



Membership Report | February 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 – December 2018
- Capital Commentary
- Board Meeting Recap
- Supervisory Committee Meeting
- Credit Committee Meeting
- Calendar of Events – March 2019



Financial Commentary

Net Income for January was \$275,092, above budget by \$66,094 or 31.6% for the month. Net interest income was \$63,467 or 12.7% higher than budget due to the higher yield on our investments, higher loan rate and higher balances. Non-interest income was above budget \$1,907 or 0.5% due to higher commission income. Operating expenses were slightly lower than budget - \$722 or 0.1%. CUSO income, other gains/losses and PCC dividends were all in line with expectations. The year-to-date coverage ratio (fee income/operating expenses) is 71.3% which is lower than the goal of 71.7%.

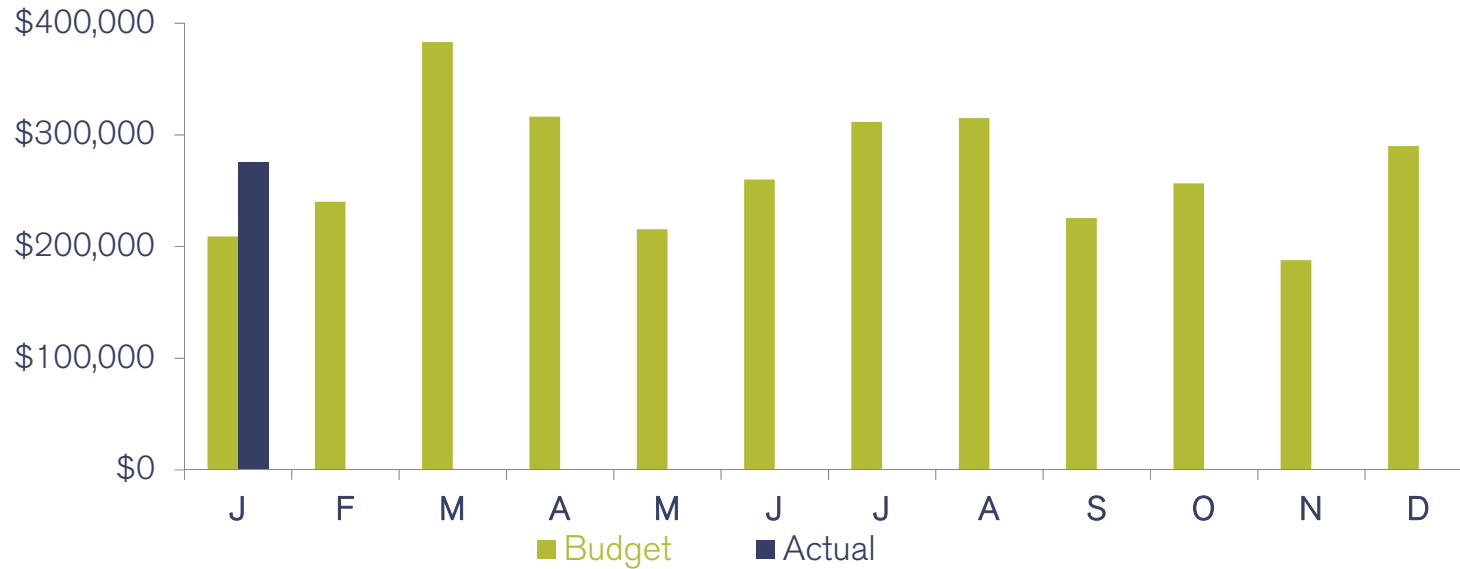
Return on Assets (ROA) for the month was 61.3 bps on average assets of \$539.9 million.

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 January, an increase of \$0.5 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$16,778,023, representing a Retained Earnings ratio of 2.84% and a Tier 1 ratio of 11.53%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance

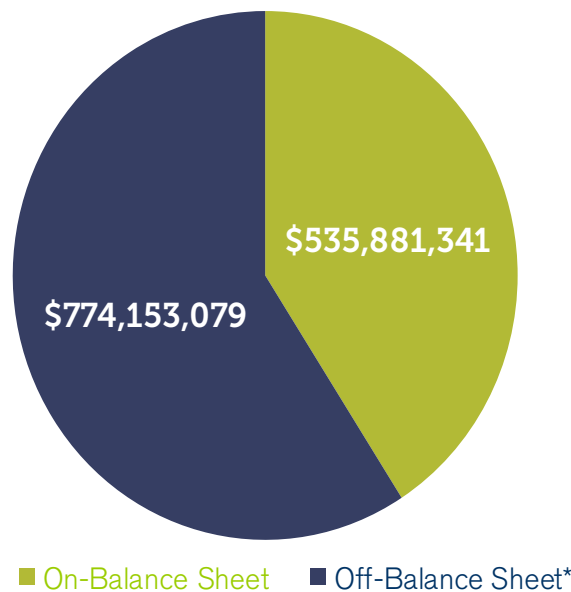
January 2019 YTD <i>(In Thousands)</i>	Actual 2019	Budget 2019	Variance
Net Interest Income	\$563.6	\$500.1	\$63.5
+ Non-Interest Income	\$389.4	\$387.5	\$1.9
- Operating Expenses	\$546.1	\$546.8	\$0.7
= Net Operating Income	\$406.9	\$340.8	\$66.1
+ CUSO Gains/Losses	\$9.5	\$9.5	\$0.0
- Potential Rebates	\$12.5	\$12.5	\$0.0
- PCC Dividends	\$128.9	\$128.9	\$0.0
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$275.1	\$209.0	\$66.1



