



Membership Report | March 2019

Agenda

- Financial Commentary
 - 2019 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2019 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – January 2019
- Capital Commentary
- Board Meeting Recap
- Facts & Figures
- Annual Meeting Events
- Calendar of Events – April 2019



Financial Commentary

Net Income for February was \$305,096 above budget by \$64,884 or 27.0% for the month. Net interest income was \$55,656 or 11.0% higher than budget due to the higher yield on our investments and higher balances. Non-interest income was above budget \$35,479 or 8.9% due to higher commission income and AIM income. Operating expenses were higher than budget \$26,513 or 4.9% due primarily to salaries and annual meeting accruals. CUSO income was higher than budget by \$2,344 of 39.1%. Other gains/losses and PCC dividends were all in line with expectations. The year-to-date coverage ratio (fee income/operating expenses) is 74.0% which is higher than the goal of 71.7%.

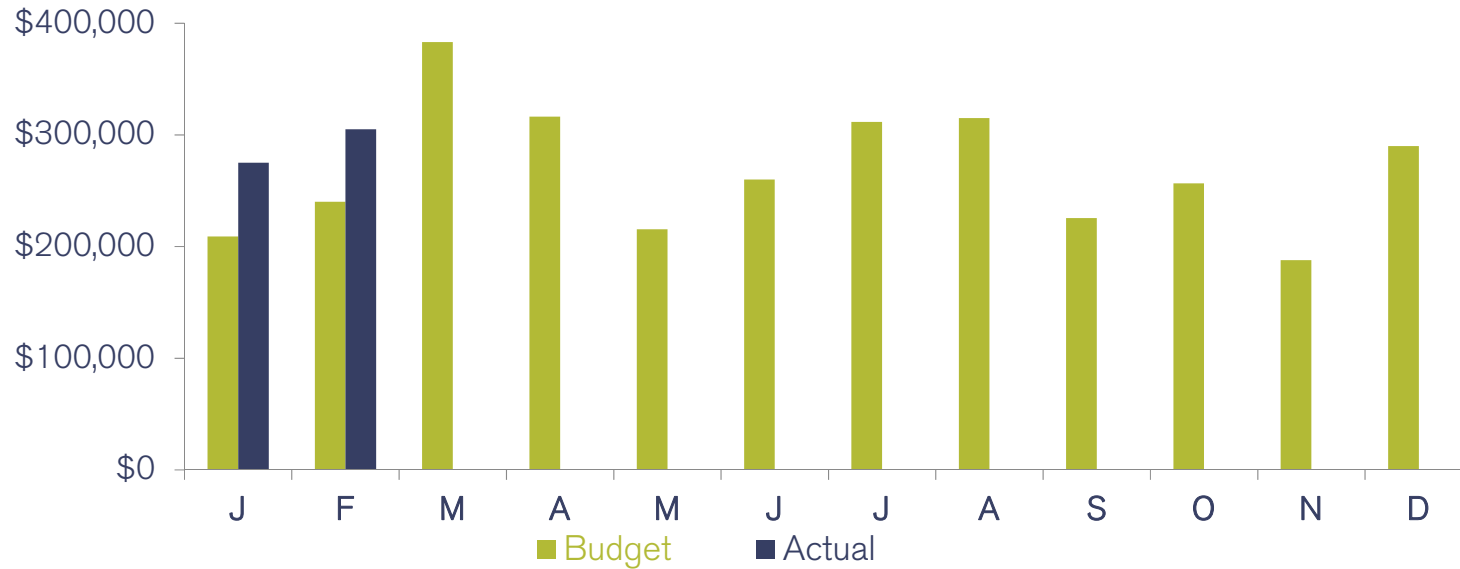
Return on Assets (ROA) has started the year strong as the year-to-date ROA after February is 59.4 bps on average assets of \$586.3 million.

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 \$591.4 million at the end of February, an increase of \$1.5 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$17,083,119, representing a Retained Earnings ratio of 2.88% and a Tier 1 ratio of 11.55%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance

