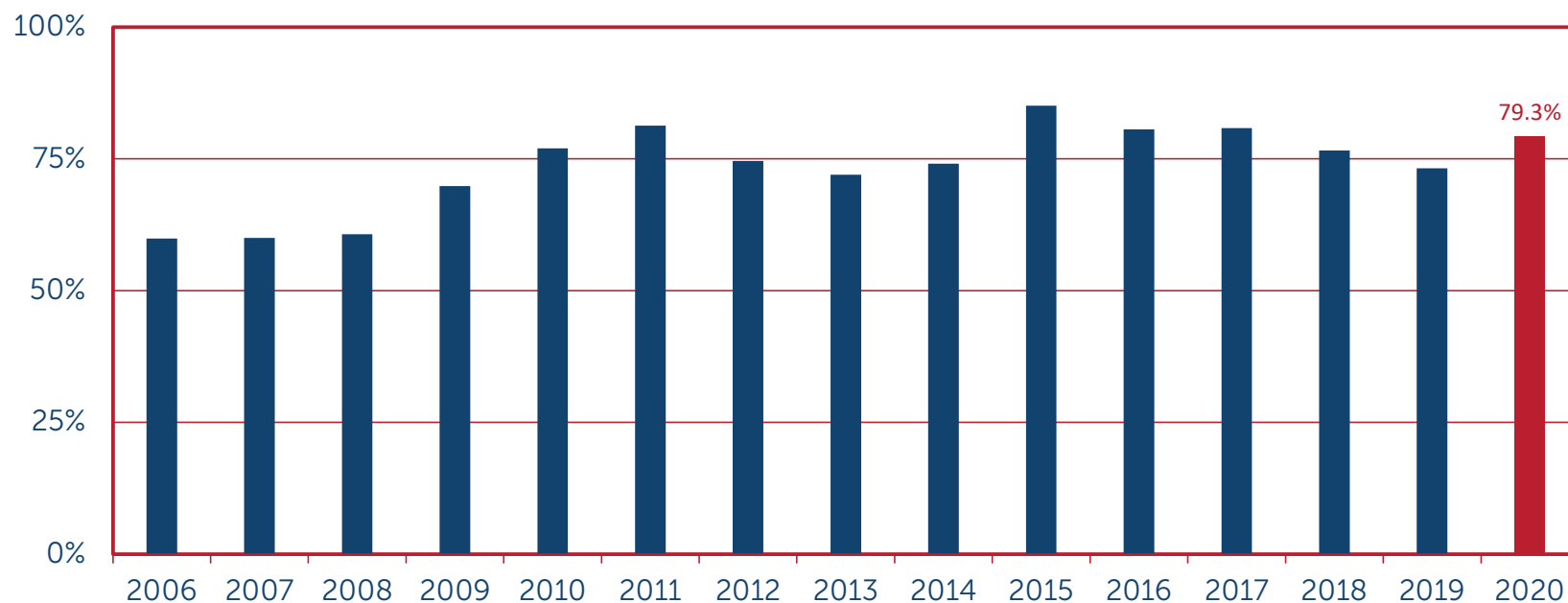
The 2020 revised budget projected a substantial increase in Non-Interest Income compared to the previous year – driven by both financial services and commission. Non-interest income is exceeded the revised budget by 0.5%. 2020 is the first time to earn more than \$5 million in non-interest income - \$5.3 million.

annualized operating expense trends



Operating expenses were \$100,264 or 1.5% higher than the 2020 revised budget. Overall, our operating expenses were only \$33,450 or 0.5% more than the previous year.