Total Assets | On- and Off-Balance Sheet

January 2019

Total Managed Assets - \$1,310,034,420



Liquidity Commentary

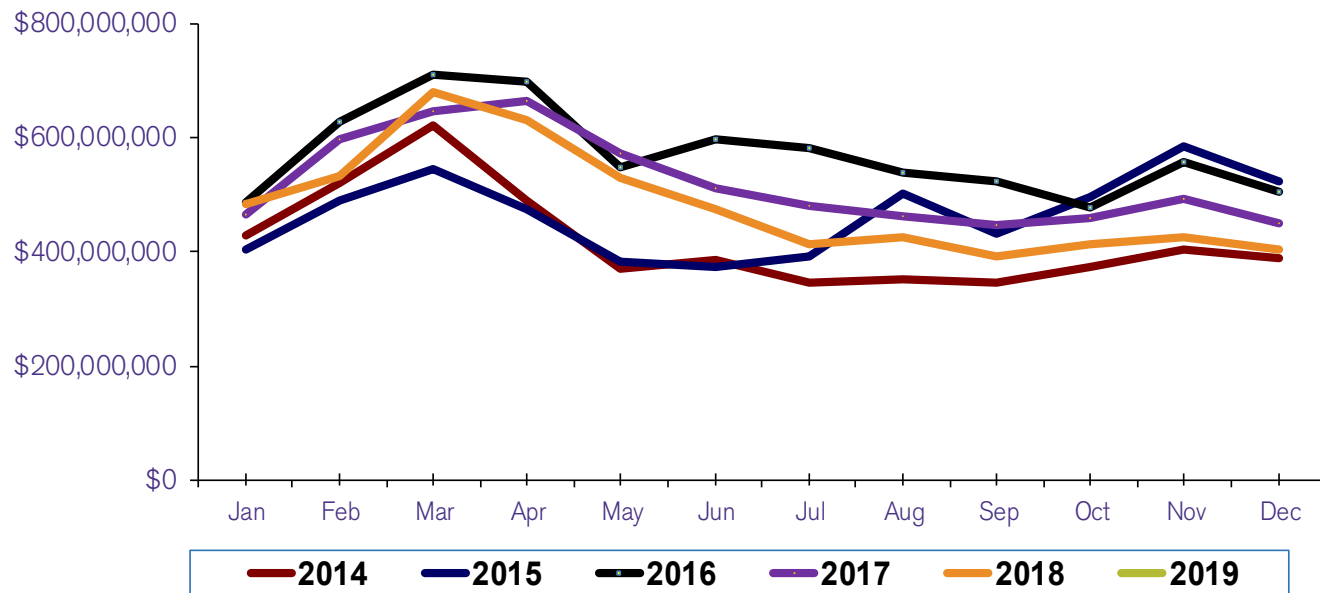
Millennium Corporate accessed our FHLB Line-of-Credit (LOC) multiple times in January 2019. Millennium Corporate currently has a Collateralized LOC of \$182.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have remained high. For January 2019, loans averaged \$55.4 million and for most of February 2019 loans have averaged \$40.2 million.
- January 2019 month-end figures show SimpliCD issuance totals of \$173.6 million and 24 users of this liquidity option.
- In January, Millennium members sold \$3.6 million in loans and purchased \$0.5 million via LoanStreet.

