



Membership Report | May 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 – March 2019
- Capital Commentary
- Board Meeting Recap
- Credit Committee Recap
- Calendar of Events – June 2019



Financial Commentary

Net Income for April was \$324,670 above budget by \$8,300 or 2.6% for the month. Net interest income was \$6,149 or 1.1% lower than budget due to the increased cost on certs versus overnight funds and the lower rate in the Fed excess reserves. Non-interest income was under budget \$21,133 or 5.1% due to lower commission income. Operating expenses were lower than budget \$29,812 or 5.2% due primarily to salaries, previously accelerated annual meeting accruals and lower travel expenses. CUSO income was above budget by \$1,317 or 22.0%. Other gains/losses and PCC dividends were all in line with expectations. The year-to-date coverage ratio (fee income/operating expenses) is 72.0% which is higher than the goal of 71.7%.

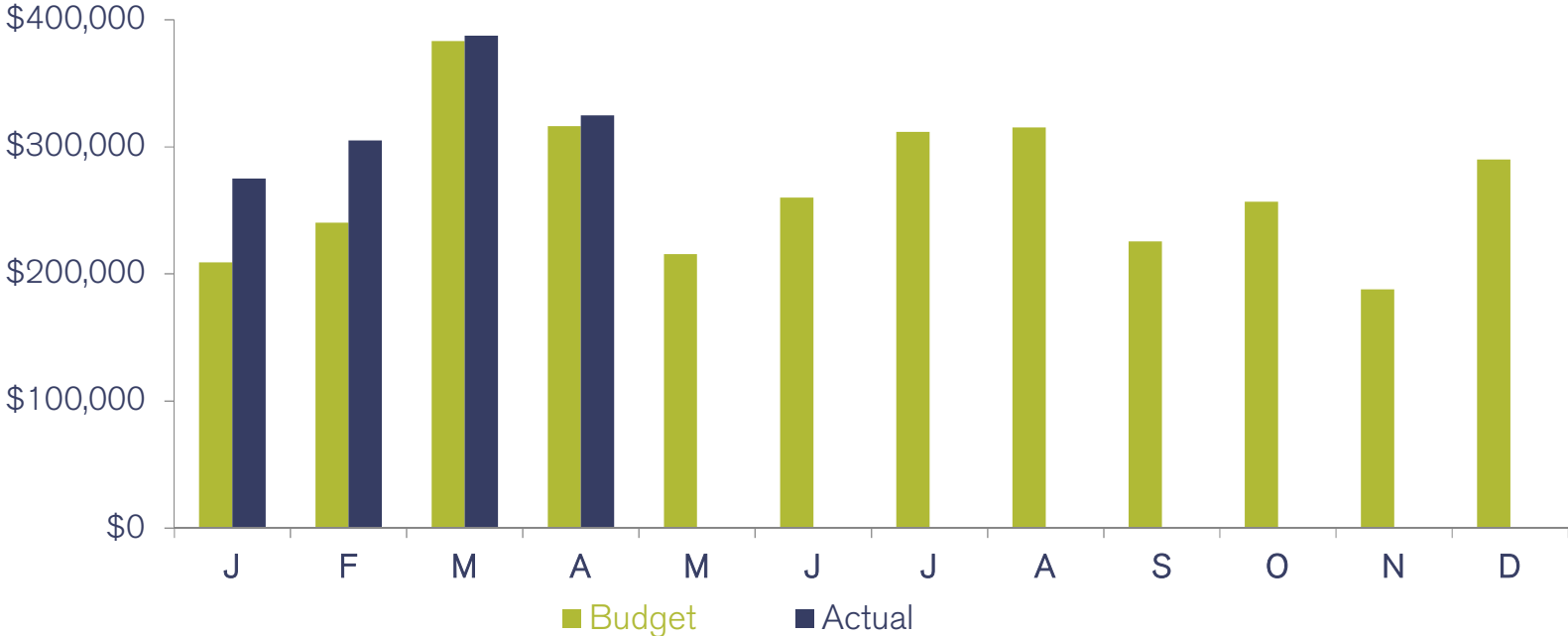
Return on Assets (ROA) has remained strong as the year-to-date ROA after April is 54.3 bps on average assets of \$713.7 million for the first four months.

