



Membership Report | September 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 – July 2019
- Capital Commentary
- Board Meeting Recap
- Strategic Planning Session Recap
- Calendar of Events – October 2019



Financial Commentary

Net Income for August was \$317,748 over budget by \$2,562 or 0.8% for the month. Net interest income was \$81,516 or 13.1% under budget due to the FOMC action of lowering the target fed funds rate which reduced our return on overnight funds. Non-interest income was more than budget \$31,738 or 8.2% due primarily to higher financial services, line-of-credit fees and higher commission than budgeted. Operating expenses were lower than budget by \$37,169 or 6.8% due primarily to salaries and lower travel and conference expenses. CUSO income was lower than budget by \$983 or 16.4%. Other gains/losses and PCC dividends were under budget by \$16,155 or 11.7%. The year-to-date coverage ratio (fee income/operating expenses) is 73.3%, higher than the goal of 71.7%.

Return on Assets (ROA) is lower than the budget as the year-to-date ROA after August is 51.6 bps on average assets of \$716.8 million for the first eight months of the year.

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 \$655.9 million at the end of August, an increase of \$10.6 million from the previous month.

Millennium Corporate is defined as "Well Capitalized" and we ended the month with Retained Earnings of \$18,969,529, representing a Retained Earnings ratio of 2.89% and a Tier 1 ratio of 10.72%.



2019 Budget/Actual Net Income



YTD Actual/Budget Variance | Dollars

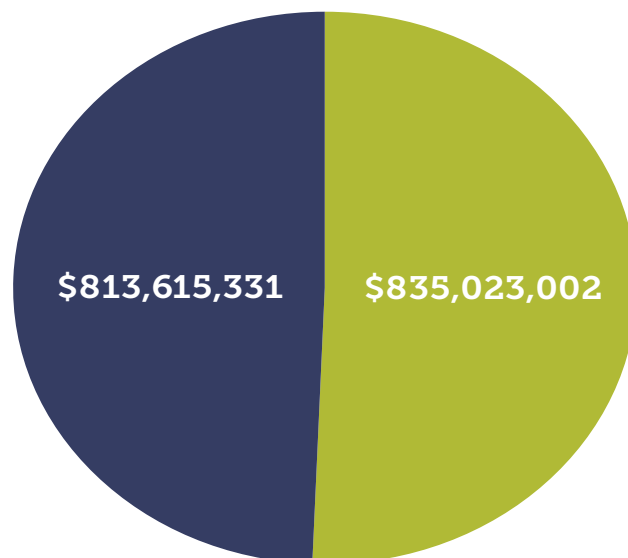
August 2019 YTD <i>(In Thousands)</i>	Actual 2019	Budget 2019	Variance
Net Interest Income	\$4,724.6	\$4,662.4	\$62.2
+ Non-Interest Income	\$3,239.3	\$3,210.6	\$28.7
- Operating Expenses	\$4,421.2	\$4,512.5	\$91.3
= Net Operating Income	\$3,542.7	\$3,360.5	\$182.2
+ CUSO Gains/Losses	\$50.0	\$51.5	(\$1.5)
- Potential Patronage Rebate	\$100.0	\$100.0	\$0.0
- PCC Dividends	\$1,026.1	\$1,060.6	\$34.5
+ Other Gains/Losses	\$0.0	\$0.0	\$0.0
= Net Income	\$2,466.6	\$2,251.4	\$215.2



Total Assets | On- and Off-Balance Sheet

August 2019

Total Managed Assets - \$1,648,638,333



■ On-Balance Sheet ■ Off-Balance Sheet*



Liquidity Commentary

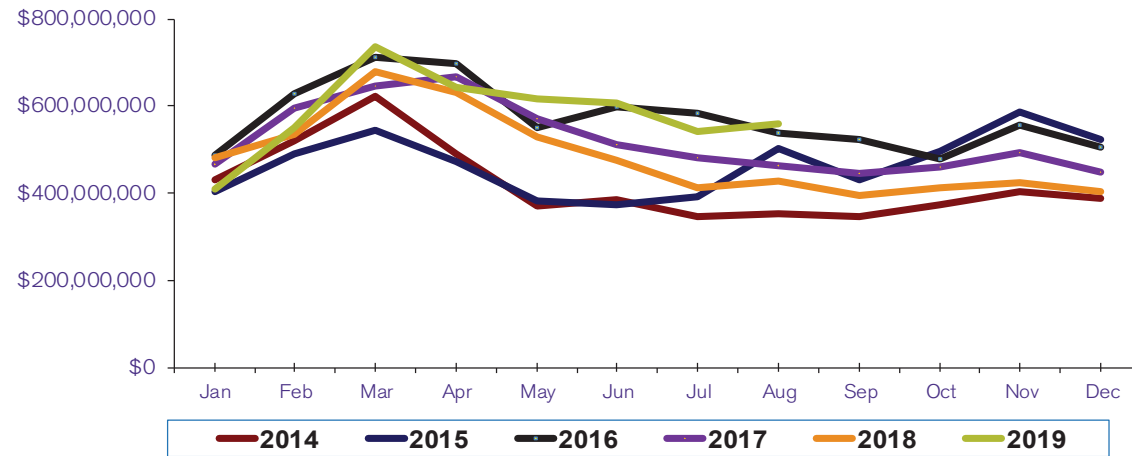
Millennium Corporate did not access our FHLB Line-of-Credit (LOC) in August 2019. Millennium Corporate currently has a Collateralized LOC of \$245.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Loan balances averaged \$25.6 million in June; averaged \$26.4 million in July; averaged \$37.7 million in August and have averaged \$41.1 million during most of September.
- August 2019 month-end figures show SimpliCD issuance totals of \$157.4 million and 24 users of this liquidity option.

