



# Membership Report | October 2017

# Agenda

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- Financial Commentary
  - 2017 Budget/Actual Net Income
  - Actual/Budget Variance
  - Total Managed Assets – On- & Off-Balance Sheet
- Liquidity Commentary
  - Historical Member Overnight Deposits
  - 2017 Average Monthly Member Borrowings
- Capital Commentary
- Interest Rate Risk/Net Economic Value Report – August 2017
- Board Meeting Recap
- Credit Committee
- Calendar of Events – November 2017

# Financial Commentary

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Net Income for September was \$272,722, above budget by \$67,385 or 32.8% for the month. Net interest income was \$2,399 higher than budget. Non-interest income was 9.9% higher than budget due to more usage of services and strong commission income for SimpliCD. Operating expenses were \$4,219 and -0.8% lower than budget. CUSO gain is higher than budget by \$6,414 and we had a gain of \$15,805 on the disposition of marketable securities. PCC dividends were almost at budget. The year-to-date coverage ratio (fee income/operating expenses) is 79.5% which exceeds the 2017 goal of 75.2%.

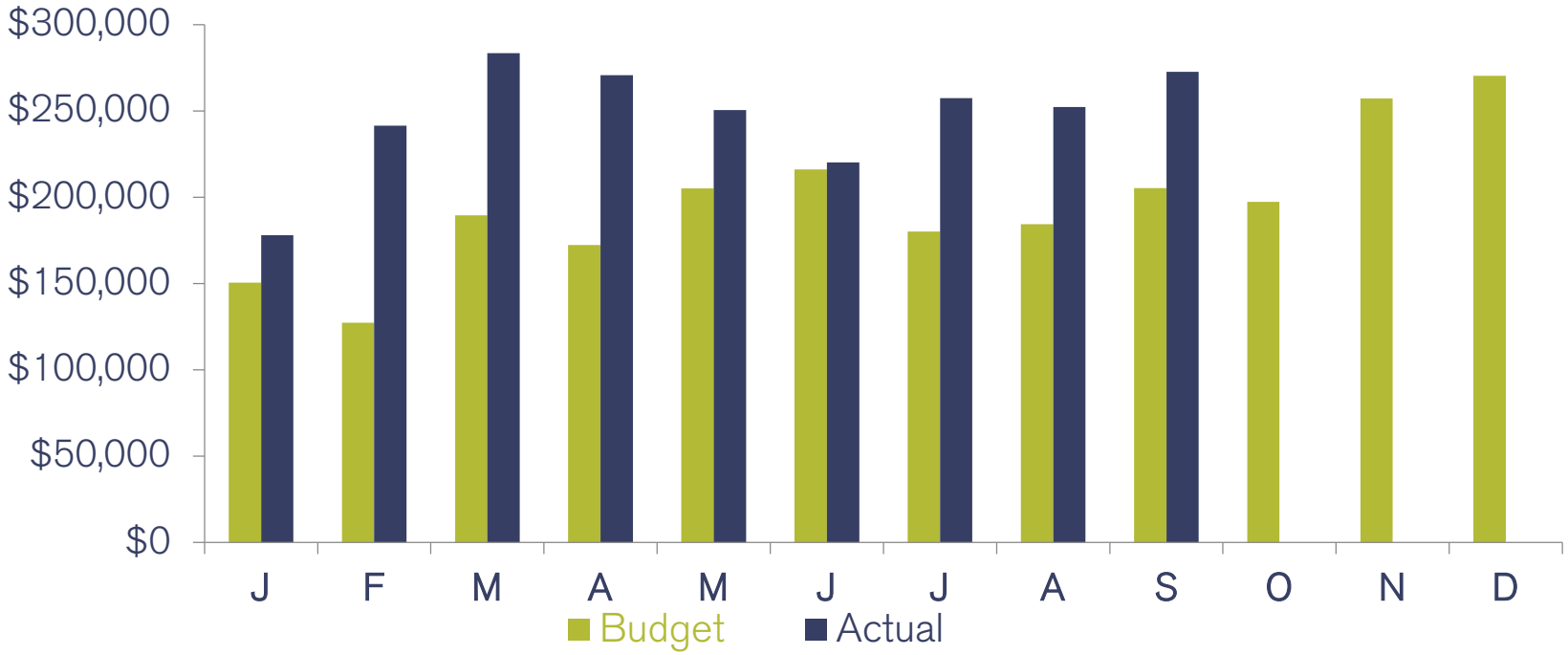
Return on Assets (ROA) has remained strong as the year-to-date ROA after the first nine months of the year is 47.0 bps on average assets of \$632.0 million.

