



Membership Report | April 2019

Agenda

- Financial Commentary
 - 2019 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- 1Q Financial Review
 - Non-Interest Income Trends
 - Operating Expense Trends
 - Coverage Ratio
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2019 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – February 2019
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee Recap
- Annual Meeting Recap
- Calendar of Events – May 2019



Financial Commentary

Net Income for March was \$387,473, above budget by \$4,283 or 1.1% for the month. Net interest income was \$68,754 or 10.7% higher than budget due to the higher yield on our investments and higher balances. Non-interest income was under budget \$23,213 or 5.5% due to lower commission income and financial income. Operating expenses were higher than budget \$42,349 or 7.8% due primarily to salaries and annual meeting accruals. CUSO income was lower than budget by \$1,210 or 20.2%. Other gains/losses and PCC dividends were all in line with expectations. The year-to-date coverage ratio (fee income/operating expenses) is 72.2% which is higher than the goal of 71.7%.

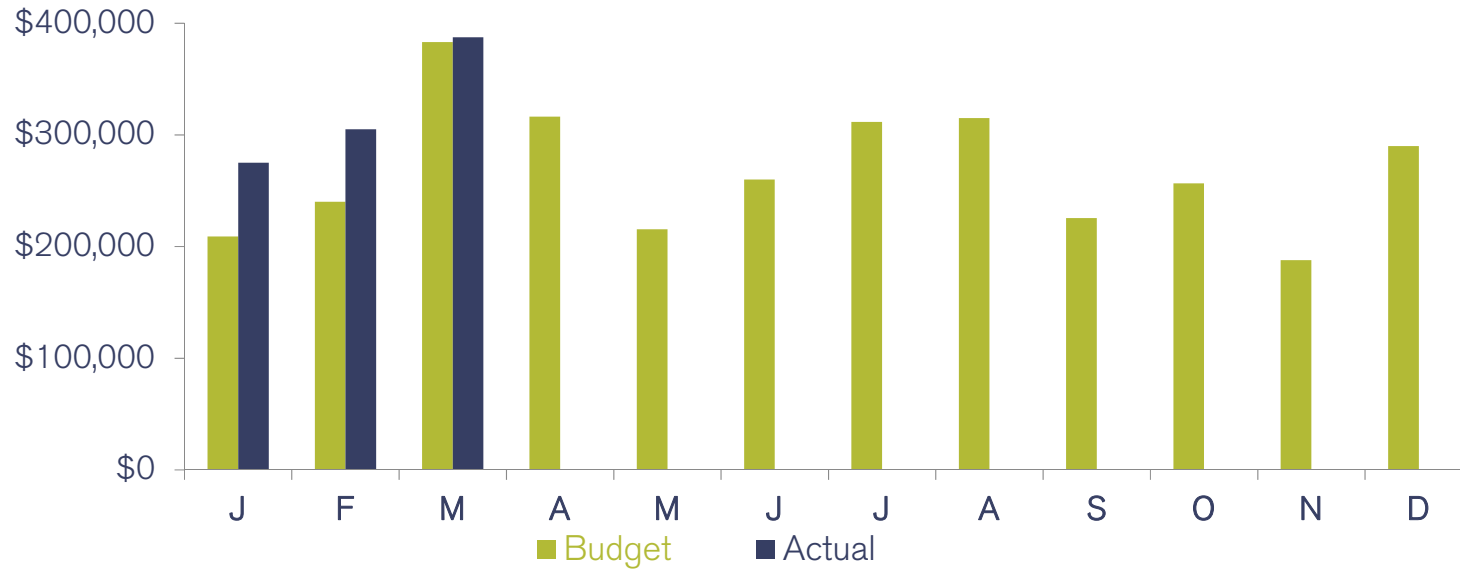
Return on Assets (ROA) has started the year strong as the year-to-date ROA after March is 57.1 bps on average assets of \$677.8 million.