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 \$608.8 million at the end of April, an increase of \$8.2 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$17,795,263, representing a Retained Earnings ratio of 2.92% and a Tier 1 ratio of 11.36%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance

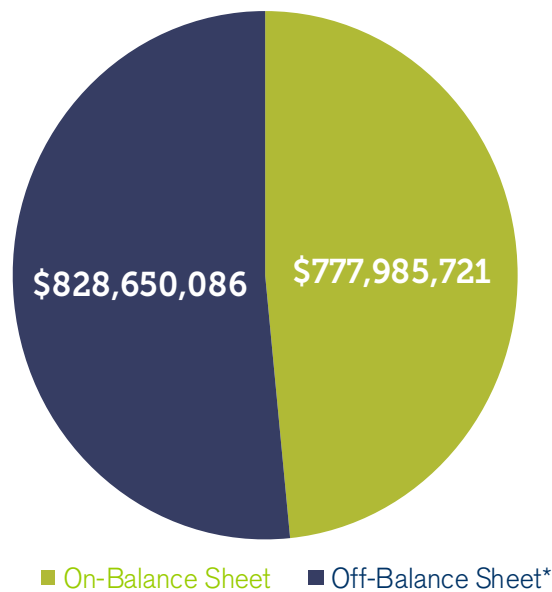
April 2019 YTD <i>(In Thousands)</i>			
	Actual 2019	Budget 2019	Variance
Net Interest Income	\$2,448.8	\$2,267.1	\$181.7
+ Non-Interest Income	\$1,616.1	\$1,623.1	(\$7.0)
- Operating Expenses	\$2,244.7	\$2,206.4	(\$38.3)
= Net Operating Income	\$1,820.2	\$1,683.8	\$136.4
+ CUSO Gains/Losses	\$30.0	\$27.6	\$2.4
- Potential Rebates	\$50.0	\$50.0	\$0.0
- PCC Dividends	\$507.9	\$512.5	\$4.7
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$1,292.3	\$1,148.8	\$143.5



Total Assets | On- and Off-Balance Sheet

April 2019

Total Managed Assets - \$1,606,635,807



Liquidity Commentary

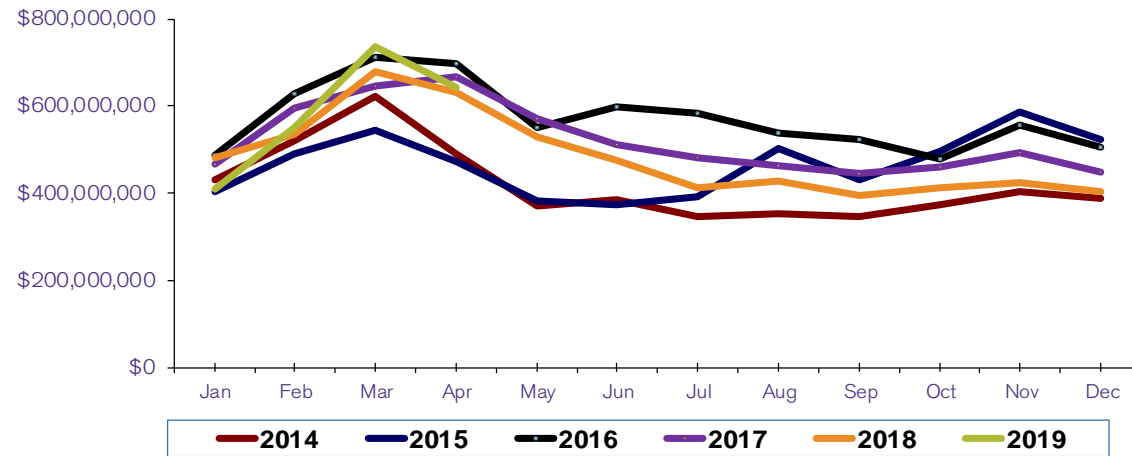
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in April 2019. Millennium Corporate currently has a Collateralized LOC of \$225.0 Million with the FHLB.

- 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 \$14.6 million in March; averaged \$12.8 in April; and have averaged \$24.2 million during most of April.
- April 2019 month-end figures show SimpliCD issuance totals of \$159.8 million and 25 users of this liquidity option.

