

# membership report

MARCH 2021



**Millennium**  
CORPORATE CREDIT UNION

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## financial commentary

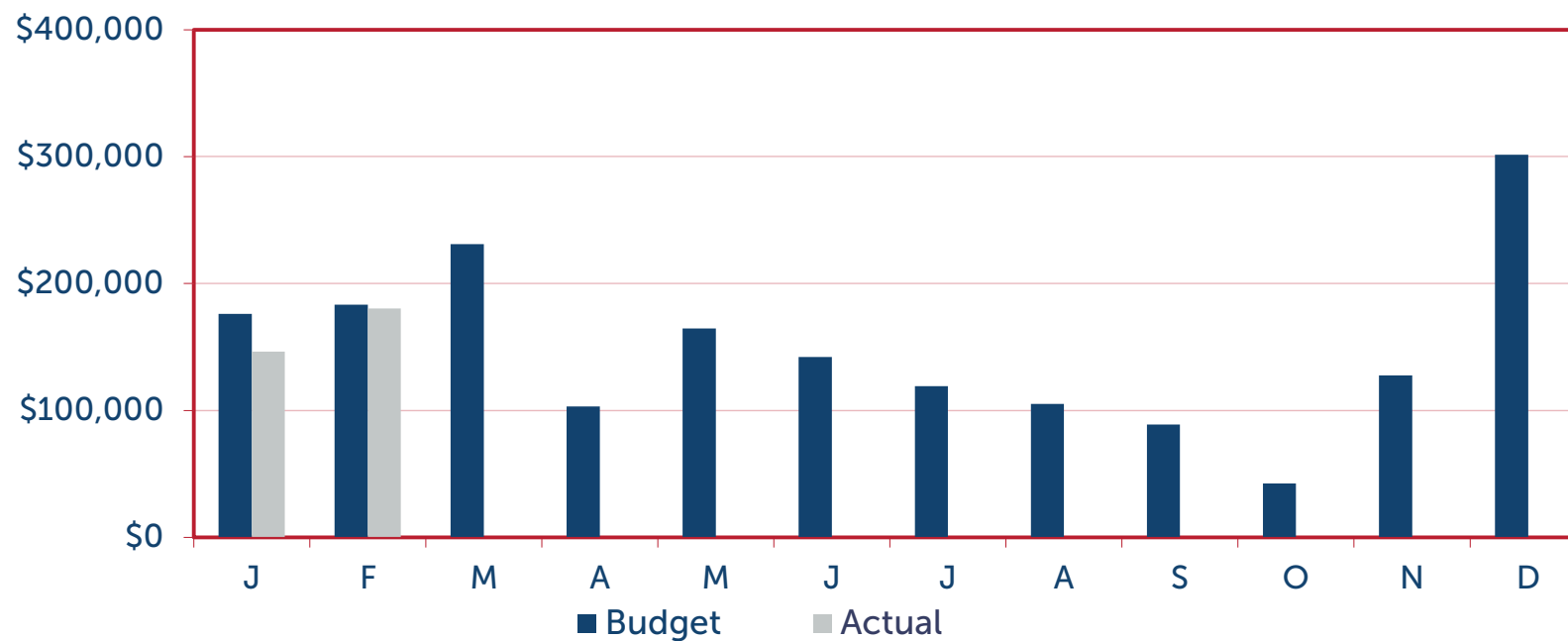
Net income for February was \$180,403, under budget by \$2,922 or 1.6% for the month. Net-interest income was \$11,935 or 4.1% less than budget due to the lower than budgeted return. Non-interest income was lower than budget by \$13,905 or 3.0% due primarily to lower financial services and commission income. Operating expenses were under budget by \$21,803 or 3.9% due to lower salaries/benefits and financial services expenses. CUSO income was higher than budget at \$1,115 or 19.2%. PCC dividends are right on budget. The year-to-date coverage ratio (fee income/operating expenses) is 80.8%, is higher than the goal of 76.9%.

Return on Assets (ROA) has started the year lower than budget as the year-of-date ROA after February is 12.4 bps on average assets of \$1,629.6 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 \$1,395.3 million at the end of February, an increase of \$59.6 million or 4.5% from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$23,327,807, representing a Retained Earnings ratio of 1.67% and a Tier 1 ratio of 5.12%.