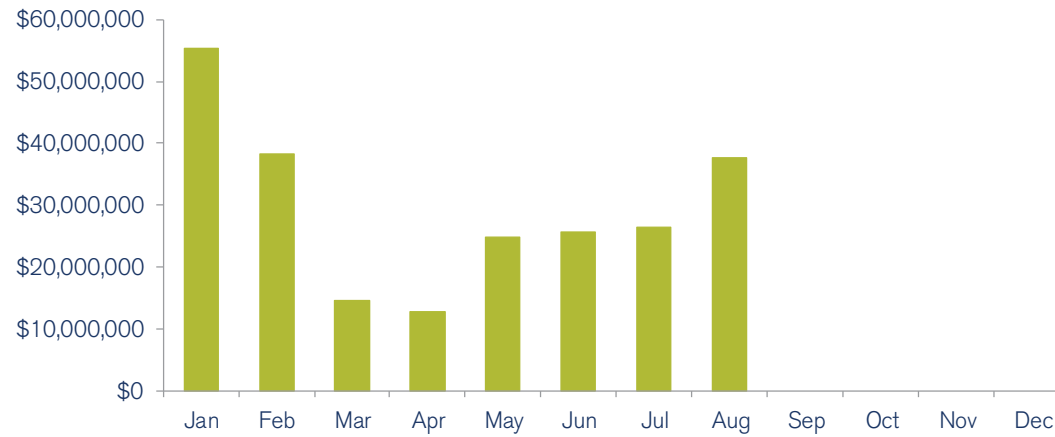
Graphical representations of the seasonal activity of member overnight deposits since 2014, and average member borrowing activity for 2019 follow this commentary.



Historical Member Overnight Deposits



2019 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results July 2019						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$74,334,580	+ \$440,819	+ 0.60%	11.41%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$73,893,761	-	-	11.36%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$72,954,051	(\$939,710)	(1.27%)	11.24%	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 August 2019, is \$3,635,158
- Retained Earnings ratio is 2.89% as of August 2019 versus 2.54%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's August 2019 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.89% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 10.72% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 89.64% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 89.64% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.16%



Board Meeting Recap

Board of Director's Meeting – September 20, 2019

- Approved August 2019 Financial Statements & Committee Reports.
- Approved July 2019 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management..
 - Results of a KDCU/NCUA targeted review of BSA/AML/OFAC occurred September 3-6
 - Discussed the Heartland CU Association annual meeting events and Montana's CUs CEO Roundtable
 - Discussed the Federal Reserve request for comments on actions to support interbank settlement of faster payments and the Fed's decision to build and operate the FedNow Service
 - Discussed the September FOMC rate changes and reviewed competitiveness of Millennium rates after the FOMC changes – Millennium overnight rates are higher than all other corporates
 - Millennium hosted a "LoanStreet" webinar for more than thirty members regarding loan participations
 - Discussed new bond requirements for corporate CU's
 - September PCC rate will be 2.40% - 0.50% higher than the fed funds effective



Board Meeting Recap

Board of Director's Meeting – September 20, 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 \$1,150,840, which is 6.26% of the June 2019 Retained Earnings of \$18,387,023.



Strategic Planning Session September 19-20, 2019

Millennium's Strategic Planning Session was held in Missoula, MT

- Year-to-date updates on each of our goals as of August 2019
- Discussed the status of each initiative
- Reviewed August 2019 CEO survey results
- Reviewed the June 2019 Board and Management survey results
- Review of other corporate credit union services
- Reviewed the Mission, Vision and Values statements
- Management will draft a strategic plan based on the results of the session and will present a proposed 2020 Strategic Plan at the December Board meeting



October 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
	1	2	3 Pints & Politics – St. Louis, MO	4
7 Pints & Politics – Topeka, KS	8 Be Legit Conference – Missoula, MT	9 Pints & Politics – Springfield, MO Be Legit Conference – Missoula, MT	10 Pints & Politics – Columbia, MO Be Legit Conference – Missoula, MT	11
14 Columbus Day – Millennium Offices Closed	15 Pints & Politics – Kansas City, KS	16	17 ALCO Meeting Board Meeting	18
21 Supervisory Committee Meeting	22 Credit Committee Meeting	23	24	25
28	29	30	31	1