Coverage Ratio – Fee Income/Operating Expense trends



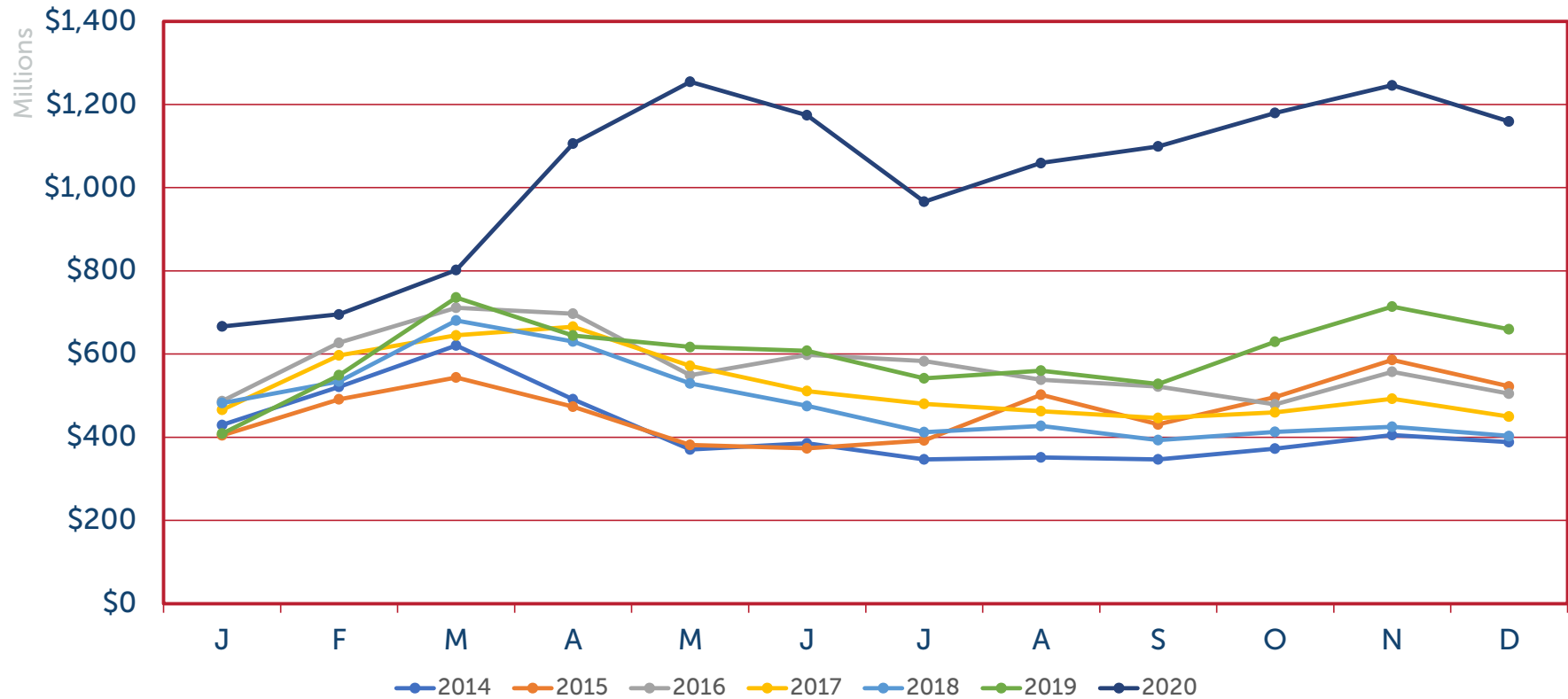
Third highest coverage ratio of all corporate credit unions.