# 2021 budget/actual net income



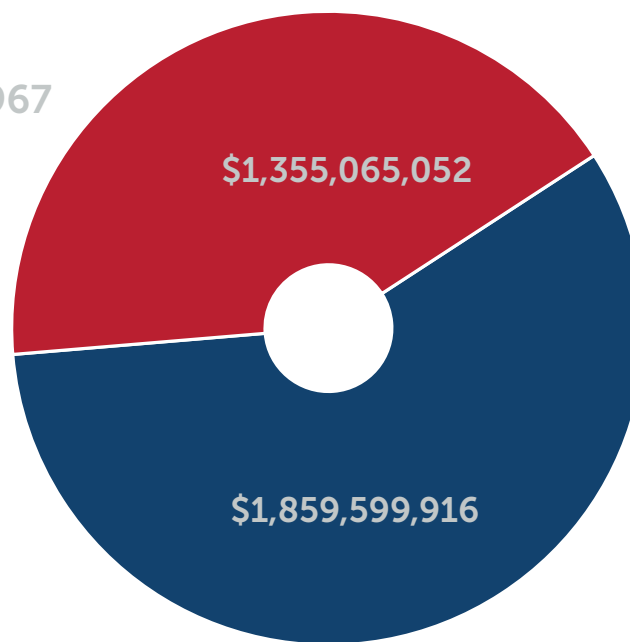
# YTD actual/budget variance | dollars

February 2021   YTD <i>(In Thousands)</i>	Actual 2021	Budget 2021	Variance
Net Interest Income	\$569.8	\$608.6	(\$38.8)
+ Non-Interest Income	\$888.5	\$898.9	(\$10.4)
- Operating Expenses	\$1,099.4	\$1,114.8	+ \$15.4
= Net Operating Income	\$358.9	\$392.7	(\$33.8)
+ CUSO Gains/Losses	\$11.6	\$10.5	+ \$1.1
- PCC Dividends	\$43.8	\$43.8	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$326.7	\$359.4	(\$32.7)