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 \$600.6 million at the end of March, an increase of \$7.8 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$17,470,593, representing a Retained Earnings ratio of 2.91% and a Tier 1 ratio of 11.46%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance

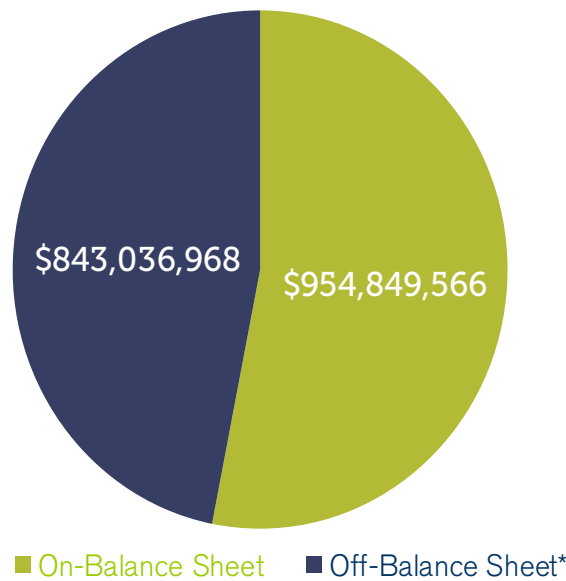
March 2019 YTD <i>(In Thousands)</i>	Actual 2019	Budget 2019	Variance
Net Interest Income	\$1,832.3	\$1,644.4	\$187.9
+ Non-Interest Income	\$1,225.7	\$1,211.5	\$14.2
- Operating Expenses	\$1,696.8	\$1,628.7	(\$68.1)
= Net Operating Income	\$1,361.2	\$1,227.2	\$134.0
+ CUSO Gains/Losses	\$22.6	\$21.5	\$1.1
- Potential Rebates	\$37.5	\$37.5	\$0.0
- PCC Dividends	\$378.6	\$378.9	\$0.3
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$967.7	\$832.4	\$135.3



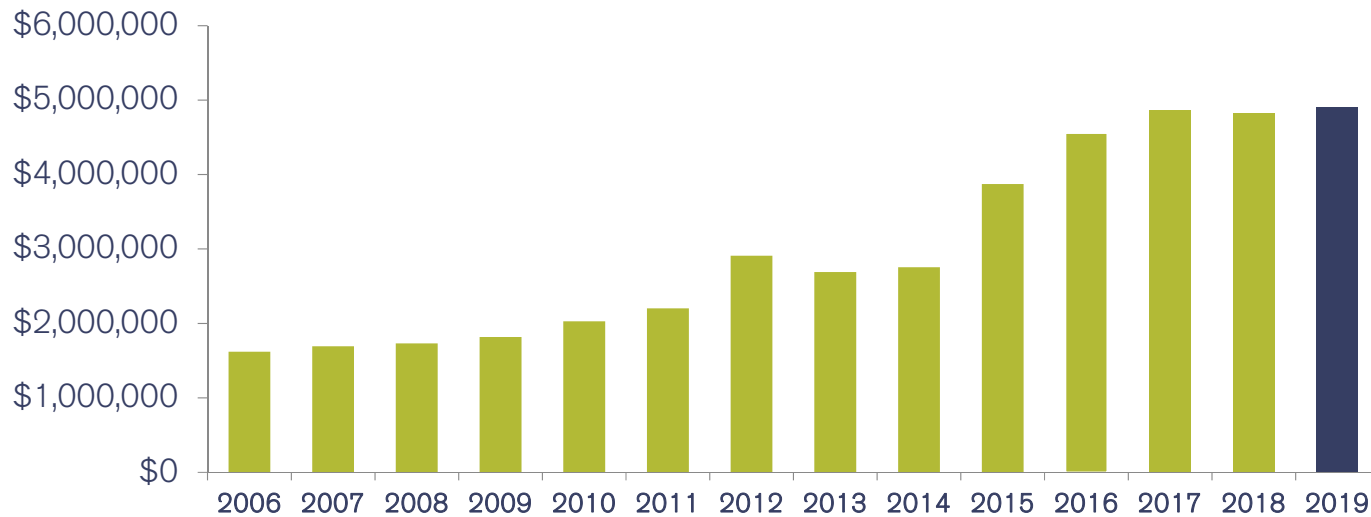
Total Assets | On- and Off-Balance Sheet