liquidity commentary

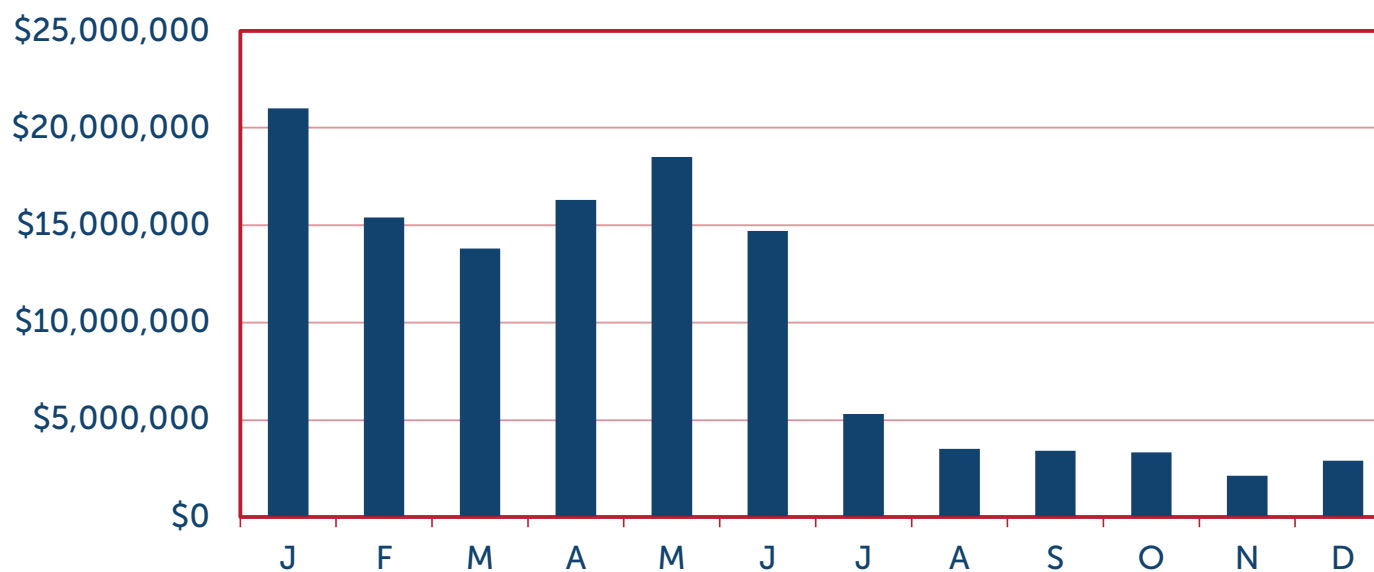
Millennium Corporate did not access our FHLB line-of-credit (LOC) in December 2020. Millennium Corporate currently has a collateralized LOC of \$360.0 million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- December 2020 month-end figures show SimpliCD issuance totals of \$74.3 million/ 20 program users.
- Average loan balances are provided below-
 - July - \$5.3 million
 - August - \$3.5 million
 - September - \$3.4 million
 - October - \$3.3 million
 - November - \$2.2 million
 - December - \$2.9 million
 - January (to-date) - \$1.1 million

historical member overnight deposits



2020 average monthly member borrowings



IRR | net economic value (NEV)

NEV Testing Results November 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	\$78,974,551	-	-	5.07%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$76,574,324	(\$2,400,227)	(3.04%)	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 scenario.

capital commentary

- Increase to Retained Earnings during the past 12 months, through December 2020, is \$2,735,468
- Retained Earnings ratio is 1.81% as of December 2020 versus 2.74%, 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 December 2020 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	December 2020	Minimum Requirement
Retained Earnings	1.81%	0.45%
Tier 1 Capital	5.39%	4.00%
Tier 1 Risk-Based Capital	56.16%	4.00%
Total Risk-Based Capital	60.95%	8.00%
GAAP Capital	6.08%	

board meeting recap

Board of Director's Meeting | January 21, 2021

- Approved December 2020 Financial Statements & Committee Reports
- Approved November 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
 - Due to staffing changes, NCUA National Field Supervisor with oversight of Millennium is Darren Dutton
 - Management reported that the Consolidated Appropriations Act of 2021 extended the provisions that provided the CLF the ability to support the liquidity needs of CU's – the Act, allows Millennium to act as agent on behalf of our members, providing 224 member CUs access to liquidity via the CLF through 2021
 - Management provided update on the USC estate as of September 2020
 - Update on recent Corporate CU Alliance activities including a meeting via zoom with NCUA representatives
 - Update in the status of Millennium participating in the pilot program for FedNow services
 - Update on advocacy opportunities with our association partners in February
 - Reported on our fourth quarter marketing initiatives
 - Reviewed the quarterly budget/actual comparison