# total assets | on- and off-balance sheet

**February 2021**

Total Managed Assets - \$3,214,664,967



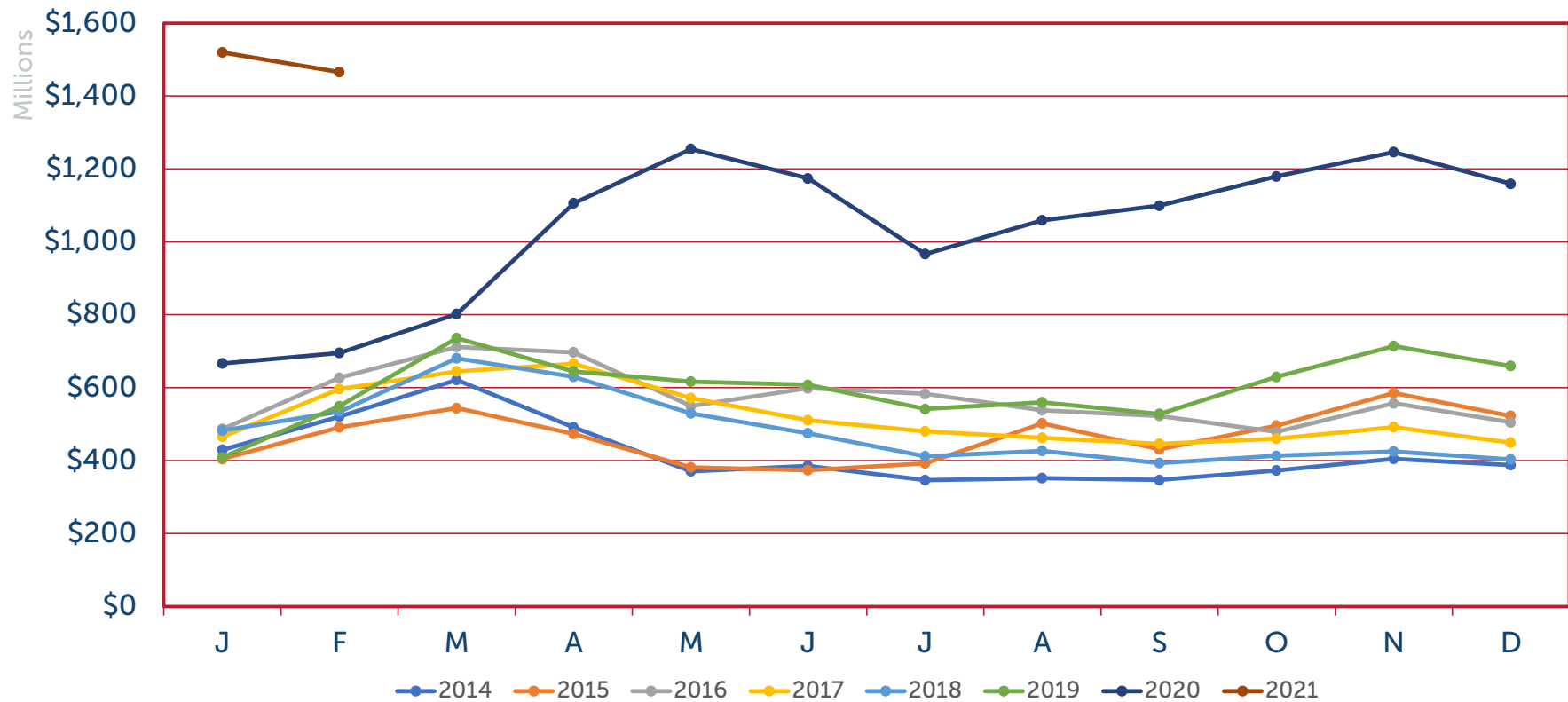
■ On-Balance Sheet ■ Off-Balance Sheet

# liquidity commentary

Millennium Corporate did not access our FHLB line-of-credit (LOC) in February 2021. Millennium Corporate currently has a collateralized LOC of \$410.0 million with the FHLB.

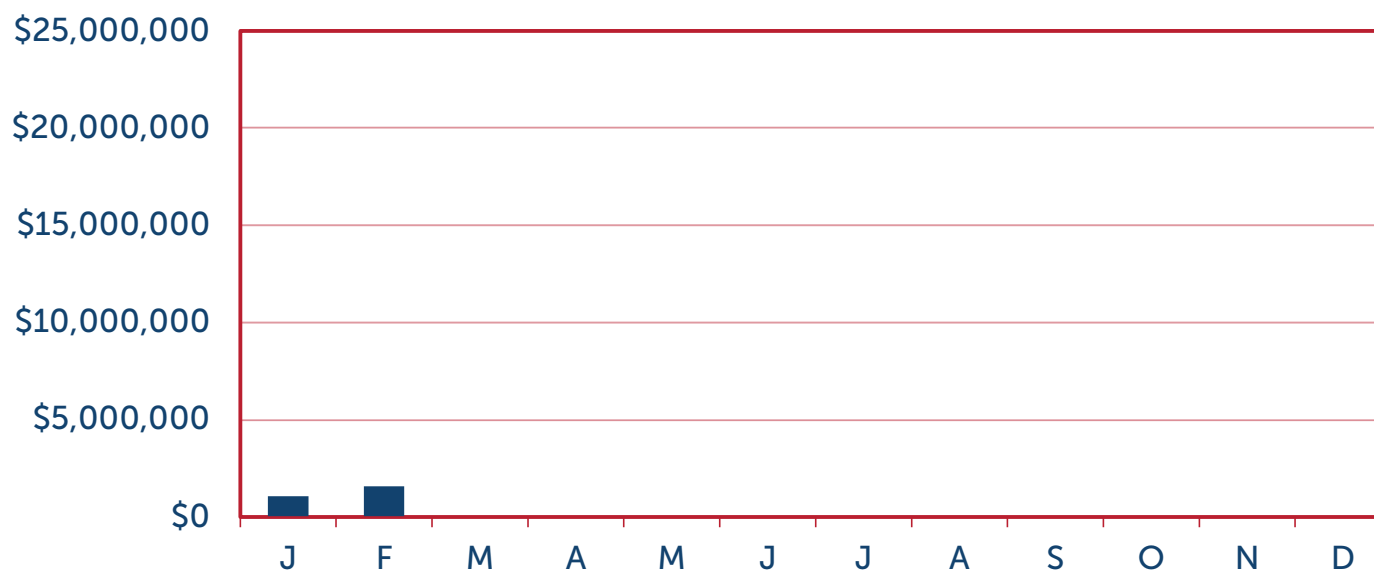
- Millennium's liquidity options remain sufficient to meet member needs.
- February 2021 month-end figures show SimpliCD issuance totals of \$75.0 million / 18 program users.
- Average loan balances are provided below-
  - September 2020 - \$3.4 million
  - October 2020 - \$3.3 million
  - November 2020 - \$2.2 million
  - December 2020 - \$2.9 million
  - January 2021 - \$1.1 million
  - February 2021 - \$1.6 million
  - March (to-date) - \$0.7 million

# historical member overnight deposits





# 2021 average monthly member borrowings



# IRR | net economic value (NEV)

NEV Testing Results   January 2021						
	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	\$79,899,292	-	-	4.73%	Minimum Ratio – 2%	PASS
+300 bps Increase in Interest Rates	\$75,715,703	(\$4,183,589)	(5.24%)	4.49%	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 February 2021, is \$2,386,780
- Retained Earnings ratio is 1.67% as of February 2021 versus 2.66%, 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 February 2021 capital ratios, and the minimum regulatory requirement of each (where applicable).