March 2019

Total Managed Assets - \$1,797,686,566



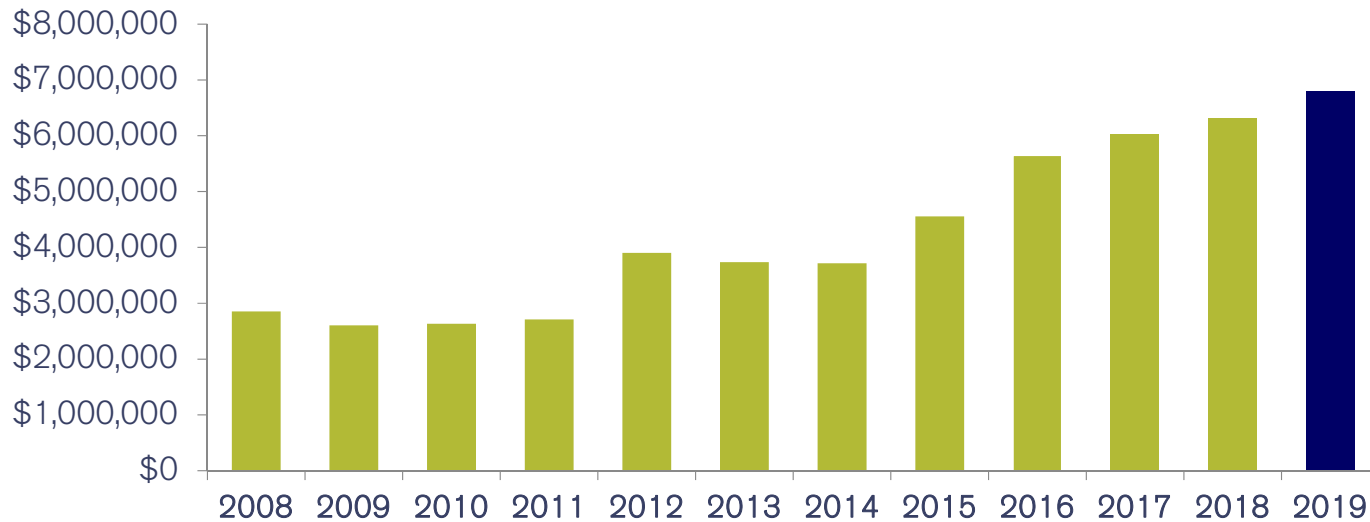
Annualized Non-Interest Income Trends



The 2019 budget projected only a slight increase in Non-Interest Income compared to the previous year. After the first quarter, non-interest income is on pace to exceed the budget by 1.2%.