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 \$623.5 million at the end of September, a decrease of \$1.8 million from the previous month.

Millennium Corporate is now defined as “Well Capitalized” and we ended the month with Retained Earnings of \$12,010,285 representing a Retained Earnings ratio of 1.93% and a Tier 1 ratio of 5.37%.



# 2017 Budget/Actual Net Income



# YTD Actual/Budget Variance

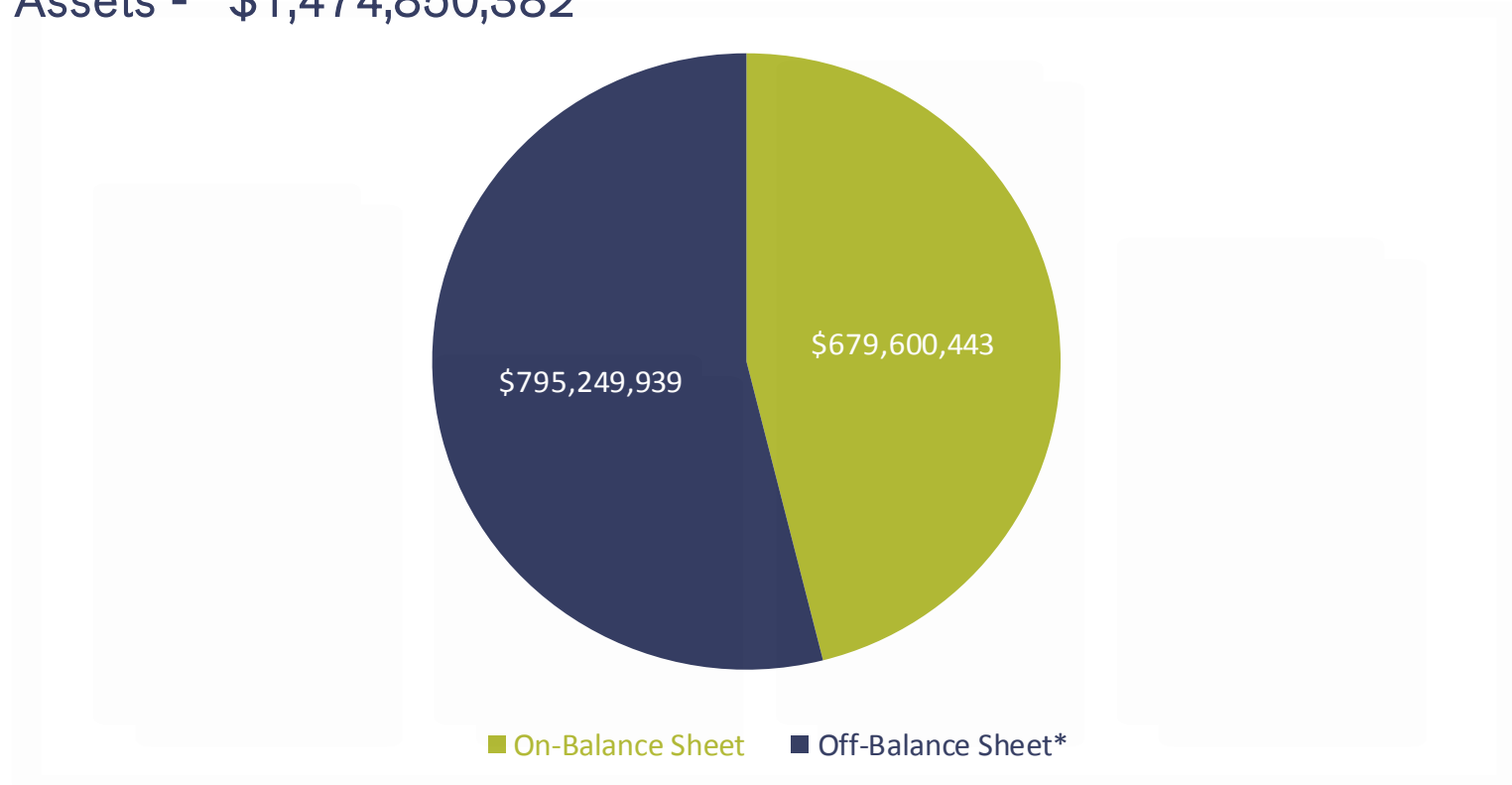
<b>September 2017   YTD</b>			
<i>(In Thousands)</i>	<b>Actual 2017</b>	<b>Budget 2017</b>	<b>Variance</b>
Net Interest Income	\$3,489.4	\$3,189.0	\$300.4
+ Non-Interest Income	\$3,602.3	\$3,380.9	\$221.4
- Operating Expenses	\$4,532.3	\$4,518.6	(\$13.7)
= Net Operating Income	\$2,559.4	\$2,051.3	\$508.1
+ CUSO Gains/Losses	\$92.7	\$60.6	\$32.1
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$455.8	\$488.7	\$32.9
+ Other Gains/Losses	\$31.0	\$0.0	\$31.0
= Net Income	\$2,227.4	\$1,623.2	\$604.2