board meeting recap

New Business

- Approved the 2021 Budget with the following outcomes:
 - ROA of 12.1 bps
 - Net Income - \$1,775,911
 - 2021 Daily Average Net Assets - \$1,468,750,000
 - Projected December 2021 Retained Earnings Ratio of 1.69%
 - Projected December 2021 Tier 1 Capital Ratio of 5.14%

Millennium selected as FedNow Pilot Program Participant

On January 25th the Federal Reserve Banks announced 110 financial institutions and organizations, including **Millennium**, are participating in the pilot program for their upcoming instant payments offering, the FedNow Service. The program will support development, testing and adoption of the FedNow Service. A key objective in selecting participants for the pilot was to ensure diverse representation across financial institutions and service providers, connection types, settlement arrangements and experience levels.

Through the involvement in the FedNow Pilot Program, participating financial institutions (including Millennium) and processors will help shape the product's features and functions, provide input into the overall user experience, ensure readiness for testing and be the first to experience the FedNow Service before its general availability. In the initial advisory phase, participant input will help to further define the service and adoption roadmap, readiness approaches and overall instant payments strategy.

This is a multiple year project and Lyn Hollenbeck, Vice President of Operations, will be heading up the project for Millennium.

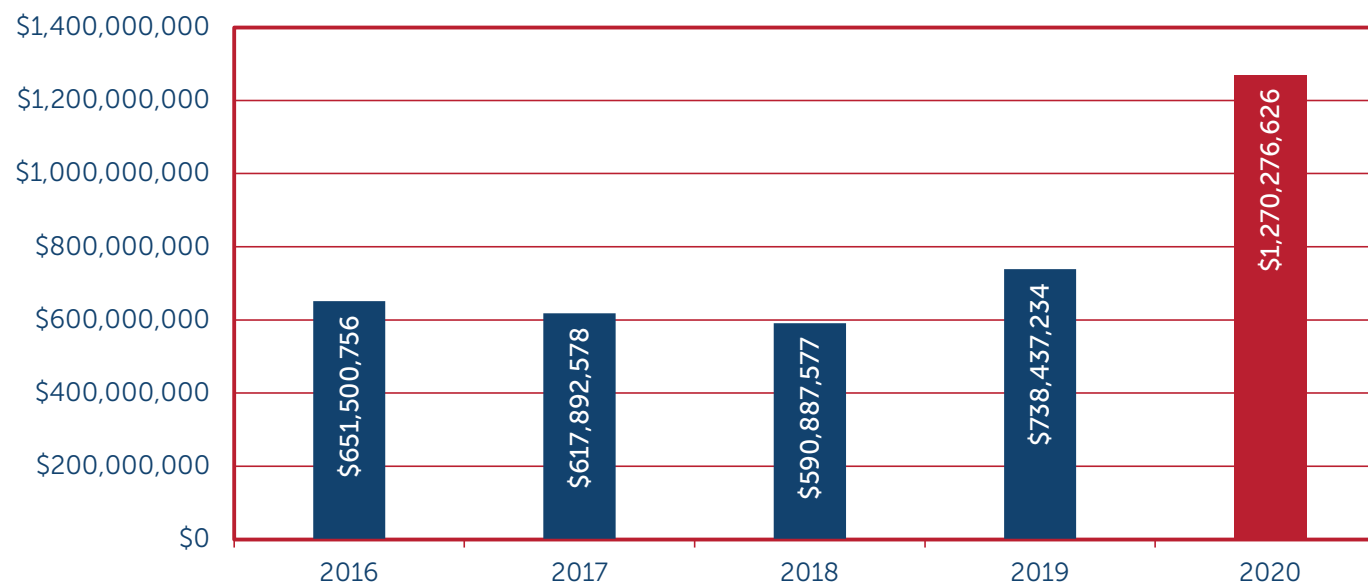
Year-End Info (2016 – 2020)