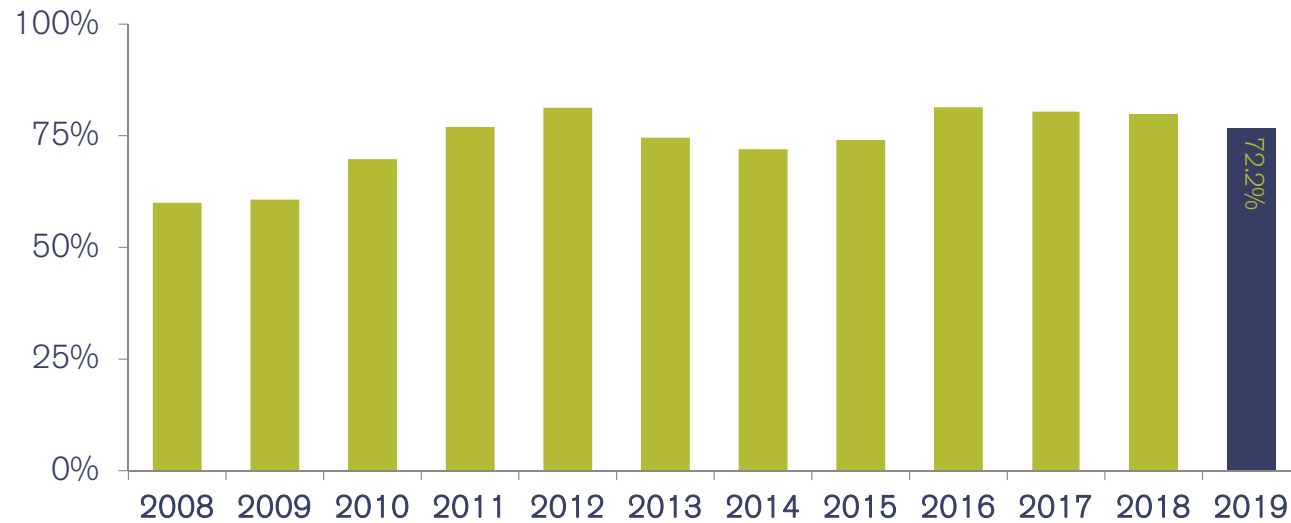
Annualized Operating Expense Trends



Operating Expenses are higher than budgeted due primarily to salary accruals and recognizing most annual meeting expenses. After the first quarter, operating expenses are \$68,140 or 4.2% more than budget.



Coverage Ratio | Fee Income/Operating Expenses



The 2019 Coverage Ratio was budgeted to decline to 71.7% but for the first quarter the actual ratio was 72.2% due to better non-interest income.



Liquidity Commentary

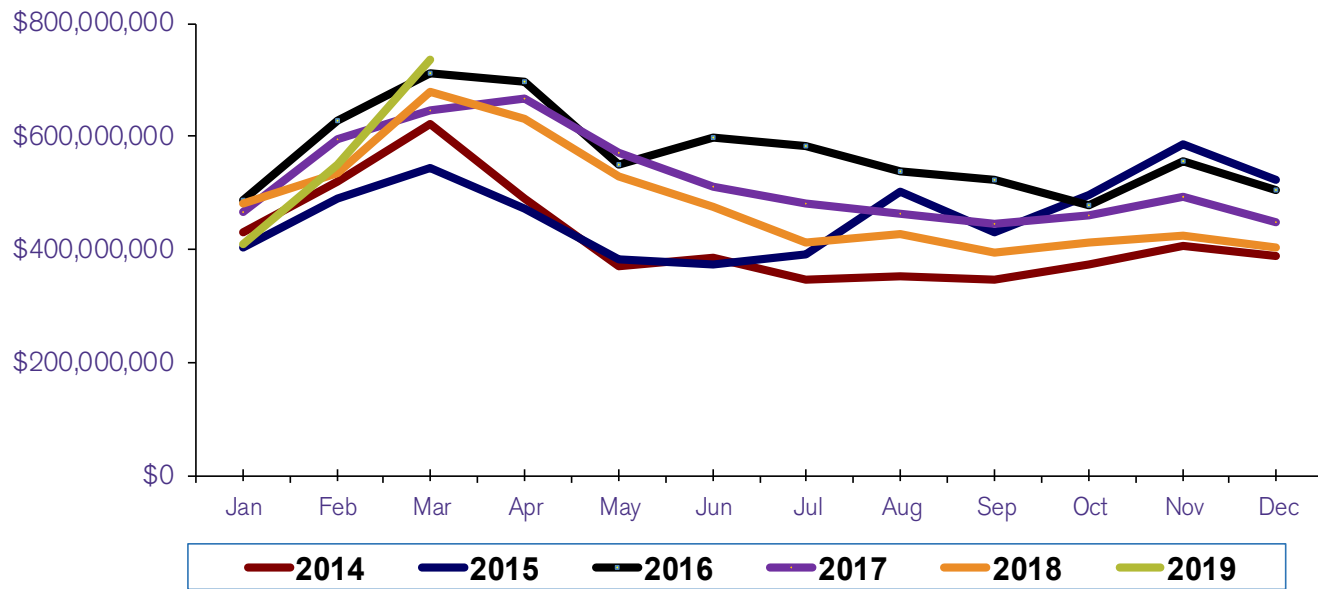
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in March 2019. Millennium Corporate currently has a Collateralized LOC of \$207.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have decreased significantly as liquidity has increased – which is a historical trend at this time of the year. Loan balances averaged \$55.4 million in January; \$38.3 million in February; \$14.6 million in March; and have averaged \$12.5 million during most of April.
- March 2019 month-end figures show SimpliCD issuance totals of \$160.0 million and 24 users of this liquidity option.