# Total Assets | On- and Off-Balance Sheet

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September 2017

Total Managed Assets - \$1,474,850,382



# Liquidity Commentary

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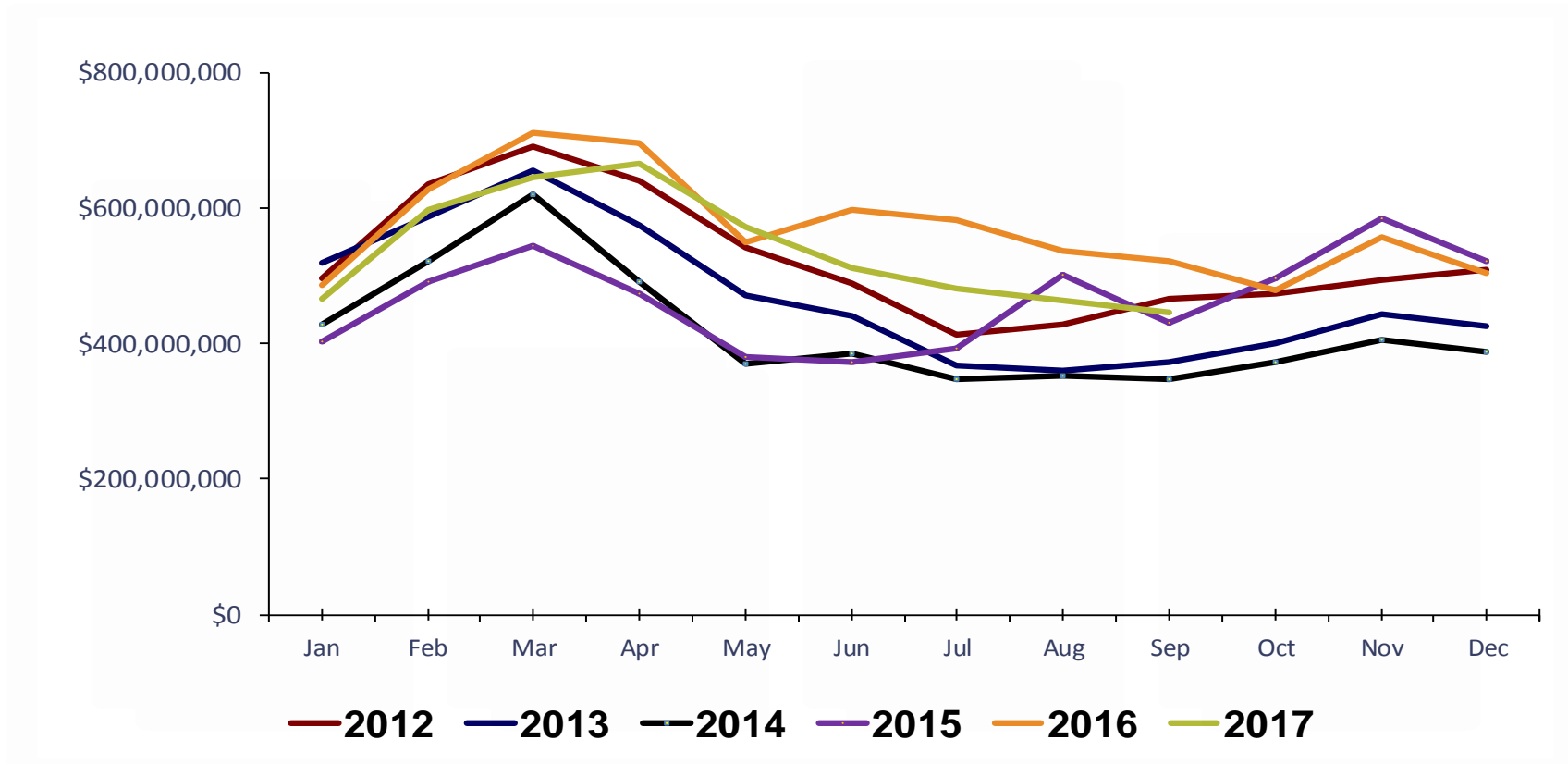
Millennium Corporate began accessing our FHLB Line-of-Credit (LOC) in mid-August 2017 to meet seasonal liquidity needs and that continued through most of October. There were no borrowings at the end of October and no forecasted liquidity needs. Millennium Corporate currently has a Collateralized LOC of \$183.0 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have been increasing since June and that has continued through mid-October. This is a historical trend at this time of the year. Loan balances averaged \$24.9 million in June; \$27.4 million in July; \$32.4 million in August; \$37.8 million in September; and the average decreased in October to \$25.6 million.
- September month-end figures show SimpliCD issuance totals of \$145.9 Million and 19 users of this liquidity option.

*Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2017 follow this commentary.*



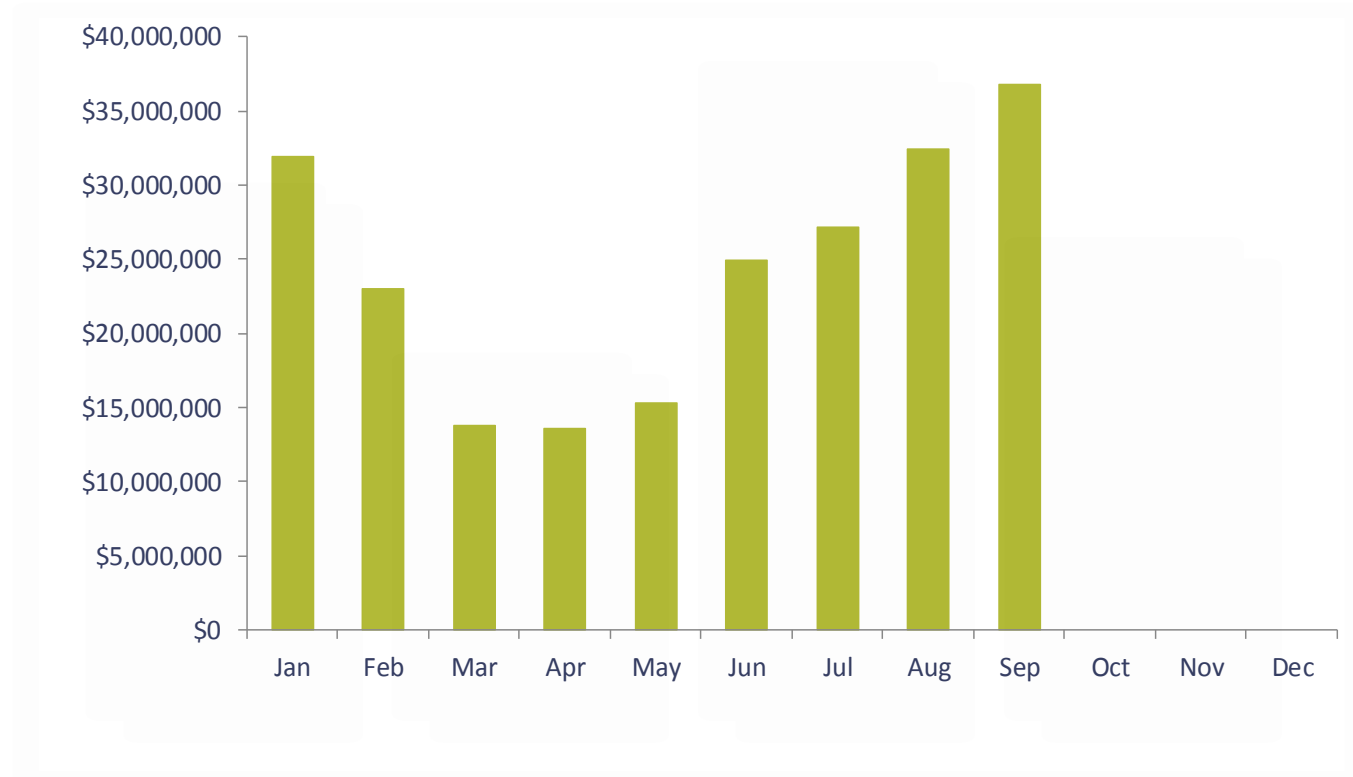
# Historical Member Overnight Deposits





# 2017 Average Monthly Member Borrowings

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# IRR | Net Economic Value (NEV)

NEV Testing Results   August 2017						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
Base Case	\$66,572,322	-	-	11.64%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$65,275,448	(\$1,296,874)	(1.95%)	11.45%	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

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- Increase to Retained Earnings during the past 12 months, through September 2017, is \$2,725,633
- Retained Earnings ratio is 1.93% as of September 2017 versus 1.42%, one year ago
- The phased 6-year capital regulatory requirements became effective October 20, 2016, and Millennium Corporate is defined as “Well Capitalized” and exceeds all capital requirements – the Tier 1 Capital ratio is 5.37%. The next and final phased capital requirement becomes effective October 2020.
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate’s August 2017 capital ratios, and the minimum regulatory requirement of each (where applicable).
  - Retained Earnings Ratio – 1.93% | Minimum requirement – 1.00%
  - Tier 1 Capital Ratio – 5.37% | Minimum Requirement – 4.00%
  - Tier 1 Risk-Based Capital Ratio – 38.3% | Minimum Requirement – 4.00%
  - Total Risk-Based Capital Ratio – 76.1% | Minimum Requirement – 8.00%
  - GAAP Capital – 10.62%



# Board Meeting Recap

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## Board of Director's Meeting – October 26, 2017

- Received updates on the following initiatives from management..