Since Most Recent Merger

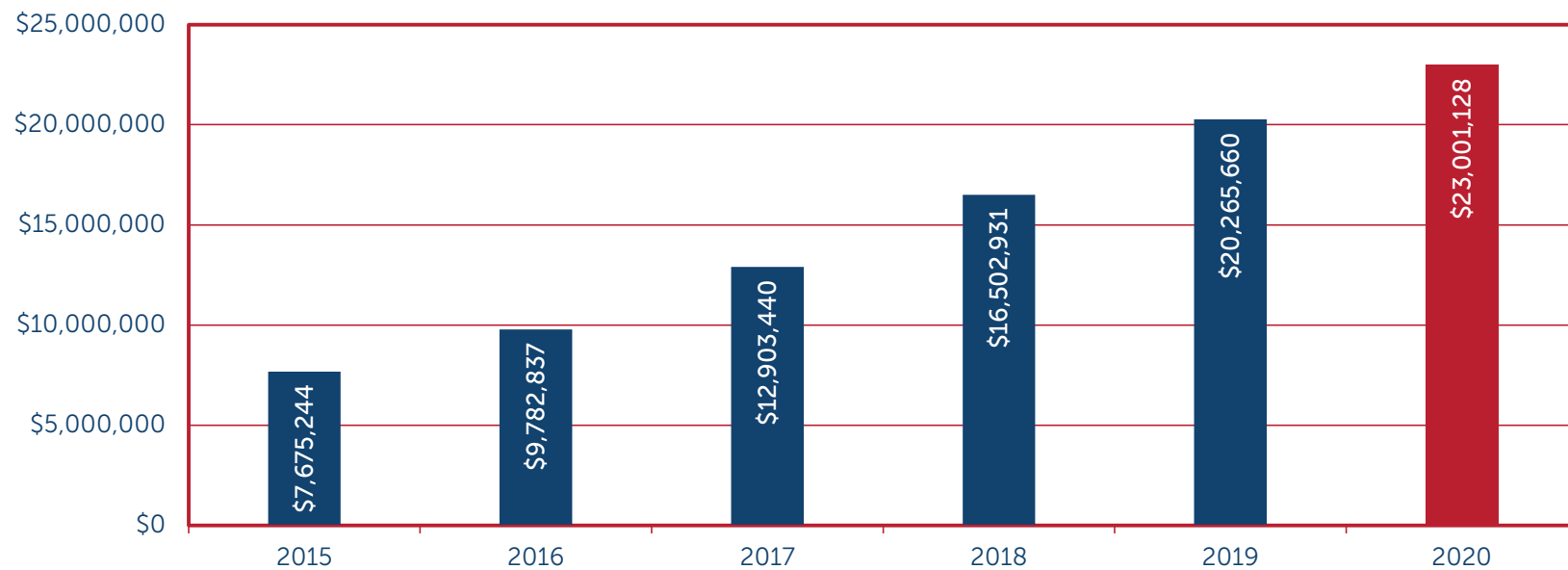


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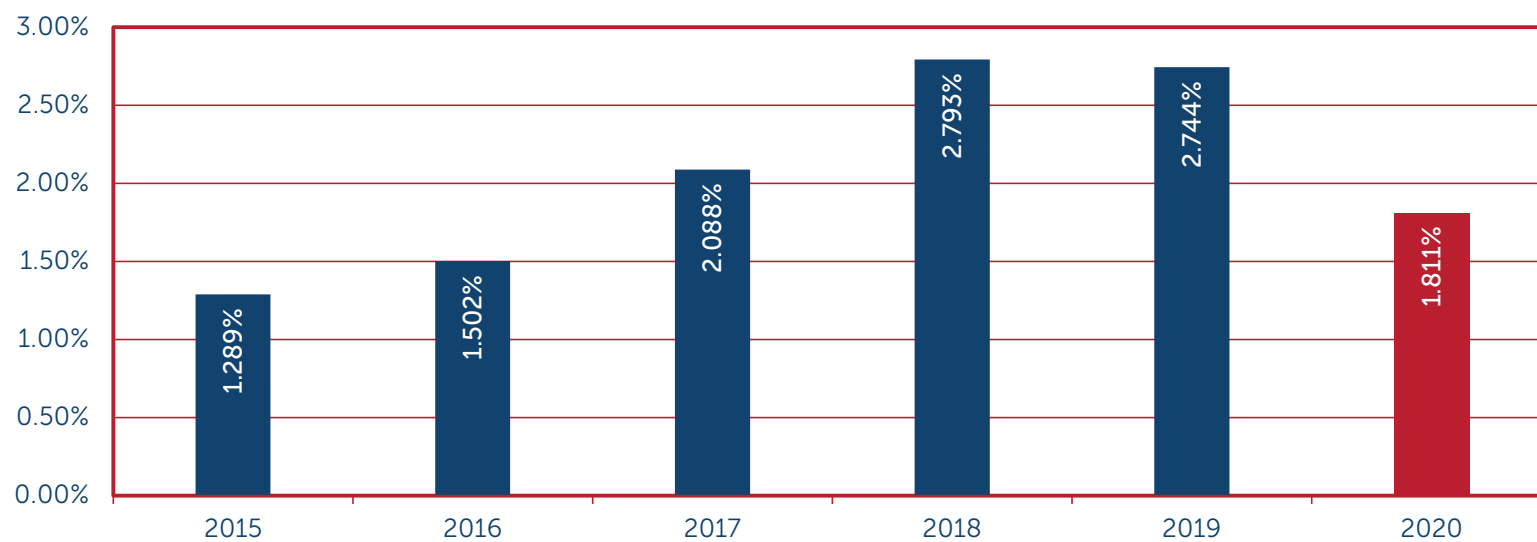
daily average net assets