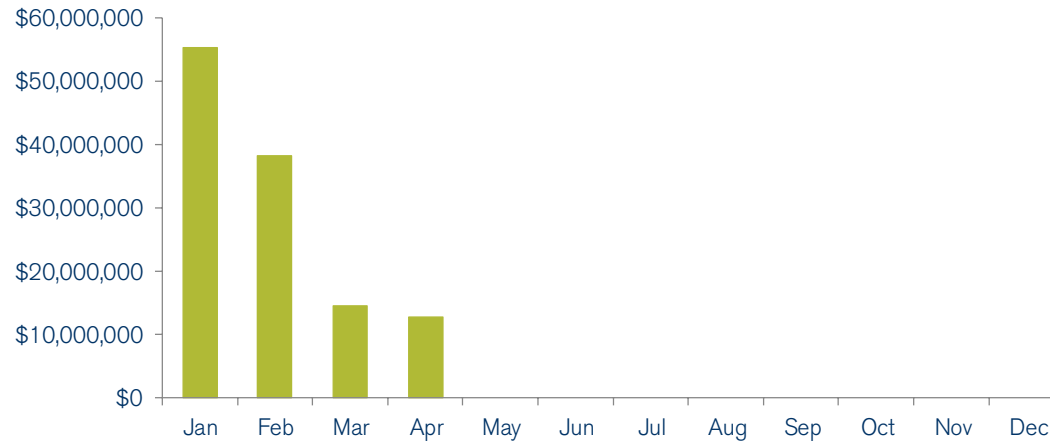
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results March 2019						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$72,214,401	+ \$67,205	+ 0.09%	7.56%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$72,147,196	-	-	7.55%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$72,182,322	+ \$35,126	+ 0.05%	7.56%	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 April 2019, is \$3,674,378
- Retained Earnings ratio is 2.92% as of April 2019 versus 2.32%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's April 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.92% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.36% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 90.01% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 90.01% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.82%



Board Meeting Recap

Board of Director's Meeting – May 23, 2019

- Approved April 2019 Financial Statements & Committee Reports.
- Approved March 2019 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management..
 - Participated in Montana Credit Union's annual meeting as vendor and CUNA Mutual & Millennium were the primary sponsors of golf tournament raising funds for MCUCD
 - Update on "Automated Cybersecurity Examination Tool" and upcoming KDCU/NCUA review and the current IT risk assessment
 - Millennium conducted a successful Operations Contingency Test on May 9th
 - Board reviewed the March 2019 corporate credit unions call report data – 2nd highest Tier 1 Capital ratio; YTD ROA; NEV ratio and the 3rd best coverage ratio.
 - Discussed the Fed's comment period on the later same-day ACH window and potential impact on ops
 - May PCC rate will be 2.90% - 0.50% higher than the fed funds effective – on pace to pay more than \$1.7 million in PCC dividends and more than \$13.3 million on total other dividends in 2019



Board Meeting Recap

Reviewed the financial results of our CUSO investments...

- Primary Financial Company, LLC (SimpliCD) had net income of \$170,424 for Q1 2019. The company has total equity of \$20.4 million, representing an equity ratio of 44.4% as of March 2019. Millennium's current ownership percentage is 12.0%. Millennium ended March with outstanding SimpliCD balances of \$516.7 million and SimpliCD issuance of \$164.9 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net loss of \$26,869 for Q1 2019. Total equity is \$2.6 million representing an equity ratio of 71.6% as of March 2019. Currently, twenty-seven Millennium members utilize CUBG services. Millennium's current ownership percentage is 4.41%.
- CU Investment Solutions, LLC (ISI) year-to-date income reflects a net loss of \$48,275 – an improvement of \$191,678 from one-year ago. ISI's fiscal year runs from October 2018 through September 2019. Continued good loan growth by credit unions has negatively impacted investment activity. As of March 2019, ISI had retained earnings of \$272,312, reflecting an equity ratio of 16.7%. Millennium's current ownership percentage is 25.0%.
- CULedger Heartland, LLC – initial investment was made in December 2018 and Millennium's total investment was \$19,731 representing ownership of 7.69%.



Board Meeting Recap

Board of Director's Meeting – May 23, 2019

- Steve Borchers, Millennium's independent risk management expert and the Board approved, the quarterly ERM Board Report accepting the current residual risk level of \$1,116,393, which is 6.39% of the March 2019 retained earnings of \$17,470,592.



Credit Committee Recap

Credit Committee Meeting – May 15, 2019

- The Committee elected Paul Meissner, CFO of CU of America in Wichita, KS, as Chairman
- The Committee reviewed and approved 60 lines-of-credit
- Committee reviewed the Monitor Report
- Canceled one line-of-credit due to a merger
- Reviewed the semi-annual net worth ratio report
- Current Advised LOC status – 250 Lines/\$791.8 million
- Next meeting – August 7, 2019



June 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
3 ERMC Committee Meeting	4	5	6	7
10	11 Nebraska Credit Union League Annual Meeting – Lincoln, NE	12 Nebraska Credit Union League Annual Meeting – Lincoln, NE	13	14
17	18	19	20 Millennium Corporate ALCO & Board Meetings	21
24 Supervisory Committee Meeting	25	26	27	28