Ratio	February 2021	Minimum Requirement
Retained Earnings	1.67%	0.45%
Tier 1 Capital	5.12%	4.00%
Tier 1 Risk-Based Capital	55.60%	4.00%
Total Risk-Based Capital	57.92%	8.00%
<b>GAAP Capital</b>	<b>5.69%</b>	

# board meeting recap

## Board of Director's Meeting | March 25, 2021

- Approved February 2021 Financial Statements & Committee Reports
- Approved January 2021 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
  - Participated in the Kansas Credit Union Council meeting virtually and presented a report on Millennium
  - FedNow pilot program meetings have started with one meeting in February and three in March
  - Millennium is sponsoring the Control.Alt.Innovate conference on April 7-8
  - Reported that Millennium will participate in Dakota CU Association annual meeting May 3-4; MT Power Up meeting May 19-20; and NE annual meeting June 15-16
  - Update on preparations for Millennium's Annual Meeting scheduled for April 13<sup>th</sup>
  - Update on two of our CUSO investments: CU Business Group acquired another business lending CUSO and our brokerage company ISI had their best month ever
  - Reviewed corporate call reports data

# board meeting recap

## New Business

- 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 2020 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.
- Steve Borchers, Millennium's independent risk management expert, presented and the Board approved, the quarterly Enterprise Risk Management (ERM) Board Report accepting the current residual risk level of \$1,412,295 and 6.10% of retained earnings.

# board meeting recap

## BOD Meeting Recap....Discussion Item

Last week the NCUA Board was briefed on the financial performance of the asset management estates of the five corporate CUs that failed during the financial crisis – including U.S. Central Federal Credit Union (USC).

The claim associated with the USC estate is held by Millennium, and this includes the claims of the former Treasure State Corporate and the former Missouri Corporate, which have been folded into Millennium as part of the merger process. NCUA will send a letter to Millennium notifying us of the amount we will receive as a result of this partial payout of the USC estate.

The Millennium Board will meet again on April 22th. Based upon Millennium Board actions at that meeting, and after accounting for all natural person credit union mergers, Millennium will begin the process of contacting each CU that experienced a loss of member capital to discuss plans for the partial USC payout that we will receive, which will likely include a partial reimbursement to members.

Millennium has been monitoring the USC estate over the years on a quarterly basis and we anticipate being able to distribute a significant amount of funds extinguished during the financial crisis. The timing of these distributions and each distribution size, however, are still unknown and mostly out of our control.

# Millennium Annual Meeting info

## Millennium Annual Meeting – April 13, 2021

Millennium's Annual Meeting will be held in two sessions on Tuesday, April 13<sup>th</sup>.

The morning session will start at 10:00 a.m. CST with Filene's Top 6: Hot Topics for the Future of Credit Unions, presented by Erin Coleman, Senior Director, Advisory Services for Filene. The Filene Research Institute is North America's independent and non-profit think tank dedicated to cooperative finance. Next up will be Trends & Forecasts for the U.S. Domestic Economy, presented by Dr. Chris Kuehl, Managing Director of Armada Corporate Intelligence. He provides forecasts and strategic guidance for a wide variety of corporate clients around the world.

The afternoon session starts at 2:00 p.m. CST with Keynote Speaker – Lee Wetherington, regarding Payments in the Post-Pandemic Era. Lee is Director of Strategic Insight for Jack Henry & Associates in which he directs the development of actionable insight and strategy for the financial services industry at large. The afternoon session will conclude with our annual meeting.

Registration details can be found on our website at [www.millenniumcorporate.org](http://www.millenniumcorporate.org).

# events calendar

## April 2021

- **7/8-Wednesday/Thursday** | Control.Alt.Innovate Meeting
- **8-Thursday** | FedNow Pilot Meeting
- **13-Tuesday** | Millennium's Annual Meeting
- **22-Thursday** | Millennium ALCO & Board Meeting
- **22-Thursday** | FedNow Pilot Meeting
- **26-Monday** | Supervisory Committee Meeting
- **29-Thursday** | FedNow Pilot Meeting