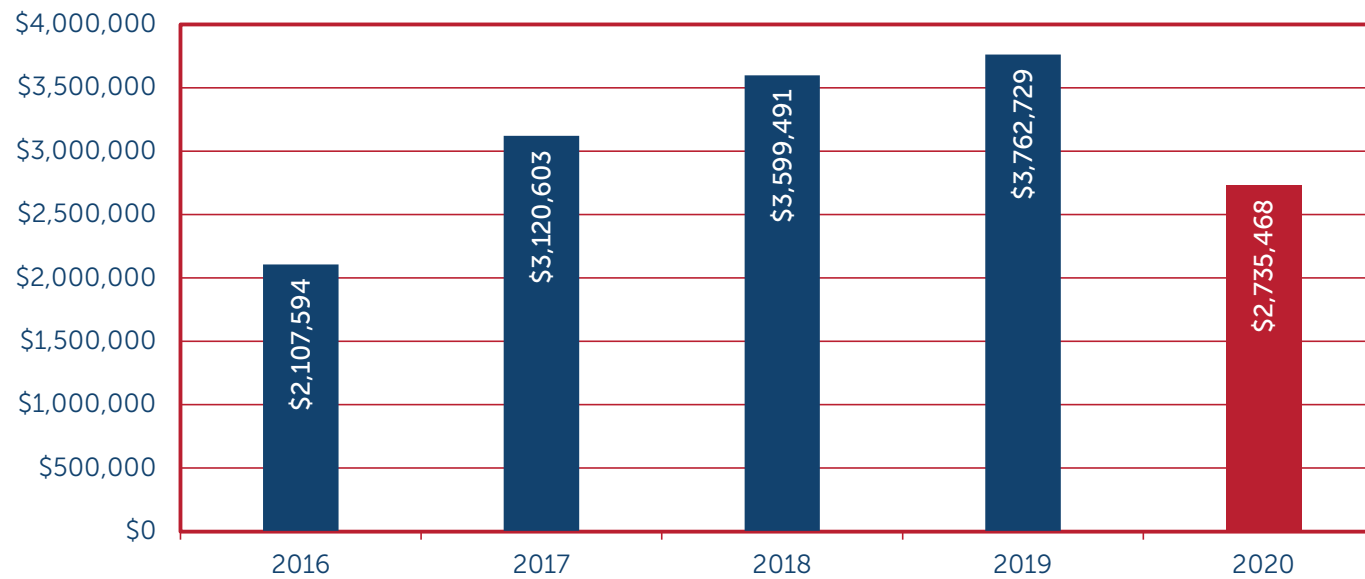
retained earnings



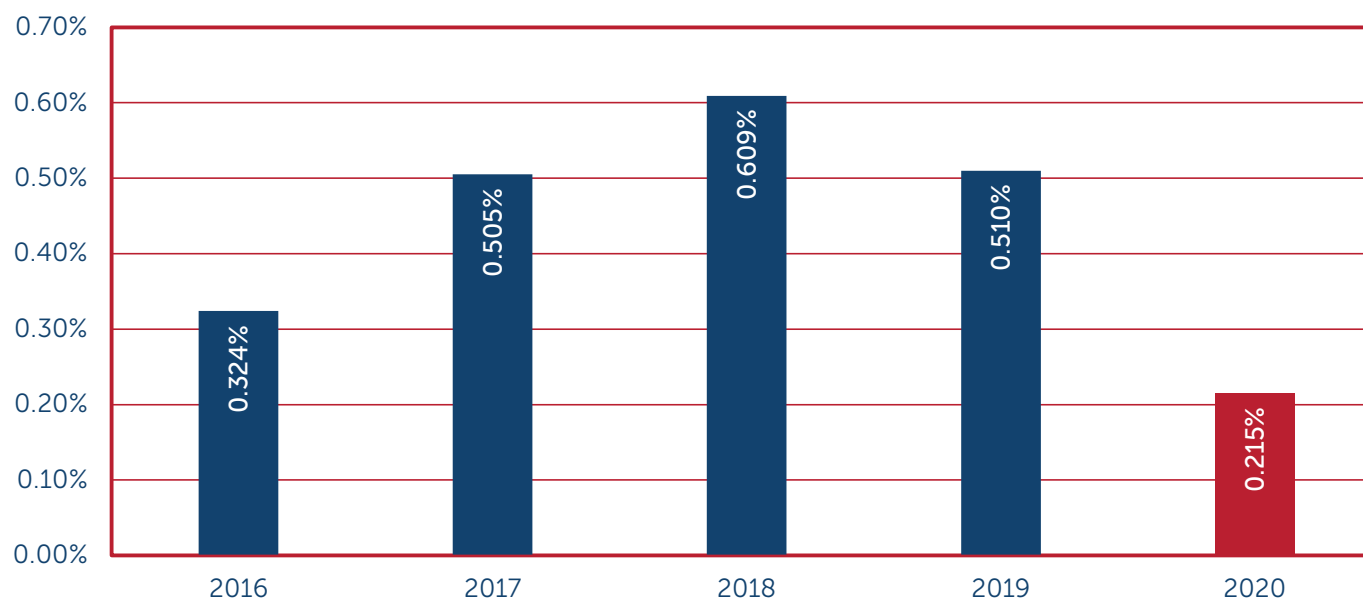
retained earnings ratio



net income



return on assets (ROA)



events calendar

February 2021

- **2-Tuesday** | Heartland CU Association's - Day at the Capitol
- **2-Tuesday** | Nebraska CU League's – Jam the Unicam
- **3-Wednesday** | Credit Committee Meeting
- **15-Monday** | President's Day – Millennium Offices Closed
- **18-Thursday** | Millennium ALCO & Board Meeting
- **22-Monday** | Supervisory Committee Meeting