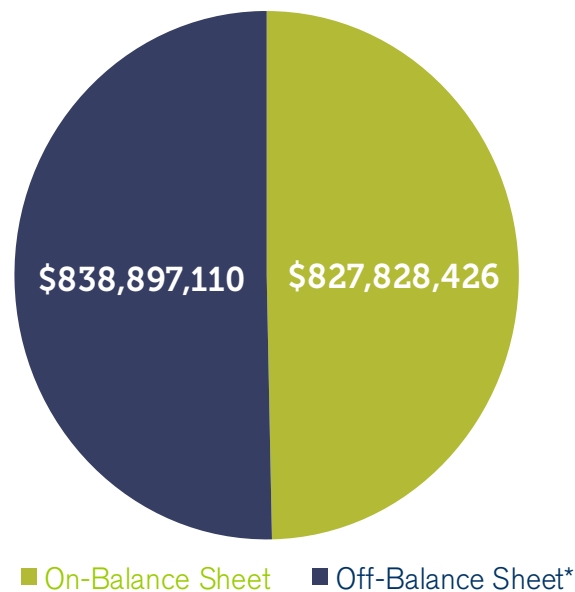
February 2019 YTD <i>(In Thousands)</i>	Actual 2019	Budget 2019	Variance
Net Interest Income	\$1,123.7	\$1,004.6	\$119.1
+ Non-Interest Income	\$823.3	\$785.9	\$37.4
- Operating Expenses	\$1,112.3	\$1,086.5	(\$25.8)
= Net Operating Income	\$834.7	\$704.0	\$130.7
+ CUSO Gains/Losses	\$17.8	\$15.5	\$2.3
- Potential Rebates	\$25.0	\$25.0	\$0.0
- PCC Dividends	\$247.4	\$245.3	(\$2.1)
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$580.2	\$449.2	\$131.0



Total Assets | On- and Off-Balance Sheet

February 2019

Total Managed Assets - \$1,666,725,536



Liquidity Commentary

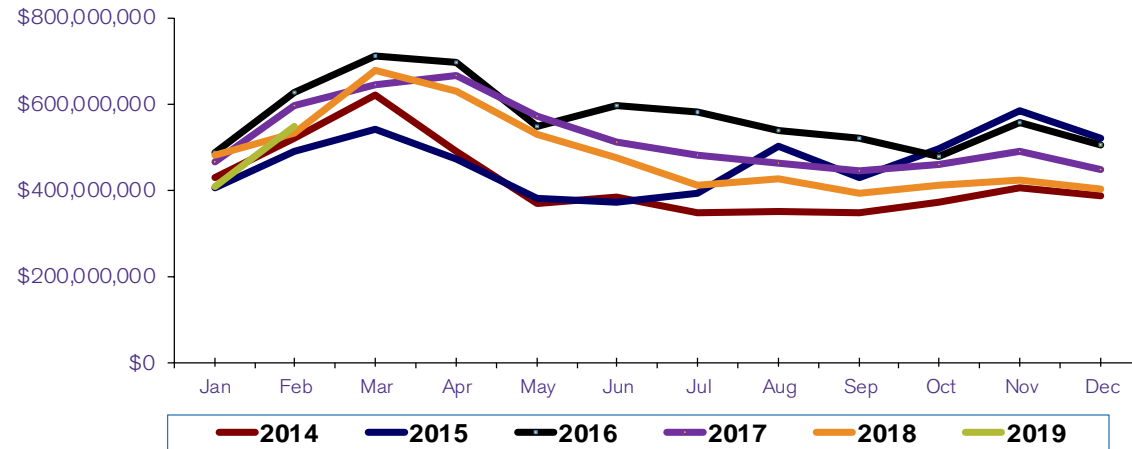
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in February 2019. Millennium Corporate currently has a Collateralized LOC of \$207.0 Million with the FHLB.

- 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 \$38.3 million in February and have averaged \$15.3 million during most of March.
- February 2019 month-end figures show SimpliCD issuance totals of \$160.9 million and 24 users of this liquidity option.
- In February, Millennium members sold \$1.2 million in loan participations via LoanStreet.

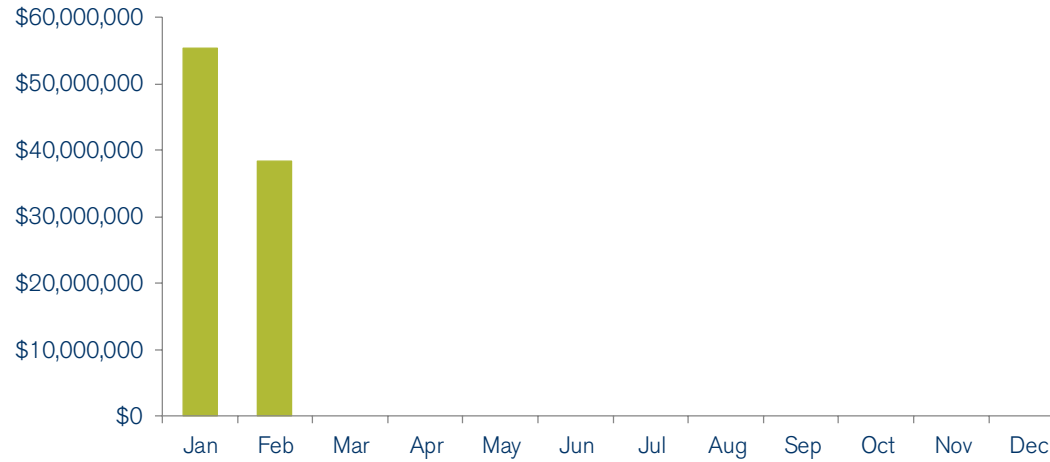
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results January 2019						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$71,764,257	+ \$270,999	+ 0.38%	13.37%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$71,493,258	-	-	13.33%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$70,871,361	(\$621,897)	(0.87%)	13.24%	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 2019, is \$3,689,963
- Retained Earnings ratio is 2.88% as of January 2019 versus 2.19%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's February 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.88% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.55% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 88.12% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 88.12% | Minimum Requirement – 8.00%
 - GAAP Capital – 12.02%