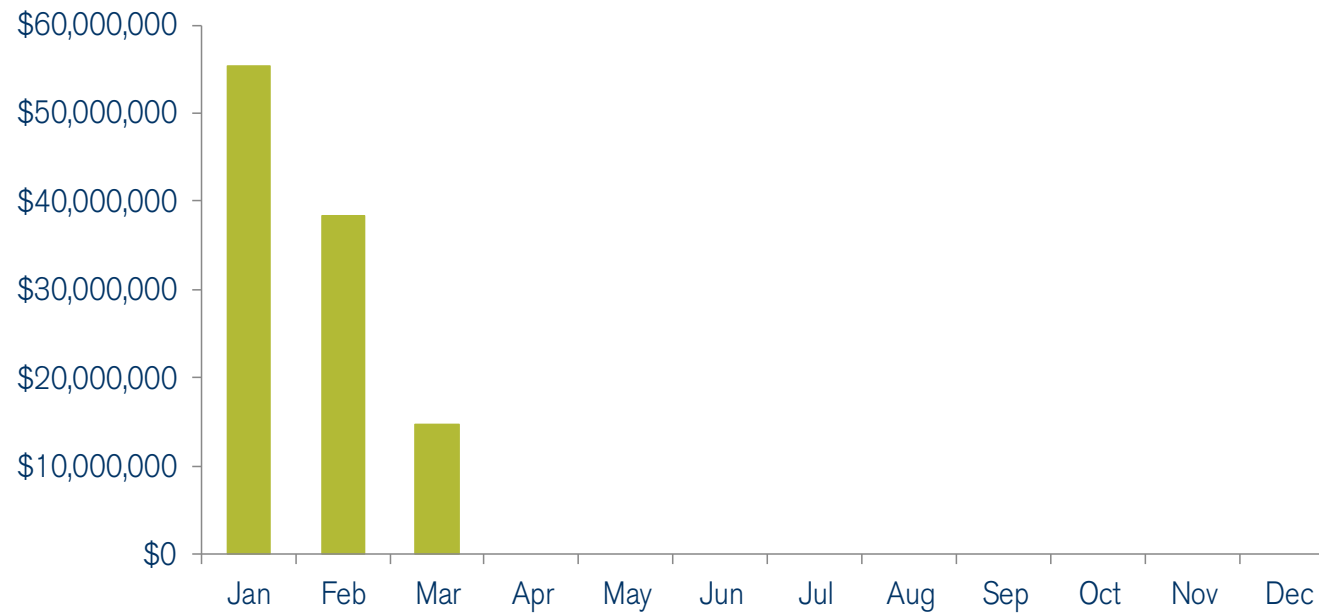
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results February 2019						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$72,054,975	+ \$194,054	+ 0.27%	8.70%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$71,860,921	-	-	8.68%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$71,302,295	(\$558,626)	(0.78%)	8.62%	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 March 2019, is \$3,691,763
- Retained Earnings ratio is 2.91% as of March 2019 versus 2.26%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's March 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.91% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.46% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 88.94% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 88.94% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.93%