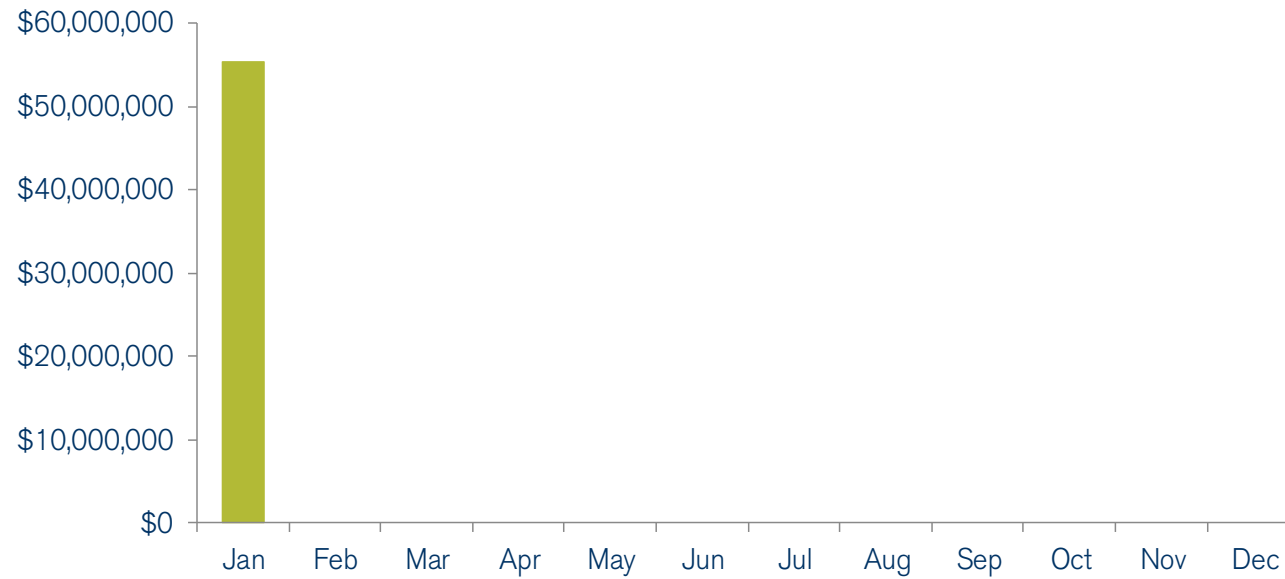
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results December 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$71,326,723	+ \$223,283	+ 0.31%	11.82%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$71,103,440	-	-	11.79%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$70,175,800	(\$927,640)	(1.31%)	11.66%	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 January 2019, is \$3,655,515
- Retained Earnings ratio is 2.84% as of January 2019 versus 2.13%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's January 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.84% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.53% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 86.83% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 86.83% | Minimum Requirement – 8.00%
 - GAAP Capital – 12.00%



Board Meeting Recap

Board of Director's Meeting – February 21, 2019

- Approved January 2019 Financial Statements & Committee Reports
- Approved December 2018 Net Economic Value (NEV) Reports
- Received updates on the following initiatives from management..
 - Correspondence regarding the NCUA's Office of National Examinations and Supervision (ONES) new continuous monitoring and supervision program
 - Attended KDCU Council meeting and provided report on Millennium activities
 - Participated in the "Day at the Capitol" in KS, MO and NE
 - Tenbrink & Associates on-site for week to complete the year-end financial audit
 - Sponsored & participated in the MonDak (MT & Dakota's) Roundtable & St. Louis Chapter meeting
 - Reviewed December 2018 corporate call report data
 - Millennium members sold \$3.6 million in loans and purchased \$0.5 million via LoanStreet
 - Preparations for Millennium's Annual Meeting to be held in Kansas City on April 24th & 25th
 - February PCC rate will be 2.85% - 0.45% higher than the current fed funds effective



Board Meeting Recap

Board of Director's Meeting – February 21, 2019

- Board appointed the Millennium Compliance Officer as the individual responsible for managing BSA/OFAC compliance for 2019 and appointed the Controller as the alternate for BSA/OFAC compliance.



Board Meeting Recap

Reviewed the financial results of our CUSO investments...

- Primary Financial Company, LLC (SimpliCD) had net income of \$685,688 for 2018. The company has total equity of \$20.2 million, representing an equity ratio of 43.1% as of December 2018. Millennium's current ownership percentage is 12.0%. Millennium ended December with outstanding SimpliCD balances of \$523.8 million and SimpliCD issuance of \$165.0 million, an option used by Millennium members to generate additional liquidity.
- CU Business Group, LLC (CUBG) had net income of \$200,852 for 2018. Total equity is \$2.6 million representing an equity ratio of 72.2% as of December 2018. Millennium sponsored a CUBG webinar regarding their new Fast Track small business loans. 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 \$175,276. ISI's fiscal year runs from October 2018 through September 2019. Continued strong loan growth by credit unions has negatively impacted investment activity. As of December 2018, ISI had retained earnings of \$145,310, reflecting an equity ratio of 10.2%. 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%.



Supervisory Committee Recap

Supervisory Committee Meeting – February 11, 2019

- Committee reviewed the Authority Level Review Internal Audit, the Wire Transfer Procedure Internal Audit and the Remote Access Internal Audit
- Committee was updated on the progress of the annual financial statement audit, which is being completed by J. Tenbrink and Associates
- 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 – April 15, 2019



Credit Committee Recap

Credit Committee Meeting – February 13, 2019

- The Committee reviewed and approved 49 lines-of-credit
- Committee reviewed the Monitor Report
- Canceled two lines-of-credit due to mergers
- Current Advised LOC status – 251 Lines/\$791.4 million
- Next meeting – May 15, 2019



March 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
25	26	27	28	1
4	MCU Take the Lead – Leadership Program Great Falls, MT	MCU Take the Lead – Leadership Program Great Falls, MT	MCU Take the Lead – Leadership Program Great Falls, MT	8
11 CUNA GAC Washington DC	12 CUNA GAC Washington DC	13 CUNA GAC Washington DC	14 CUNA GAC Washington DC	15
18	19	20	21 Millennium Corporate ALCO & Board Meetings	22 2019 Annual Meeting Hotel Block Expires – March 23!
25	26	27	28 Regional Small CU Roundtable – Wichita, KS	29