Board Meeting Recap

Board of Director's Meeting – March 21, 2019

- Approved February 2019 Financial Statements & Committee Reports
- Approved January 2019 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management...
 - Discussion/update on correspondence with regulatory agencies regarding auditors report, Automated Cybersecurity Examination Tool (ACET) and share insurance equity distribution
 - Staff attended CUNA GAC meetings, sponsored events with our Association partners and attended a CUNA Associate Business Member meeting
 - Update on recent Alliance of Corporate CUs meeting with NCUA
 - Reported on the recent increase in Millennium's certificate outstandings – from \$16.4M at year-end to exceeding \$51.6M by mid-March
 - Upcoming meetings that Millennium is sponsoring & participating in are the Wichita Roundtable meeting and the Dakota's Association convention as exhibitor and a sponsor
 - Millennium made donation to the NCUF for disaster relief for NE CUs impacted by the floods
 - Preparations for Millennium's Annual Meeting to be held in Kansas City on April 24th & 25th
 - March PCC rate will be 2.85% - 0.45% higher than the current fed funds effective



Board Meeting Recap

Board of Director's Meeting – March 21, 2019

- Jerry Tenbrink of J. Tenbrink & Associates met with the Board 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 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 15, 2019.
- 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 \$1,161,821 and 7.04% of retained earnings.



Fact & Figures

Periodically, it's helpful to step back and reflect how much activity Millennium does for members on a daily basis. A short recap of Millennium's investment, liquidity and payment services is below.

- **Investment Services** as of December 2018:
 - Marketable Securities Sales: \$299.2 Million
 - Brokered certificates of deposits: \$544.7 Million
 - Safekeeping: \$898.1 Million
 - AIM (quarterly asset/liability management reviews): 60 credit union clients
- **Liquidity Services** as of December 2018:
 - Advised Lines-of-Credit: 252 members for \$736.8 Million
 - SimpliCD Issuance: 23 members for \$165.9 Million
- **Payment Services** (average daily amount for 2018):

▪ ACH Receipt (total debits & credit):	\$13,813,460
▪ ACH Origination (total debits & credit):	\$5,742,107
▪ Incoming & Outgoing Wires:	\$34,807,424
▪ Checks Settlement (incoming & outgoing):	\$92,799,104
▪ Coin & Currency Deliveries:	\$10,486,658



Millennium Annual Meeting Events – The InterContinental Kansas City at the Plaza

Wednesday, April 24, 2019

- Unique networking experience from 4:00 to 6:00 with food, fun and axe throwing
 - At Blade and Timber
 - Transportation to and from the hotel will be provided
- Dinner on your own – The Plaza is the home of wining/dining options and Millennium staff will be available to treat multiple groups

Thursday, April 25, 2019

- Day starts with breakfast from 7:30 to 8:30
- Welcome at 8:45 and Speakers from 9:00 to 12:00
 - Dr. Rick Rigsby – he will inspire, motivate and empower us to make an impact rather than an impression
 - Holly Rowe – ESPN reporter, Emmy-nominated producer & cancer survivor
 - Elliot Eisenberg – PHD, Chief Economist for GraphsandLaughs, speak about the US economy in 2019
- 1:00 – 2:00: 67th Millennium Annual Meeting



April 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3	4	5
8	9	10	11	12
15 Millennium Corporate Supervisory Committee Meeting	16	17	18	19
22	23	24 Millennium Corporate Annual Meeting & Convention – KC, MO Board & ALCO Meetings	25 Millennium Corporate Annual Meeting & Convention – KC, MO	26
29 CUAD Annual Summit – Fargo, ND	30 CUAD Annual Summit – Fargo, ND	1 CUAD Annual Summit – Fargo, ND	2	3