Board Meeting Recap

Board of Director's Meeting – April 24, 2019

- Approved March 2019 Financial Statements & Committee Reports
- Approved February 2019 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Annual meeting planning and logistics – approximately 80 participants attended AM events
 - Upcoming meetings MT AM, Dakota's AM, NE Capitol Club Classic & Members Mortgage Services AM
 - Update on recent Alliance of Corporate CUs meetings regarding potential changes to Reg 704
 - Rodney Hood designated NCUA Chairman and Todd Harper sworn in a Board member
 - Board reviewed the corporate rate comparisons – Millennium continues to rank in top 3 in all terms
 - Certificate balances continue to increase – up to \$82.1 million due to competitive rates
 - April PCC rate will be 2.90% - 0.45% higher than the fed funds effective – on pace to pay more than \$1.5 million in PCC dividends and more than \$10.6 million on total other dividends in 2019
 - 2019 Due Diligence packet is available on *My Millennium*



Board Meeting Recap

Board of Director's Meeting – April 24, 2019

- Board approved the 2019 updated Initiatives for Millennium's Strategic Plan and the Measures/Targets for 2019 – 2021. Regular updates will be provided to the Board on a quarterly basis.
- Millennium is taking a slightly different approach for future planning this year. Staff is taking a facilitated approach throughout the year to develop the critical issues under some major topics (like financial performance, member engagement, payments, investing, methods to return capital, etc.) and recommend the strategies to address them and the longer-term goals for achieving them. At our 2019 planning session, the Board can then discuss to see how they fit in with our mission, long-term vision, and approve or modify. The goal is have a new/updated Strategic Plan that the Board can approve and be ready to implement by January 2020.



Supervisory Committee Recap

Supervisory Committee Meeting - April 15, 2019

- The Committee met with Jerry Tenbrink of J. Tenbrink & Associates to review the results of the Independent Auditors' Report on the audit of Millennium's 2018 financial statements. Mr. Tenbrink presented the Independent Auditors' Report, which includes 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.
- The Committee reviewed the results and recommendations from the Investment Pre-Purchase and Post Purchase internal audits.
- The Committee reviewed the Bank Secrecy Act Risk Assessment and discussed the ongoing Automated Cybersecurity Examination Tool (ACET) maturity assessment.
- 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 – June 24, 2019



Annual Meeting Recap – The InterContinental Hotel Kansas City at the Plaza

Millennium Corporate's 67th Annual Meeting was held on April 25th at the Intercontinental Hotel in Kansas City, Missouri.

- **Speakers included:**
 - Dr. Rick Rigsby – Make An Impact Today
 - Elliot Eisenberg – The Economy In 2019: Terrific, Turbulent or Tepid?
 - Holly Rowe – Living and Working With Passion
- **Elected to the Board for three-year terms:**
 - Greg Winker, CEO of Azura Credit Union, Topeka, Kansas
 - Chris McCreary, CEO of United Consumers Credit Union, Independence, Missouri
 - Mark Kolarik, CEO of Kansas Teachers Community Credit Union, Pittsburgh, Kansas
 - Ted Underwood, CFO of Golden Plains Credit Union, Garden City, Kansas
- **Board Officers elected :**
 - Chairman - Tom Kjar, Creighton Federal Credit Union, Omaha, Nebraska
 - Vice Chairman - Greg Winkler, Azura Credit Union, Topeka, Kansas
 - Secretary/Treasurer - Mark Kolarik, Kansas Teachers Community Credit Union, Pittsburg, Kansas



May 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
CUAD Annual Summit – Fargo, ND ²⁹	CUAD Annual Summit – Fargo, ND ³⁰	CUAD Annual Summit – Fargo, ND ¹	²	³
⁶	MMS Annual Meeting & Training – Wichita, KS ⁷	MMS Annual Meeting & Training – Wichita, KS ⁸ HCUA Small CU Roundtable – Kansas City, MO	⁹	¹⁰
¹³	¹⁴	MCUN Power-Up – Butte, MT ¹⁵ Millennium Credit Committee Meeting	MCUN Power-Up – Butte, MT ¹⁶	¹⁷
²⁰	²¹	²²	Millennium ALCO & Board Meetings ²³	²⁴
Memorial Day – Millennium Offices Closed ²⁷	²⁸	²⁹	³⁰	³¹