  - Continued work to modify our Strategic Plan to deliver a draft plan at Dec/Jan meeting
  - October meetings included Heartland CU Association Annual Meeting; CU Association of the Dakota's Annual Meeting and the Montana's Credit Unions *Be Inspired* conference
  - Attended informational meeting on CULedger
  - Efforts to increase usage of our securities services include presenting at the TriCorp Fall Forum in Maine
  - Increasing the IT department and interviewing candidates for IT Support Specialist
  - Steve Howke, Business Development Rep/Financial Analyst, has resigned from Millennium to accept a position with the US Department of Interior
  - October PCC rate is 1.60% - 0.44% over fed funds effective rate



# Board Meeting Recap

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## Board of Director's Meeting – October 26, 2017

- Approved September 2017 Financial Statements & Committee Reports
- Approved August 2017 Net Economic Value (NEV) Reports
- Reviewed the 2017 3Q Measures and Targets from Millennium's Strategic Plan

# Credit Committee Recap

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## Credit Committee Meeting – October 11, 2017

- The Committee reviewed and approved 51 lines-of-credit
- The Committee reviewed the Monitor Report and voted to add a member to the Monitor List.
- Canceled two lines-of-credit
- Reviewed the semi-annual net worth report
- Current Advised LOC status – 259 Lines/\$653.8 million
- Next meeting – December 12, 2017

# November 2017

## Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
30	31	1	2	3
6	7	8	9	10
13	14 Millennium Corporate BSA & ACH Audits	15	16 Millennium Corporate Board & ALCO Meetings	17
20	21	22	23 Happy Thanksgiving!  Millennium Corporate Offices Closed	24
27	28	29	30	1